

## SCHEDULES TO THE ACCOUNTS

(Figures for the previous year have been rearranged to conform with the revised presentation)

	As at 31st March, 2001 (Rs. in Lakhs)		As at 31st March, 2000 (Rs. in Lakhs)	
<b>1. CAPITAL</b>				
Authorised				
30,00,00,000 Ordinary Shares of Rs. 10.00 each		3,00,00		3,00,00
Issued and Subscribed				
24,54,14,904 Ordinary Shares of Rs. 10.00 each, fully paid		2,45,41		2,45,41
Of the above, following were allotted :				
a) as fully paid up Bonus Shares —				
37,90,000 in 1978-79 by Capitalisation of Capital Reserve, Share Premium Reserve and General Reserve;				
45,48,000 in 1980-81 by Capitalisation of Capital Reserve and General Reserve;				
3,31,68,110 in 1989-90 by Capitalisation of Capital Reserve, Share Premium Reserve, –Export Promotion Reserve and General Reserve;				
3,98,01,732 in 1991-92 by Capitalisation of General Reserve;				
12,13,18,177 in 1994-95 by Capitalisation of General Reserve.				
b) as fully paid up Shares —				
1,05,95,075 in 1991-92 consequent to the merger of Tribeni Tissues Limited to the Shareholders of Tribeni Tissues Limited.				
<b>2. RESERVES AND SURPLUS</b>				
General Reserve				
At commencement of the year	15,45,35		9,45,35	
Add: From Profit and Loss Account	7,00,00	22,45,35	6,00,00	15,45,35
Debtore Redemption Reserve				
At commencement of the year	52,50		93,33	
Add: From Profit and Loss Account	17,50		17,50	
	70,00		1,10,83	
Less: To Profit and Loss Account	14,50	55,50	58,33	52,50
Share Premium		2,74,08		2,74,08
Capital Reserve		2,22		2,22
Revaluation Reserve				
At commencement of the year	64,08		66,84	
Less: To Profit and Loss Account				
— Depreciation	59		2,72	
— Disposal of Fixed Assets	4	63,45	4	64,08
Investment Allowance Reserve				
At commencement of the year	40		1,62	
Less: To Profit and Loss Account	40	—	1,22	40
Hotel Foreign Exchange Earnings Reserve				
At commencement of the year	54,01		57,49	
Add: From Profit and Loss Account	6,00		5,00	
	60,01		62,49	
Less: To Profit and Loss Account	54,01	6,00	8,48	54,01
Contingency Reserve		3,60,00		3,60,00
Profit and Loss Account		2,82,50		2,01,28
		32,89,10		25,53,92

## SCHEDULES TO THE ACCOUNTS

### 3. SECURED LOANS

	As at 31st March, 2001 (Rs. in Lakhs)	As at 31st March, 2000 (Rs. in Lakhs)
Debentures *	1,21,00	1,50,00
Loans and Advances from Banks		
Cash/Export Credit Facilities **	4,09,77	1,45,72
Term Loans***	—	1,18,20
Other Loans ****	35,00	50,00
	<u>5,65,77</u>	<u>4,63,92</u>

\* These comprise :

- (i) 71,00,000 (2000 – 1,00,00,000) 16.50% Non-Convertible Privately Placed Debentures of Rs. 100/- each, secured by equitable mortgage over certain immovable properties and charge over certain movable assets of the Company subject to prior charges created/to be created in favour of Bankers for securing Working Capital requirements, redeemable at par in three equal yearly instalments from 12th September, 2001 – Rs. 71,00 Lakhs (2000 – Rs. 1,00,00 Lakhs).
- (ii) 5,000 14.50% Non-Convertible Privately Placed Debentures of Rs. 1,00,000/- each, secured by equitable mortgage of certain immovable properties of the Company ranking pari passu with Lender of Term Loan shown under \*\*\* (ii), redeemable at par on 3rd March, 2003 – Rs. 50,00 Lakhs (2000 – Rs. 50,00 Lakhs).

\*\* Secured by charge over certain current assets of the Company, both present and future.

\*\*\* (i) Secured by charge over certain movable fixed assets of the Company – Rs. Nil (2000 – Rs. 18,20 Lakhs).

(ii) Secured by equitable mortgage of certain immovable properties of the Company, ranking pari passu with the charge in respect of Debentures shown under\* (ii) – Rs. Nil (2000 – Rs. 1,00,00 Lakhs).

\*\*\*\* (i) Secured by equitable mortgage of certain immovable properties of the Company and charge over certain movable assets, both present and future, of the Company, subject to prior charges created/to be created in favour of Bankers for securing Working Capital requirements – Rs. 30,00 Lakhs (2000 – Rs. 45,00 Lakhs).

(ii) Secured by hypothecation over certain movable fixed assets of the Company – Rs. 5,00 Lakhs (2000 – Rs. 5,00 Lakhs).

