

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2004

1. The Directors hereby submit their Report and Accounts for the financial year ended 31st March, 2004.

2. PERFORMANCE OF THE COMPANY

The net profit for the financial year ended 31st March, 2004, after deducting all charges and expenses and providing for taxation amounts to Rs. 25,90,670/-
to which profit brought forward from last year is added Rs. 1,83,48,381/-
making a balance of Rs. 2,09,39,051/-
which the Directors recommend be carried forward.

3. DIRECTORS

In accordance with the provisions of Article 93 of the Articles of Association of the Company, Mr. Partho Chatterjee will retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-election.

4. DIRECTORS' RESPONSIBILITY STATEMENT

As per the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm having :-

- i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards, and there are no material departures;
- ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;
- iii) taken proper and sufficient care for the maintenance of adequate

accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) prepared the Annual Accounts on a going concern basis.

5. PARTICULARS OF EMPLOYEES

None of the employees are covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

6. AUDITORS

The Auditors, M/s. Basu, Chatterjea & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of business of the Company, no comment is required on conservation of energy and technology absorption. There has been no foreign exchange income or outflow during the year under review.

20th April, 2004
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

On behalf of the Board

P. Chatterjee *Director*
S. Bandyopadhyay *Director*

AUDITORS' REPORT TO THE MEMBERS OF WILLS CORPORATION LIMITED

We have audited the attached Balance Sheet of WILLS CORPORATION LIMITED as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order to the extent applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- iii. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of the written representations received from the directors as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For Basu, Chatterjea & Co.
Chartered Accountants

Sourabh Chakravarti
Partner

Kolkata, 20th April, 2004

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date, attached)

- a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company including leased assets have been verified by the management at reasonable intervals and no discrepancy was noticed during the verification.
- b) The Company has neither granted nor taken any loans to or from companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- c) In our opinion and in accordance with the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of assets.
- d) There were no transactions during the year, which were needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- e) The Company has not accepted deposits from the Public.
- f) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- g) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Sales Tax and other statutory dues applicable to it.
- h) There were no amounts outstanding as at 31st March, 2004 in respect of undisputed Income Tax, Sales Tax and other applicable statutory dues, which were due for more than six months from the date they became payable.
- i) According to the information and explanations given to us and as shown by the records examined of the Company examined by us, there were no disputed amounts relating to Income Tax, Sales Tax and other applicable statutory dues, which had remained unpaid as at 31st March, 2004.
- j) The Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- k) The Company has not granted loans and advances on basis of security by way of pledge of shares, debentures and other securities.
- l) In our opinion, and on the basis of our examination of the records, proper records have been maintained of the transactions and contracts related to shares, securities and other investments made by the Company. We also report that any shares, securities and other investments are held by the Company in its own name.
- m) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- n) The Company has not taken any term loan during this year.
- o) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 during this year.
- p) The Company has not issued any debentures or raised any money from the public during this year.
- q) In our opinion and to the best of our knowledge and according to the explanations given to us and the records of the Company examined by us, no fraud on or by the Company was noticed or reported during the year.
- r) The other provisions of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company, for the current year.

For Basu, Chatterjea & Co.
Chartered Accountants

Sourabh Chakravarti
Partner

Kolkata, 20th April, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	4,88,56,260	4,88,56,260
(b) Reserves and Surplus			
General Reserve		5,28,687	5,28,687
Profit and Loss Account		2,09,39,051	1,88,77,068
TOTAL		7,03,23,998	6,77,33,328
II. APPLICATION OF FUNDS			
1. Fixed Assets (Net)	2	51,25,797	52,18,952
2. Investments	3	6,38,17,331	—
3. Current Assets, Loans and Advances	4	33,97,937	6,45,34,027
4. Less: Current Liabilities and Provisions	5	20,17,067	20,19,651
5. Net Current Assets		13,80,870	6,25,14,376
TOTAL		7,03,23,998	6,77,33,328
Notes to Accounts	7		
Significant Accounting Policies	8		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

For Basu, Chatterjea & Co.,
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 20th April, 2004

On behalf of the Board

P. Chatterjee Director
S. Bandyopadhyay Director
T. K. Ghosal Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	For the year ended 31st March, 2004		For the year ended 31st March, 2003	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. INCOME					
Interest Income		2,01,206		18,15,948	
Dividend Income from Current Investments		25,47,746		—	
Profit on Sale of Current Investments (net)		—		21,56,019	
Rental Income		4,10,000		3,60,000	
Miscellaneous Income		3,40,000		2,500	
			<u>34,98,952</u>		<u>43,34,467</u>
II. EXPENDITURE					
Operating and Establishment Expenses	6		3,51,137		2,18,894
Salaries, Bonus and Gratuity			3,72,431		74,880
Loss on Sale of Current Investments (net)			39,584		—
Auditors' Remuneration - Audit Fees		16,200		15,750	
- Other Services		13,275	29,475	13,125	28,875
Depreciation			93,155		1,16,225
			<u>8,85,782</u>		<u>4,38,874</u>
III. PROFIT BEFORE TAXATION			26,13,170		38,95,593
Provision for Taxation			22,500		14,50,000
IV. PROFIT AFTER TAXATION			25,90,670		24,45,593
Balance brought forward from last year			1,83,48,381		1,59,02,788
V. BALANCE CARRIED FORWARD			<u>2,09,39,051</u>		<u>1,83,48,381</u>
Notes to Accounts	7				
Significant Accounting Policies	8				

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our Report of even date.

For Basu, Chatterjee & Co.,
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 20th April, 2004

On behalf of the Board
P. Chatterjee Director
S. Bandyopadhyay Director
T. K. Ghosal Secretary

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 - SHARE CAPITAL

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
Authorised :		
50,00,000 Ordinary Shares of Rs. 10/- each	5,00,00,000	5,00,00,000
	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed and Paid up :		
48,85,626 Equity Shares of Rs. 10/- each, fully paid up	4,88,56,260	4,88,56,260
	<u>4,88,56,260</u>	<u>4,88,56,260</u>

(All the above shares are held by the Holding Company, ITC Limited)

SCHEDULE 2 - FIXED ASSETS

	Original Cost as at 31st March, 2003 (Rs.)	Original Cost as at 31st March, 2004 (Rs.)	Depreciation up to 31st March, 2003 (Rs.)	Depreciation for the year (Rs.)	Depreciation up to 31st March, 2004 (Rs.)	Net Book Value as at 31st March, 2004 (Rs.)
Plant and Machinery	78,70,428	78,70,428	78,70,428	—	78,70,428	—
Building	57,15,053	57,15,053	4,96,101	93,155	5,89,256	51,25,797
TOTAL	1,35,85,481	1,35,85,481	83,66,529	93,155	84,59,684	51,25,797
Previous Year	1,35,85,481	1,35,85,481	82,50,304	1,16,225	83,66,529	52,18,952

SCHEDULES TO THE ACCOUNTS (Contd.)

SCHEDULE 3 - INVESTMENTS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
UNQUOTED		
Current (at lower of cost and fair value)		
Other Investments		
JM High Liquidity Fund - Daily Dividend Plan	1,92,06,218	—
18,44,109.67 (2003 - Nil) Units of Rs. 10/- each (68,11,746.28 Units purchased and 49,67,636.61 Units sold during the year)		
Reliance Liquid Fund - Treasury Plan	4,46,11,113	—
- Daily Dividend Option		
29,25,088.69 (2003 - Nil) Units of Rs. 10/- each (Purchased during the year)		
	6,38,17,331	—

SCHEDULE 4 - CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2004 (Rs.)		As at 31st March, 2003 (Rs.)	
A. CURRENT ASSETS				
Cash and Bank Balances				
Balances with Scheduled Banks				
– On Current Account	55,466		3,77,789	
– On Deposit Account	—	55,466	6,12,00,000	6,15,77,789
Other Current Assets (Unsecured, considered good)				
i. Deposits	56,563		56,563	
ii. Interest Accrued	—		50,301	
iii. Others	3,04,235		6,211	
		3,60,798		1,13,075
B. LOANS AND ADVANCES (Unsecured, considered good)				
Advance Tax (Net of provision)	29,81,673		28,43,163	
	33,97,937		6,45,34,027	

SCHEDULE 5 - CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2004 (Rs.)	As at 31st March, 2003 (Rs.)
Current Liabilities		
Sundry Creditors for Supplies and Expenses		
– Total Outstanding dues of Creditors other than Small Scale Industrial Undertaking(s)	17,067	19,651
Security Deposit	20,00,000	20,00,000
	20,17,067	20,19,651

SCHEDULE 6 - OPERATING AND ESTABLISHMENT EXPENSES

	For the year ended 31st March, 2004 Rs.	For the year ended 31st March, 2003 Rs.
Insurance	3,922	4,089
Rates and Taxes	1,76,390	2,860
Travelling and Conveyance	604	3,252
Postage, Telephone, Telex, etc.	10,868	7,078
Repairs and Maintenance	35,475	66,812
Printing and Stationery	3,395	6,040
Professional and Contractual Fees	94,421	96,000
Filing Fees	1,554	3,000
Interest Paid - Others	—	8,863
Miscellaneous Expenses	24,508	20,900
	3,51,137	2,18,894

SCHEDULE 7 - NOTES TO ACCOUNTS

- The income from interest is stated gross. The amount of income tax deducted thereon is Rs. 41,247/- (2003 - Rs. 3,98,029/-).
- During the year, the following current investments were purchased and sold :-
 - 63,72,151.66 units of IL&FS Liquid Account - Daily Dividend Option at cost of Rs. 6,37,21,517/-.
 - 47,26,228.84 units of Zurich India Liquidity Fund Savings Plan - Daily Dividend Option at cost of Rs. 5,02,70,060/-.
 - 99,81,116.74 units of First India Liquid Fund - Dividend Option at cost of Rs. 10,19,01,399/-.
- Earnings per Share

	For the year ended 31st March, 2004	For the year ended 31st March, 2003
Profit after Taxation (Rs.)	25,90,670	24,45,593
Weighted average number of equity shares outstanding	48,85,626	48,85,626
Basic and diluted earnings per share in Rupees (Face Value - Rs.10/- per share)	0.53	0.50
- Provision for taxation included in the Profit and Loss Account represents current tax. The incidence of deferred tax being insignificant, is not considered.
- Figures for the previous year have been regrouped / re-arranged wherever necessary.

SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements are prepared on Accrual Basis under the Historic Cost Convention.

Fixed Assets

Fixed Assets are stated at cost including any incidental acquisition expenses.

Depreciation

Depreciation is provided on "Straight Line" basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Investments

Long Term Investments are stated at cost; Current Investments are stated at lower of cost and fair value. However, suitable provisions are considered for permanent diminution in value of investments, if any. Income from Investments is included together with the related tax credit in the Profit and Loss Account.

Inventories

The inventories are normally valued at cost or below, the average cost being computed on the basis of weighted average method.

Foreign Currency Liabilities

Foreign Currency Liabilities are restated at the rates ruling at the year end and all exchange gains / losses arising therefrom are adjusted in the Profit & Loss Account except for those covered by forward contract rates where the gains / losses arising from such restatement are recognised over the period of such contracts.

Borrowing Costs

Interest and other costs incurred by the Company in connection with the borrowing of funds are recognised as an expense in the period in which they are incurred unless activities that are necessary to prepare the qualifying asset for its intended use or sale are in progress.

Lease Rentals

Lease Rentals are being accounted for on an accrual basis.

Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

For Basu, Chatterjea & Co.,
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 20th April, 2004

On behalf of the Board
P. Chatterjee Director
S. Bandyopadhyay Director
T. K. Ghosal Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue Rights Issue
Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & Surplus
Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments
Net Current Assets Misc. Expenditure
Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover * Total Expenditure
+ - Profit/Loss Before Tax + - Profit / Loss After Tax
(Please tick appropriate box + for profit, - for loss)

Earning per Share in Rs. Dividend Rate (%)
* Includes Other Income

V. Generic Names of Principal Products / Services of Company

Item Code No.
(ITC Code)

Product Description

Item Code No.
(ITC Code)

Product Description