

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009

1. Your Directors hereby submit their Report and Accounts for the financial year ended 31st March, 2009.

2. COMPANY PERFORMANCE

Considering the present business environment, the Company has not contracted any fresh business and the temporary surplus funds of the Company have been invested in debt mutual funds to optimise returns.

The financial results of the Company, summarised, are as under :

| | Rs. |
|--|-------------|
| Profit Before Tax | 78,75,723 |
| Less: Provision for Tax (including Fringe Benefit Tax) | (13,34,122) |
| Profit After Tax | 92,09,845 |
| Add : Profit brought forward from previous year | 96,40,980 |
| Balance carried forward | 1,88,50,825 |

3. DIRECTORS

In accordance with the provisions of Article 92 of the Articles of Association of the Company, Mr. Saradindu Dutta will retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offers himself for re-election. Your Board of Directors has recommended his re-election.

4. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having : -

- i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanations relating to material departures, if any;
- 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 of the Company is 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, Messrs. Basu, Chatterjea & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company, 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 earnings or outflow during the year under review.

12th May, 2009

Virginia House
37 J L Nehru Road
Kolkata 700 071

On behalf of the Board

P. Chatterjee Director

S. Dutta Director

**Auditors' Report
To the Members of
Wills Corporation Limited**

1. We have audited the attached balance sheet of **Wills Corporation Limited** as at 31st March 2009, the profit and loss account and cash flow statement 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.
2. We conducted our audit in accordance with the 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.
3. 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 paragraphs 4 and 5 of the said Order.
4. 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 it appears from our examination of those books;
 - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, balance sheet, profit and loss account and cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) 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 2009;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place: Kolkata
Date: 12th May, 2009

For Basu, Chatterjea & Co.,
Chartered Accountants
S.K. Chatterjea
Partner
Membership No.: 005629

Annexure to the Auditors' Report to the Members of Wills Corporation Limited

[Referred to in paragraph 3 thereof]

1. (a) The company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
(b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the Company and nature of its assets. No material discrepancies between the book records and the physical inventory were noticed.
(c) During the year, in our opinion, and according to information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company.
2. According to information and explanations given to us and as per the books and records of the Company examined by us, there was no stock held by the Company at any time during the year.
3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured to parties covered in the register mentioned under Section 301 of the Companies Act, 1956, paragraphs (iii)(b), (c) and (d) of the Order are not applicable.
(b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties covered in the paragraph mentioned under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for purchase of fixed assets and for sale of goods and services. Further on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion the company has an internal audit system commensurate with the size and nature of its business.
8. (a) According to the information and explanations given to us, and according to the books and records examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues, including sales tax, income tax, cess and any other material statutory dues as applicable to it with the appropriate authorities during the year.
(b) According to the information and explanations given to us, there are no undisputed dues including sales tax, income tax, cess which were outstanding for more than 6 months as at 31st March 2009.
(c) According to the information and explanations given to us, there are no undisputed dues, including sales tax, income tax, cess which were outstanding as at 31st March 2009.

WILLS CORPORATION LIMITED

9. The company does not have accumulated losses as at 31st March 2009, and has not incurred cash losses during the year ended on that day and in the immediately preceding financial year.
10. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
12. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
13. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
14. The company has not raised money by public issue during the year.
15. According to the information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.
16. The nature of the Company's activities during the year ended 31st March, 2009, indicate that the provisions of clauses 4(viii), (xi), (xiii), (xvi), (xvii), (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.