### 4. UNSECURED LOANS

Fixed Deposits	84,52	1,20,95
Short Term Loans		
From Banks		
Term Loans	46,62	—
Promissory Notes	1,60,00	—
Other Loans		
From Banks		
Term Loans	—	65,43
From Others	2,03	2,57
	<u>2,93,17</u>	<u>1,88,95</u>

Maximum amount of Commercial Paper outstanding at any time during the year was Rs. 50,00 Lakhs (2000 – Rs. 2,50,00 Lakhs).

## SCHEDULES TO THE ACCOUNTS

### 5. FIXED ASSETS

	@ As at commencement of the year (Rs. in Lakhs)	Additions (Rs. in Lakhs)	Withdrawals (Rs. in Lakhs)	@ As at end of the year (Rs. in Lakhs)	Depreciation for the year (Rs. in Lakhs)	Depreciation on Withdrawals (Rs. in Lakhs)	Depreciation up to 31st March, 2001 (Rs. in Lakhs)	Net Book Value as at 31st March, 2001 (Rs. in Lakhs)
Trademarks and Goodwill	4,90	—	—	4,90	—	—	—	4,90
Land Freehold*	84,11	1,57,69	1	2,41,79	—	—	—	2,41,79
Buildings Freehold*	3,03,06	1,85,94	47	4,88,53	7,86	16	73,85	4,14,68
Leasehold Properties	9,89	26,29	—	36,18	13	—	2,10	34,08
Licensed Properties – Building Improvement	5,65	—	—	5,65	13	—	1,20	4,45
Railway Sidings etc.	1,17	—	—	1,17	5	—	38	79
Plant and Machinery	13,99,15	2,88,54	44,72	16,42,97	1,25,84	23,47	5,97,59	10,45,38
Furniture and Fixtures	48,16	38,66	1,61	85,21	5,09	75	27,57	57,64
Motor Vehicles etc.	15,04	2,46	1,97	15,53	1,43	98	4,73	10,80
	<u>18,71,13</u>	<u>6,99,58</u>	<u>48,78</u>	<u>25,21,93</u>	<u>1,40,53</u>	<u>25,36</u>	<u>7,07,42</u>	<u>18,14,51</u>
Capital Work-in-Progress	2,74,36	5,02,64	6,30,85	1,46,15	—	—	—	1,46,15
<b>Total</b>	<u>21,45,49</u>	<u>12,02,22</u>	<u>6,79,63</u>	<u>26,68,08</u>	<u>1,40,53</u>	<u>25,36</u>	<u>7,07,42</u>	<u>19,60,66</u>
Previous Year	<u>17,18,31</u>	<u>7,01,98</u>	<u>2,74,80</u>	<u>21,45,49</u>	<u>1,21,25</u>	<u>13,85</u>	<u>5,92,25</u>	<u>15,53,24</u>

@ Original Cost/Professional Valuation as at 30th June, 1986

Land Freehold includes the provisional purchase price of Rs. 14,81 Lakhs in respect of land at Bangalore. Final purchase price is to be determined by the Karnataka Industrial Areas Development Board, on settlement of which and on execution of a Sale Deed, title will pass to the Company in 21 years from the date of agreement.

Land Freehold includes certain lands at Munger acquired by the Government under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.

Buildings Freehold include Rs. 33,34 Lakhs (2000 — Rs. 19,69 Lakhs) (at original cost) of buildings at New Delhi on Government land taken on perpetual lease and Rs. 28 Lakhs (2000 — Rs. 28 Lakhs) (at original cost) of buildings at Kolkata on Port Trust land taken on lease.

Plant and Machinery includes Rs. 29,53 Lakhs being assets given on lease, taken over. These assets are depreciated over the balance outstanding primary lease period, ranging between 16 months and 35 months.

Applications for exemption in respect of vacant land under the Urban Land (Ceiling & Regulation) Act, 1976 have been made.

Capital expenditure commitments are Rs. 96,83 Lakhs (2000 — Rs. 1,36,77 Lakhs).

Additions for the year includes fluctuations in the rate of foreign exchange (net) of Rs. 1,61 Lakhs (2000 — Rs. 9,30 Lakhs) and borrowing costs capitalised Rs. 82 lakhs (2000 — Rs. 4,36 Lakhs).

Depreciation for the year includes Rs. 59 Lakhs (2000 — Rs. 2,72 Lakhs) transferred from Revaluation Reserve.

\* Includes certain properties for which deeds of conveyance are awaited.

