DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

Your directors present their report on the company for the financial year ended 31 March 2009.

Directors
The names of the directors in office at any time during or since the end of the year are:

Mr Anthony Bates (resigned 31 December 2008)
Mr Arup K Mukerji
Mr Surampudi Sivakumar
Mr David Charles McDonald
Mr Bhargavan Sumant

All the directors have been in office since the start of the financial year until the date of this report, unless otherwise stated.

Corporate information
Technico Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. Its parent entity is Russell Credit Limited, a company registered in India and a wholly owned subsidiary of ITC Limited, a public company whose shares are listed on major stock exchanges in India.

The registered office of Technico Pty Limited is located at:

Suite 5, 20 Bundaroo Street BOWRAL NSW 2576 Australia

There were two employees on the rolls of the company at 31 March 2009.

Principal activities
The principal activities of your company during the financial year under review were anchored on horticulture technology together with is downstream implementation and commercialisation and activities associated therewith. The company owns the proprietary TECHNITUBER ® technology in this field and has undertaken commercialisation of such technology through its wholly owned subsidiaries in different geographies viz:

- Technico Agri Sciences Limited (formerly known as Chambal Agritech Limited), India
- Technico Asia Holdings Pty Limited, Australia ('TAHL')
- Technico ISC Pty Limited, Australia
- Technico Horticultural (Kunming) Co. Limited, China (100% subsidiary of TAHL)
- Technico Technologies Inc., Canada

Review and results of operations
Your company's key management staff are engaged in activities of ensuring that the company's technology remains contemporary and the application of its technology is customised across various geographies. Your company is also engaged in the marketing of TECHNITUBER ® seeds to global customers by leveraging the production facilities of its subsidiaries in India and China. Accordingly, your company has restructured the export program such that it is appropriately compensated for its role in the development and sale of such TECHNITUBER ® seeds globally.

As reported in the previous year, you company has closed down operations at its production facility in Australia and listed for sale its land, buildings and equipment at the Paddy's River location in Australia.

For the year under review the net loss of the company stood at $387,379 (2008: Profit $4,592,055).

No dividends have been paid or declared during the financial year.

Significant changes in the state of affairs
No significant changes in the state of affairs occurred during the financial year.

Significant events after balance date
There are no significant events after the balance date to be reported.

Future developments and results
Further development of the TECHNITUBER® technology is continuing with emphasis being placed on the commercialisation of that technology in a number of overseas countries.

Environmental regulation and performance
The company is not subject to any particular or significant environmental regulation.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009 (Contd..)

Indemnification and insurance of directors
During the financial year, the company paid premiums in respect of a contract insuring all directors and officers of Technico Pty Limited for general directors and officers' liability. The amount of the premium paid was \$6,791 (2008: \$7,479).

The indemnification covers, on behalf of all directors and officers, all losses which they become legally obligated to pay on account of any claim first made against them during the policy period for a wrongful act committed before or during the policy period.

Auditor independence
The auditor's independence declaration from Gillespies is on page 28 of this report.

Signed in accordance with a resolution of the Board of Directors:

David Charles McDonald
Director

Place: Sydney, Australia
Date: 24 April 2009

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2009

In accordance with a resolution of the directors of Technico Pty Limited, we state that in the opinion of the directors:

(a) the company is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 31 March 2009 and of their performance for the year ended on that date; and
   (ii) complying with Accounting Standards and Corporations Regulations; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:

David Charles McDonald
Director

Place: Sydney, Australia
Date: 24 April 2009

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2009

In relation to our audit of the financial report of Technico Pty Limited for the financial year ended 31 March 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

GILLESPIES
Chartered Accountants

David Duff
Partner

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576
Dated: 24 April 2009

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TECHNICO PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2009

Scope

The financial report and directors' responsibilities
The financial report is a special purpose financial report and comprises the balance sheet, income statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Technico Pty Limited ("the company") for the year ended 31 March 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia to the extent described in note 1 to the financial statements, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors have determined that the accounting policies used and described in note 1 to the financial statements are appropriate to meet the needs of the members. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Audit approach
We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia to the extent described in note 1 to the financial statements, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence
We are independent of the company and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included at page 10 of the financial report. The Auditors' Independence declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed.