Place: Kolkata
Date: 12th May, 2009

For Basu, Chatterjea & Co.,
Chartered Accountants
S.K. Chatterjea
Partner
Membership No.: 005629

BALANCE SHEET AS AT 31ST MARCH, 2009

| | Schedule | 31st March, 2009 (Rs.) (Rs.) | | 31st March, 2008 (Rs.) (Rs.) | |
|--|----------|---------------------------------|--|---------------------------------|--|
| I. SOURCES OF FUNDS | | | | | |
| 1. Shareholders' Funds | | | | | |
| a) Share Capital | 1 | 4,88,56,260 | | 4,88,56,260 | |
| b) Reserves and Surplus | 2 | 1,99,66,026 | | 1,07,56,181 | |
| Total | | 6,88,22,286 | | 5,96,12,441 | |
| II. APPLICATION OF FUNDS | | | | | |
| 1. Fixed Assets | | | | | |
| a) Gross Block | 3 | 60,57,401 | | 1,35,85,481 | |
| b) Less: Depreciation | | 13,97,379 | | 88,32,304 | |
| c) Net Block | | 46,60,022 | | 47,53,177 | |
| 2. Investments | 4 | 6,36,65,595 | | 5,43,59,768 | |
| 3. Current Assets, Loans and Advances | | | | | |
| a) Current Assets | 5 | 7,51,258 | | 3,24,467 | |
| b) Loans and Advances | | 35,46,758 | | 1,31,37,144 | |
| | | 42,98,016 | | 1,34,61,611 | |
| 4. Less: Current Liabilities and Provisions | 6 | 38,01,347 | | 1,29,62,115 | |
| Net Current Assets / (Liabilities) | | 4,96,669 | | 4,99,496 | |
| Total | | 6,88,22,286 | | 5,96,12,441 | |
| Notes to the Accounts | 9 | | | | |
| Significant Accounting Policies | 10 | | | | |

The Schedules referred to above form an integral part of the Balance Sheet.
As per our Report of even date attached

For Basu, Chatterjea & Co.
Chartered Accountants
S.K.Chatterjea
Partner

Kolkata, 12th May, 2009

On Behalf of the Board
P. Chatterjee Director
S. Dutta Director
T.K. Ghosal Secretary

WILLS CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | Schedule | For the year ended 31st March, 2009 (Rs.) | For the year ended 31st March, 2008 (Rs.) |
|--|-----------|---|---|
| I. INCOME | | | |
| Dividend Income | | 34,99,845 | 37,44,915 |
| Rental Income | | 5,80,000 | 4,80,000 |
| Interest Income on IT Refunds | | 43,51,565 | - |
| Miscellaneous Income | | 5,28,969 | 4,45,224 |
| | | 89,60,379 | 46,70,139 |
| II. EXPENDITURE | | | |
| Salaries and Wages | | 6,94,390 | 5,83,850 |
| Operating and Establishment Expenses | 7 | 2,89,588 | 1,16,051 |
| Loss on Sale of Current Investments (net) | | 7,523 | 3,33,227 |
| Excess of Cost over Fair Value of Current Investments | | - | 37,670 |
| Depreciation | | 93,155 | 93,155 |
| | | 10,84,656 | 11,63,953 |
| III. PROFIT | | | |
| Profit/(Loss) before Taxation | | 78,75,723 | 35,06,186 |
| Provision for Taxation | 8 | (13,34,122) | 1,16,810 |
| Profit/(Loss) after Taxation | | 92,09,845 | 33,89,376 |
| Profit brought forward | | 96,40,980 | 62,51,604 |
| Available for appropriation | | 1,88,50,825 | 96,40,980 |
| IV. APPROPRIATIONS | | | |
| Profit carried forward | | 1,88,50,825 | 96,40,980 |
| Earnings Per Share (Face Value Rs 10.00 each) (Basic & Diluted) | 9(2) | 1.89 | 0.69 |
| Notes to the Accounts | 9 | | |
| Significant Accounting Policies | 10 | | |

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our Report of even date attached.