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2001 (Rs. in Lakhs) At Cost		As at 31st March, 2000 (Rs. in Lakhs) At Cost	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>6. INVESTMENTS</b>				
Long Term				
<b>A. TRADE INVESTMENTS</b>				
Hotel Kathmandu Limited 6,450 Shares of Nepalese Rs. 100.00 each, fully paid		5		5
International Travel House Limited 2,87,600 Equity Shares of Rs. 10.00 each, fully paid	65		65	
Surya Tobacco Company (P) Limited 2,74,400 Ordinary Shares of Nepalese Rs. 100.00 each, fully paid		89		89
Gujarat Hotels Limited 17,33,907 Shares of Rs. 10.00 each, fully paid	1,94		1,94	
Hill Properties Limited 3 class 'A' Shares of Rs. 1,20,000.00 each, fully paid		4		4
Modern Flats Private Limited 86 Preference Shares of Rs. 500.00 each, fully paid (cost Rs. 43,000.00)		...		...
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of Rs. 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.4.1989 *		1,19		1,19
King Maker Marketing Inc. USA 100 (2000 – Nil) Non Assessable Shares of Class B Cumulative Preferred Stock without par value (Purchased during the year)		1		—
<b>B. SUBSIDIARY COMPANIES</b>				
ITC Bhadrachalam Paperboards Limited 3,62,36,549 Equity Shares of Rs. 10.00 each, fully paid 25,72,000 11% Redeemable Cumulative Preference Shares of Rs. 100.00 each, fully paid	1,88,69		1,88,69	
All India Tobacco Company Limited 1,59,98,385 Ordinary Shares of Rs. 10.00 each, fully paid		16,00		16,00
Elan Enterprises Limited 48,85,626 Ordinary Shares of Rs. 10.00 each, fully paid		4,88		4,88
Russell Credit Limited 59,74,54,177 Equity Shares of Rs. 10.00 each, fully paid 7,54,22,400 Equity Shares of Rs. 10.00 each, Rs. 6.50 per share paid		6,19,29 39,22		6,19,29 39,22
ITC Infotech Limited 6,85,815 Ordinary Shares of £ 1.00 each, fully paid		3,15		3,15
ITC Infotech India Limited 1,02,00,000 (2000 – Nil) Equity Shares of Rs. 10.00 each, fully paid (Purchased during the year)		10,14		—
ITC Hotels Limited 2,15,24,360 Equity Shares of Rs. 10.00 each, fully paid	84,07		84,07	
Landbase India Limited 28,00,000 (2000 – Nil) Equity Shares of Rs. 10.00 each, fully paid (Purchased during the year)		9,57		—
ITC Global Holdings Pte. Limited 89,99,645 Ordinary Shares of US \$1.00 each, fully paid *		25,58		25,58
Carried over	<u>2,75,35</u>	<u>7,55,73</u>	<u>2,75,35</u>	<u>7,36,01</u>

## SCHEDULES TO THE ACCOUNTS

### 6. INVESTMENTS (Contd.)

	As at 31st March, 2001 (Rs. in Lakhs)		As at 31st March, 2000 (Rs. in Lakhs)	
	At Cost		At Cost	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought Forward	2,75,35	7,55,73	2,75,35	7,36,01
C. DEPOSITS WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES				
Government Securities (cost Rs. 40,000.00)	...	...	...	...
D. OTHER INVESTMENTS				
The Bengal Chamber of Commerce and Industry				
6 $\frac{1}{2}$ % Registered Debentures, fully paid (cost Rs. 17,000.00)	...	...	...	...
Coffee Futures Exchange India Limited				
1 Equity Share of Rs. 10,000.00 each, fully paid (cost Rs. 10,000.00)	...	...	...	...
Unit Trust of India				
50,000 Units of 1995 Scheme of Rs. 100.00 each, fully paid		52		52
Technology Development and Information Company of India Limited				
Venture Capital Unit Scheme (1990)				
3,360 (2000 – 6,720) Units of Rs. 100.00 each, fully paid (3,360 Units redeemed during the year)		3		7
The East India Clinic Limited				
1/2% Registered Debentures, fully paid (cost Rs. 15,200.00)	...	...	...	...
5% Registered Debentures, fully paid		1		1
Tribeni Tissues Co-op. Stores Ltd.				
3,000 (2000 – 3,700) Class 'B' Shares of Rs. 10.00 each, fully paid (700 Shares redeemed during the year) (Cost Rs. 30,000.00; 2000 – Rs. 37,000.00)	...	...	...	...
Tourism Finance Corporation of India Limited				
25,000 Equity Shares of Rs. 20.00 each, fully paid		5		5
State Bank of India				
20,000 Redeemable Floating Interest Rate Bond of Rs. 1,000.00 each, fully paid		2,00		2,00
ICICI Limited				
7 $\frac{1}{4}$ % Bonds in the nature of Promissory Note		2		2
Total Long Term Investments	2,75,35	7,58,36	2,75,35	7,38,68
Total of Quoted and Unquoted Investments		10,33,71		10,14,03
Less: Provision for Investments*		26,77		26,77
TOTAL OF INVESTMENTS		10,06,94		9,87,26

Total Market Value of Quoted Investments : 2001 – Rs. 3,51,54 Lakhs (2000 – Rs. 2,89,03 Lakhs).

During the year, the following current investments were purchased and sold :

- Treasury Bills of Face Value of Rs. 10,00,18 Lakhs (2000 – Rs. 4,95,91 Lakhs).
- 1,57,93,978.57 Units of Templeton Government Securities Fund of Face Value of Rs. 20,00 Lakhs (2000 – Rs. Nil).
- 19,07,97,374.56 Units of K Gilt Unit Scheme 98 (Savings Plan) of Face Value of Rs. 2,10,07 Lakhs (2000 – Rs. Nil).



## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2001 (Rs. in Lakhs)	As at 31st March, 2000 (Rs. in Lakhs)
<b>11. LOANS AND ADVANCES</b>		
Good and Secured		
Loans to Others	1,04,00	20,00
Loans to Subsidiaries	2,64,00	—
Good and Unsecured		
Loans to Subsidiaries	96,12	7,00
Loans to Others*	29,90	31,20
Advances recoverable in cash or in kind or for value to be received **	2,13,61	2,61,51
Advances with Government and Public Bodies	2,80,03	2,84,30
Advances with Subsidiaries **	60,65	23,73
Doubtful and Unsecured		
Loans	7,36	7,36
Advances recoverable in cash or in kind or for value to be received	9,39	10,09
Advances with Government and Public Bodies	55	55
	<u>10,65,61</u>	<u>6,45,74</u>
Less : Provision for Doubtful Loans and Advances	17,30	18,00
	<u>10,48,31</u>	<u>6,27,74</u>

\* Includes Loans and Advances to Directors and to Secretary – Rs. 1,44 Lakhs (2000 – Rs. 1,49 Lakhs). The maximum indebtedness during the year was Rs. 1,67 Lakhs (2000 – Rs. 1,51 Lakhs).

\*\* Includes Capital Advances of Rs. 1,57,54 Lakhs (2000 – Rs. 2,45,23 Lakhs).

## 12. LIABILITIES

Acceptances	1,58	2,94
Sundry Creditors*		
Total outstanding dues of small scale industrial undertakings	1,08	3,35
Total outstanding dues of creditors other than small scale industrial undertakings	12,07,94	10,74,70
Sundry Deposits**	33,77	32,91
Unclaimed Dividend	8,74	15,57
Interest Accrued but not due on Loans	8,02	10,99
	<u>12,61,13</u>	<u>11,40,46</u>
Less : Deposits from normal Trade Debtors – Contra	2,71	2,55
	<u>12,58,42</u>	<u>11,37,91</u>

\* Includes amounts due to Subsidiary Companies Rs. 4,23 Lakhs (2000 – Rs. 2,05 Lakhs).

\*\* Includes deposits from Subsidiary Company Rs. 20,25 Lakhs (2000 – Rs. 20,25 Lakhs).

## 13. PROVISIONS

Taxation (net of advance payment)	61,25	1,14,66
Provision for Retirement Benefits	11,56	10,56
Proposed Dividend	2,45,42	1,84,06
Income Tax on Proposed Dividend	25,03	40,49
	<u>3,43,26</u>	<u>3,49,77</u>

## SCHEDULES TO THE ACCOUNTS

### 14. OTHER INCOME

	For the year ended 31st March, 2001 (Rs. in Lakhs)	For the year ended 31st March, 2000 (Rs. in Lakhs)
Miscellaneous Income	41,53	40,77
Licence Fees	15,88	13,99
Doubtful Debts, Claims and Advances – previous years	31	1,06
Gain on Exchange – Net	2,21	—
Income from Long Term Investments – Trade	6,00	89
– Subsidiary	2,15	10,66
– Others	44	5,48
Income from Current Investment – Others	4,76	7,09
Interest on Loans and Deposits etc.	35,62	22,55
Profit on Sale of Long Term Investments	—	12,30
Liability no longer required Written Back*	28,45	1,52
	<u>1,37,35</u>	<u>1,16,31</u>

The Income from Investments and Interest are stated Gross, the amount of Income Tax deducted is Rs. 8,74 Lakhs (2000 – Rs. 5,36 Lakhs).

\*Includes Rs. 23,16 Lakhs (2000 – Rs. Nil) written back following fulfilment of export obligation relating to EPCG licenses.

### 15. RAW MATERIALS ETC.

#### (a) RAW MATERIALS CONSUMED

Opening Stock	6,76,00	6,32,02
Purchases	<u>14,97,62</u>	<u>12,44,02</u>
	21,73,62	18,76,04
Less : Closing Stock	<u>8,56,76</u>	<u>6,76,00</u>
	13,16,86	12,00,04

#### (b) PURCHASES AND CONTRACT MANUFACTURING CHARGES

Cigarettes	34,30	8,59
Agri Products	1,34,37	2,58,10
Other Goods	21,55	45,76
Packing Materials	<u>10,71</u>	<u>8,35</u>
	2,00,93	3,20,80