Audit opinion
In our opinion, the financial report of Technico Pty Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of Technico Pty Limited at 31 March 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in note 1 to the financial statements; and
(ii) complying with Accounting Standards in Australia to the extent described in note 1 to the financial statements and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirement in Australia to the extent described in note 1 to the financial statements.

GILLESPIES
Chartered Accountants

David Duff
Partner

Suite 5, 20 Bundaroo Street
BOWRAL NSW 2576

Dated: 24 April 2009

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 $	2009 INR	2008 $	2008 INR
Continuing operations					
Sale of goods	2(a)	-	-	-	-
Cost of sales:					
Other cost of sales		-	-	-	-
Inventory write off and write down		-	-	-	-
Gross profit				-	-
Other income	2(a)	714,829	25,635,555	543,361	19,515,136
Marketing expenses		(1,056)	(37,871)	(120,820)	(4,339,323)
Research and development expenses		(129,388)	(4,640,177)	(196,101)	(7,043,085)
Occupancy expenses		(3,355)	(120,319)	(5,094)	(182,954)
Administration expenses:					
Other administration expenses		(735,802)	(26,387,699)	(884,748)	(31,776,255)
(Write-down)/recovery investments and loans		(182,477)	(6,544,081)	4,575,290	164,324,286
Finance costs	2(b)	(50,130)	(1,797,787)	(22,691)	(814,961)
Reversal of provision for employee share scheme		-	-	702,858	25,243,567
Profit/(loss) from continuing operations before income tax expense		(387,379)	(13,892,379)	4,592,055	164,926,411
Income tax expense	3	-	-	-	-
Profit/(loss) from continuing operations after income tax expense		(387,379)	(13,892,379)	4,592,055	164,926,411
Net profit/(loss) for the period		(387,379)	(13,892,379)	4,592,055	164,926,411
Net profit/(loss) attributable to members of Technico Pty Limited		(387,379)	(13,892,379)	4,592,055	164,926,411

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009 $	2009 INR	2008 $	2008 INR
Current assets					
Cash and cash equivalents	4	106,254	3,721,812	56,056	2,057,115
Trade and other receivables	5(a)	230,617	8,077,937	6,507	224,075
Other	6	15,869	555,851	16,434	603,087
		352,740	12,355,600	78,997	2,884,277
Non-current assets classified as held for sale	8	376,381	13,183,685	376,381	13,812,241
Total current assets		729,121	25,539,285	455,378	16,696,518
Non-current assets					
Receivables	5(b)	18,891	661,705	482,363	17,701,516
Other financial assets	7	13,753,046	481,734,819	13,299,546	488,060,089
Property, plant and equipment	8	1,063	37,234	7,052	258,791
Intangible assets	9	22,051	772,391	22,286	817,840
Total non-current assets		13,795,051	483,206,149	13,811,247	506,838,236
Total assets		14,254,172	508,745,434	14,266,625	523,534,754
Current liabilities					
Trade and other payables	10	148,132	5,188,694	588,528	21,582,790
Loans and borrowings	11	-	-	230,000	8,440,425
Provisions	12	25,459	891,765	317,981	11,669,108
Total current liabilities		173,591	6,080,459	1,136,509	41,692,323
Non-current liabilities					
Loans and borrowings	11	730,000	25,570,075	500,000	18,348,750
Provisions	12	-	-	22,156	813,070
Total non-current liabilities		730,000	25,570,075	522,156	19,161,820
Total liabilities		903,591	31,650,534	1,658,665	60,854,143
Net assets		13,620,581	477,094,900	12,607,960	462,680,611
Equity					
Contributed equity	13	43,989,182	1,540,831,073	42,589,182	1,562,916,506
Accumulated losses	14	(30,368,601)	(1,063,736,173)	(29,981,222)	(1,100,235,895)
Total equity		13,620,581	477,094,900	12,607,960	462,680,611

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2009

	Contributed equity $	Retained earnings $	Share based payment reserve $	Total $
At 1 April 2007	42,589,182	(34,573,277)	702,858	8,718,763
Profit for the period	-	4,592,055	(702,858)	3,889,197
Share base payment	-	-	-	-
At 31 March 2008	42,589,182	(29,981,222)	-	12,607,960
Loss for the period	-	(387,379)	-	(387,379)
Share issue	1,400,000	-	-	1,400,000
At 31 March 2009	43,989,182	(30,368,601)	-	13,620,581

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2009 (Contd..)