For Basu, Chatterjea & Co.
Chartered Accountants
S.K.Chatterjea
Partner

Kolkata, 12th May, 2009

On Behalf of the Board

| | |
|---------------|------------------|
| P. Chatterjee | <i>Director</i> |
| S. Dutta | <i>Director</i> |
| T.K. Ghosal | <i>Secretary</i> |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

| | For the year ended 31st March, 2009 (Rs.) | For the year ended 31st March, 2008 (Rs.) |
|--|---|---|
| A. NET PROFIT BEFORE TAX | 78,75,723 | 35,06,186 |
| ADJUSTMENTS FOR: | | |
| Depreciation | 93,155 | 93,155 |
| Dividend Income | (34,99,845) | (37,44,915) |
| Excess of cost over Fair Value of Current Investments | - | 37,670 |
| (Profit)/Loss on Sale of Current Investments | 7,523 | 3,33,227 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 44,76,556 | 2,25,323 |
| ADJUSTMENTS FOR: | | |
| Trade and Other Receivables | (15,980) | (30,886) |
| Trade Payables | 30,029 | 10,381 |
| CASH GENERATED FROM OPERATIONS | 44,90,605 | 2,04,818 |
| Income Tax Refund / (Payment) (Including Fringe Benefit Tax) | 17,33,711 | (181,890) |
| NET CASH FROM OPERATING ACTIVITIES | 62,24,316 | 22,928 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Income from Current Investments | 21,39,295 | 9,38,400 |
| Purchase of Current Investments | (58,55,97,026) | (40,83,24,000) |
| Sale of Current Investments | 57,76,44,228 | 40,73,07,436 |
| NET CASH USED IN INVESTING ACTIVITIES | (58,13,503) | (78,164) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | - | - |
| NET CASH FROM FINANCING ACTIVITIES | - | - |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 4,10,812 | (55,235) |
| OPENING CASH AND CASH EQUIVALENTS | 1,43,457 | 1,98,692 |
| CLOSING CASH AND CASH EQUIVALENTS | 5,54,269 | 1,43,457 |

As per our Report of even date attached.

For Basu, Chatterjea & Co.
Chartered Accountants
S.K.Chatterjea
Partner

Kolkata, 12th May, 2009

On Behalf of the Board

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

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

| | As at 31st March, 2009 (Rs.) | As at 31st March, 2008 (Rs.) |
|---|------------------------------------|------------------------------------|
| Authorised: | | |
| 50,00,000 Equity 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 |
| (All the above shares are held by the Holding Company, ITC Limited) | <u>4,88,56,260</u> | <u>4,88,56,260</u> |

2. RESERVES AND SURPLUS

| | As at 31st March, 2009 (Rs.) | As at 31st March, 2008 (Rs.) |
|-----------------------------------|------------------------------------|------------------------------------|
| General Reserve | | |
| At the commencement of the year | 11,15,201 | 11,15,201 |
| Add: From Profit and Loss Account | - | - |
| | <u>11,15,201</u> | <u>11,15,201</u> |
| Profit and Loss Account | 1,88,50,825 | 96,40,980 |
| | <u>1,99,66,026</u> | <u>1,07,56,181</u> |

SCHEDULES TO THE ACCOUNTS (Contd.)

3. FIXED ASSETS

| Particulars | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BOOK VALUE |
|---------------------|--------------------------------|-----------|------------------|---------------------------|--------------------------------|---------------|------------------|---------------------------|------------------------|
| | As at commencement of the year | Additions | Deletions | As at the end of the year | As at commencement of the year | For the year | Deletions | As at the end of the year | As at 31st March, 2009 |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Plant and Machinery | 78,70,428 | - | 75,28,080 | 3,42,348 | 78,70,428 | - | 75,28,080 | 3,42,348 | - |
| Building (*) | 57,15,053 | - | - | 57,15,053 | 9,61,876 | 93,155 | - | 10,55,031 | 46,60,022 |
| TOTAL | 1,35,85,481 | - | 75,28,080 | 60,57,401 | 88,32,304 | 93,155 | 75,28,080 | 13,97,379 | 46,60,022 |
| Previous Year | 1,35,85,481 | - | - | 1,35,85,481 | 87,39,149 | 93,155 | - | 88,32,304 | 47,53,177 |

* Includes assets given on operating leases, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.
The Gross Value of such assets is Rs. 57,15,053/- (2008 - Rs. 57,15,053/-) and Accumulated Depreciation Rs. 10,55,031/- (2008 - Rs. 9,61,876/-).
Depreciation for the year charged to Profit and Loss Account is Rs. 93,155/- (2008 - Rs. 93,155/-).
The aggregate lease rental is shown as Rental Income.