#### (c) (INCREASE)/DECREASE IN FINISHED GOODS, INTERMEDIATES, STOCK IN PROCESS

Opening Stock		
Cigarettes	1,61,88	1,92,85
Smoking Tobaccos	19	31
Printed Materials	2,71	2,54
Agri Products	23,13	21,08
Paper - Speciality Paper	3,90	3,56
Other Goods	1,53	3,45
Packing Materials	64	81
Intermediates - Tissue Paper	2,31	1,86
Stock in Process	<u>2,40</u>	<u>3,85</u>
	1,98,69	2,30,31
Closing Stock		
Cigarettes	1,65,04	1,61,88
Smoking Tobaccos	27	19
Printed Materials	2,32	2,71
Agri Products	18,25	23,13
Paper - Speciality Paper	5,03	3,90
Other Goods	29,15	1,53
Packing Materials	1,17	64
Intermediates - Tissue Paper	3,64	2,31
Stock in Process	<u>5,81</u>	<u>2,40</u>
	2,30,68	1,98,69
	<u>(31,99)</u>	<u>31,62</u>

Total	14,85,80	15,52,46
Less : Waste Material Sales	5,11	4,89
	<u>14,80,69</u>	<u>15,47,57</u>
Excise Duties etc. on Increase/(Decrease) of Finished Goods	11,68	(24,40)
	<u>14,92,37</u>	<u>15,23,17</u>



## SCHEDULES TO THE ACCOUNTS

### 16. MANUFACTURING, SELLING ETC. EXPENSES

	For the year ended 31st March, 2001 (Rs. in Lakhs)		For the year ended 31st March, 2000 (Rs. in Lakhs)	
Salaries/Wages and Bonus	1,86,05		1,75,73	
Contribution to Provident and Other Funds	29,46		27,23	
Workmen and Staff Welfare Expenses	32,07		28,23	
Reimbursement of Contractual Remuneration	<u>26,85</u>	2,74,43	<u>19,06</u>	2,50,25
Consumption of Stores and Spare Parts		64,94		58,52
Power and Fuel		74,23		62,43
Rent		19,87		16,42
Rates and Taxes		12,80		11,55
Insurance		15,13		13,42
Repairs				
– Buildings		15,65		17,48
– Machinery		17,32		20,95
– Others		15,58		13,24
Outward Freight and Handling Charges		96,33		84,99
Advertising/Sales Promotion – Net		1,83,32		1,85,09
Market Research		12,69		10,68
Doubtful and Bad Debts		3,81		5,99
Doubtful and Bad Advances, Deposits etc.		3		84
Electronic Data Processing		13,77		8,80
Travelling and Conveyance		50,45		44,69
Training		8,58		6,52
Legal Expenses		5,29		15,58
Postage, Telephone, Telex etc.		15,26		15,83
Brokerage and Discount – Sales		1,74		1,80
Brokerage and Discount – Others		—		75
Commission to Selling Agents		2,34		1,45
Loss on Sale of Current Investments – Net		2,45		—
Bank Charges		4,66		6,50
Loss on Exchange – Net		—		3,53
Interest etc. Paid – Debenture, Term Loans and Fixed Deposits	61,37		98,88	
– Others	34,46		61,41	
– Discount on Issue of Financial Instruments	88		5,80	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	<u>11,80</u>	84,91	<u>53,54</u>	1,12,55
Miscellaneous Expenses		1,44,66		1,18,06
Fixed Assets and Stores Discarded – Net		4,30		7,04
Investments written off		—		29
		11,44,54		10,95,24
Deduct : Transfers to Fixed Assets etc. Accounts		35,56		30,41
		<u>11,08,98</u>		<u>10,64,83</u>
Miscellaneous Expenses Include :				
(1) Contribution to Chief Ministers' Relief Fund		—		25
(2) Contribution to Army Central Welfare Fund		—		1,00
(3) Contribution to Prime Minister's Relief Fund		5,00		—
(4) Auditors' Remuneration and Expenses:				
Audit Fees		65		65
Tax Audit Fees		18		21
Fees for Other Services		40		22
Reimbursement of Expenses		9		14
(5) Cost Auditors' Fee (Rs. 48,300/- ; 2000 – Rs. 42,000/-)		...		...

Interest received on Trading Debts, Deposits with Govt. Bodies etc. is stated Gross, the amount of Income Tax deducted is Rs. 50 Lakhs (2000 – Rs. 7,80 Lakhs).

## SCHEDULES TO THE ACCOUNTS

### 17. PROVISION FOR TAXATION

	For the year ended 31st March, 2001 (Rs. in Lakhs)	For the year ended 31st March, 2000 (Rs. in Lakhs)
Income Tax on:		
– Current Year's Profits	6,35,66	4,91,63
Less : Adjustments related to previous years – Net	<u>41,62</u>	<u>55,12</u>
	<u>5,94,04</u>	<u>4,36,51</u>