	Contributed equity INR	Retained earnings INR	Share based payment reserve INR	Total INR
At 1 April 2007	1,491,792,573	(1,211,015,460)	25,793,131	319,956,804
Loss for the period	-	160,848,206	(25,793,131)	142,723,807
Share base payment	-	-	-	-
At 31 March 2008	1,491,792,573	(1,050,167,254)	-	462,680,611
Profit for the period	-	(13,568,919)	-	(13,568,919)
Share issue	49,038,500		-	49,038,500
At 31 March 2009	1,540,831,073	(1,063,736,173)	-	477,094,900

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 $	2009 INR	2008 $	2008 INR
Cash flow from operating activities					
Receipts from customers		-		-	
Receipts of sundry income		294,956	10,577,860	540,469	19,411,268
Payments to suppliers and employees		(1,614,848)	(57,912,486)	(1,131,759)	(40,647,768)
Goods and services tax received		12,645	453,481	12,087	434,112
Interest received		13,286	476,469	2,892	103,868
Borrowing costs		(50,130)	(1,797,787)	(22,691)	(814,961)
Receipts from management fees		-	-	-	-
Net cash flows (used in) operating activities		(1,344,091)	(48,202,463)	(599,001)	(21,513,481)
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment		-	-	-	-
Payments for protection of technology		(5,711)	(204,811)	(4,503)	(161,728)
Purchase of property, plant and equipment		-	-	(683)	(24,530)
Loans to related parties		-	-	(112,674)	(4,046,754)
Net cash flows (used in)/from investing activities		(5,711)	(204,811)	(117,860)	(4,233,012)
Cash flows from financing activities					
Proceeds from borrowings		-	-	500,000	17,957,800
Proceeds from issue of shares		1,400,000	50,207,500	-	-
Repayment of borrowings		-	-	-	-
Net cash flows from financing activities		1,400,000	50,207,500	500,000	17,957,800
Net increase/(decrease) in cash held		50,198	1,800,226	(216,861)	(7,788,693)
Add opening cash brought forward		56,056	-	272,917	9,845,808
Cash and cash equivalents at end of period		106,254	3,721,812	56,056	2,057,115

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31 MARCH 2009

Corporate information
Technico Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. Its parent entity is Russell Credit Limited, a company registered in India and a wholly owned subsidiary of ITC Limited, a public company listed in National Stock Exchange and Bombay Stock Exchange in India.

The registered office of Technico Pty Limited is located at:

Suite 5, 20 Bundaroo Street BOWRAL NSW 2576 Australia

The company employed two employees at 31 March 2009.

Note 1: Statement of significant accounting policies

(a) Basis of preparation
The financial report is prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under Chapter 2M of the *Corporations Act 2001*, wherein the company is considered to be a large proprietary company. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members.

The financial report has been prepared on a historical cost basis and is presented in Australian dollars. The supplementary information in INR (Indian Rupees), which are unaudited, have been arrived at by applying the year end inter-bank exchange rate of 1 AUD = INR 35.0275 for the current year balance sheet (2008: INR 36.6975) and the average rate of 1 AUD = INR 35.8625 for the current year income statement (2008: INR 35.9156), and have been included in the financial report as required by the parent entity.

The directors have determined that the company is not a "reporting entity". Consequently the requirements of Accounting Standards issued by the AASB and other professional reporting requirements do not have mandatory applicability to Technico Pty Limited in relation to the year ended 31 March 2009. However, the directors have determined that in order for the financial report to give a true and fair view of the company's results of operations and state of affairs, the requirements of Accounting Standards and other professional reporting requirements in Australia relating to the measurement and recognition of assets, liabilities, revenues, expenses and equity should be complied with.

Accordingly, the directors have prepared the financial report in accordance with the following Accounting Standards:

AASB 101: Presentation of Financial Statements
AASB 107: Cash Flow Statements
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048: Interpretation and Application of Standards

Going concern
Though the company has accumulated losses of $30,368,601 as at 31 March 2009, the management believe that the application of the going concern basis of accounting is appropriate due to the expected cash flows of the company over the next twelve months and the belief that the company is an important part of the business plans of ITC limited and a key element of the strategic investment portfolio of Russell Credit Limited, the parent entity. Any exposure of the parent entity in the Company is limited to equity or fund based commitments in accordance with the terms of approval of its regulator in India.

(b) Significant accounting judgements, estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Investment in subsidiaries
The carrying value of the investment in subsidiaries is assessed at each reporting date as to whether there is an indication that the asset may be impaired. The assessment includes estimates and assumptions of future events including anticipated rates of growth, gross margins, together with the application of a discount rate. These assumptions correspond with the best estimates of management at reporting date.

Note 1: Statement of significant accounting policies (Contd..)

(c) Foreign currency translation

The functional and presentation currency of Technico Pty Limited is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the financial report are taken to profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Receivables

Trade receivables are recognised and carried at the original amount less any provision for doubtful debts. A provision is recognised when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(f) Other financial assets

Investments in controlled entities are recorded at cost less impairment of the investment value.

(g) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(h) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Class of fixed asset	*2009*	*2008*
Buildings	6.70%	6.70%
Plant and equipment	13-27%	13-27%

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Note 1: Statement of significant accounting policies (Contd..)

(i) Non-current assets held for sale

Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. These assets have not been depreciated in this financial period.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

(k) Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

(n) Revenue recognition (continued)

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rendering of services

Revenue from the provision of services is recognised when control of the right to be compensated for the services and the stage of completion can be reliably measured.

Note 1: Statement of significant accounting policies (Contd..)

(o) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 1: Statement of significant accounting policies (Contd..)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Intangibles other than goodwill on acquisition

Technology, patents and trademarks

Intangibles include TECHNITUBER® technology of the company and trademarks and are considered to have finite lives, and are amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If benefit is no longer expected to be received, the asset will be written down to its net realisable value.

(s) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	2009		2008	
	$	INR	$	INR
Note 2: Revenues and expenses				
Revenue and expenses from continuing activities				
(a) Revenue				
Sale of goods	-		-	-
Finance revenue	13,286	476,469	2,892	103,868
Contract settlement	-	-	30,522	1,096,216
Sundry income	701,543	25,159,086	509,947	18,315,052
	714,829	25,635,555	543,361	19,515,136
Breakdown of finance revenue:				
Bank interest receivable	13,286	476,469	2,892	103,868
(b) Finance costs				
Bank loans and overdrafts	50,130	1,797,787	22,691	814,961
(c) Depreciation, amortisation and costs of inventories included in the income statement				
Depreciation of non-current assets:				
Buildings	-	-	11,448	411,162
Plant and equipment	5,989	214,781	14,442	518,693
Total depreciation of non-current assets	5,989	214,781	25,890	929,855
Amortisation of non-current assets:				
Leased plant and equipment	-		-	-
Technology	5,946	213,238	5,626	202,061
Total amortisation of non-current assets	5,946	213,238	5,626	202,061
Total depreciation and amortisation expenses	11,935	428,019	31,516	1,131,916
Cost of inventories recognised as an expense includes write down of inventory to net realisable value	-	-	-	-

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2009 (Contd..)

	2009		2008	
	$	INR	$	INR
Revenue and expenses from continuing activities (contd..)				
(d) Employee benefit expense				
Wages and salaries	860,215	30,849,460	878,200	31,541,080
Workers' compensation costs	2,322	83,273	1,284	46,116
Long service leave provision	(314,678)	(11,285,140)	97,938	3,517,502
Share options	-	-	(702,858)	(25,243,567)

Note 3: Income tax				
The major components of income tax expenses are:				
Income statement				
Current income tax				
Current income tax charge	-	-	-	-
Adjustments in respect of current income tax of previous years	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	-	-	-	-
Income tax expense reported in the income statement	-	-	-	-
A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:				
Accounting profit before income from continuing operations at the statutory income tax rate of 30%	(116,214)	(4,167,725)	1,377,617	49,477,923
Amortisation of technology	(100)	(3,586)	(100)	(3,592)
Movement in employee entitlements	(94,403)	(3,385,528)	(2,869)	(103,049)
Write back or write down of investments in wholly owned subsidiaries	54,743	1,963,221	(1,583,444)	(56,870,356)
Non-deductible expenses/timing differences	982	35,217	41,234	1,480,955
Future income tax benefits not brought to account	154,992	5,558,401	167,562	6,018,119
Income tax attributable to ordinary activities	-	-	-	-

Income tax losses

Future income tax benefits arising from revenue timing differences and tax losses of the parent entity amounted to $154,992 (2008: $167,563). This has not been brought to account at balance sheet date as realisation is not considered probable.

The future income tax benefit will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(iii) no changes in tax legislation adversely effect the economic entity in realising the benefit.

	2009		2008	
	$	INR	$	INR
Note 4: Cash and cash equivalents				
Current				
Cash at bank	77,520	2,715,332	28,857	1,058,980
Deposits at call	28,734	1,006,480	27,199	998,135
	106,254	3,721,812	56,056	2,057,115

(a) Terms and conditions relating to the above financial instruments:
  (i) cash at bank has a weighted average interest rate of 0% (2008: 0%); and
  (ii) deposits at call has a weighted average effective interest rate of 4.00% (2008: 5.55%).

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2009 (Contd..)

		2009		2008	
		$	INR	$	INR
Note 4: Cash and cash equivalents (contd..)					
(b) Reconciliation of net profit/(loss) after tax to the net cash flows from operations:					
Net profit/(loss)		(387,379)	(13,892,379)	4,592,055	164,926,411
Non-cash items:					
Amortisation of non-current assets		5,946	213,238	5,626	202,061
Depreciation of non-current assets		,989	214,781	25,891	929,891
Decrease in value of inventories		-	-	-	-
Provision for doubtful debts		-	-	-	-
(Increase)/decrease in value of receivables in subsidiaries		463,472	16,621,265	117,491	4,219,759
(Increase)/decrease in value of investments in subsidiaries		(453,500)	(16,263,644)	(4,692,781)	(168,544,045)
Unrealised foreign currency revaluation		-	-	(2,438)	(87,562)
(Profit) on sale of property, plant and equipment		-	-	-	-
Employee benefits equity reserve		-	-	(702,858)	(25,243,567)
Changes in assets and liabilities:					
(Increase)/decrease in trade and other receivables		(224,110)	(8,037,145)	1,183	42,488
Decrease in inventories		-	-	-	-
Decrease in other current assets		565	20,262	5,449	195,704
(Decrease)/increase in trade creditors and accruals		(440,396)	(15,793,701)	63,782	2,290,768
(Decrease) in employee provisions		(314,678)	(11,285,140)	(12,401)	(445,389)
Cash flows from operations		(1,344,091)	(48,202,463)	(599,001)	(21,513,481)
(c) Financing facilities available					
At reporting date, the following financing facilities had been negotiated and were available:					
Total facilities					
Bank loans		230,000	8,056,325	230,000	8,440,425
Loan from Russell Credit Ltd (ultimate parent company)		500,000	17,513,750	500,000	18,348,750
Facilities used at reporting date					
Bank loans		230,000	8,056,325	230,000	8,440,425
Loan from Russell Credit Ltd		500,000	17,513,750	500,000	18,348,750
Note 5: Trade and other receivables					
Current					
Trade debtors	(a)	230,310	8,067,184	6,106	224,075
Provision for doubtful debts		-	-	-	-
		230,310	8,067,184	6,106	224,075
Other debtors	(a)	307	10,753	401	-
		230,617	8,077,937	6,507	224,075
Non-current					
Amounts receivable from wholly owned subsidiaries		18,891	661,705	4,178,007	153,322,412
Provision for doubtful debts	(b)	-	-	(3,695,644)	(135,620,896)
		18,891	661,705	482,363	17,701,516

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2009 (Contd..)

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:
(i) current trade debtors are non-interest bearing and generally on 30 day terms; and
(ii) other debtors are non-interest bearing and generally have repayment terms of 30 days.

(b) Provision for write down on wholly owned subsidiaries

The loans given by the company to its wholly owned subsidiaries, Technico Technologies Inc., Canada of $464,624 and to Technico Asia Holdings Pty Limited, Australia, of $3,684,520, which had been written down last year, were fully converted to equity during the year.

	Notes	2009 $	2009 INR	2008 $	2008 INR
Note 6: Other assets					
Current					
Prepayments		15,869	555,851	16,434	603,087
Note 7: Other financial assets					
Non-current					
Shares in subsidiaries:					
At cost		18,093,363	633,765,273	13,761,742	505,021,527
Provision for write-down	(a)	(4,340,317)	(152,030,454)	(462,196)	(16,961,437)
Total other financial assets		13,753,046	481,734,819	13,299,546	488,060,090

(a) Provision for write-down of subsidiaries

The losses generated within the subsidiaries have resulted in a provision for write-down to net assets being recorded against the cost amount of the investment.

Interest in subsidiaries

	Percentage of equity interest held by the consolidated entity country of incorporation	%	Investment (Provision for diminution) 2009 $	2009 INR Lacs	2008 $	2008 INR Lacs
Technico Asia Holdings Pty Ltd (formerly known as Technico China Pty Ltd)	Australia	100	3,684,522	129,059,594	2	73
			(3,231,022)	(113,174,623)	(2)	(73)
			453,500	15,884,971	-	-
Technico ISC Pty Ltd	Australia	100	2	70	2	73
			(2)	(70)	(2)	(73)
			-	-	-	-
Technico Technologies Inc	Canada	100	1,109,293	38,855,761	462,192	16,961,291
			(1,109,293)	(38,855,761)	(462,192)	(16,961,291)
			-		-	-
Technico Agri Sciences Ltd (formerly known as Chambal Agritech Ltd)	India	100	13,299,546	465,849,848	13,299,546	488,060,090
			-	-	-	-
			13,299,546	465,849,848	13,299,546	488,060,090

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2009 (Contd..)

	Notes	2009 $	2009 INR	2008 $	2008 INR
Note 8: Property, plant and equipment					
Non-current					
Land and buildings					
Land at cost		327,725	11,479,387	327,725	12,026,688
Accumulated amortisation and impairment		-	-	-	-
Net carrying amount transferred to assets held for sale		327,725	11,479,387	327,725	12,026,688
Buildings at cost		191,765	6,717,049	191,765	7,037,296
Accumulated depreciation and impairment		(143,109)	(5,012,751)	(143,109)	(5,251,743)
Net carrying amount transferred to assets held for sale		48,656	1,704,298	48,656	1,785,553
Plant and equipment at cost		439,281	15,386,915	439,281	16,120,514
Accumulated depreciation and impairment		(439,281)	(15,386,915)	(439,281)	(16,120,514)
Net carrying amount transferred to assets held for sale		-	-	-	-
Total net carrying amount of land and buildings transferred to assets held for sale		376,381	13,183,685	376,381	13,812,241
Plant and equipment at cost		155,399	5,443,238	155,399	5,702,755
Accumulated depreciation and impairment		(154,336)	(5,406,004)	(148,347)	(5,443,964)
Net carrying amount		1,063	37,234	7,052	258,791
Total net carrying amount of plant and equipment		1,063	37,234	7,052	258,791
Total property, plant and equipment at cost		155,399	5,443,238	155,399	5,702,755
Accumulated depreciation, amortisation and impairment		(154,336)	(5,406,004)	(148,347)	(5,443,964)
Total property, plant and equipment transferred to assets held for sale		376,381	13,183,685	376,381	13,812,241
Total property, plant and equipment		1,063	37,234	7,052	258,791
Balance at beginning of the year - net of accumulated depreciation and impairment		327,725	11,479,387	327,725	12,026,688
Additions		-	-	-	-
Balance at end of the year - net of accumulated depreciation and impairment		327,725	11,479,387	327,725	12,026,688
Buildings at cost					
Balance at beginning of the year - net of accumulated depreciation and impairment		48,656	1,704,298	60,104	2,205,667
Additions		-	-	-	-
Depreciation expense		-	-	(11,448)	(420,113)
Balance at end of the year - net of accumulated depreciation and impairment		48,656	1,704,298	48,656	1,785,554
Plant and equipment at cost					
Balance at beginning of the year - net of accumulated depreciation and impairment		7,052	247,014	19,782	763,748
Additions		-	-	682	25,028
Disposals		-	-	-	-
Depreciation expense		(5,989)	(209,780)	(13,412)	(529,985)
Balance at end of the year - net of accumulated depreciation and impairment		1,063	37,234	7,052	258,791

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2009 (Contd..)

(b) Assets pledged as security

Included in the balances of land, buildings and equipment are assets over which a property charge and first mortgage have been granted as security over bank loans (see note 11). The terms of the first mortgage and charge preclude the assets from being used as security for further mortgages without the permission of the first mortgage holder. Assets under lease are pledged as security for the associated lease liabilities.

(c) Non-current assets held for sale

The assets held for sale correspond to the land, buildings and equipment at the Paddy's River TECHNITUBER® facility. These assets have been listed for sale and the management expect that sale to occur in the next twelve months.

	Notes	2009 $	2009 INR	2008 $	2008 INR
Note 9: Intangible assets					
Non-current					
TECHNITUBER® technology, patents and trademarks at cost		3,394,788	118,910,937	3,389,077	124,370,653
Less: Accumulated amortisation		(3,372,737)	(118,138,546)	(3,366,791)	(123,552,813)
		22,051	772,391	22,286	817,870
Movement in intangibles					
Balance at beginning of the year		22,286	780,623	23,409	859,052
Additions		5,711	200,042	4,503	165,249
Amortisation expense		(5,946)	(208,274)	(5,626)	(206,460)
Balance at the end of the year		22,051	772,391	22,286	817,841
Note 10: Trade and other payables					
Current					
Trade creditors		23,206	812,848	345,727	12,687,317
Sundry Creditors & Accruals		124,926	4,375,846	242,801	8,895,473
		148,132	5,188,694	588,528	21,582,790

Terms and conditions relating to the above financial instruments:

(i) trade creditors are non-interest bearing and are normally settled on 30 day terms; and
(ii) balance due to sundry creditors is non-interest bearing and is normally settled on 30 day terms.

	Notes	2009 $	2009 INR	2008 $	2008 INR
Note 11: Loans and borrowings					
Current					
Bank loan – secured (interest bearing)	(a)	-	-	230,000	8,440,425
Non-current					
Bank loan – secured (interest bearing)	(a)	230,000	8,056,325	-	-
Russell Credit Limited – unsecured (non-interest bearing)	(b)	500,000	17,513,750	500,000	18,348,750
		730,000	25,570,075	500,000	18,348,750

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2009 (Contd..)

Note 11: Interest bearing loans and borrowings (continued)

(a) The bank loan with the ANZ Bank is secured over the land, buildings and plant and equipment at Paddy's River. An amount of $22,795 is being held on term deposit as security against the loan of $230,000. The loan was redrawn at the completion of the initial two year term in December 2008. The loan is repayable after three years (maximum term) from date of redraw. The effective interest rate is 8.95%.

(b) Russell Credit Limited has provided an interest free loan for an amount of $500,000 to meet working capital requirement of the company. The loan is repayable by August 2010.

	Notes	2009 $	2009 INR	2008 $	2008 INR
Note 12: Provisions					
Current					
Employee entitlements		25,459	891,765	317,981	11,669,108
Non-current					
Employee entitlements		-	-	22,156	813,070
Note 13: Contributed equity					
(a) Issued and paid up capital					
Ordinary shares fully paid 22,606,065 shares (2008: 21,625,455)		44,098,046	1,544,644,306	42,698,046	1,566,911,543
Discount on issue		(108,864)	(3,813,234)	(108,864)	(3,995,037)
		43,989,182	1,540,831,073	42,589,182	1,562,916,506

During the year, the company has issued 980,610 ordinary shares for a value of $1,400,000 to Russell Credit Limited, the parent entity.

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	Notes	2009 $	2009 INR	2008 $	2008 INR
Note 14: Reserves and accumulated losses					
Accumulated losses		30,368,601	1,063,736,173	29,981,222	1,100,235,895
Balance at beginning of year		29,981,222	1,050,167,254	34,573,277	1,268,752,833
Net (profit)/loss attributable to the members of Technico Pty Ltd		387,379	13,568,919	(4,592,055)	(168,516,938)
Total unavailable for appropriation		30,368,601	1,063,736,173	29,981,222	1,100,235,895
Dividends paid or provided for		-	-	-	-
Aggregate amount transferred (to)/from reserves		-	-	-	-
Balance at end of period		30,368,601	1,063,736,173	29,981,222	1,100,235,895
Note 15: Contingent liabilities					
Estimates of material amounts of contingent liabilities, not provided for in the financial report		-	-	-	-

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS AS AT 31 MARCH 2009 (Contd..)

Note 16: Events subsequent to reporting date
There are no subsequent events to be reported.

Note 17: Remuneration of auditors

Amounts received or due and receivable by auditor:				
Audit of the entity by auditor/group auditor	60,378	2,165,306	68,788	2,470,562
Other services in relation to the entity	-	-	-	-
	60,378	2,165,306	68,788	2,470,562