SCHEDULES TO THE ACCOUNTS (Contd.)

4. INVESTMENTS

| | As at 31st March, 2009 (Rs.) | As at 31st March, 2008 (Rs.) |
|--|------------------------------------|------------------------------------|
| UNQUOTED | | |
| Current | | |
| OTHER INVESTMENTS | | |
| Sundaram BNP Paribas Interval Fund-Quarterly Plan B-Institutional Plan- Dividend Reinvest Daily Nil (2008 - 49,98,650) Units of Rs.10/- each | - | 5,00,00,000 |
| Principal Cash Management Fund Liquid Option Institutional Plan-Dividend Reinvest Daily Nil (2008 - 32,423) Units of Rs.10/- each | - | 3,24,304 |
| Pru ICICI Institutional Short Term Dividend Reinvest-Fortnightly Nil (2008 - 364,212) Units of Rs.10/- each | - | 40,35,464 |
| DWS Fixed Term Fund Series 52 Institutional Dividend 30,00,000 (2008 - Nil) Units of Rs.10/- each | 3,00,00,000 | - |
| G50 IDFC Money Manager Fund-Investment Plan Inst Plan B-Daily Dividend 33,21,509 (2008 - Nil) Units of Rs.10/- each | 3,32,64,917 | - |
| 32IPD ICICI Prudential Liquid Plan Institutional Plus -Daily Dividend Option 33,808 (2008 - Nil) Units of Rs.10/- each | 4,00,678 | - |
| | 6,36,65,595 | 5,43,59,768 |

5. CURRENT ASSETS, LOANS AND ADVANCES

| | As at 31st March, 2009 (Rs.) | As at 31st March, 2008 (Rs.) |
|---|------------------------------------|------------------------------------|
| A. CURRENT ASSETS | | |
| Cash and Bank Balances | | |
| Balances with Scheduled Banks | | |
| - In Current Account | 93,812 | 1,42,955 |
| Cash/Cheques in Hand | 4,60,457 | 502 |
| Other Current Assets (Unsecured - Considered good) | | |
| - Deposits | 56,563 | 56,563 |
| - Others | 1,40,426 | 1,24,447 |
| | 7,51,258 | 3,24,467 |
| B. LOANS AND ADVANCES | | |
| (Unsecured - Considered good) | | |
| Advance Payment of Tax | | |
| - Income Tax | 35,40,342 | 1,31,33,228 |
| - Fringe Benefit Tax | 6,416 | 3,916 |
| | 35,46,758 | 1,31,37,144 |

SCHEDULES TO THE ACCOUNTS (Contd.)

6. CURRENT LIABILITIES AND PROVISIONS

| | As at 31st March, 2009 (Rs.) | As at 31st March, 2008 (Rs.) |
|--|------------------------------------|------------------------------------|
| A. CURRENT LIABILITIES | | |
| Sundry Creditors | | |
| - Total Outstanding dues of Micro and Small Enterprises | - | - |
| - Others | 47,688 | 47,308 |
| Other Liabilities | 2,249 | 2,291 |
| Security Deposit | 20,00,000 | 20,00,000 |
| B. PROVISIONS | | |
| Provision for Retirement Benefits | 1,31,650 | 1,01,959 |
| Provision for Tax | | |
| - Income Tax | 16,16,200 | 1,08,07,547 |
| - Fringe Benefit Tax | 3,560 | 3,010 |
| | 38,01,347 | 1,29,62,115 |