### 18. NOTES TO THE ACCOUNTS

- (i) Exchange difference in respect of forward exchange contracts to be charged or capitalised in the subsequent accounting period amounts to Rs. 19 Lakhs (2000 – Rs. 3 Lakhs).
- (ii) The Judicial Managers of ITC Global Holdings Pte. Ltd., Singapore, a wholly owned subsidiary of the Company, have indicated claims from the creditors of that company ranging between USD 48 million and USD 49.8 million for which the Board does not accept any legal liability. Without prejudice to the legal rights of the Company and with the intention of protecting Company's future business interest in the fast-globalising economy, the Company has proposed rendering financial assistance to the tune of USD 26 million to the Judicial Managers subject to the Shareholders' consent and all necessary approvals from all Government and other authorities, both at Singapore, and in India, and also subject to concluding a comprehensive Agreement between the Company and the Judicial Managers in this regard, which is currently under progress.
- (iii) (a) Claims against the Company not acknowledged as debts Rs. 70,29 Lakhs (2000 – Rs. 82,98 Lakhs).  
 (b) Bills of Exchange discounted Rs. 8 Lakhs (2000 – Rs. 1,17 Lakhs).  
 (c) Guarantees and Counter Guarantees outstanding  
 – Excise Rs. 6,03 Lakhs (2000 – Rs. 4,56 Lakhs).  
 – Others Rs. 68,05 Lakhs (2000 – Rs. 2,68,88 Lakhs).  
 (d) Uncalled liability on shares partly paid Rs. 26,40 Lakhs (2000 – Rs. 26,40 Lakhs).
- (iv) Voluntary Retirement Schemes are in existence for certain non-management employees under which compensation becomes due and payable in instalments after voluntary retirement. The future liability in respect of such employees who have left, on fulfilment of the stipulated conditions, not provided for, would amount to Rs. 72 Lakhs (2000 – Rs. 9,17 Lakhs).
- (v) The status on excise matters which is treated as an annexure to these accounts are as outlined in this year's Report of the Directors under the Excise section. In the opinion of the Directors, the Company does not accept any further liability.
- (vi) Research and Development expenses for the year amount to Rs. 6,07 Lakhs (2000 – Rs. 7,57 Lakhs).
- (vii) Retirement Benefits in respect of Pension, Gratuity etc. are provided for based on Actuarial Valuations as at the Balance Sheet date.
- (viii) The names of small scale industrial undertakings to whom the Company owes a sum exceeding Rs. 1 Lakh which is outstanding for more than 30 days as at the Balance Sheet date are Kamatchi Laminations Pvt. Ltd., Karthik Printing Inks Co. Ltd., Jaishree Packaging and APJ Printers & Packers.

## SCHEDULES TO THE ACCOUNTS

### (ix) DIRECTORS' REMUNERATION

	For the year ended 31st March, 2001 (Rs. in Lakhs)	For the year ended 31st March, 2000 (Rs. in Lakhs)
Salaries	1,71	1,69
Performance Bonus to Wholetime Directors	85	84
Other Benefits	66	56
Commission, etc. to Non-Wholetime Directors	29	18
Directors' Fees	11	3
	<u>3,62</u>	<u>3,30</u>
The above :		
a) Excludes contribution to the approved group pension and gratuity funds which are actuarially determined on an overall basis.		
b) Includes Rs. 10 lakhs for the period 17th January, 2001 to 31st March, 2001 in respect of a Director whose appointment and remuneration are subject to the approval of the members at the forthcoming Annual General Meeting.		
Computation of Net Profit and Directors' Commission		
Profit before Taxation	16,00,30	12,28,95
Add :		
Directors' Remuneration	3,62	3,30
Wealth Tax – Net	14	20
Depreciation	1,39,94	1,18,53
Investments written off	—	29
Adjusted Profit/Loss on Sale of Fixed Assets	<u>—</u> 1,43,70	<u>6</u> 1,22,38
	17,44,00	13,51,33
Less :		
Profit on Sale of Long Term Investments	—	12,30
Depreciation under Section 350 of the Companies Act, 1956	<u>1,34,85</u> 1,34,85	<u>1,64,98</u> 1,77,28
Profit for the purpose of Directors' Commission	16,09,15	11,74,05
Non-Wholetime Directors' Commission @ 1%	16,09	11,74
Restricted to	29	18

## SCHEDULES TO THE ACCOUNTS

(x) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

### (a) Licensed and Installed Capacity and Actual Production

Class of Goods	Unit of Quantity	CAPACITY				PRODUCTION	
		Registered/Licensed (a)		Installed		2001	2000
		2001	2000	2001	2000		
Cigarettes	Million	53,797(b)	53,797(b)	80,286	72,493	55,879	56,365
Smoking Tobaccos	Tonne	N.A.	N.A.	N.A.	N.A.	119	107
Printing/Packaging (Tiruvottiyur)	Tonne	12,600	12,600	16,175	16,175	16,831(c)	15,576(c)
Printing (Munger)	Million Standard Sheet Impression	385	385	482	482	120(c)	128(c)
Redried Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	72,007(c)	73,288(c)
Unredried Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	—(c)	120(c)
Pulp	Tonne	7,500	7,500	11,000	11,000	N.A.(d)	N.A.(d)
Paper	Tonne	33,000	33,000	33,000	33,000	19,122(c)	18,841(c)
Chalk	Tonne	3,900	3,900	4,400	4,400	—(c)	—(c)
Fillers	Nos.	100	100	N.A.	N.A.	—	1

- a) The "Registered/Licensed Capacity" is exclusive of additional capacity of 25% permissible under the policy of the Government of India.
- b) This is in accordance with the Registration Certificate which was re-endorsed on 27th October, 1984 and 7th October, 1991 by the Government of India.
- c) Includes production meant for internal consumption.
- d) The entire production of pulp is meant for internal consumption.

Smoking, Redried and Unredried Tobacco are not items covered by the Industries (Development & Regulation) Act, 1951 or any other regulatory provisions.

### (b) Particulars in respect of Sales\*

	Unit of Quantity	QUANTITY		VALUE (Rs. in Lakhs)	
		2001	2000	2001	2000
		Cigarettes	Million	66,478	66,145
Smoking Tobaccos	Tonne	118	109	6,82	6,19
Unmanufactured Tobaccos	Tonne	24,270	24,026	2,08,94	2,25,95
Printed Materials	Tonne	6,706	6,757	65,93	61,37
Agri Products	Tonne	2,78,965	3,92,191	3,61,93	4,13,97
Marine Products	Tonne	1,905	1,702	1,07,23	82,10
Paper-Speciality Paper	Tonne	16,128	16,355	1,12,48	1,00,27
Hotels Sales/Income from Services				1,33,65	1,20,90
Miscellaneous				5,15	2,44
				<u>86,78,76</u>	<u>79,53,06</u>

\* Net of Sales Returns and Damaged Stocks etc.

## SCHEDULES TO THE ACCOUNTS

	Unit of Quantity	Quantity		Value (Rs. in Lakhs)	
		2001	2000	2001	2000
<b>(c) Details of Finished Goods</b>					
<b>(i) Opening Stock</b>					
Cigarettes	Million	2,066	2,562	1,61,88	1,92,85
Smoking Tobaccos	Tonne	3	5	19	31
Printed Materials	Tonne	416	362	2,71	2,54
Agri Products	Tonne	12,647	22,371	23,13	21,08
Paper - Speciality Paper	Tonne	667	739	3,90	3,56
Other Goods				1,53	3,45
Packing Materials				64	81
				<u>1,93,98</u>	<u>2,24,60</u>
<b>(ii) Closing Stock</b>					
Cigarettes	Million	1,961	2,066	1,65,04	1,61,88
Smoking Tobaccos	Tonne	3	3	27	19
Printed Materials	Tonne	426	416	2,32	2,71
Agri Products	Tonne	10,921	12,647	18,25	23,13
Paper - Speciality Paper	Tonne	830	667	5,03	3,90
Other Goods				29,15	1,53
Packing Materials				1,17	64
				<u>2,21,23</u>	<u>1,93,98</u>
<b>(iii) Purchases and Contract Manufacturing Charges</b>					
Cigarettes	Million	10,636	9,351	34,30	8,59
Agri Products	Tonne	1,08,718	2,80,282	1,34,37	2,58,10
Other Goods				21,55	45,76
Packing Materials				10,71	8,35
				<u>2,00,93</u>	<u>3,20,80</u>
<b>(d) Details of Raw Materials Consumed during the year*</b>					
Unmanufactured Tobaccos	Tonne	93,109	93,076	4,30,97	4,77,82
New Jute Cuttings	Tonne	537	1,071	56	1,01
Wood Pulp	Tonne	17,645	17,305	55,30	39,42
Agri Products	Tonne	1,73,323	1,11,105	1,84,40	1,26,06
Board	Tonne	40,349	36,690	1,99,59	1,77,99
Filter Rods	Million	8,835	8,333	91,44	96,13
Aluminium Foil/Metallised Paper	Bobbin	5,26,952	5,25,386	46,64	50,85
BOPP/Viscose Film	Tonne	1,652	1,624	25,16	28,76
Miscellaneous				2,82,80	2,02,00
				<u>13,16,86</u>	<u>12,00,04</u>

\* Relates to the Company's main products and the principal raw materials.

	(Percentage)		Value (Rs. in Lakhs)	
	2001	2000	2001	2000
<b>(e) Value of Raw Materials, Spare Parts and Components Consumed during the year</b>				
<b>Raw Materials</b>				
Imported	14.23	17.79	1,87,39	2,13,51
Indigenous	85.77	82.21	11,29,47	9,86,53
	<u>100.00</u>	<u>100.00</u>	<u>13,16,86</u>	<u>12,00,04</u>
<b>Spare Parts and Components</b>				
Imported	37.48	52.19	24,34	30,54
Indigenous	62.52	47.81	40,60	27,98
	<u>100.00</u>	<u>100.00</u>	<u>64,94</u>	<u>58,52</u>

## SCHEDULES TO THE ACCOUNTS

### (f) Earnings etc. in Foreign Exchange during the year

	2001 (Rs. in Lakhs)	2000 (Rs. in Lakhs)
Export of Goods (F.O.B. – Realisation Basis)	5,83,80	5,64,01
Interest	1,37	9,85
Dividend	4,39	36
Hotel Earnings*	84,39	75,54
Other Earnings	23,09	33,59
Proportionate share of Advertisement Expenses	9	4,35
	<u>6,97,13</u>	<u>6,87,70</u>

\* Includes Rs. 64,89 Lakhs (2000 – Rs. 56.38 Lakhs) being earnings during the year through International Credit Cards, Travel Agencies, Foreign Airlines etc.