7. OPERATING AND ESTABLISHMENT EXPENSES

| | For the year ended 31st March, 2009 (Rs.) | For the year ended 31st March, 2008 (Rs.) |
|---|---|---|
| Rates and Taxes | 41,225 | 40,168 |
| Insurance | 4,218 | 3,831 |
| Auditors' Remuneration (including Service Tax) | | |
| - Audit Fees | 19,854 | 20,225 |
| - Other Services | 14,045 | 14,045 |
| Travelling and Conveyance | 402 | 1,184 |
| Postage, Telephone, Telex, etc. | 3,514 | 5,595 |
| Printing and Stationery | 3,398 | 6,426 |
| Professional Fees | 18,427 | 21,600 |
| Filing Fees | 1,500 | 1,500 |
| Interest on Income Tax | 1,81,534 | - |
| Miscellaneous Expenses | 1,471 | 1,477 |
| | 2,89,588 | 1,16,051 |

8. PROVISION FOR TAXATION

| | For the year ended 31st March, 2009 (Rs.) | For the year ended 31st March, 2008 (Rs.) |
|--|---|---|
| Income Tax for the year | | |
| - Current Tax | 14,00,000 | 1,16,200 |
| - Fringe Benefit Tax | 550 | 610 |
| | 14,00,550 | 1,16,810 |
| Less: Adjustments relating to previous years | | |
| - Current Tax | 27,34,672 | - |
| | (13,34,122) | 1,16,810 |

9. NOTES TO THE ACCOUNTS

1. During the year, the following Current Investments were purchased and sold: -

- (i) 33,072 Units of AIG India Liquid Fund Institutional Daily Dividend at cost of Rs. 3,31,04,985.38/-
- (ii) 33,21,274 Units of AIG India Treasury Fund Institutional Daily Dividend at cost of Rs. 3,32,49,274.50/-
- (iii) 16,094 Units of AIG India Liquid Fund Retail Daily Dividend at cost of Rs. 1,61,06,837.13/-
- (iv) 21,00,000 Units of BSL Quarterly Interval - Series 4 Dividend Payout at cost of Rs. 2,10,00,000/-
- (v) 17,01,486.80 Units of Canara Robeco Liquid Plus Institutional Daily Dividend Fund at cost of Rs. 2,11,10,516.83/-.
- (vi) 3,62,945 Units of Kotak Liquid (Institutional) - Daily Dividend at cost of Rs. 44,38,122.03/-
- (vii) 10,051.78 Units of Fidelity Cash Fund (Retail) Daily Dividend at cost of Rs. 1,00,538.89/-
- (viii) 31,37,949 Units of IDFC Cash Fund - Institutional Plan B Daily Dividend at cost of Rs. 3,32,04,516.05/-
- (ix) 65,008 Units of ING Liquid Fund-Daily Dividend Option at cost of Rs. 7,01,265.97/-
- (x) 59,91,490 Units of JM High Liquidity Fund-Institutional Plan - Daily Dividend (76) at cost of Rs. 6,00,10,164.07/-
- (xi) 60,11,559 Units of JM Money Manager Fund Super Plus Plan-Daily Dividend (171) at cost of Rs. 6,01,47,448.48/-
- (xii) 93,00,331 Units of JP Morgan India Treasury Fund - SIP Daily Div. Reinvest at cost of Rs. 9,30,86,080.49/-
- (xiii) 59,96,299 Units of JP Morgan India Liquid Plus Fund Super Inst-Daily Dividend Plan Reinvest at cost of Rs. 6,00,10,361.12/-
- (xiv) 3,63,237.94 Units of Principal Cash Mgt. Liquid Option Inst. Div Reinvest Daily at cost of Rs. 36,33,178.52/-
- (xv) 32,790 Units of Principal Floating Rate Fund - FMP - Institutional Daily Dividend Daily at cost of Rs. 3,28,298.62/-
- (xvi) 27,98,783.58 Units of Prudential ICICI Liquid Plan Institutional Plus-Daily Div at cost of Rs. 3,31,69,783.61/-
- (xvii) 3,72,315.51 Units of Prudential ICICI Liquid Plan - Daily Dividend Reinvestment at cost of Rs. 44,12,459.98/-
- (xviii) 44,66,475 Units of TATA Floating Rate Short Term Inst. Plan- Daily Dividend at cost of Rs. 4,47,32,639.10/-
- (xix) 463 Units of Templeton India Treasury Management Account Regular Plan – Daily Dividend Reinvestment at cost of Rs. 7,00,810.46/-