### (g) Value of Imports during the year (C.I.F. Basis)

	2001	2000
Raw Materials	1,39,15	1,60,03
Components and Spare Parts	17,80	22,74
Capital Goods	60,19	1,28,17
Other Goods (including imports under eligible Export House Scheme)	88	4
	<u>2,18,02</u>	<u>3,10,98</u>

### (h) Expenditure/Loans in Foreign Currency during the year (on payment basis)

	2001	2000
Professional Fees	7,72	7,18
Advertising/Sales Promotion	8,21	16,27
Export Promotion Expenses	2,34	2,85
Training	1,77	2,13
Hotel Reservation/Marketing Expenses	4,07	2,39
Interest	5,12	36,12
Licence Fees	45	37
Miscellaneous Expenditure	11,33	15,35
Loans	70,04	4,49,41
	<u>1,11,05</u>	<u>5,32,07</u>

### (i) Remittances in Foreign Currencies on account of Dividends

Financial Year	On Account of	No. of Shares held	No. of Non-Resident Shareholders	(Rs. in Lakhs)
2000/2001	1999/00	9,12,03,360	99	68,40
1999/2000	1998/99	9,12,09,132	106	50,17

## SCHEDULES TO THE ACCOUNTS

### 19. SIGNIFICANT ACCOUNTING POLICIES

#### IT IS CORPORATE POLICY

##### Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been applied consistently, is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

##### Basis of Accounting

To prepare financial statements in accordance with the historical cost convention modified by revaluation of certain Fixed Assets as detailed below.

##### Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs. To adjust the original cost of Fixed Assets acquired through foreign currency loans at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of Balance Sheet.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

All upgradation/enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

##### Depreciation

To calculate depreciation on Fixed Assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

Capitalised software costs are amortised over a period of five years.

##### Revaluation of Assets

To review the original book value of Fixed Assets, from time to time, and revalue such of those Fixed Assets as have appreciated in value significantly, in order to relate them more closely to current replacement values, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on considerations of age, condition and unexpired useful life of such Fixed Assets; to transfer to Revaluation Reserve the difference between the written up value of the Fixed Assets revalued and depreciation adjustment and to charge Revaluation Reserve Account with annual depreciation on that portion of the value which is written up.

##### Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments at cost. Where applicable, provision is made where there is a permanent fall in valuation of Long Term Investments.

##### Inventories

To state inventories including work-in-progress at cost or below. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

##### Turnover

To state Turnover, which represents invoiced value of goods sold and services rendered, net of sales tax but inclusive of excise duties, luxury taxes etc.

##### Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at

## SCHEDULES TO THE ACCOUNTS

source.

### Proposed Dividend

To provide for Dividends as proposed by the Directors in the books of account, pending approval at the Annual General Meeting.

### Retirement Benefits

To make regular monthly contributions to various Provident Funds, Pension Funds and Gratuity Funds which are charged against revenue. To also charge against revenue, actual disbursements made, when due, under the Workers' Voluntary Retirement Scheme.

To administer through duly constituted and approved independent trusts, various Funds in respect of Employees' Retirement Benefit Schemes, with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

### Lease Rentals

To charge rentals in respect of leased equipment to the Profit and Loss Account.

### Research and Development

To write off all expenditure other than capital expenditure on Research and Development in the year it is incurred.

Capital expenditure on Research and Development is included under Fixed Assets.

### Foreign Currency Translation

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss in the period in which they arise except in respect of Fixed Assets where exchange variance is adjusted in the carrying amount of the respective Fixed Asset.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts, except in respect of liabilities incurred for acquiring Fixed Assets, in which case

such differences are adjusted in the carrying amount of the respective Fixed Asset.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring Fixed Assets, in which case such profit/loss are adjusted in the carrying amount of the respective Fixed Asset.

To account for gains/losses on foreign exchange rate fluctuations relating to current assets and liabilities at the year end.

To account for gains/losses on foreign exchange rate fluctuations relating to inventories at foreign branches where valuation is at net realisable value.

To account for gains/losses on foreign exchange rate fluctuations relating to current assets and liabilities of foreign branch and foreign currency bank accounts at the year end.

### Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

### Financial and Management Information Systems

To practise an Integrated Accounting System which unifies both Financial Books and Costing Records. The books of account and other records have been designed to facilitate compliance of the relevant provisions of the Companies Act on one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control on the other. To ensure that the Cost Accounts are designed to adopt Costing Systems appropriate to the business carried out by the Division with each Division incorporating into its Costing System, the basic tenets and principles of Standard Costing, Budgetary Control and Marginal Costing as appropriate.

On behalf of the Board

	A. SINGH	<i>Director</i>
Kolkata,	K. VAIDYANATH	<i>Director</i>
30th May, 2001	B. B. CHATTERJEE	<i>Secretary</i>