2. Earnings per Share:

| | For the year ended 31st March, 2009 | For the year ended 31st March, 2008 |
|--|--|--|
| Profit after Taxation (Rs) | 92,09,845/- | 33,89,376/- |
| Weighted average number of Equity Shares outstanding | 48,85,626 | 48,85,626 |
| Basic and diluted Earnings per share (Face Value - Rs.10.00 per share) | Rs. 1.89 | Rs. 0.69 |

3. Provision for Taxation included in the Profit and Loss Account represents Current Tax. The incidence of Deferred Tax being insignificant is not considered.

4. Related Party Disclosures:

- (a) **Relationships**
 Holding Company ITC Limited

Key Management Personnel

| | |
|----------------------|------------------------|
| Mr. K. Vaidyanath | Non Executive Chairman |
| Mr. P. Chatterjee | Non-Executive Director |
| Mr. B. B. Chatterjee | Non-Executive Director |
| Mr. S. Dutta | Non-Executive Director |

- (b) Disclosure of transaction between the Company and Related Parties and the status of outstanding balances:

| Particulars | For the year ended 31st March, 2009 (Rs.) | For the year ended 31st March, 2008 (Rs.) |
|------------------------------------|--|--|
| Holding Company | | |
| Postage, Telephone, Telex, etc. | 3,514/- | 5,595/- |
| Rental Income | 5,80,000/- | 4,80,000/- |
| Miscellaneous Income | 5,28,969/- | 4,45,214/- |
| Balance as at | 31st March, 2009 (Rs.) | 31st March, 2008 (Rs.) |
| Holding Company | | |
| Receivables | 1,39,098/- | 1,23,804/- |
| Payables | 709/- | Nil |
| Sundry Deposit Received | 20,00,000/- | 20,00,000/- |

5. Segment Reporting - The Company operates in a single business and geographical segment.

6. Employee Benefits :

Liability for Gratuity and Leave Encashment has been actuarially determined and provided for in the books. The following table sets out the status as required by AS – 15.

| | For the year ended 31st March, 2009 | | For the year ended 31st March, 2008 | |
|--|--|---------------------------------|--|---------------------------------|
| | Gratuity Unfunded | Leave Encashment Unfunded | Gratuity Unfunded | Leave Encashment Unfunded |
| I Components of Employer Expense | | | | |
| 1. Current Service Cost | 9,113 | 8,929 | 7,363 | 3,757 |
| 2. Interest Cost | 3,353 | 3,784 | 1,503 | 1,735 |
| 3. Expected Return on Plan Assets | Nil | Nil | Nil | Nil |
| 4. Curtailment Cost/(Credit) | Nil | Nil | Nil | Nil |
| 5. Settlement Cost/(Credit) | Nil | Nil | Nil | Nil |
| 6. Past Service Cost | Nil | Nil | 21,473 | 24,780 |
| 7. Actuarial Losses/(Gains) | 2,153 | 2,359 | (3,195) | (990) |
| 8. Total expense recognised in the Statement of Profit & Loss Account | 14,619 | 15,072 | 26,424 | 29,282 |
| II Net Asset/ (Liability) recognised in Balance Sheet | | | | |
| 1. Present Value of Defined Benefit Obligation | 62,516 | 69,134 | 26,424 | 29,282 |
| 2. Fair Value on Plan Assets | Nil | Nil | Nil | Nil |
| 3. Status [Surplus/(Deficit)] | (62,516) | (69,134) | (26,424) | (29,282) |
| 4. Unrecognised Past Service Cost | Nil | Nil | (21,473) | (24,780) |
| 5. Net Asset/ (Liability) recognised in Balance Sheet | (62,516) | (69,134) | (47,897) | (54,062) |
| III Change in Defined Benefit Obligations (DBO) | | | | |
| 1. Present Value of DBO at the beginning of Period | 47,897 | 54,062 | 42,946 | 49,560 |
| 2. Current Service Cost | 9,113 | 8,929 | 7,363 | 3,757 |
| 3. Interest Cost | 3,352 | 3,784 | 1,503 | 1,735 |
| 4. Curtailment Cost/(Credit) | Nil | Nil | Nil | Nil |
| 5. Settlement Cost/(Credit) | Nil | Nil | Nil | Nil |
| 6. Plan Amendments | Nil | Nil | Nil | Nil |
| 7. Acquisitions | Nil | Nil | Nil | Nil |
| 8. Actuarial (Gains)/Losses | 2,153 | 2,359 | (3,915) | (990) |
| 9. Benefits Paid | Nil | Nil | Nil | Nil |
| 10. Present Value of DBO at the End of Period | 62,516 | 69,134 | 47,897 | 54,062 |
| IV Actuarial Assumptions | | | | |
| 1. Discount Rate (%) | 7.00 | 7.00 | 7.50 | 7.50 |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

7. There are no Micro, Small and Medium Enterprises, to whom the Company owes any dues, as at 31st March 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on information available with the Company.
8. Figures for the previous year have been regrouped / re-arranged wherever necessary.

10. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on accrual basis under the historical 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 Long Term Investments, if any. Income from Investments is included together with the related tax credit in the Profit and Loss Account.

Inventories

The inventories are valued at cost or below. The average cost is 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 there from are adjusted in the Profit and Loss Account except for those covered by forward contract rates where the gains / losses arising from such restatement are recognized over the period of such contracts.

Borrowing Costs

Borrowing cost that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

Lease Rentals

Lease Rentals are being accounted for on an accrual basis.

Retirement Benefits

Liability for leave encashment and Gratuity payable to employees is provided for at the year-end on actuarial basis.

Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

For Basu, Chatterjea & Co.
Chartered Accountants

S.K.Chatterjea
Partner
Kolkata, 12th May, 2009

On behalf of the Board

| | |
|---------------|------------------|
| P. Chatterjee | <i>Director</i> |
| S. Dutta | <i>Director</i> |
| T.K. Ghosal | <i>Secretary</i> |

BALANCE SHEET ABSTRACT AND COMANY'S GENERAL BUSINESS PROFIL

(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 | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Rights Issue | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| Bonus Issue | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Private Placement | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |

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

| | | | |
|-------------------|---|--------------|---|
| Total Liabilities | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Total Assets | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
|-------------------|---|--------------|---|

Sources of Funds

| | | | |
|-----------------|---|--------------------|---|
| Paid up Capital | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Reserves & Surplus | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| Secured Loans | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Unsecured Loans | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |

Application of Funds

| | | | |
|--------------------|---|-------------------|---|
| Net Fixed Assets | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Investments | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| Net Current Assets | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Misc. Expenditure | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| Accumulated Losses | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | | |

IV. Performance of Company (Amount in Rs Thousands)

| | | | |
|---|--|--|--|
| Turnover (Including other Income) | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Total Expenditure | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| <input checked="" type="checkbox"/> + <input type="checkbox"/> - Profit/Loss before Tax | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | <input checked="" type="checkbox"/> + <input type="checkbox"/> - Profit/Loss after Tax | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |

(Please tick Appropriate box + for Profit, - for Loss)

| | | | |
|--------------------------|---|-----------------|---|
| Earning per Share in Rs. | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | Dividend rate % | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
|--------------------------|---|-----------------|---|

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

| | |
|--------------------------|--|
| Item Code No. (ITC Code) | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| Product Description | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |