SUBSIDIARY COMPANIES

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**

The overall performance of the Company has been good despite increase in volatility in the interest rates.

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

		Rs.
a.	Profit Before Tax	28,28,19,931
	Less :Provision for Income Tax (including Fringe Benefit Tax)	1,62,81,920
b.	Profit After Tax	26,65,38,011
c.	Add : Profit brought forward from previous years	47,98,93,950
d.	Surplus available for Appropriation	74,64,31,961
	Less : Interim Dividends paid (recommended as Final Dividend)	40,00,00,000
	Income Tax on Dividends	6,79,80,000
	Transferred to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	5,33,07,602
e.	Balance carried forward	22,51,44,359

During the year, the Company made further investment of AUD 14 lakhs (approx. Rs. 5 crores) in the equity share capital of its wholly owned subsidiary, Technico Pty Limited, Australia (Technico), which owns the proprietary Technituber technology for production of high quality potato seeds. Technico has gained considerable expertise in seed potato agronomy and has been an immediate source of high quality potato seeds.

Further, the Company also made an investment of Rs. 90 lakhs, by subscribing to 90,000 equity shares of Rs. 100/- each in the rights issue (renounced in favour of the Company by its Holding Company) of Maharaja Heritage Resorts Limited, a 50:50 joint venture between Marudhar Hotels Private Limited and ITC Limited.

3. **DIVIDEND**

Your Directors declared on 27th June, 2008 and 30th September, 2008, Interim Dividends of Rs. 20,00,00,000/- (Rupees Twenty Crores) each, on 67,28,76,577 Equity Shares of Rs. 10/- each (in proportion to the amount paid-up on each Equity Share), out of the profits of the Company to the Members whose names appeared on the Register of Members on 27th June, 2008 and 30th September, 2008, respectively. The aforesaid Dividend is now recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2009.

4. **DIRECTORS**

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Messrs Rajiv Tandon and Biswa Behari Chatterjee will retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-election. Your Board of Directors has recommended their re-election.

5. **RE-APPOINTMENT OF MANAGER UNDER SECTION 269 OF THE COMPANIES ACT, 1956**

Mr. Sharad Jain was re-appointed by the Board of Directors as Manager of the Company for a period of two years with effect from 1st July, 2009, subject to the approval of the Members of the Company at the next General Meeting. Appropriate resolution seeking your approval to his re-appointment as Manager is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

6. **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.

7. **INVESTMENT IN VST INDUSTRIES LIMITED**

As stated in the Report of the Directors of the previous years, a petition was filed by an individual in the High Court at Calcutta, seeking an injunction against the Company's Counter Offer to the shareholders of VST Industries Limited, made in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, as a competitive bid, pursuant to a Public Offer made by an Acquirer, which closed on 13th June, 2001.

The High Court at Calcutta, while refusing to grant such an injunction, instructed that the acquisition of shares pursuant to the Counter Offer by the Company and the other Acquirer would be subject to the final Order of the High Court, which is still awaited.

Similar petitions filed by an individual and two shareholders, in the High Court of Delhi at New Delhi and High Court of Judicature of Andhra Pradesh at Hyderabad, had earlier been dismissed by the respective High Courts.

8. **NON-BANKING FINANCIAL (NON-DEPOSIT ACCEPTING OR HOLDING) COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007 ('NBFC REGULATIONS')**

In terms of paragraphs 10 & 13 of the NBFC Regulations, the particulars as applicable to the Company are appended to the Balance Sheet.

9. **SUBSIDIARIES**

Particulars as required under Section 212 of the Companies Act, 1956, in respect of the Company's subsidiaries namely, Greenacre Holdings Limited, Wimco Limited, Pavan Poplar Limited, Prag Agro Farm Limited, Technico Pty Limited - Australia, Technico ISC Pty Limited - Australia, Technico Asia Holdings Pty Limited - Australia, Technico Technologies Inc.- Canada, Technico Horticultural (Kunming) Co. Limited - China and Technico Agri Sciences Limited have been attached to the Accounts of the Company.

10. **PARTICULARS OF EMPLOYEES**

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 are provided in the Annexure to this Report.

11. **AUDITORS**

The Auditors, Messrs. S.B. Billimoria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

12. **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.

During the year under review, there has been no foreign exchange earnings. The outgo on account of foreign exchange was Rs. 5,48,45,435/- (previous year Rs. 11,76,72,079/-).

12th May, 2009 — On behalf of the Board

Virginia House
37, J.L. Nehru Road
Kolkata 700 071

R. Tandon Director
S. Dutta Director

Auditors' Report
To the Members of
Russell Credit Limited

1. We have audited the attached balance sheet of **Russell Credit Limited** as at 31st March, 2009 the profit and loss account and the cash flow statement of the Company for the year ended on that date, both 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 to the extent applicable.

4. Further to our comments in the Annexure referred to in paragraph 3 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, the 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) 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.

5. 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) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Membership No.: 23341

Secunderabad
12th May, 2009

Annexure to the Auditors' Report to the Members of Russell Credit Limited
[Referred to in paragraph 3 thereof]

The nature of the company's business/activities during the year ended 31st March, 2009 was such that paragraphs 4(ii), (vi), (viii), (xi), (xii), (xiii), (xv), (xvi), (xviii) and (xix) of the Companies (Auditor's Report) Order 2003 are not applicable.

(i) In respect of its fixed assets:

(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets were physically verified during the year by the management. Having regard to the size of the company and the nature of its assets, the frequency of verification is reasonable. No material discrepancies between the book records and the physical inventory were noticed.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal, has in our opinion, not affected the going concern status of the company.

(ii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed 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 listed in Register maintained 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 listed 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 listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.

(iii) 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 the nature of its business for the purchase of fixed assets. 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.

(iv) (a) 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.

(iv) (b) In our opinion and according to the information and explanations given to us, as there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, paragraph (v)(b) of the Order is not applicable.

(v) In our opinion the company has an internal audit system commensurate with the size and nature of its business.

(vi) In respect of statutory dues:

(a) In our opinion and according to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues, including income tax, sales tax, custom duty, cess and any other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, custom duty and cess were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.

(c) As at 31st March 2009, according to the records of the company and the information and the explanations given to us, the following are the particulars of dues on account of income tax, sales tax, custom duty and cess that have not been deposited on account of any dispute:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where pending
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	3,96,900	2003-04	Appellate Assistant Commissioner
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	19,24,395	2004-05	Commercial Tax Officer
Tamil Nadu General Sales Tax Act & Central Sales Tax Act	Sales Tax	24,24,648	2005-06	Commercial Tax Officer
The Central Sales Tax Act	Sales Tax	10,53,273	2005-06	Directorate of Commercial Taxes

Of the above, Rs. 47,45,943 has been stayed for recovery by the relevant authorities.

(vii) The company does not have accumulated losses as at 31st March 2009 and has not incurred cash losses during the financial year covered by our audit or the immediately preceding financial year.

(viii) Based on our examination of the records and evaluation of the related internal controls, the company has maintained proper records of transactions and contracts in respect of its dealing in shares and other investments and timely entries have been made therein. The aforesaid securities have been held by the company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.

(ix) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.

(x) The company has not raised any money by public issue during the year.

(xi) According to the information and explanations given to us, during the year, no fraud on or by the company was noticed or reported.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Membership No.: 23341

Secunderabad
12th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31st March, 2009 (Rs.)	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)	31st March, 2008 (Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	6,46,47,87,370		6,46,47,87,370	
b) Reserves and Surplus	2	77,20,85,470		97,35,27,459	
			7,23,68,72,840		7,43,83,14,829
2. Unsecured Loans			4,10,00,000		-
3. Deferred Tax - Net	14 (10)		40,78,371		17,18,708
Total			**7,28,19,51,211**		**7,44,00,33,537**
II. APPLICATION OF FUNDS					
1. Fixed Assets	3				
a) Gross Block		14,17,35,259		10,61,57,004	
b) Less: Depreciation		2,30,39,158		4,65,61,600	
c) Net Block		11,86,96,101		5,95,95,404	
d) Capital Work-in-Progress		-	11,86,96,101	6,87,51,099	12,83,46,503
2. Investments	4		6,82,31,53,169		6,35,24,68,026
3. Current Assets, Loans and Advances	5				
a) Current Assets		14,17,88,485		78,35,36,993	
b) Loans and Advances		37,85,87,632		45,09,34,124	
		52,03,76,117		1,23,44,71,117	
4. Less:Current Liabilities and Provisions	6	18,02,74,176		27,52,52,109	
Net Current Assets			34,01,01,941		95,92,19,008
Total			**7,28,19,51,211**		**7,44,00,33,537**

Notes to the Accounts	**14**
Significant Accounting Policies	**15**

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

For S.B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner

On Behalf of the Board
R. Tandon *Director*
S. Dutta *Director*
S. Jain *Secretary*

Secunderabad, 12th May, 2009

Kolkata, 12th May, 2009

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**			
	Interest on Loans		26,65,724	1,76,438
	Dividend Income		22,99,44,794	24,98,29,729
	Brokerage Income		3,56,91,207	2,92,56,546
	Profit on Sale of Stock-in-Trade (Net)	**7**	-	36,35,833
	Profit on Sale of Long Term Investments		2,72,69,784	57,09,30,297
	Lease and Other Rentals		2,65,00,110	94,18,092
	Other Income	**8**	1,18,70,530	3,21,89,035
			33,39,42,149	**89,54,35,970**
II.	**EXPENDITURE**			
	Payments to and Provisions for Employees	**9**	1,18,79,184	1,00,39,121
	Financial Charges and Operating Expenses	**10**	49,56,552	1,33,63,746
	Establishment and Other Expenses	**11**	1,71,99,750	19,75,687
	Loss on Sale of Stock-in-Trade (Net)	**7**	39,55,318	-
	Depreciation	**3**	1,31,31,414	29,66,656
			5,11,22,218	**2,83,45,210**
III.	**PROFIT**			
	Profit before Taxation		28,28,19,931	86,70,90,760
	Provision for Taxation	**12**	1,62,81,920	99,95,368
	Profit after Taxation		26,65,38,011	85,70,95,392
	Profit brought forward		47,98,93,950	70,95,49,260
	Profit brought forward from transferor companies		-	2,21,27,553
	Available for appropriations		**74,64,31,961**	**1,58,87,72,205**
IV.	**APPROPRIATIONS**			
	Interim Dividends Paid		40,00,00,000	75,00,00,000
	Income Tax on Interim Dividends		6,79,80,000	12,74,62,500
	Transfer to General Reserve		-	5,99,96,677
	Special Reserve u/s 45-IC of the RBI Act, 1934 (Refer to Note 11 of Schedule 14)		5,33,07,602	17,14,19,078
	Profit carried forward		22,51,44,359	47,98,93,950
			74,64,31,961	**1,58,87,72,206**
	Earnings Per Share (Face Value Rs 10.00 each) (Basic & Diluted)	**14(9)**	0.41	1.33
Notes to the Accounts		**14**		
Significant Accounting Policies		**15**		

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

For S.B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner

On Behalf of the Board

R. Tandon *Director*
S. Dutta *Director*
S. Jain *Secretary*

Secunderabad, 12th May, 2009

Kolkata, 12th May, 2009

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**	**28,28,19,931**	**86,70,90,760**
	ADJUSTMENTS FOR :		
	Depreciation	1,31,31,414	29,66,656
	Interest Income on Income Tax (Net)	(25,56,177)	(1,60,67,330)
	Unrealised Exchange (Gain)/Loss	8,35,000	(14,62,500)
	Profit on Sale of Investments	(2,72,69,784)	(57,09,30,297)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**26,69,60,384**	**28,15,97,289**
	ADJUSTMENTS FOR :		
	Trade and Other Receivables	(65,37,683)	32,26,231
	Stock-in-Trade	64,81,87,084	3,90,47,54,333
	Trade Payables	(30,22,933)	(2,12,26,354)
	CASH GENERATED FROM OPERATIONS	**90,55,86,852**	**4,16,83,51,499**
	Income Tax Refund / (Payment) (Including Fringe Benefit Tax)	(3,51,29,174)	1,51,89,194
	NET CASH FROM OPERATING ACTIVITIES	**87,04,57,678**	**4,18,35,40,693**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	(34,81,013)	(10,36,53,743)
	Purchase of Long Term Investments	(53,27,78,503)	(211,37,39,897)
	Proceeds from Liquidation of Minota Aquatech Limited	32,26,400	-
	Sale of Long Term Investments	8,61,36,745	1,05,44,72,800
	NET CASH USED IN INVESTING ACTIVITIES	**(44,68,96,371)**	**(116,29,20,841)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Decrease in Short Term Loans	-	(1,98,03,96,277)
	Intercorporate Loans Received	63,45,00,000	1,26,31,00,000
	Intercorporate Loans Repaid	(59,35,00,000)	(1,26,31,00,000)
	Intercorporate Loans given to Subsidiaries	-	(13,83,48,750)
	Intercorporate Loans given to Associates	-	(28,00,000)
	Intercorporate Loans Repaid by Associates	-	28,00,000
	Secured Loans Others (Given)/ Repayment	22,74,214	(23,432,000)
	Dividends Paid	(40,00,00,000)	(75,00,00,000)
	Income Tax on Dividend Paid	(6,79,80,000)	(12,74,62,500)
	NET CASH FLOW USED IN FINANCING ACTIVITIES	**(42,47,05,786)**	**(301,96,39,527)**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(11,44,479)**	**9,80,325**
	OPENING CASH AND CASH EQUIVALENTS	**41,98,343**	**29,70,549**
	OPENING CASH AND CASH EQUIVALENTS (transferred from transferor companies)	**-**	**2,47,469**
	CLOSING CASH AND CASH EQUIVALENTS	**30,53,864**	**41,98,343**

As per our Report of even date attached.

On Behalf of the Board

For S.B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner

R. Tandon *Director*
S. Dutta *Director*
S. Jain *Secretary*

Secunderabad, 12th May, 2009

Kolkata, 12th May, 2009

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
Authorised:		
70,00,00,000 Equity Shares of Rs.10/- each	7,00,00,00,000	7,00,00,00,000
	7,00,00,00,000	**7,00,00,00,000**
Issued, Subscribed & Paid-up:		
59,74,54,177 Equity Shares of Rs.10/- each, fully paid up (Of the above 59,74,04,170 Equity Shares allotted for consideration other than cash pursuant to a Scheme of Amalgamnation)	5,97,45,41,770	5,97,45,41,770
7,54,22,400 Equity Shares of Rs.10/- each, Rs.6.50 per share paid up (Equity Shares allotted for consideration other than cash pursuant to a Scheme of Amalgamnation)	49,02,45,600	49,02,45,600
	6,46,47,87,370	**6,46,47,87,370**

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

2. RESERVES AND SURPLUS

	As at 31st March, 2009 (Rs.)	(Rs.)	(Rs.)	As at 31st March, 2008 (Rs.)
Special Reserve u/s 45-IC of the RBI Act, 1934				
At the commencement of the year	45,10,29,763		26,20,85,315	
Add: Transferred from transferor companies	-		1,75,25,370	
Add: Transferred from Profit and Loss Account	5,33,07,602		17,14,19,078	
		50,43,37,365		45,10,29,763
Capital Reserve		2,87,67,445		2,87,67,445
General Reserve				
At the commencement of the year	1,38,36,301		-	
Add: Transferred from Profit and Loss Account	-		5,99,96,677	
Add: Transferred from Transferor Companies	-		62,96,166	
Less:Amounts adjusted pursuant to the scheme of amalgamnation	-	1,38,36,301	(5,24,56,542)	1,38,36,301
Profit and Loss Account		22,51,44,359		47,98,93,950
		77,20,85,470		**97,35,27,459**

SCHEDULES TO THE ACCOUNTS *(Contd.)*

3. FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)					DEPRECIATION					NET BOOK VALUE
	As at commencement of the year (Rs.)	Assets taken over on amalgamnation (Rs.)	Additions (Rs.)	Deletions (Rs.)	As at the end of the year (Rs.)	As at commencement of the year (Rs.)	On assets taken over on amalgamation (Rs.)	For the year (Rs.)	Deletions (Rs.)	Upto 31st March, 2009 (Rs.)	As at 31st March, 2009 (Rs.)
Plant & Machinery *	10,61,57,004	-	7,22,32,111	3,66,53,856	14,17,35,259	4,65,61,600	-	1,31,31,414	3,66,53,856	2,30,39,158	11,86,96,101
T O T A L	**10,61,57,004**	**-**	**7,22,32,111**	**3,66,53,856**	**14,17,35,259**	**4,65,61,600**	**-**	1,31,31,414	3,66,53,856	**2,30,39,158**	**11,86,96,101**
Previous Year	**5,67,55,197**	**1,44,99,162**	**3,49,02,645**	**-**	**10,61,57,004**	**2,90,95,782**	**1,44,99,162**	**29,66,656**	**-**	**4,65,61,600**	**5,95,95,404**

* 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.14,15,75,259/- (2008 - Rs. 6,95,03,147/-) and Accumulated Depreciation is Rs.2,30,29,029/- (2008 - Rs.99,07,744 /-).
Depreciation for the year charged to Profit and Loss Account is Rs.1,31,31,414 /- (2008 - Rs. 29,66,656 /-).
The aggregate lease rental of Rs. 2,20,60,110/- (2008 - Rs. 56,98,092 /-) is included in Lease and Other Rentals in the Profit and Loss Account.

SCHEDULES TO THE ACCOUNTS *(Contd.)*

4. INVESTMENTS

	As at 31st March, 2009 Number	As at 31st March, 2009 Value (Rs.)	As at 31st March, 2008 Number	As at 31st March, 2008 Value (Rs.)
LONG TERM				
A. UNQUOTED				
SUBSIDIARY COMPANIES				
Equity Shares of Rs.10/- each, of Greenacre Holdings Limited, fully paid up	3,30,60,166	33,10,33,674	3,30,60,166	33,10,33,674
Equity Shares of Re 1 /-each, of Wimco Limited, fully paid up	9,12,38,170	55,02,65,126	9,12,38,170	55,02,65,126
Ordinary Shares of Technico Pty Limited, without par value	2,26,06,065	1,08,72,41,115	2,16,25,455	1,03,63,89,332
5% Redeemable Cumulative Preference Shares of Rs 100 /- each, of Wimco Limited, fully paid up	55,00,000	55,00,00,000	60,00,000	60,00,00,000
TRADE INVESTMENTS				
Equity Shares of Rs. 100 /-each , of Maharaja Heritage Resorts Limited, fully paid up	90,000	90,00,000	-	-
Equity Shares of Rs.10/- each, of Russell Investments Limited, fully paid up	42,75,435	4,27,56,850	42,75,435	4,27,56,850
Equity Shares of Rs.10/- each, of Minota Aquatech Limited, fully paid up (Liquidated)	-	-	14,80,000	14,80,000
Equity Shares of Rs.10/- each, of Classic Infrastructure & Development Limited, fully paid up	37,50,000	3,76,88,280	37,50,000	3,76,88,280
Equity Shares of Rs.10/- each, of Divya Management Limited, fully paid up	41,82,915	6,93,07,630	41,82,915	6,93,07,630
Equity Shares of Rs.10/- each, of Antrang Finance Limited, fully paid up	43,24,634	4,39,56,071	43,24,634	4,39,56,071
OTHER INVESTMENTS				
Class 'G' Shares of Rs.48,000/- each, of Lotus Court Private Limited, fully paid up	2	2,34,00,000	2	2,34,00,000
Equity Shares of Rs.100/- each, of Adyar Property Holding Company Limited, Rs 65 /- per share paid up	311	43,86,50,000	311	43,86,50,000
		3,18,32,98,746		**3,17,49,26,963**

SCHEDULES TO THE ACCOUNTS *(Contd.)*

4. INVESTMENTS

	As at 31st March, 2009 Number	Value (Rs.)	As at 31st March, 2008 Number	Value (Rs.)
B. QUOTED				
TRADE INVESTMENTS				
Equity Shares of Rs.10/- each, of International Travel House Limited, fully paid up	36,26,633	21,21,58,031	36,26,633	21,21,58,031
Equity Shares of Rs.10/- each, of Agro Tech Foods Limited, fully paid up	40,85,800	53,72,82,700	40,85,800	53,72,82,700
Equity Shares of Rs.10/- each, of VST Industries Limited, fully paid up	22,02,417	36,58,20,092	22,02,417	36,58,20,092
OTHER INVESTMENTS				
Equity Shares of Rs.2/- each, of EIH Limited, fully paid up	5,88,64,763	2,15,69,58,306	5,77,92,442	2,00,64,33,539
Equity Shares of Rs.2/- each, of Ballarpur Industries Limited, fully paid up	23,00,229	5,58,46,701	23,00,229	5,58,46,701
Equity Shares of Rs.2/- each, of Hotel Leela Venture Limited, fully paid up	1,41,42,900	31,17,88,593	-	-
		3,63,98,54,423		3,17,75,41,063
Total (A + B)		**6,82,31,53,169**		**6,35,24,68,026**

Market Value of Quoted Investments: Rs 6,50,31,26,702 /- (2008 - Rs 9,64,44,31,330 /-)

SCHEDULES TO THE ACCOUNTS *(Contd.)*

5. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2009 (Rs.)	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)	As at 31st March, 2008 (Rs.)
A. CURRENT ASSETS				
Stock-in-Trade (Schedule 13)	12,38,35,303		77,20,22,387	
		12,38,35,303		77,20,22,387
Sundry Debtors				
(Unsecured and Good)				
Debts outstanding for a period exceeding six months	-		83,066	
Others	1,44,37,705		69,57,523	
		1,44,37,705		70,40,589
Cash and Bank Balances				
Cash in hand	5,741		1,222	
Balance with Scheduled Banks				
- In Current Accounts	30,48,123		41,97,121	
		30,53,864		41,98,343
Other Current Assets				
(Unsecured - Considered Good)				
Deposits	3,13,508		23,500	
Interest Receivable	1,48,105		2,52,174	
		4,61,613		2,75,674
		14,17,88,485		**78,35,36,993**
B. LOANS AND ADVANCES - Considered Good				
Secured				
Loans to Others		2,11,57,786		2,34,32,000
(secured by mortgage of immovable property and hypothecation of moveables & receivables)				
Unsecured				
Loans to Subsidiaries	13,75,13,750		13,83,48,750	
Advances recoverable in cash or kind or for value to be received	6,79,000		17,24,372	
Advance Payment of Tax				
- Income Tax	17,00,72,292		23,83,29,198	
- MAT Credit Entitlement	4,90,00,000		4,90,00,000	
- Fringe Benefit Tax	1,64,804		99,804	
		35,74,29,846		42,75,02,124
		37,85,87,632		**45,09,34,124**

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	75,06,549	50,47,636
Other Liabilities	12,00,000	56,62,554
	87,06,549	**1,07,10,190**
B. PROVISIONS		
Provision for Long Term Employee Benefits	8,35,087	18,54,379
Provision for Tax		
- Income Tax	17,05,99,900	26,25,99,900
- Fringe Benefit Tax	1,32,640	87,640
	17,15,67,627	**26,45,41,919**
	18,02,74,176	**27,52,52,109**

7. PROFIT / (LOSS) ON SALE OF STOCK-IN-TRADE (NET)

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
Sales	6,11,99,36,083	14,82,22,83,825
Less : Purchases	5,47,57,04,317	10,91,38,93,659
	64,42,31,766	3,90,83,90,166
Add / Less : Increase / (Decrease) in Closing Stock-in-Trade	(64,81,87,084)	(390,47,54,333)
Profit /(Loss) on Sale of Stock-in-Trade	**(39,55,318)**	**36,35,833**

8. OTHER INCOME

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Foreign Exchange Gain	-	25,48,431
Interest on Income Taxes	25,61,625	2,34,76,723
Miscellaneous Income	49,91,880	61,63,881
Liabilities no longer required written back	43,17,025	-
	1,18,70,530	3,21,89,035

SCHEDULES TO THE ACCOUNTS *(Contd.)*

9. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Salaries and Wages	1,04,75,214	93,95,468
Contribution to Provident and Other Funds	8,35,870	3,78,714
Staff Welfare Expenses	5,68,100	2,64,939
	1,18,79,184	1,00,39,121

10. FINANCIAL CHARGES AND OPERATING EXPENSES

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Interest on Income Tax	5,448	74,09,393
Foreign Exchange Loss	8,35,000	-
Bank, Custodial and Depository Charges	97,009	71,192
Professional and Legal Fees	40,19,095	58,83,161
	49,56,552	1,33,63,746

11. ESTABLISHMENT AND OTHER EXPENSES

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Rent	6,59,571	3,90,533
Repairs and Maintenance	5,08,970	4,88,894
Travelling and Conveyance	1,20,482	2,77,616
Rates and Taxes	29,364	59,532
Auditors' Remuneration (including Service Tax)		
- Audit Fees	1,65,450	1,12,360
- Other Services	-	-
- Reimbursement of Out of Pocket Expenses	-	-
Communication Expenses	67,753	71,078
Printing, Stationery and Periodicals	1,06,995	1,62,125
Donation	1,50,00,000	-
Miscellaneous Expenses	5,41,165	4,13,549
	1,71,99,750	19,75,687

12. 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	1,45,00,000	7,50,00,000
Less: MAT Credit Entitlement	-	4,90,00,000
Net Current Tax Liability	145,00,000	2,60,00,000
Deferred Tax	23,59,663	(6,73,212)
Fringe Benefit Tax	45,000	30,200
	1,69,04,663	2,53,56,988
Less: Adjustments related for previous years		
Current Tax	6,22,743	1,53,61,620
	1,62,81,920	**99,95,368**

SCHEDULES TO THE ACCOUNTS *(Contd.)*

13. STOCK-IN-TRADE (at lower of cost and fair value)

PARTICULARS	As at 31st March, 2009 Quantity	As at 31st March, 2009 Value (Rs.)	As at 31st March, 2008 Quantity	As at 31st March, 2008 Value (Rs.)
Equity Shares of Rs.10/- each, fully paid up				
SKH Metals Limited	40,000	1	40,000	1
Patheja Brothers Forgings and Stampings Limited	50,000	1	50,000	1
Jind Textiles Limited	5,00,000	1	5,00,000	1
Taib Capital Corporation Limited	2,45,000	1	2,45,000	1
Bharti Airtel Limited	26,900	1,68,32,675	-	-
ICICI Bank Limited	1,04,350	3,47,27,680	-	-
Punjab National Bank	14,250	58,63,163	-	-
State Bank of India	40,450	4,31,64,195	-	-
Equity Shares of Rs.5/- each, fully paid up				
Reliance Communications Limited	1,04,000	1,81,84,400	-	-
Sub - Total		**118,772,117**		**4**
Units of Rs.10/- each, fully paid up				
ICICI Prudential Inst. Liquid Plan - Super Ins. Daily Dividend	3,00,557	30,05,723		
IDFC Money Manager Fund Investment Plan B Insti Daily Dividend	2,05,438	20,57,463		
Kotak Liquid (Institutional Premium) - Daily Dividend	-	-	37,32,682	4,56,43,605
Principal Cash Mgt. Liquid Option IP Premium Dividend Reinvestment Daily	-	-	2,10,18,893	21,02,03,644
Pru ICICI Institutional Short Term Plan Dividend Reinvest -Fortnightly	-	-	3,62,45,541	40,16,00,595
TATA Floating Rate Short Term Institutional Plan- Daily Dividend	-	-	1,14,51,156	11,45,74,539
Sub - Total		**50,63,186**		**77,20,22,383**
TOTAL		**12,38,35,303**		**77,20,22,387**

SCHEDULES TO THE ACCOUNTS *(Contd.)*

14. NOTES TO THE ACCOUNTS

1. Uncalled liability on partly paid up shares : Rs. 10,885/- (2008- Rs.10,885/-).

2. Dividend Income includes Rs. 20,73,33,608/- (2008 – Rs. 13,91,98,358/-) from Long Term Investments.

3. Interest Income is stated gross.

4. Claims against the Company not acknowledged as debts: In respect of sales tax: Rs. 54,71,774/- (2008 – Rs. 54,71,774/-) .

5. Guarantees and Counter Guarantees outstanding Rs. 3,27,442/-(2008–Rs. 3,27,442/-)

6. Loans and Advances include :

   (a) Interest free loans to subsidiaries, balances as at the year end are as follows:

   Technico Pty Limited – Rs. 1,75,13,750/- (2008 -Rs. 1,83,48,750/-).
   Technico Agri Sciences Limited (formerly Chambal Agritech Limited) – Rs. 12,00,00,000/- (2008 – Rs. 12,00,00,000/-).

   The maximum indebtedness during the year :

   Technico Pty Limited – Rs. 1,75,13,750/- (2008 -Rs. 1,83,48,750/-).
   Technico Agri Sciences Limited (formerly Chambal Agritech Limited) – Rs. 12,00,00,000/- (2008 – Rs. 12,00,00,000/-).

   (b) Interest bearing loans to Associates. Balance as at the year end : Nil (2008 – Nil). The maximum indebtedness during the year :

   (i) Russell Investments Limited- Rs. Nil (2008 – Rs. 28,00,000/-)

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

   Capital Goods : Rs. 36,78,894/- (2008 – Rs. 10,01,82,735/-)

8. Expenditure in Foreign Currency during the year (on payment basis)

   Other Matters : Rs .3,15,600/- (2008 - Rs. 6,03,094/-)

9. Earnings Per Share

	For the year ended 31st March, 2009	**For the year ended 31st March, 2008**
Profit after Taxation (Rs.)	26,65,38,011/-	85,70,95,392/-
Weighted average number of Equity Shares outstanding	64,64,78,737	64,64,78,737
Basic and Diluted Earnings Per Share in Rupees (Face Value – Rs.10/- per share)	0.41	1.33

10. Deferred Tax

Particulars	Deferred Tax (Asset)/ Liability as at 31st March, 2008 (Rs.)	Current Year (Credit) / Charge (Rs)	Deferred Tax (Asset)/ Liability as at 31st March, 2009 (Rs)
Deferred Tax Liability			
Difference between net book value and tax written down value	35,69,829	17,08,000	52,77,829
Deferred Tax Assets			
Merger Related Expenses	(12,20,818)	3,05,205	(9,15,613)
Provision for Employee Benefits	(6,30,303)	3,46,457	(2,83,846)
Deferred Tax Liability-Net	**17,18,708**	**23,59,663**	**40,78,371**

11. Transfer to Special Reserve of Rs. 5,33,07,602/- (2008 – Rs 17,14,19,078/-) has been made in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

12. Managerial Remuneration :

Salaries - Rs. Nil (2008 – Rs. 3,09,800/-)
Other Benefits – Rs. Nil (2008- Rs. 79,100/-)

13. The status of the petition filed by an individual in the High Court at Calcutta, seeking an injunction against the Company's Counter Offer to the shareholders of VST Industries Limited, is outlined in the Report of the Directors.

14. Segment Reporting - The Company operates in a single business segment i.e. Financial Services and single geographical segment.

15. Capital to Risk Adequacy Ratio:

Items	31st March, 2009	31st March, 2008
i) CRAR (%)	**99.29**	98.78
ii) CRAR - Tier I capital (%)	**99.29**	98.78
iii) CRAR - Tier II Capital (%)	**-**	-

16. Exposure to Real Sector Estate:

Category	31st March, 2009	31st March, 2008
a) Direct exposure		
(i) Residential Mortgages	**Nil**	Nil
(ii) Commercial Real Estate	**Nil**	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	**Nil**	Nil
b. Commercial Real Estate	**Nil**	Nil
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	**Nil**	Nil

17. Maturity pattern of certain assets and liablities:

(Rs. in crores)

	1 to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Market Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Assets									
Advances	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Investments	12.38*[1]	Nil	Nil	Nil	Nil	Nil	Nil	682.32*[2]	694.70

*[1] Investments classified as Stock in Trade as per Schedule 13
*[2] Investments classified as Long Term as per Schedule 4

18. Related Party Disclosures :

(a) Relationships

Holding Company ITC Limited

Subsidiary Companies
Greenacre Holdings Limited
Wimco Limited
Pavan Poplar Limited
Prag Agro Farm Limited
Tecnico Pty Limited
Tecnico Agri Sciences Limited
(formerly Chambal Agritech Limited)
Tecnico ISC Pty Limited
Tecnico Asia Holdings Pty Limited
Tecnico Horticultural (Kunming) Co. Ltd.

Key Management Personnel

Mr. K. Vaidyanath — Non – Executive Chairman
Mr. P. Banerjea — Non - Executive Director
Mr. B. B. Chatterjee — Non - Executive Director
Mr. R. Tandon — Non - Executive Director
Mr. S. Dutta — Non - Executive Director

Other Related Parties with whom the Company had transactions during the year :

Associate Companies International Travel House Limited

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

Particulars Holding Company	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Intercorporate Loan taken	**63,45,00,000**	1,26,31,00,000
Intercorporate Loan Repaid	**59,35,00,000**	1,26,31,00,000
Lease Rentals Received	**44,40,000**	37,20,000
Miscellaneous Income	**5,10,412**	22,90,883
Rent, Repairs and Maintenance	**6,00,901**	9,62,463
Miscellaneous Expenses	**Nil**	11,236
Dividend Paid	**40,00,00,000**	75,00,00,000

Balances as at Holding Company	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
Security Deposits Received	**12,00,000**	12,00,000
Other Payables	**Nil**	23,022
Debtors/Receivables	**1,23,337**	1,16,007
Intercorporate Loans taken	**4,10,00,000**	Nil

Subsidiary Companies	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Technico Pty Limited		
Intercorporate Loan given	**Nil**	1,83,48,750
Subscription to Share Capital	**5,08,50,940**	Nil
Tecnico Agri Sciences Limited (formerly Chambal Agritech Limited)		
Intercorporate Loan given	**12,00,00,000**	12,00,00,000
Wimco Limited		
Redemption of Preference Shares	**5,00,00,000**	52,00,00,000
Subscription to Preference Shares	**Nil**	60,00,00,000
Dividend Received	**4,47,94,521**	Nil

Balances as at Subsidiary Companies	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
Loans Outstanding		
Technico Pty Limited	**1,75,13,750**	1,83,48,750
Technico Agri Sciences Limited (formerly Chambal Agritech Limited)	**12,00,00,000**	12,00,00,000

Particulars Associates	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Interest Income		
Russell Investments Limited	**Nil**	4,603
Intercorporate Loan given		
Russell Investments Limited	**Nil**	28,00,000
Intercorporate Loan Repaid		
Russell Investments Limited	**Nil**	28,00,000
Subscription to Share Capital		
Divya Management Limited	**Nil**	3,66,84,150
Antrang Finance Limited	**Nil**	3,99,96,340
Dividend Income		
International Travel House Limited	**1,08,79,899**	1,21,10,091
Travelling Expenses		
International Travel House Limited	**40,207**	59,124

Balances as at Associates	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
Interest Receivable		
Russell Investments Limited	**Nil**	4,603

19. 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 Funded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
I. Components of Employer Expense				
1. Current Service Cost	**2,21,644**	**21,123**	5,14,588	69,522
2. Interest Cost	**92,588**	**37,219**	29,299	25,122
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**	(3,39,088)	(2,99,918)
7. Actuarial Losses/(Gains)	**(1,86,501)**	**1,58,565**	3,60,237	87,091
8. Total expense recognised in the Statement of Profit & Loss Account (in Salaries & Wages – Schedule 9)	**1,27,731**	**2,16,907**	5,65,036	(1,18,183)
II. Net Asset/ (Liability) recognised in Balance Sheet				
1. Present Value of Defined Benefit Obligation	**11,51,189**	**4,98,931**	13,22,680	5,31,699
2. Fair Value on Plan Assets	**(8,15,033)**	**Nil**	Nil	Nil
3. Status [Surplus/(Deficit)]	**(3,36,156)**	**(4,98,931)**	(13,22,680)	(5,31,699)
4. Unrecognised Past Service Cost	**Nil**	**Nil**	Nil	Nil
5. Net Asset/ (Liability) recognised in Balance Sheet	**(3,36,156)**	**(4,98,931)**	(13,22,680)	(5,31,699)
III. Change in Defined Benefit Obligations (DBO)				
1. Present Value of DBO at the Beginning of Period	**13,22,680**	**5,31,699**	2,65,026	2,33,965
Add:Amounts pertaining to transferor companies	**Nil**	**Nil**	2,13,068	1,58,999
2. Current Service Cost	**2,21,644**	**21,123**	5,14,588	69,522
3. Interest Cost	**92,588**	**37,219**	29,299	25,122
4. Curtailment Cost/(Credit)	**Nil**	**Nil**	Nil	Nil
5. Transferred Out	**(2,99,222)**	**(2,49,675)**	Nil	Nil
6. Plan Amendments	**Nil**	**Nil**	Nil	Nil
7. Acquisitions	**Nil**	**Nil**	Nil	Nil
8. Actuarial (Gains)/Losses	**(1,86,501)**	**1,58,565**	3,60,237	87,091
9. Benefits Paid	**Nil**	**Nil**	(59,538)	(43,000)
10. Present Value of DBO at the End of Period	**11,51,189**	**4,98,931**	13,22,680	5,31,699
IV. Change in Fair Value of Plan Assets				
1. Plan Assets at the Beginning of Period	**Nil**	**Nil**	Nil	Nil
2. Actual Company Contribution	**8,15,033**	**Nil**	Nil	Nil
3. **Plan Assets at the End of Period**	**8,15,033**	**Nil**	19,19,289	Nil
V. 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.

20. 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.

21. During the year donation of Rs. 1.50 crores was made to Indian National Congress.

22. Unsecured Loans are interest free loans taken from the Holding Company.

23. Figures for the previous year have been regrouped / re-arranged wherever necessary.

15. 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. However, suitable provisions are considered for permanent diminution, if any, in value of Long Term Investments. Income from Investments is included together with the related tax credit, if any, in the Profit and Loss Account.

Stock-in-Trade

Stock-in-Trade has been valued at cost or at available market quotation or their fair values, whichever is lower, category wise, in compliance with the Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

Foreign Currency Translation

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions.
Foreign Currency Monetary Assets and Monetary Liabilities are restated at the rates ruling at the year end and all exchange gains / losses arising therefrom 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 recognised over the period of such contracts.

Borrowing Costs

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

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.

Employee Benefits

Liability for Gratuity and Leave Encashment schemes in the nature of defined benefit schemes are based on independent actuarial valuation as per requirements of AS-15 on “Employee Benefits”.
Actuarial gains and losses are recognised immediately in the Profit and Loss Account as income or expense.

Lease Rentals

Lease Rentals are accounted for on an accrual basis except in case of lessees in default where accrual is guided by Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

On behalf of the Board

	R. Tandon	Director
	S. Dutta	Director
Kolkata, 12th May, 2009	S. Jain	Secretary

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

I. Registration Details

Registration No. 6 1 6 8 4 of 1 9 9 4 State Code 2 1

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 0 9 (Year)

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue: NIL	Rights Issue: NIL
Bonus Issue: NIL	Private Placement: NIL

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

Total Liabilities: 7462225	Total Assets: 7462225

Sources of Funds

Paid up Capital: 6464787 #	Reserves & Surplus: 772085

\# Includes 59,74,04,170 Equity Shares of Rs.10/- each, fully paid up, and 7,54,22,400 Equity Shares of Rs.10/- each, partly paid up, issued on Amalgamnation.

Secured Loans: NIL	Unsecured Loans: 41000
Deferred Tax Liability: 4078	

Application of Funds

Net Fixed Assets: 118696	Investments: 6823153
Net Current Assets: 934310	Misc. Expenditure: NIL
Accumulated Losses: NIL	

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

Turnover (Net)*: 333942	Total Expenditure: 51122

* Includes Other Income

+ ✓ - Profit/Loss Before Tax: 282820	+ ✓ - Profit/Loss After Tax: 266538

(Please tick appropriate box +for profit, - for loss)

Earning Per Share in Rs.: 0.41	Dividend Rate %: 6.19

V. Generic Names of Three Principal Services of Company

Item Code No. - Not Applicable
Service Description - Investments
- Lending
- Asset Financing

Audit Committee: Mr. K. Vaidyanath, Chairman, M/s. B. B. Chatterjee, S. Dutta, Members

Schedule to the Balance Sheet as at 31st March, 2009
(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Rs. in Lakhs)

Particulars		
Liabilities Side :	**Amount Outstanding**	**Amount Overdue**
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
a) Debentures		
Secured	Nil	Nil
Unsecured	Nil	Nil
(Other than falling within the meaning of public deposits)		
b) Deferred Credits	Nil	Nil
c) Term Loans	Nil	Nil
d) Inter-Corporate loans and borrowings	410.00	Nil
e) Commercial papers	Nil	Nil
f) Other Loans	Nil	Nil
Break-up of outstanding public deposits inclusive of interest accrued thereon but not paid	Nil	Nil

Assets Side:	**Amount Outstanding**
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	
a) Secured	211.58
b) Unsecured	1375.14
(3) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	Nil
(b) Operating lease	1,439.14
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	Nil
(b) Repossed Assets	Nil
(iii) Other Loans counting towards AFC Activities	Nil
(a) Loans where assets have been repossesed	Nil
(b) Loans other than (a) above	Nil
(4) Break-up of Investments :	
Current Investments	
1. Quoted :	
(i) Shares : (a) Equity	1,187.72
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares : (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	50.63
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

(Rs. in Lakhs)

Particulars				Amount Outstanding
Assets Side:				
Long Term investments				
1. Quoted :				
(i) Shares :	(a) Equity			36,398.54
	(b) Preference			Nil
(ii) Debentures and Bonds				Nil
(iii) Units of Mutual Funds				Nil
(iv) Government Securities				Nil
(v) Others (please specify)				Nil
2. Unquoted :				
(i) Shares :	(a) Equity			26,332.99
	(b) Preference			5,500.00
(ii) Debentures and Bonds				Nil
(iii) Units of Mutual Funds				Nil
(iv) Government Securities				Nil
(v) Others (please specify)				Nil

(5) Borrower group-wise classification of assets financed as in (2) and (3) above

Category	Amount Net of Provisions		
	Secured	**Unsecured**	**Total**
1. Related Parties			
(a) Subsidiaries	Nil	1,375.14	1,375.14
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	211.58	1,439.14	1,650.72
Total	**211.58**	**2,814.28**	**3,025.86**

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
1. Related Parties		
(a) Subsidiaries	25,185.40	25,185.40
(b) Companies in the same group	4,297.36	4,148.67
(c) Other related parties	Nil	Nil
2. Other than related parties	68,619.85	40,135.82
Total	98,102.61	69,469.88

(7) Other information

Particulars	**Amount**
(i) Gross Non-Performing Assets	Nil
(a) Related Parties	Nil
(b) Other related parties	Nil
(ii) Net Non-Performing Assets	Nil
(a) Related Parties	Nil
(b) Other related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

STATEMENT REGARDING SUBSIDIARY COMPANY
Pursuant to Section 212(1) and (3) of the Companies Act, 1956

Sl. No.	Name of the Subsidiary Company	Number of Shares held by the Company	Extent of Holding	Net aggregate amount of subsidiary's profit/ (losses) not dealt with in the Holding Company's Accounts		Net aggregate amount of subsidiary's profit/ (losses) dealt with in the Holding Company's Accounts	
				For the Subsidiary's financial year ended 31st March, 2009	For the Subsidiary's financial year ended 31st March, 2008	For the Subsidiary's financial year ended 31st March, 2009	For the Subsidiary's financial year ended 31st March, 2008
1.	Greenacre Holdings Limited	3,30,60,166	100%	1,01,85,307	1,05,36,952	Nil	Nil
2.	Technico Pty Limited	2,26,06,065	100%	(1,38,92,379)	119,95,714	Nil	Nil
3.	Technico Agri Sciences Limited (Formerly Chambal Agritech Limited)	3,79,62,800	100%	3,02,21,405	528,47,467	Nil	Nil
4.	Technico Asia Holdings Pty Limited	2	100%	-	-	Nil	Nil
5.	Technico Horticultural (Kunming) Co. Limited	Registerd Capital paid US $ 2.3m	100%	(1,27,14,787)	(4,919,446)	Nil	Nil
6.	Technico ISC Pty Limited	2	100%	-	-	Nil	Nil
7.	Technico Technologies Inc	1	100%	2,14,61,533	(7,659,560)	Nil	Nil
8.	Wimco Limited	9,12,38,170	96.82%	1,48,46,430	61,349,025	Nil	Nil
9.	Pavan Poplar Limited	53,35,061	96.82%	1,42,733	(796,606)	Nil	Nil
10.	Prag Agro Farm Limited	36,79,369	96.82%	18,70,086	256,307	Nil	Nil

Notes

1. Wimco Limited held 100% of the subscribed and paid up equity share capital of Pavan Poplar Limited and Prag Agro Farm Limited.
2. Technico Pty Limited held 100% of the total subscribed and paid up equity share capital of Technico Agri Sciences Limited, Technico Asia Holdings Pty Limited, Technico ISC Pty Limited and Technico Technologies Inc. Technico Asia Holdings Pty Limited held 100% of the total subscribed and paid up equity share capital of Technico Horticultural (Kunming) Co. Limited.

On behalf of the Board
R. Tandon Director
S. Dutta Director
S. Jain Secretary

Kolkata, 12th May, 2009

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. **PERFORMANCE OF THE COMPANY**

The Company continues to provide maintenance services for real estate assets such as office building and there was no change in the business activities of the Company during the year under review.

The Net Profit for the financial year ended 31st March, 2009 after deducting all charges and expenses and providing for taxation amounts	Rs. 1,01,85,307
to which profit brought forward from last year is added	Rs. 6,74,01,086
making a balance of	Rs. 7,75,86,393

which your Directors recommend be carried forward.

During the year the Authorised Share Capital of the Company was increased from Rs. 40,00,00,000/- (Rupees Forty Crores) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs. 10/- each to Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs. 10/- each by creation of further 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each.

3. **DIRECTORS**

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. Rajiv Tandon 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 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 of the Company Messrs. S. B. Billimoria & 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

On behalf of the Board

ITC Centre
37 J.L. Nehru Road
Kolkata 700 071

R. Tandon Director
S. Dutta Director

Auditors' Report
To the Members of
Greenacre Holdings Limited

1. We have audited the attached balance sheet of **Greenacre Holdings Limited** as at 31st March, 2009, the profit and loss account and the cash flow statement of the Company for the year ended on that date, both 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 to the extent applicable.

4. Further to our comments in the Annexure referred to in paragraph 3 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, the 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) 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

      (b) in the case of the cash flow statement, of the cash flows for the year ended on that date.

5. On the basis of written explanations 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) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Membership No.: 23341

Secunderabad,
12th May, 2009

Annexure to the Auditors' Report to the Members of Greenacre Holdings Limited
[Referred to in paragraph 3 thereof]

The nature of the company's business/activities during the year ended 31st March 2009 was such that paragraphs 4(ii), (vi), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii) and (xix) of the Companies (Auditor's Report) Order 2003 are not applicable.

(i) In respect of its fixed assets:

(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets were physically verified during the year by the management and having regard to the size of the company and the nature of its assets, the frequency of verification is reasonable. No material discrepancies between the book records and the physical inventory were noticed.

(c) None of the fixed assets was disposed off during the year.

(ii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed 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 listed in Register maintained 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 listed 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 listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.

(iii) 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 the nature of its business for the purchase of fixed assets and for the sale of 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 systems.

(iv) (a) 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.

(iv) (b) In our opinion and according to the information and explanations given to us, as there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, paragraph (v)(b) of the Order is not applicable.

(v) In our opinion the company has an internal audit system commensurate with the size and nature of its business.

(vi) In respect of statutory dues:

(a) In our opinion and according to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees state insurance, income tax, service tax, cess and any other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, service tax and cess were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.

(c) As at 31st March 2009, according to the records of the company and the information and the explanations given to us, there were no dues on account of income tax, service tax and cess that have not been deposited on account of any dispute.

(vii) The company does not have accumulated losses as at 31st March 2009 and has not incurred cash losses during the financial year covered by our audit or the immediately preceding financial year.

(viii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.

(ix) The company has not raised any money by public issue during the year.

(x) According to the information and explanations given to us, during the year, no fraud on or by the company was noticed or reported.

For S. B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner
Membership No.: 23341

Secunderabad,
12th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31st March, 2009 (Rs.)	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)	31st March, 2008 (Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1		33,06,01,660		33,06,01,660
b) Reserves and Surplus	2		9,13,57,371		8,11,72,064
Total			**42,19,59,031**		**41,17,73,724**
II. APPLICATION OF FUNDS					
1. Fixed Assets	3				
a) Gross Block		29,32,40,380		29,32,40,380	
b) Less: Depreciation		22,41,811		20,60,069	
c) Net Block			29,09,98,569		29,11,80,311
2. Investments	4		15,30,96,448		14,47,56,345
3. Deferred Tax Assets			4,59,749		3,67,852
4. Current Assets, Loans and Advances	5				
a) Current Assets		1,37,36,701		1,37,03,287	
b) Loans and Advances		1,35,05,944		5,58,88,514	
		2,72,42,645		6,95,91,801	
5. Less: Current Liabilities and Provisions	6	4,98,38,380		9,41,22,585	
Net Current Liabilities			(2,25,95,735)		(2,45,30,784)
Total			**42,19,59,031**		**41,17,73,724**

Notes to the Accounts 12

Significant Accounting Policies 13

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

For S.B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner

On Behalf of the Board

R. Tandon *Director*
S. Dutta *Director*
A. Prasad *Secretary*

Secunderabad, 12th May, 2009

Kolkata, 12th May, 2009

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			
Service Income		2,13,55,254	2,07,97,227
Other Income	**7**	78,85,226	81,06,591
		2,92,40,480	**2,89,03,818**
II. EXPENDITURE			
Personnel	**8**	1,03,37,097	85,80,015
Project Expenses	**9**	-	-
Management and Other Expenses	**10**	27,55,452	18,58,720
Maintenance and Service Expenses		46,07,340	42,01,226
Depreciation	**3**	1,81,742	1,81,742
		1,78,81,631	**1,48,21,703**
III. PROFIT			
Profit before Taxation		1,13,58,849	1,40,82,115
Provision for Taxation	**11**	11,73,542	35,45,163
Profit after Taxation		**1,01,85,307**	**1,05,36,952**
Profit brought forward		6,74,01,086	5,68,64,134
Profit carried to Balance Sheet		**7,75,86,393**	**6,74,01,086**
Earnings Per Share (Face Value Rs 10.00 each) (Basic & Diluted)	**12(2)**	0.31	0.32
Notes to the Accounts	**12**		
Significant Accounting Policies	**13**		

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

For S.B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner

On Behalf of the Board
R. Tandon *Director*
S. Dutta *Director*
A. Prasad *Secretary*

Secunderabad, 12th May, 2009

Kolkata, 12th May, 2009

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**	**1,13,58,849**	**1,40,82,115**
	ADJUSTMENTS FOR :		
	Depreciation	1,81,742	1,81,742
	Dividend from Current Investments	(62,03,873)	(51,65,874)
	(Profit)/Loss on Sale of Current Investments	(7,461)	6,18,990
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**53,29,257**	**97,16,973**
	ADJUSTMENTS FOR :		
	Trade and Other Receivables	1,93,791	(3,10,233)
	Trade Payables	(3,76,603)	(9,11,276)
	CASH GENERATED FROM OPERATIONS	51,46,445	84,95,464
	Income Tax Refund / (Payment) (Including Fringe Benefit Tax)	(28,81,430)	(32,66,835)
	NET CASH FROM OPERATING ACTIVITIES	**22,65,016**	**52,28,629**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Current Investments	(129,34,01,180)	(59,49,02,000)
	Sale of Current Investments	128,74,14,605	58,77,83,094
	Dividend from Current Investments	38,57,806	11,73,000
	NET CASH USED IN INVESTING ACTIVITIES	**(21,28,769)**	**(59,45,906)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**	-	-
	NET CASH FLOW FROM FINANCING ACTIVITIES	**-**	**-**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,36,247**	**(7,17,277)**
	OPENING CASH AND CASH EQUIVALENTS	**2,68,735**	**9,86,012**
	CLOSING CASH AND CASH EQUIVALENTS	**4,04,982**	**2,68,735**

As per our Report of even date attached.

For S.B. Billimoria & Co.
Chartered Accountants
K. Rajasekhar
Partner

On Behalf of the Board

R. Tandon *Director*
S. Dutta *Director*
A. Prasad *Secretary*

Secunderabad, 12th May, 2009

Kolkata, 12th May, 2009

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
Authorised		
5,00,00,000 Equity Shares of Rs.10/- each (Previous Year - 4,00,00,000 Equity Shares of Rs.10/- each)	50,00,00,000	40,00,00,000
	50,00,00,000	**40,00,00,000**
Issued, Subscribed & Paid-up		
3,30,60,166 Equity Shares of Rs.10/- each, fully paid up	33,06,01,660	33,06,01,660
(All shares are held by the Holding Company, Russell Credit Limited. The ultimate Holding Company is ITC Limited.)	**33,06,01,660**	**33,06,01,660**

2. RESERVES AND SURPLUS

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
General Reserve	1,37,70,978	1,37,70,978
Profit and Loss Account	7,75,86,393	6,74,01,086
	9,13,57,371	**8,11,72,064**

SCHEDULES TO THE ACCOUNTS *(Contd.)*

3. FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)		DEPRECIATION			NET BOOK VALUE
	As at commencement of the year (Rs.)	As at the end of the year (Rs.)	As at commencement of the year (Rs.)	For the year (Rs.)	As at the end of the year (Rs.)	As at 31st March, 2009 (Rs.)
Freehold Land	28,21,78,478	28,21,78,478	-	-	-	28,21,78,478
Building (*)	1,10,04,119	1,10,04,119	20,32,330	1,79,367	2,211,697	87,92,422
Plant and Machinery	57,783	57,783	27,739	2,375	30,114	27,669
TOTAL	**29,32,40,380**	**29,32,40,380**	**20,60,069**	**1,81,742**	**2,241,811**	**29,09,98,569**
Previous Year	29,32,40,380	29,32,40,380	18,78,327	1,81,742	20,60,069	29,11,80,311

* 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.1,10,04,119 /- (2008 - Rs.1,10,04,119 /-) and Accumulated Depreciation Rs. 22,11,697/- (2008 - Rs.20,32,330/-). Depreciation for the year charged to Profit and Loss Account is Rs. 1,79,367 /- (2008 - Rs. 1,79,367 /-). The aggregate lease rental is included in Other Income (Schedule 7).

SCHEDULES TO THE ACCOUNTS *(Contd.)*

4. INVESTMENTS

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
UNQUOTED		
A. Long Term		
TRADE INVESTMENTS		
Classic Infrastructure & Development Limited		
16,50,000 (2008 - 16,50,000) Equity Shares of Rs.10/- each, fully paid up	6,63,26,700	6,63,26,700
	6,63,26,700	6,63,26,700
B. Current		
OTHER INVESTMENTS		
TATA Floating Rate Short Term Institutional Plan- Daily Dividend	-	1,33,02,526
Nil (2008 - 13,29,521) Units of Rs.10/- each		
Kotak FMP 3M Series 28 - Dividend	-	6,50,00,000
Nil (2008 - 65,00,000) Units of Rs.10/- each		
Principal Cash Management Liquid Option Institutional Dividend Reinvest Daily	-	1,27,119
Nil (2008 - 12,709) Units of Rs.10/- each		
IDFC Money Manager Fund Investment Plan Inst Plan B Daily Dividend	8,67,69,748	-
86,63,979 (2008 - Nil) Units of Rs. 10/- each		
	8,67,69,748	7,84,29,645
Total (A + B)	**15,30,96,448**	14,47,56,345

5 CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
A. CURRENT ASSETS		
Work-in-Progress (at lower of cost and net realisable value)	1,23,71,911	1,23,71,911
Sundry Debtors		
(Unsecured - Considered good)	-	-
Other Debts	8,04,808	9,07,641
Cash and Bank Balances		
Cash in Hand	20,000	3,279
Balances with Scheduled Banks		
- In Current Accounts	3,84,982	2,65,456
Other Current Assets		
(Unsecured - Considered good)		
- Deposits	1,55,000	1,55,000
	1,37,36,701	**1,37,03,287**
B. LOANS AND ADVANCES		
(Unsecured - Considered good)		
Project Advances	11,90,278	11,90,278
Other Advances	21,42,247	21,36,422
Gratuity Receivable	2,54,819	2,80,452
Advance Payment of Tax		
- Income Tax	95,49,140	5,19,00,752
- Fringe Benefit Tax	2,06,960	1,46,960
Staff Advances	1,62,500	2,33,650
	1,35,05,944	**5,58,88,514**

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	18,19,760	24,85,085
Progress payments and advances against projects	1,00,00,000	1,00,00,000
Other liabilities	2,86,27,002	2,85,91,818
	4,04,46,762	**4,10,76,903**
B. PROVISIONS		
Provision for Retirement Benefits	15,44,591	12,91,053
Provision for Tax		
- Income Tax	76,50,000	5,16,17,602
- Fringe Benefit Tax	1,97,027	1,37,027
	93,91,618	**5,30,45,682**
	4,98,38,380	**9,41,22,585**

7. OTHER INCOME

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Lease Rentals	16,55,000	14,89,000
Dividend from Current Investments	62,03,873	51,65,874
Profit on Sale of Current Investments (Net)	7,461	-
Interest -Others	18,892	-
Provisions no longer required written back	-	14,51,717
	78,85,226	**81,06,591**

8. PERSONNEL

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Salaries, Wages and Bonus	89,86,796	71,96,034
Contribution to Provident and Other Funds	10,23,073	10,45,743
Staff Welfare Expenses	3,27,228	3,38,238
	1,03,37,097	**85,80,015**

SCHEDULES TO THE ACCOUNTS*(Contd.)*

9. PROJECT EXPENSES

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Opening Work-in-progress	1,23,71,911	1,23,71,911
Add : Expenditure incurred on Projects during the year	-	-
	1,23,71,911	1,23,71,911
Less : Closing Work-in-progress	1,23,71,911	1,23,71,911
Project Expenses	**-**	**-**

10. MANAGEMENT AND OTHER EXPENSES

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Rates and Taxes	44,358	52,378
Fees for Increase in Authorised Share Capital	5,00,000	-
Insurance	5,669	4,192
Travelling	57,983	48,865
Legal and Consultancy Charges	19,64,752	10,01,075
Auditors' Remuneration (excluding Service Tax)		
- Audit Fees	75,000	65,000
- Other Services	-	-
Loss on Sale of Current Investments	-	6,18,989
Interest - Others	51,761	-
Miscellaneous Expenses	55,929	68,221
	27,55,452	**18,58,720**

11. 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	17,00,000	30,00,000
- Fringe Benefit Tax	60,000	50,902
- Deferred Tax	(91,897)	4,94,261
	16,68,103	35,45,163
Less: Adjustments related for previous years		
- Current Tax	4,94,561	-
	11,73,542	**35,45,163**

12. NOTES TO THE ACCOUNTS

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

(i) 86,227 Units of AIG India Liquid Fund -Institutional -Daily Dividend at cost of Rs. 8,63,12,998/-
(ii) 1,18,47,258 Units of AIG India Treasury Fund Institutional Daily Dividend at cost of Rs.11,86,02,580/-
(iii) 65,00,000 Units of Birla FTP - Half Yearly Series 4 Dividend Payout at cost of Rs. 6,50,00,000/-
(iv) 12,88,269 Units of Canara Robeco Treasury Advantage Institutional Daily Dividend Fund at cost of Rs. 1,59,83,667/-
(v) 1,92,393 Units of Fidelity Cash Fund (Retail) Daily Dividend at cost of Rs.19,24,350 /-
(vi) 86,59,055 Units of IDFC Cash Fund - Super Inst. Plan C Daily Dividend at cost of Rs. 8,66,12,196 /-
(vii) 1,39,192 Units of ING Liquid Fund-Weekly Dividend Option at cost of Rs. 15,01,505 /-
(viii) 14,47,977 Units of JM High Liquidity Fund-Institutional Plan-Daily Dividend at cost of Rs. 1,45,02,797/-
(ix) 1,48,97,907 Units of JM High Liquidity Fund-Super Institutional Plan - Daily Dividend at cost of Rs. 14,92,24,883/-
(x) 1,79,90,850 Units of JM Money Manager Fund Super Plus Plan-Daily Dividend at cost of Rs. 18,00,01,941/-
(xi) 1,80,28,031 Units of JP Morgan India Treasury Fund – Super Inst Daily Div Plan at cost of Rs. 18,04,40,755/-
(xii) 1,63,79,891 Units of JP Morgan India Liquid Plus Fund Super Inst-Daily Dividend Plan Reinvest at cost of Rs. 16,39,28,307/-
(xiii) 1,31,045 Units of Kotak Liquid (Institutional) –Daily Dividend at cost of Rs. 16,02,432/-
(xiv) 4,86,035 Units of Principal Cash Management Fund Liquid Option Insti Plan Dividend Reinvestment Daily at cost of Rs. 48,61,418/-
(xv) 64,95,763 Units of Principal Floating Rate Fund-FMP-Insti. Option – Dividend Reinvestment Daily at cost of Rs.6, 50,37,532/-
(xvi) 15,13,561 Units of Principal Floating Rate Fund SMP Insti. Option Dividend Reinvestment Daily at cost of Rs 1,51,36,673/-
(xvii) 16,10,841 Units of ICICI Prudential Liquid Plan Institutional Plus – Daily Dividend Option at cost of Rs. 1,90,90,882/-
(xviii) 38,47,012 Units of TATA Floating Rate Short Term Inst. Plan- Daily Dividend at cost of Rs. 3,85,11,968/-
(xix) 463 Units of Templeton India Treasury Management Account Regular Plan Daily Dividend Reinvestment at cost of Rs. 7,00,605/-.

2. Earnings per Share:

	For the year ended 31st March, 2009	**For the year ended 31st March, 2008**
Profit after Taxation (Rs.)	1,01,85,307/-	1,05,36,953/-
Weighted average number of Equity Shares outstanding	3,30,60,166	3,30,60,166
Basic & diluted Earnings per share (Face Value - Rs.10.00 per share)	Rs. 0.31	Rs. 0.32

3. Remuneration of Manager:

Salaries: Rs 13,48,200/- (2008 - Rs. Rs 12,04,300/-)
Other Benefits: Rs 2,36,353/-(2008 - Rs. 1,66,095/-)

4. Deferred Tax:

Deferred Tax Asset	Deferred Tax Asset/(Liability) as at 31st March, 2008 (Rs.)	Current Year Credit/ (Charge) (Rs.)	Deferred Tax Asset/(Liability) as at 31st March, 2009 (Rs.)
Difference between Net Block and Tax written down value of Fixed Assets	24,349/-	(2,993/-)	21,356/-
Provision for Employee Benefits	3,43,503/-	94,890/-	4,38,393/-
	3,67,852/-	**91,897/-**	**4,59,749/-**

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

6. Related Party Disclosures:

(a) **Relationship:**

Holding Company Russell Credit Limited
Ultimate Holding Company ITC Limited

Employees' Benefit Plans where there is significant influence:

a) Greenacre Holdings Limited Provident Fund
b) Greenacre Holdings Limited Gratuity Fund

Key Management Personnel

Mr. K. Vaidyanath	Non- Executive Chairman
Mr. A.Nayak	Non - Executive Director
Mr. R. Tandon	Non - Executive Director
Mr. S. Dutta	Non - Executive Director

(b) Disclosure of transactions 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.)**
Ultimate Holding Company ITC Ltd		
Lease Rental Income	15,80,000/-	14,80,000/-
Maintenance Income	2,07,49,627/-	19,585,971/-
Other Reimbursements	4,19,621/-	1,96,922/-
Others	11,245/-	20,116/-

Balances as at	**31st March, 2009 (Rs.)**	**31st March, 2008 (Rs.)**
Security Deposit Received	2,20,00,000 /-	2,20,00,000 /-
Other Receivables	7,29,808/-	7,94,228/-
Other Payables	1,253/-	Nil

Particulars	**For the year ended 31st March, 2009 (Rs.)**	**For the year ended 31st March, 2008 (Rs.)**
Contribution to Greenacre Holdings Limited Provident Fund	5,76,411/-	632,295/-
Contribution to Greenacre Holdings Limited Gratuity Fund	1,46,538/-	1,18,408/-

7. Employee Benefits:

Contribution to Defined Contribution Schemes – Rs. 8,39,538/- (2008 – Rs. 9,27,335/-). 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 Funded	**Leave Encashment Unfunded**	**Gratuity Funded**	**Leave Encashment Unfunded**
I. **Components of Employer Expense**				
1. Current Service Cost	**1,80,470**	**101,548**	1,69,113	79,865
2. Interest Cost	**1,14,719**	**90,374**	1,19,890	79,460
3. Expected Return on Plan Assets	**(1,45,263)**	**Nil**	(1,33,305)	Nil
4. Curtailment Cost/(Credit)	**Nil**	**Nil**	Nil	Nil
5. Settlement Cost/(Credit)	**Nil**	**Nil**	Nil	Nil
6. Past Service Cost	**Nil**	**Nil**	(90,259)	(9,92,894)
7. Actuarial Losses/(Gains)	**22,245**	**61,616**	(2,80,769)	(3,414)
8. Total expense recognised in the Statement of Profit & Loss Account	**1,72,171**	**253,358**	(2,15,330)	(8,36,983)
II. **Actual Returns**	**1,84,877**	**Nil**	1,65,381	Nil
III. **Net Asset/ (Liability) recognised in Balance Sheet**				
1. Present Value of Defined Benefit Obligation	**19,76,274**	**15,44,591**	16,38,837	12,91,053
2. Fair Value on Plan Assets	**(22,31,093)**	**Nil**	(19,19,289)	Nil
3. Status [Surplus/(Deficit)]	**2,54,819**	**(15,44,591)**	2,80,452	(12,91,053)
4. Unrecognised Past Service Cost	**Nil**	**Nil**	Nil	Nil
5. Net Asset/ (Liability) recognised in Balance Sheet	**2,54,819**	**15,44,591**	2,80,452	(12,91,053)
IV. **Change in Defined Benefit Obligations (DBO)**				
1. Present Value of DBO at the Beginning of Period	**16,38,837**	**12,91,053**	15,98,527	11,35,142
2. Current Service Cost	**1,80,470**	**101548**	1,69,113	79,865
3. Interest Cost	**1,14,719**	**90374**	1,19,890	79,460
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	**42,248**	**61,616**	(248,693)	Nil
9. Benefits Paid	**Nil**	**Nil**	Nil	(3,414)
10. Present Value of DBO at the End of Period	**19,76,274**	**15,44,591**	16,38,837	12,91,053
V. **Change in Fair Value of Assets**				
1. Plan Assets at the Beginning of Period	**19,19,289**	**Nil**	16,35,500	Nil
2. Acquisition Adjustment	**Nil**	**Nil**	Nil	Nil
3. Expected Return on Plan Assets	**1,45,263**	**Nil**	1,33,305	Nil
4. Actuarial Gains / (Losses)	**20,003**	**Nil**	32,076	Nil
5. Actual Company Contribution	**1,46,538**	**Nil**	1,18,408	Nil
6. Benefits Paid	**Nil**	**Nil**	Nil	Nil
7. **Plan Assets at the End of Period**	**22,31,093**	**Nil**	19,19,289	Nil
VI. Actuarial Assumptions				
1. Discount Rate (%) p.a.	**7.00**	**7.00**	7.50	7.50
2. Expected Return on Plan Assets (%) p.a.	**7.00**	**Nil**	7.50	Nil

(a) Amounts recognised as expense is included in Schedule 8 and amounts recognised as income is included in Schedule 7

In “Salaries Wages and Bonus” Rs.2,53,538/- (2008: Nil) for Leave Encashment. In “Contribution to Provident and Other Funds” Rs 1,46,538/- (2008: Rs. 1,18,408/-) for Gratuity. In Other Income Nil (2008: Rs 3,33,738/-) for Gratuity and Rs. Nil (2008: Rs 836,983) for Leave Encashment.

(b) 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.

(c) Basis used to determine expected rate of return on assets:

The Gratuity Scheme is invested in a Group-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The invested return earned on the policy comprises bonus declared by LIC having regard to LIC’s investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC’s overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government bonds.

8. 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.

9. Figures for the previous year have been regrouped / re-arranged wherever necessary.

13. 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, if any, in value of Long- Term Investments. Income from Investments is included together with the related tax credit, if any, in the Profit and Loss Account.

Method of Accounting - Projects

The Company follows the proportionate completion method under which a portion of the estimated revenue is recognised taking into account the extent of completion of projects.

Revenue Recognition

Service Income is recognized on rendering of service.

Borrowing Costs

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

Employee Benefits

To make regular monthly contributions to the Provident Fund administered through duly constituted and approved independent trust, which is in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue.
To determine the liabilities towards defined benefit plans relating to Gratuity and Leave Encashment based on independent actuarial valuation as per requirements of AS–15 on Employee Benefits.
To recognise actuarial gains and losses immediately in the Profit and Loss Account as income or expense.

Lease Rentals

Lease Rentals are accounted for on an accrual 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.

On behalf of the Board

R. Tandon *Director*
S. Dutta *Director*
A. Prasad *Secretary*

Kolkata, 12th May, 2009

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

I. Registration Details

Registration No.	0 4 9 4 6 7	State Code	2 1
Balance Sheet Date	3 1 (Date) 0 3 (Month) 2 0 0 9 (Year)		

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

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

Total Liabilities	4 7 1 7 9 7	Total Assets	4 7 1 7 9 7

Sources of Funds

Paid up Capital	3 3 0 6 0 2	Reserves & Surplus	9 1 3 5 7
Secured Loans	N I L	Unsecured Loans	N I L

Application of Funds

Net Fixed Assets	2 9 0 9 9 9	Investments	1 5 3 0 9 6
Net Current Assets *	- 2 2 5 9 6	Misc. Expenditure	N I L
Accumulated Losses	4 6 0		

* Includes Deferred Tax Asset

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

Turnover *	2 9 2 4 0	Total Expenditure	1 7 8 8 1
+ / - Profit/Loss Before Tax	+ 1 1 3 5 9	+ / - Profit/Loss After Tax	+ 1 0 1 8 5
Earning Per Share in Rs.	0 . 3 1	Dividend Rate %	N I L

(Please tick appropriate box +for profit, - for loss)

* Includes Other Income

V. Generic Names of Three Principal Services of Company

Item Code No. - Not Applicable
Service Description - Project Management
- Property Maintenance
- Property Development

Audit Committee: Mr. K.Vaidyanath, Chairman, M/s. A. Nayak, S. Dutta, Members

DIRECTORS' REPORT

TO
THE MEMBERS OF WIMCO LIMITED

Your Directors present their report for the financial year ended 31st March, 2009.

Company Performance

During the year under review, your Company recorded a turnover of Rs. 188.32 crores as compared to Rs.205.33 crores last year. The net profit after tax for the year stood at Rs. 1.12 crores as against the net profit after tax of Rs.6.34 crores in the previous year. This year's performance was adversely impacted by unfavourable market conditions and higher input costs.

Continued pressure on input costs of key raw materials like wood, splints and chemicals compelled your Company to increase the consumer price of matchboxes during the year under review, resulting in loss of volumes. Appropriate measures are being taken to regain the market share.

Rationalization of the excise duty structure is urgently required to provide a level playing field to all manufacturers in the safety match industry. This will also help the industry in mechanization and modernization to achieve significant improvement in productivity.

The Engineering business faced a challenging environment during the year under review when many customers postponed their investment plans in the backdrop of the economic slowdown in their respective industries. This business is showing signs of recovery with a gradual improvement in market sentiment.

The Agro Forestry Business of the Company witnessed appreciable expansion. The high yielding ETP (Entire Transplant) sales to farmers in North India showed a growth of 28% at 3.2 Million ETPs. Apart from creating a long-term sustainable supply of a critical raw material, the Agro Forestry mission of the Company is directly contributing to improving the green environment in the region.

Dividend

During the year, your Directors declared interim dividend aggregating Rs.5.24 crores (incl. tax) on 60,00,000 5% Redeemable Cumulative Preference Shares of Rs.100 each for the period from 7th September, 2007 to 4th March, 2009, which is proposed to be confirmed as the final dividend for the aforesaid period.

Your Directors are unable to recommend dividend on Equity Shares.

Directors

Mr. Rajeev Gopal was re-appointed by the Board of Directors as Managing Director of the Company for a period of 3 years effective 1st July, 2008. Appropriate resolution seeking your approval to his appointment is appearing in the Notice convening the 86th Annual General Meeting of the Company.

In accordance with the provisions of Article 133 of the Articles of Association of the Company, Dr. H.N. Sethna and Mr. C. R. Dua will retire by rotation at the ensuing Annual

General Meeting of the Company and, being eligible, offer themselves for re-election. The Board has recommended their re-election.

Redemption of Preference Shares

It may be recalled that the Company had issued and allotted 60,00,000 5% Redeemable Cumulative Preference Shares of Rs.100 each on 7th September, 2007. During the year, the Company redeemed 5,00,000 5% Redeemable Cumulative Preference Shares of Rs.100 each for cash at par, in accordance with the terms of issue of such shares.

Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state that -

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and no significant departures have been made from the same;

(ii) appropriate accounting policies have been applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit for that period;

(iii) proper and sufficient care has been taken 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) the annual accounts have been prepared on a going concern basis.

Auditors

The Auditors, M/s BSR & Co., retire at the ensuing Annual General Meeting, and, being eligible, offer themselves for re-appointment. The Board has recommended their re-appointment.

Subsidiaries

Particulars as required under Section 212 of the Companies Act, 1956 in respect of the Subsidiaries of the Company viz. Pavan Poplar Limited and Prag Agro Farm Limited, have been attached to the accounts of the Company.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A) Conservation of Energy

The particulars in Form A regarding consumption of energy are not provided as the activity of the Company does not fall under the list of industries specified in the Schedule annexed to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

B) Technology Absorption

The match manufacturing and skillet printing technologies have been fully absorbed by the Company, thereby enhancing the quality and productivity of all processes.

During the year, the Company's expenditure on Research and Development was Rs.20.97 lacs.

C) Foreign Exchange Earnings and Outgo

During the year, the Company earned foreign exchange of Rs. 230.25 lacs. The outflow on account of foreign exchange was Rs. 749.55 lacs.

Employees

Industrial relations across the Company during the year under review were cordial, except for a brief period of unrest at the Chennai and Bareilly units of the Company.

Particulars as required under Section 217(2A) of the Companies Act, 1956 are provided in the Annexure to this Report.

Acknowledgement

The Board acknowledges the understanding and support of the government, investors, banks, distributors, customers, suppliers and business associates and the dedication and hard work of the employees.

For and on behalf of the Board

Kolkata	R. Gopal	R. Srinivasan
5th May, 2009	Managing Director	Director

ANNEXURE I TO DIRECTORS' REPORT

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 and Rules made thereunder

Name	Age (Yrs.)	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Yrs.)	Date of Joining	Previous Employment
Employed throughout the year and in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum.							
Nil							
Employed for a part of the year and in receipt of remuneration aggregating Rs. 2,00,000/- or more per month.							
Amitava Mukerjee	52	General Manger (Finance)	11,11,397	B.Com, A.C.A.	24	08.01.1995	Chief Accountant Texmaco Limited

Notes :

1. Gross remuneration includes salary and other allowances, etc., contribution to Provident fund, Pension fund, Medical reimbursement, ex-gratia, gratuity and leave salary.
2. The aforesaid appointment was contractual in accordance with terms and conditions as per Company rules.
3. The aforesaid employee was not a relative of any Director of the Company.

For and on behalf of the Board

Kolkata
5th May, 2009

R. Gopal
Managing Director

R. Srinivasan
Director

Auditors' Report

To the Members of
Wimco Limited

We have audited the attached balance sheet of Wimco Limited ('the Company') as at 31 March 2009 and the related 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.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

   a) 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;

   b) 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;

   c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

   e) On the basis of written representations received from directors of the Company as at 31 March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

   f) 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2009;

      ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and

      iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **B S R & Co.**
Chartered Accountants

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
5 May 2009

Annexure to the Auditors' Report – 31 March 2009

(Referred to in our report of even date)

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the members of Wimco Limited on the financial statements for the year ended 31 March 2009, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noted on such verification.

(c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.

(ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 301 of the Act. Accordingly, paragraph 4(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301of the Act.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act in respect of generation of electricity from wind power and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

There were no dues on account of cess under Section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Investor Education and Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of wealth-tax, service tax, customs duty and cess which have not been deposited with the appropriate authorities on account of any disputes.

According to the information and explanations given to us, the following statutory dues have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	14.35	2000-2008	Commissioner of Central Excise Meerut II
	Excise duty	11.01	1995-1999	Commissioner (Appeals) of Central Excise Mumbai III
	Excise duty	48.51	2006 - 2008	Additional Commissioner – Excise, Kolkata III
Uttar Pradesh Sales Tax Act, 1948	Sales tax	1.32 0.14	1977-1978 1996-1997	Member, Tribunal Trade Tax, Bareilly
	Sales tax	4.08	1990-1993	High Court, Allahabad
Bombay Sales Tax Act, 1959	Sales tax	12.62	2006-2007	Deputy Commissioner of Sales Tax, Mumbai
Central Sales Tax Act, 1956	Sales tax	62.63	2002-2003	Deputy Commissioner of Sales Tax, Mumbai
	Sales tax	272.00	2005-2006	Appellate Authority, Kolkata
Income-tax Act, 1961	Income tax	328.45	1995-1999	Commissioner of Income Tax (Appeal), New Delhi
	Income tax	7.29	2000-2004	Income-tax Appellate Tribunal, New Delhi
	Fringe benefit tax	12.81	2005-2006	Commissioner of Income-tax (Appeal), Mumbai
	Income tax	0.75	1999-2003	High Court, Allahabad

(x) The Company does not have any accumulated losses at the end of the year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debentureholders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) As stated in paragraph (iii) above, there are no companies/firms/parties covered in the register required to be maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Co.**
Chartered Accountants

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
5 May 2009

WIMCO LIMITED
BALANCE SHEET AS AT MARCH 31, 2009

(Rs in Lacs)

	Schedule		31.03.2009		31.03.2008
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	1	**6,442.30**		6,942.30	
Reserves and Surplus	2	**7,302.05**		7,713.76	
			13,744.35		14,656.06
Loan Funds:	3				
Secured Loans		**245.04**		57.30	
Unsecured Loans		**314.62**		322.84	
			559.66		380.14
TOTAL			**14,304.01**		15,036.20
APPLICATION OF FUNDS:					
Fixed Assets:	4				
Gross Block		**22,825.97**		21,933.75	
Less: Accumulated Depreciation		**10,516.63**		10,079.07	
Provision for Impairment		**414.35**		414.35	
Net Block		**11,894.99**		**11,440.33**	
Capital Work-In-Progress		**843.86**		672.41	
			12,738.85		12,112.74
Investments	5		**599.10**		**599.10**
Deferred Tax Asset (Net)	6		**-**		-
Current Assets, Loans and Advances:					
Plantation Work-In-Progress		**233.44**		**224.14**	
Inventories	7	**4,867.20**		**4,234.91**	
Sundry Debtors	8	**270.54**		**507.30**	
Cash and Bank Balances	9	**56.02**		**143.12**	
Loans and Advances	10	**2,711.01**		**2,888.51**	
		8,138.21		**7,997.98**	
Less: Current Liabilities and Provisions:	11				
Current Liabilities		**7,070.00**		**5,496.86**	
Provisions		**102.15**		**176.76**	
		7,172.15		**5,673.62**	
Net Current Assets			**966.06**		**2,324.36**
TOTAL			**14,304.01**		15,036.20
Notes to the Accounts	18				
Segment Information	19				
Related Party Disclosure	20				
Significant Accounting Policies	21				

The Schedules referred to above and the annexed notes form an integral part of the Accounts.

This is the Balance Sheet referred to in our report of even date.

For B S R & Co.
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No. 042070

Place : Mumbai
Date : 5th May 2009

For and on behalf of the Board

R SRINIVASAN Director
RAJEEV GOPAL Managing Director

ANSHUL KUMAR JAIN
Company Secretary

Place : Kolkata
Date : 5th May 2009

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

(Rs in Lacs)

	Schedule		2008-09		2007-08
INCOME :					
Sales and Services	12		18,134.13		19,842.53
Other Income	13		697.81		690.91
			18,831.94		20,533.44
EXPENDITURE :					
Cost of Trading Products			469.72		319.13
Cost of Seeds			9.60		3.19
Raw Materials Consumed			11,830.39		12,166.46
(Increase) / Decrease in Stocks	14		(890.30)		(631.21)
Employee Costs	15		3,086.96		3,253.51
Other Costs	16		3,718.29		4,294.55
Interest	17		0.03		13.46
Depreciation	4		459.90		385.13
			18,684.59		19,804.22
Less : Debited to Capital and Other Accounts			-		4.04
			18,684.59		19,800.18
PROFIT BEFORE TAXATION			147.35		733.26
Income Tax Expenses :					
Current Taxation		15.00		75.00	
Fringe Benefits Tax		20.00	35.00	24.62	99.62
PROFIT AFTER TAXATION			112.35		633.64
Profit Brought Forward		633.64		(1,701.74)	
Add: Transfer from Reserve on Amalgamation		-		1,015.25	
Add: Transfer from Revaluation Reserve		-	633.64	686.49	-
Profit Available for Appropriation			745.99		633.64
Appropriations					
Preference Dividend (including Dividend Distribution Tax of Rs. 76.13 Lacs)			(524.07)		-
Balance Carried to Balance Sheet			221.92		633.64
Earnings per share (Rs) - Basic and Diluted (See Note 13 of Schedule 18)			0.09		0.46
Face Value (Re.)			1.00		1.00
Notes to the Accounts	18				
Segment Information	19				
Related Party Disclosure	20				
Significant Accounting Policies	21				

The Schedules referred to above and the annexed notes form an integral part of the Accounts.

This is the Profit and Loss Account referred to in our report of even date.

For B S R & Co.
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No. 042070

Place : Mumbai
Date : 5th May 2009

For and on behalf of the Board

R SRINIVASAN — Director
RAJEEV GOPAL — Managing Director

ANSHUL KUMAR JAIN
Company Secretary

Place : Kolkata
Date : 5th May 2009

W I M C O   L I M I T E D

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

					(Rs in Lacs)
			2008-09		**2007-08**
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Profit before Tax		**147.35**		**733.26**
	Adjustments for:				
	Depreciation	**459.90**		**385.13**	
	Interest Expense	**0.88**		**17.21**	
	Interest Income	**(0.85)**		**(3.75)**	
	Provisions Written Back	**(160.51)**		**(91.91)**	
	Profit on Fixed Assets Disposed/ Scrapped (Net)	**(8.42)**		**(11.38)**	
	Provision /Write off of Doubtful / Bad Debts, Advances, & Deposits (Net)	**1.84**		**16.08**	
			292.84		**311.38**
	Operating Profit Before Working Capital Changes		**440.19**		**1,044.64**
	Adjustments for :				
	Inventories	**(643.43)**		**(902.76)**	
	Sundry Debtors	**236.76**		**(251.36)**	
	Loans and Advances	**279.24**		**(107.06)**	
	Current Liabilities and Provisions	**1,662.93**		**842.86**	
			1,535.50		**(418.32)**
	Income Tax Paid (Including Fringe Benefits Tax)		**(139.42)**		**(203.71)**
	NET CASH FLOW FROM OPERATING ACTIVITIES		**1,836.27**		**422.61**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets	**(1,088.00)**		**(1,123.91)**	
	Sale of Fixed Assets	**10.41**		**19.85**	
	Interest Received	**0.85**		**3.75**	
	NET CASH FLOW USED IN INVESTING ACTIVITIES		**(1,076.74)**		**(1,100.31)**
C.	**CASH FLOW FROM FINANCING ACIVITIES :**				
	Proceeds from Borrowings :				
	Issue of 5% Cumulative Preference Shares	**-**		**6,000.00**	
	Redemption of 0.05% Cumulative Preference Shares	**(500.00)**		**(5,200.00)**	
	Cash Credit\Working Capital Demand Loan	**187.73**		**2.38**	
	Loan from Subsidiary Company	**(8.22)**		**(161.98)**	
	Dividend Paid (including dividend Tax)	**(524.07)**		**-**	
	Interest Paid (Net)	**(2.07)**		**(3.35)**	
	NET CASH FLOW (USED IN)/ FROM FINANCING ACTIVITIES		**(846.63)**		**637.05**

			(Rs in Lacs)
		2008-09	**2007-08**
D.	**NET DECREASE IN CASH AND CASH EQUIVALENTS :** (A+B+C)	**(87.10)**	**(40.65)**
E.	**RECONCILIATION**		
	CASH AND CASH EQUIVALENTS - AT BEGINNING OF THE YEAR (Refer Schedule 9)	**143.12**	**115.28**
	CASH AND CASH EQUIVALENTS - TAKEN OVER ON AMALGAMNATION *		**68.49**
	CASH AND CASH EQUIVALENTS- AT THE END OF THE YEAR (Refer Schedule 9) *	**56.02**	**143.12**
		(87.10)	**(40.65)**

* Includes Rs 0.25 lacs in restricted bank account

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.
2. The following have been considered under financing activities :
   - Cash credit/working capital demand loan and other borrowings being source of finance.
3. Proceeds from borrowings are shown net of repayments.
4. Purchase of fixed assets are shown inclusive of movements in capital work-in-progress.
5. Cash and cash equivalents represent cash and bank balances only.
6. Previous year's figures have been regrouped wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For B S R & Co.

Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No. 042070

Place : Mumbai
Date : 5th May 2009

For and on behalf of the Board

R SRINIVASAN Director

RAJEEV GOPAL Managing Director

ANSHUL KUMAR JAIN
Company Secretary
Place : Kolkata
Date : 5th May 2009

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		31.03.2009		31.03.2008
SCHEDULE 1 - SHARE CAPITAL				
Authorised:				
55,00,00,000 (2007-08: 55,00,00,000) Equity Shares of Re.1 (2007-08: Re 1) each (See Note (a) below)		5,500.00		5,500.00
93,00,000 (2007-08: 93,00,000) Redeemable Preference Shares of Rs. 100 each		9,300.00		9,300.00
		14,800.00		14,800.00
Issued, Subscribed and Paid Up :				
9,42,30,000 (2007-08: 9,42,30,000) Equity Shares of Re.1 each fully paid up (See Notes (a), (b) and (c) below)		942.30		942.30
55,00,000 (2007-08: 60,00,000) 5% Redeemable Cumulative Preference Shares of Rs 100 each fully paid up.		5,500.00		6,000.00
		6,442.30		6,942.30

Notes:

Of the above :

(a) Pursuant to the provisions of Section 100 of the Companies Act, 1956, Article 8 of the Articles of Association of the Company and High Court order dated February 11, 2005, the Issued, Subscribed and Paid Up Capital of the Company was reduced from Rs 10,400 lacs to Rs. 5,720 lacs by reducing the paid up value of Equity Shares by Rs 9 per Equity Share and the amount so cancelled was utilised for reducing the accumulated losses as at March 31, 2004 to the extent of Rs 4,680 lacs.To give effect to the above, the composition of the Authorised Capital was modified from 5,50,00,000 Equity Shares of Rs 10 each to 55,00,00,000 Equity Shares of Re 1 each.

(b) 4,39,08,340 equity shares have been allotted as fully paid up pursuant to contracts for consideration other than cash.

Of the equity shares :-

(i) 12,50,000 equity shares have been allotted pursuant to the scheme of amalgamation of the Assam Match Company Limited with the Company.

(ii) 4,22,30,000 equity shares have been allotted pursuant to the scheme of amalgamation of Wimco Boards Limited with the Company.

(iii) 1,20,000 and 80,000 equity shares have been allotted pursuant to the agreement with ICICI Bank Limited and trustee of debentureholders respectively.

(c) 42,50,000 equity shares have been allotted as fully paid by way of bonus shares by capitalisation of reserves.

(d) 9,12,38,170 (2007-08:9,12,38,170) equity shares of Re. 1 each and 55,00,000 (2007-08: 60,00,000) , 5% Redeemable Cumulative Preference shares of Rs 100 each are held by Russel Credit Limited, the holding company . Out of these, 15,00,000 preference shares will be due for redemption on or before March 15, 2010 .

(e) 5,00,000, 5% Redeemable Cumulative Preference Shares of Rs.100 each have been redeemed during the year.

		31.03.2009		31.03.2008
SCHEDULE 2 - RESERVES AND SURPLUS				
Capital Reserve		29.96		29.96
Capital Subsidy		14.93		14.93
Securities Premium Account		0.27		0.27
Capital Redemption Reserve				
Balance at the beginning of the year	-			
Add : Transfer from General Reserve	500.00	500.00		
Revaluation Reserve				
Balance at the beginning of the year	-		7,648.82	
Less : Transfer to Profit and Loss Account	-		686.49	
Less : Transfer to General Reserve	-		6,962.33	
Balance at the end of the year		-		-
Reserve on Amalgamation				
On amalgamation of Wimco Seedlings Limited	-		248.65	
On amalgamation of Wimco Boards Limited	-		630.40	
On Write Back of Provision for Doubtful debts	-		136.20	
Less: Transfer to Profit and Loss Account	-		1,015.25	
Balance at the end of the year		-		-
General Reserve as per last Balance Sheet	7,034.97		72.64	
Add : Transfer from Revaluation Reserve	-		6,962.33	
Less : Transfer to Capital Redemption Reserve	500.00	6,534.97		7,034.97
Profit and Loss Account		221.92		633.63
		7,302.05		7,713.76
SCHEDULE 3 - LOAN FUNDS				
Secured Loans				
Cash Credit (including working capital demand loan) with Banks (secured by hypothecation of all stock in trade present and future of the Company including raw materials, finished goods, trading products and stock-in-process and present and future book debts, outstanding receivables,claims and bills)		245.04		57.30
		245.04		57.30
Unsecured Loans				
Loans and Advances from Subsidiary				
Pavan Poplar Limited (See Note below)		314.62		322.84
Note: The said loan is interest free, with no stipulation as to repayment terms.		314.62		322.84
		559.66		380.14

WIMCO LIMITED
Schedules to the Accounts
SCHEDULE 4 - FIXED ASSETS

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION/ IMPAIRMENT								NET BLOCK	
	Cost/Valuation as at April 1, 2008	Additions during the year	Deductions/ Adjustments during the year	Cost /Valuation as at March 31, 2009	As at April 1, 2008		Charge on account of			Deductions/ Adjustments during the year	As at March 31, 2009		As at March 31, 2009	As at March 31, 2008
					Depreciation	Impairment	Depreciation for the year	Impairment	Held for Sale		Depreciation	Impairment		
Intangible Assets														
Leasehold Land	247.28	-	-	247.28	0.66	246.62	-	-	-	-	0.66	246.62	-	-
Computer Software	284.94	3.60	-	288.54	36.73	-	57.71	-	-	-	94.44	-	194.10	248.21
Tangible Assets														
Freehold Land	8,087.46	-	-	8,087.46	-	167.73	-	-	-	-	-	167.73	7,919.73	7,919.73
Buildings	6,952.05	111.60	-	7,063.65	5,944.33	-	47.29	-	-	-	5,991.62	-	1,072.03	1,007.72
Plant	935.28	156.24	21.83	1,069.69	339.26	-	71.34	-	-	19.96	390.64	-	679.05	596.02
Machinery	4,002.44	434.22	-	4,436.66	2,886.65	-	155.96	-	-	-	3,042.61	-	1,394.05	1,115.79
Factory Equipment	347.06	55.35	-	402.41	226.06	-	26.79	-	-	-	252.85	-	149.56	121.00
Furniture and Fittings/ Computers / Office Equipment	923.05	152.97	-	1,076.02	538.43	-	92.46	-	-	-	630.89	-	445.13	384.62
Motor Cars, Lorries, Tractors and Launches	154.19	2.57	2.50	154.26	106.95	-	8.35	-	-	2.38	112.92	-	41.34	47.24
2008-09	**21,933.75**	**916.55**	**24.33**	**22,825.97**	**10,079.07**	**414.35**	**459.90**	**-**	**-**	**22.34**	**10,516.63**	**414.35**	**11,894.99**	**11,440.33**
2007-08	**20,887.98**	**1,071.10**	**25.33**	**21,933.75**	**9,710.80**	**414.35**	**385.13**	**-**	**-**	**16.86**	10,079.07	414.35		
Capital Work-in-Progress [including Capital Advances : Rs. 8.54 Lacs(2007-08 : Rs. NIL)]													843.86	672.41
													12,738.85	**12,112.74**

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		31.03.2009		31.03.2008
SCHEDULE 5 - INVESTMENTS				
LONG TERM INVESTMENTS (UNQUOTED)				
(I) Government Securities (trade)				
National Savings Certificates (pledged with various Mandi Samitis)		**0.01**		**0.01**
(ii) Investments in wholly owned subsidiary companies				
Pavan Poplar Limited 5,510,004 (2007-08: 5,510,004) Equity shares of Rs 10 each, fully paid (including 6 Equity Shares held by nominees)	**599.06**		**599.06**	
Prag Agro Farm Limited 3,800,020 (2007-08: 3,800,020) Equity shares of Rs 10 each, fully paid (including 6 Equity Shares held by nominees)	**381.90**		**381.90**	
		980.96		**980.96**
		980.97		**980.97**
Less : Provision for Diminution		**381.90**		**381.90**
		599.07		**599.07**
(iii) Other Investments (Non-trade)				
Woodlands Hospital & Medical Research Centre Limited (Formerly known as The East India Clinic Limited) 22, (2007-08 : 22) 1/2% Debentures of Rs.100 each fully paid	**0.02**		**0.02**	
Mirage Advertising and Marketing Limited 12,488 (2007-08 : 12,488) Equity Shares of Rs.10 each fully paid	**1.25**		**1.25**	
Bilaspur Cane Development Corporation Limited 100 (2007-08: 100) Equity Shares of Rs.10 each	**0.01**		**0.01**	
		1.28		**1.28**
Less : Provision for Diminution		**1.25**		**1.25**
		0.03		**0.03**
		599.10		**599.10**
Aggregate of Unquoted Investments - At Book Value		**599.10**		**599.10**

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		31.03.2009		31.03.2008
SCHEDULE 6 - DEFERRED TAX ASSETS (NET)				
Deferred Tax Liability - Difference between book depreciation and depreciation under the Income Tax Act, 1961		**620.37**		**419.58**
Less : Deferred Tax Assets				
- On Unabsorbed depreciation as per Income Tax Act, 1961*	486.66			
- On Business Loss as per Income Tax Act, 1961*	133.71	**620.37**		**419.58**
		-		**-**

*Deferred tax asset which is on account of unabsorbed depreciation/carry forward losses has been recognised only to the extent of the deferred tax liabilities as this amount is considered to be virtually certain of realisation.

		31.03.2009		31.03.2008
SCHEDULE 7 - INVENTORIES (See Note 3 of Schedule 18)				
Stores and Spares		**763.51**		**520.37**
Raw Materials*		**1,698.00**		**2,189.85**
Semi-finished goods*		**500.15**		**399.97**
Finished Goods*		**1,857.12**		**1,065.95**
Trading goods		**48.42**		**58.77**
* Net of obsolecence		**4,867.20**		**4,234.91**

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		31.03.2009		31.03.2008
SCHEDULE 8 - SUNDRY DEBTORS				
(Secured to the extent of deposits received from customers)				
Considered Good (including debtors over six months old Rs. 26.76 lacs (2007-08: Rs. 38.69 lacs))				
- Due from ultimate holding company	75.54		175.68	
- Due from others	195.00		331.62	
		270.54		507.30
Considered Doubtful (over six months old)	471.43		471.43	
Less : Provision For Doubtful Debts	471.43	(0.00)	471.43	-
		270.54		507.30

		31.03.2009		31.03.2008
SCHEDULE 9 - CASH AND BANK BALANCES				
Cash in Hand		9.31		15.60
Balances with Scheduled Banks in:				
Current Accounts	44.62		100.52	
(includes Rs 0.25 lacs (2007-08: Rs 0.25 lacs) lying in 'Restricted' Bank Account)				
Deposit Accounts	2.09		2.18	
Unclaimed balances due to unit holders of Poplar Unit Scheme	-		24.82	
		46.71		127.52
		56.02		143.12

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		31.03.2009		31.03.2008
SCHEDULE 10 - LOANS AND ADVANCES				
(Unsecured, considered good - Unless otherwise stated)				
Loans to Subsidiary Companies (See Note 4 of Schedule 18)		682.81		734.95
Sundry Advances and Claims Receivables (See Note 8 of Schedule 18)				
- Considered Good	517.08		856.17	
- Considered Doubtful	127.91		26.83	
	644.99		883.00	
Less: Provision for Doubtful Advances	127.91		26.83	
		517.08		856.17
Prepaid Expenses		21.24		67.06
Balance with Customs, Port Trust, Excise Authorities,etc		355.90		181.22
(Includes Rs 91.16 lacs (2007-08 : Rs 0.24 lacs) receivable against Cenvat Credit)				
Deposits				
- Considered Good	581.09		597.95	
- Considered Doubtful	11.10		11.13	
	592.19		609.08	
Less : Provision for Doubtful Deposits	11.10		11.13	
		581.09		597.95
Advance Tax and Tax Deducted at Source (Net of Provision for Taxation Rs. 414.56 lacs (2007-08: Rs. 399.56 lacs))		549.12		451.16
Fringe Benefits Tax (Net of Provision Rs. 49.80 lacs (2007-08: Rs. 29.80 lacs))		3.77		-
		2,711.01		2,888.51

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		31.03.2009		31.03.2008
SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Advances Received from Customers	115.86		123.65	
Sundry Creditors (See Note 6 of Schedule 18)	6,715.88		5,078.53	
(Due to ultimate holding company Rs 4,305.93 lacs, (2007-08 : Rs 2,611.58 lacs))				
Temporary Book Overdraft	-		38.67	
Dealers' Deposits	146.72		138.46	
Due to Subsidiaries	82.87		82.87	
Interest Accrued but not Due	8.67		9.86	
Unclaimed Balance of Unitholders *	-		24.82	
* Net balance due has been deposited in Investor Education and Protection Fund				
		7,070.00		5,496.86
Provisions				
Leave Encashment	94.21		103.10	
Diminution in value of machinery	7.94		7.94	
Gratuity	-		63.04	
Fringe Benefits Tax (net of advance tax Rs. 33.56 lacs (2007:08: Rs. 27.12 Lacs))	-		2.68	
		102.15		176.76
		7,172.15		5,673.62

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		2008-09		2007-08
SCHEDULE 12- SALES AND SERVICES				
Sales (Net of sales tax)	20,000.61		22,071.82	
Less: Excise Duty	1,883.62		2,290.74	
		18,116.99		19,781.08
Technical Fees, Service Charges etc.(tax deducted at source Rs 1.13 Lacs (2007-08: Rs 9.28 Lacs))		17.14		61.45
		18,134.13		19,842.53
SCHEDULE 13 - OTHER INCOME				
Provisions/Liabilities Written Back As No Longer Required (Net)		160.51		91.91
Insurance Claims		65.57		-
Sales Tax/Octroi Duty Refund		-		4.00
Income from Sale of Energy		34.36		27.41
Gain on Sale of Assets (Net)		8.42		11.38
Other Receipts (includes sale of scrap and materials Rs 203.43 lacs (2007-08 : Rs 87.13 lacs) and Lease/Rental Income and one time fee Rs 150 Lacs (2007-08 :Rs 445.00 Lacs) (tax deducted at source Rs 52.97 lacs (2007-08 : Rs 75.02 lacs))		428.95		556.21
		697.81		690.91
SCHEDULE 14 - (INCREASE)/DECREASE IN STOCKS				
Plantation work in progress :				
Opening Stock	224.14		468.92	
Closing Stock	233.44		224.14	
		(9.30)		244.78
Semi-finished Goods:				
Opening Stock	399.97		127.37	
Closing Stock	500.15		399.97	
		(100.18)		(272.60)
Finished and Trading Goods / Agriculture Produce:				
Opening Stock	1,124.72		521.33	
Closing Stock	1,905.54		1,124.72	
		(780.82)		(603.39)
		(890.30)		(631.21)

WIMCO LIMITED
Schedules to the Accounts

(Rs in Lacs)

		2008-09		2007-08
SCHEDULE 15 - EMPLOYEE COSTS				
Salaries, Wages and Bonus		2,452.06		2,549.79
Contribution to Provident and Other Funds		371.16		489.43
Staff and Workers' Welfare Expenses		263.74		214.29
		3,086.96		3,253.51
SCHEDULE 16 - OTHER COSTS				
Stores and Spares Consumed (Including provision made for obsolete spares)		513.19		523.50
Power and Fuel		724.68		988.77
Rent (See Note 14 of Schedule 18)		215.67		382.69
Rates and Taxes		28.15		28.60
Repairs and Maintenance:				
Machinery		96.07		123.49
Buildings		57.18		83.49
Others		85.41		74.77
Insurance		49.78		94.18
Directors' Sitting Fees		0.70		0.85
Freight and Transport		409.65		552.46
CFA's / Stockists Costs		49.99		57.72
Provision /Write off of Doubtful / Bad Debts,Advances and Deposits (Net)		1.84		16.08
Travelling and Conveyance		189.66		195.20
Export Commission		0.60		2.85
Advertisement		45.88		66.08
Sales Promotion		51.35		25.97
Donations		0.29		0.41
Exchange Loss (Net)		5.09		4.78
Plantation, Cultivation and Harvesting Charges		106.72		89.30
Measurement and Extraction charges		4.00		24.93
Commission to brokers		0.27		1.72
Other Expenses		1,082.12		956.71
		3,718.29		4,294.55
SCHEDULE 17 - INTEREST				
Cash Credit (Including Working Capital Demand Loan)	0.50		0.20	
Others	0.38		17.01	
		0.88		17.21
Less: Interest Income		0.85		3.75
		0.03		13.46

SCHEDULE 18 - NOTES TO THE ACCOUNTS

1. Commitments:

(a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs.91.18 lacs (2007-08: Rs.71.19 lacs).

(b) The Company has issued letter of financial support to one of its subsidiary companies, viz., Prag Agro Farm Limited.

2. Contingencies:

(a) Claims against the Company not acknowledged as debts Rs.2,239.39 lacs (2007-08: Rs.2,178.50 lacs). These comprise:

- Excise Duty, Sales Tax and Indirect Taxes claims disputed by the Company relating to issues of applicability and classification, etc. aggregating Rs.453.79 lacs (2007-08: Rs.480.34 lacs)

- Local authority taxes/Cess/Royalty on property, utilities, etc claims disputed by the Company relating to issues of applicability and determination aggregating Rs.286.73 lacs (2007-08: Rs. 275.30 lacs)

- Third party claims arising from disputes relating to contracts aggregating to Rs.405.98 lacs (2007-08: Rs.420.71 lacs)

- Other matters Rs.1,092.89 lacs (2007-08: Rs.1,002.15 lacs) [includes Income Tax Rs.1,014.24 lacs (2007-08: Rs.921.97 lacs)]

(b) Test bonds / special valuation bonds aggregating Rs.241 lacs (2007-08: Rs.241 lacs) equivalent to CIF value of imports of certain raw materials in respect of which additional liability of customs duty is not likely to exceed the above amount.

(c) Claims have been filed by farmers in respect of disputes under the WIMCO NABARD Poplar Scheme amounting to Rs.24.10 lacs (2007-08: Rs.24.10 lacs).

(d) The Company had issued 'Legal Agreement – Undertaking' in favour of the President of India acting through the Director General of Foreign Trade, Ministry of Commerce, aggregating Rs.1,362.62 lacs (2007-08: Rs.1,805.53 lacs) and given declarations under the amended procedures of the Export Import Policy 1992–1997 and issued bonds to the President of India acting through the Assistant Commissioner of Customs, Mumbai, aggregating Rs.235.35 lacs (2007-08: Rs.235.35 lacs), where necessary formalities and entries have not been completed.

(e) Arrears of dividend on redeemable cumulative preference shares aggregate Rs.20.34 lacs (2007-08: Rs.186.29 lacs) excluding dividend tax.

3. The Company had suspended operations in its unit at Dhubri, Assam, from April 1997. Based on internal re-assessment as supported by a technical evaluation carried out during the year, fixed assets (excluding land) aggregating Rs.43.67 lacs (2007-08: Rs.43.67 lacs) and inventories of stores and spares aggregating Rs.34.91 lacs (2007-08: Rs.34.91 lacs) at Dhubri, are considered to be in good condition and usable.

4. "Loans and Advances" include the following amounts due from wholly owned subsidiary companies:

Interest free loans where no repayment schedule has been specified represents amounts advanced from time to time in previous years and current year to provide financial support to the subsidiary companies:

a) Pavan Poplar Limited Rs.Nil lacs (2007-08: Rs.1.58 lacs)
(maximum amount due at any time during the year Rs.8.31 lacs (2007-08: Rs.157.30 lacs))

b) Prag Agro Farm Limited Rs.682.81 lacs (2007-08: Rs.733.37 lacs)
(maximum amount due at any time during the year Rs.733.37 lacs (2007-08: Rs.733.37 lacs))

5. The order passed by the District Magistrate authorising the State authorities to take possession of the land leased to Pavan Poplar Limited and Prag Agro Farm Limited, subsidiaries of the

Company, has been stayed by the order of the High Court. In the circumstances, no provision has been made for advances to subsidiaries.

6. **Micro, Small and Medium scale business entities:**

There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31 March 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

7. **Remuneration to Auditors**

	2008-09 (Rs.in lacs)	2007-08 (Rs.in lacs)
Audit Fees	16.75	16.75
Out-of -Pocket expenses	0.80	0.94

8. Sundry advances and claims recoverable – others' include an amount of Rs.5.99 lacs (2007-08: Rs.5.99 lacs) recoverable from a former Managing Director on account of excess remuneration charged to the respective years' accounts from 1980 to 1988-89. The Company has filed a recovery suit in the Bombay High Court. This amount has been provided for in 2000-01.

9. **(a) Annual Licensed Capacity**

	Unit	**2008-09**	2007-08
Matches	Million boxes	**5,000**	5,000

(b) Annual Installed Capacity (As certified by the Management)

	Unit	**2008-09**	2007-08
Matches (on 3 shift basis, 300 working days)	Million boxes	**5,000**	5,000

(c) Opening Stock *

	Unit	**01.04.2008 Quantity**	**01.04.2008 Amount (Rs. in lacs)**	01.04.2007 Quantity	01.04.2007 Amount (Rs. in lacs)
Own Production					
Matches	Million boxes	**264**	**1,060.83**	115	500.61
Machines	Numbers	**3**	**5.12**	3	-
Forestry					
Wood (from own trees) #			**-**		2.25
Trading					
Matches	Million boxes	**22**	**58.77**	**6**	18.47
Homelites Mosquito Coils	Thousand Nos.	325	-	325	
Shampoos	Thousand Litres	45	-	45	-
Talc	Kgs.	1,403	-	1,403	-
Cough Syrups	Thousand Litres	1	-	1	-
Cough Drops	Kgs.	7,997	-	7,997	-
Himalaya Throat Drops	Thousand Nos.	1,858	-	1,858	-
Lighters	Thousand Nos.	2		2	
Total			**1,124.72**		521.33
Plantation work in progress					
Agricultural produce/ plants #			**6.46**		5.59
Poplar ETPs #			**84.32**		61.36
Poplar and Kadam trees	Numbers	**1,06,454**	**133.36**	1,35,619	401.97
Total			**224.14**		468.92

(d) Actual Production

	Unit	2008-2009	2007-2008
Matches	Million Boxes	**3,615**	4,981
Machines	Numbers	**54**	45

(e) Cost Of Trading Products Purchased

		2008-2009		2007-2008	
	Unit	**Quantity**	**Amount (Rs.in lacs)**	Quantity	Amount (Rs.in lacs)
Matches	Million boxes	**140**	**465.09**	120	296.22
Machines	Nos.	**1**	**4.63**	3	22.91
Total			**469.72**		319.13

(f) Cost Of Purchases – Forestry

		2008-2009		2007-2008	
	Unit	**Quantity**	**Amount (Rs.in lacs)**	Quantity	Amount (Rs.in lacs)
Seeds/ Others	N.A.	**N.A.**	**9.20**	N.A.	3.19
Wood (Traded)			**0.40**		-
Total			**9.60**		3.19

(g) Details Of Sales

		2008-2009		2007-2008	
	Unit	**Quantity ***	**Amount (Rs. In lacs)**	Quantity *	Amount (Rs. in lacs)
Own Production Manufacturing					
Matches	Million boxes	**3,555**	**17,592.19**	4,832	19,647.28
Machines	Numbers	**51**	**1,121.36**	45	1,070.97
Forestry					
Agricultural produce/plants # $		**-**	**24.14**	-	27.15
Poplar and Kadam wood (from own trees) # $		**-**	**54.24**	-	416.43
Wood (Traded)			**0.55**	-	-
Poplar ETP's	Numbers	**32,01,567**	**632.01**	25, 65,131	492.42
Trading					
Matches	Million boxes	**154**	**569.92**	104	391.28
Machines	Numbers	**1**	**6.20**	3	26.29
			20,000.61		22,071.82

(h) Closing Stock *

	Unit	31.03.2009 Quantity	31.03.2009 Amount (Rs. in lacs)	31.03.2008 Quantity	31.03.2008 Amount (Rs. in lacs)
Own Production					
Matches	Million boxes	**324**	**1,805.66**	264	1,060.83
Machines	Numbers	**6**	**51.46**	3	5.12
Trading					
Matches	Million boxes	**8**	**48.42**	22	58.77
Homelites Mosquito Coils	Thousand Nos	325	-	325	
Shampoos	Thousand Litres	45	-	45	-
Talc	Kgs.	1,403	-	1,403	-
Cough Syrups	Thousand Litres	1	-	1	-
Cough Drops	Kgs.	7,997	-	7,997	-
Himalaya Throat Drops	Thousand Nos	1,858	-	1,858	-
Lighters	Thousand Nos	2	-	2	-
Total			**1,905.54**		1,124.72
Forestry					
Plantation work in progress					
Agricultural produce/plants #			**9.38**		6.46
Poplar ETP's #			**96.60**		84.32
Poplar and Kadam Trees	Numbers	**98,185**	**127.46**	1,06,454	133.36
Total			**233.44**		224.14

* Includes adjustments for shortage/excess and the effects of reduction of stock items to realisable value.
\# Due to the typical nature of the product, it is not possible to state quantities.
$ Includes free issues and damages and is net of sales returns

10. Details of Raw Materials and Components consumed*

	Unit	2008-2009 Quantity	2008-2009 Amount (Rs. in lacs)	2007-2008 Quantity	2007-2008 Amount (Rs. in lacs)
Wood	CMHub	**28,387**	**1,981.60**	29,366	1,930.32
Splints and Veneers	Million	**1,29,299**	**1,910.77**	1,34,247	1,937.33
Cardboard and Paper	Tonnes	**12,920**	**3,415.49**	19,587	4,062.34
Chemicals	Tonnes	**6,422**	**2,816.13**	6,587	2,227.65
Others			**1,706.40**		2,008.82
			11,830.39		12,166.46
		%		%	
Imported		**1**	**138.61**	1	101.00
Indigenous		**99**	**11,691.78**	99	12,065.46
			11,830.39		12,166.46

* includes shortages / excesses/ damages due to flood

11.

	2008-09 (Rs. in lacs)	2007-08 (Rs. in lacs)
(a) Value of Imports calculated on C.I.F. basis		
Raw Material	**170.33**	165.16
Capital Goods	**577.71**	31.50
(b) Expenditure in Foreign currency		
Travelling	**1.51**	1.19
(c) Earnings in Foreign Exchange		
Exports of Goods calculated on FOB basis	**230.25**	449.01

12. Unhedged foreign currency exposures not covered by forward contracts:

	31.03.2009		31.03.2008	
	Amount (In lacs)	**Amount (In lacs)**	Amount (In lacs)	Amount (In lacs)
Sundry Debtors	**USD 0.14**	**Rs. 7.10**	USD 1.54	Rs. 61.69
Sundry Creditors	**SEK 7.32**	**Rs. 43.92**	-	-

13. Earnings Per Share

	2008-09	2007-08
Profit after taxation (Rs. in lacs)	**112.35**	633.64
Arrears of preference dividend and including preference dividend tax (Rs. in lacs)	23.80	199.83
Profit attributable to equity shareholders (Rs.in lacs)	**88.55**	433.81
Weighted Average Number of equity shares	9,42,30,000	9,42,30,000
Earnings per share (Rs.) – Basic and Diluted	**0.09**	0.46
Nominal value of an equity share (Rs.)	1.00	1.00

14. Leases: Where the Company is a lessee/ licensee

The Company has taken various residential, office and godown premises under operating lease on leave and license agreements. These are not non-cancellable and range between 11 months and 3 years under leave and license or longer for other leases.

15. Research and development expenses incurred during the year as ascertained by the management, amounting to Rs.20.97 lacs (2007-08: Rs.12.23 lacs) have been charged to appropriate heads of expenses.

16. EMPLOYEE DEFINED BENEFITS:
In accordance with Accounting Standard 15, the undiscounted amount of short-term compensated absences in the nature of Unavailed leave expected to be paid in exchange of services rendered amounting to Rs. 24.15 lacs (2007-08 – Rs.26.02 lacs) has been recognised in the profit and loss account for the year.

Rs. in Lacs

		Defined Benefit Plans			
		Gratuity (Funded)		**Leave Encashment (Unfunded)**	
		2008-09	2007-08	2008-09	2007-08
	Change in obligation during the year ended 31st March 2009				
1	Obligation at the beginning of the year	**899.42**	829.89	**103.11**	101.88
2	Service Cost	**52.47**	29.32	**49.48**	7.16
3	Interest Cost	**67.45**	56.92	**7.73**	6.70
4	Actuarial (Gains) / Losses	**28.32**	125.02	**(0.8)**	12.51
5	Benefits' payments	**(95.77)**	(141.73)	**65.31**	(25.15)
6	Obligations at the end of the year	**951.89**	899.42	**94.21**	103.10
	Change in plan assets				
1	Plan assets at the beginning of the year	**836.38**	896.21	**-**	-
2	Expected return on plan assets	**84.57**	69.30	**NA**	-
3	Contribution by employers	**130.89**	4.36	**-**	25.15
4	Actual benefits paid	**(95.77)**	(141.74)	**-**	(25.15)
5	Actuarial Gains / (Losses)	**NIL**	8.25	**NA**	-
6	Plan assets at the end of the year	**956.07**	836.38	**-**	-
	Reconciliation of present value of the obligation and the fair value of the plan assets				
1	Fair value of plan asset at the end of the year	**956.07**	836.38	**-**	-
2	Present value of the defined benefit obligations at the end of the period	**951.89**	899.42	**94.21**	103.10
3	Asset /(Liability) recognised in the balance sheet	**4.18**	(63.04)	**(94.21)**	(103.10)

	Cost for the period				
1	Service Cost	**52.47**	29.32	**49.48**	7.16
2	Interest Cost	**67.45**	56.92	**7.73**	6.70
3	Return on Plan Assets	**(84.57)**	(69.30)	**N A**	-
4	Actuarial (Gains) / Losses	**28.32**	116.77	**(0.8)**	12.50
5	Past Service Cost	**-**	(66.32)	**-**	-
	Net cost	**63.67**	67.39	**56.41**	26.37
	Investment details of plan assets				
	The Gratuity Scheme is invested in a Group-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India				
	Actual return on plan assets	**84.57**	77.55	**N A**	-
	Actuarial Assumptions:				
1	Discount Rate	**7.00 %**	7.50 %	**7.00 %**	7.50 %
2	Salary escalation	**3.50 %**	3.50 %	**3.50 %**	3.50 %
3	Expected return on plan assets	**9.00 %**	8.00 %	**N A**	NA

A. Amounts recognised as an expense and included in Schedule 17 - "Salaries, Wages and Bonus" Rs. 56.41 lacs (2007-08: Rs.26.37 lacs) for leave encashment and in "Contribution to Provident and Other Funds" Rs. 63.67 lacs (2007-08: Rs.67.39 lacs) for gratuity.

B. Basis used to determine expected rate of return on assets:

The Gratuity Scheme is invested in a Group-cum-Life Assurance cash accumulation policy offered by Life Insurance Corporation (LIC) of India. The invested return earned on the policy comprises bonuses declared by LIC having regard to LIC's investment earnings. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government bonds.

C. 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.

17. Provident fund liability

In terms of the guidance on implementing the revised AS 15, the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. As advised by an independent actuary, it is not practicable/feasible to actuarially value the provident fund liability.

18. Prior year comparatives

The previous year figures have been regrouped or rearranged as necessary to conform to the current year’s presentation.

SCHEDULE 19 – NOTES TO SEGMENT INFORMATION

(i) The business segment has been considered as the primary segment. The Company is organised into three main business segments: Match, Engineering and Forestry.

The segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organisation structure and the internal financial reporting systems.

(ii) Segment revenue in each of the above business segments primarily includes sales and services in the respective segments.

(iii) The Segment revenues in the geographical segments considered for disclosure are as follows:
Revenue within India includes sales to customers located within India and earnings in India.

a) Revenue outside India includes sales to customers located outside India and earnings outside India.

The Company has disclosed Geographical Segment as the secondary segment. Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments for some units. The Company therefore believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities (including capital expenditure incurred during the period) other than debtors, since a meaningful segregation of the available data are onerous.

(iv) Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the above segments and amounts allocated on a reasonable basis.

WIMCO LIMITED

SCHEDULE 19 - SEGMENT INFORMATION

Segment information for the year ended March 31, 2009

(I) Information about Primary Business Segments: Rs in lacs

	Match		Engineering		Forestry		Unallocated		Total	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
Revenue										
External	**18,162.11**	20,169.15	**1,144.70**	1,318.10	**710.94**	646.02			**20,017.75**	22,133.27
Inter-Segment	**-**	-	**-**	-	**25.71**	-	**-**	-	**25.71**	-
Total Revenue	**18,162.11**	20,169.15	**1,144.70**	1,318.10	**736.65**	646.02	**-**	-	**20,043.46**	22,133.27
Less: Eliminations on account of Inter Segment Revenue	**-**	-		-	**(25.71)**	-	**-**	-	**(25.71)**	-
Total Revenue	**18,162.11**	20,169.15	**1,144.70**	1,318.10	**710.94**	646.02	**-**	-	**20,017.75**	22,133.27
Result										
Segment Result	**(60.53)**	523.67	**286.35**	308.33	**349.56**	329.71		-	**575.38**	1,161.71
Unallocated expenditure net of unallocated income	**-**	-	**-**	-	**-**	-	**(428.00)**	(414.98)	**(428.00)**	(414.98)
Operating Profit	**(60.53)**	523.67	**286.35**	308.33	**349.56**	329.71	**(428.00)**	(414.98)	**147.38**	746.73
Interest Expenses	**-**	-	**-**	-	**-**	-	**(0.88)**	(17.21)	**(0.88)**	(17.21)
Interest Income	**-**	-	**-**	-	**-**	-	**0.85**	3.74	**0.85**	3.74
Provision for taxation (Including Wealth Tax & Fringe Benefit Tax)	**-**	-	**-**	-	**-**	-	**(35.00)**	(99.62)	**(35.00)**	(99.62)
Profit / (Loss) from ordinary activities	**(60.53)**	523.67	**286.35**	308.33	**349.56**	329.71	**(463.03)**	(528.07)	**112.35**	633.64
Exceptional Items	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Net Profit / (Loss)	**(60.53)**	523.67	**286.35**	308.33	**349.56**	329.71	**(463.03)**	(528.07)	**112.35**	633.64
Other Information										
Segment assets	**17,614.03**	17,391.44	**534.09**	575.48	**2,205.82**	2,016.68	**1,122.22**	726.21	**21,476.16**	20,709.82
Segment liabilities	**5,763.08**	3,599.80	**173.29**	270.74	**436.86**	1,439.71	**1,358.59**	743.51	**7,731.82**	6,053.76
Capital Expenditure	**1,055.56**	816.14	**18.96**	3.20	**10.78**	1.14	**2.70**	197.81	**1,088.00**	1,018.29
Depreciation	**315.16**	293.52	**7.54**	3.50	**3.47**	4.66	**133.72**	83.44	**459.89**	385.12
Non-cash expenses other than depreciation:										
Provision for doubtful debts, advances & deposits	**-**	16.08	**-**	-	**-**	-	**-**	-	**-**	16.08

(II) Information about Secondary Business Segments	India		Outside India		Total	
Revenue by Geographical Segments	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
Sales	**19,780.83**	22,059.32	**236.92**	73.95	**20,017.75**	22,133.27
Carrying Amount of Segment Assets	**-**	-	**7.10**	61.91	**7.10**	61.91
Capital Expenditure	**1,088.00**	1,018.29	**-**	-	**1,088.00**	1,018.29

Unallocated income and expenditure relate mainly to the Corporate Office as also the Unallocated assets and Liabilities which include investments made centrally at the Corporate Office

SCHEDULE 20 - RELATED PARTY DISCLOSURES

1. **Parties exercising control over the Company:**

Related Party	Relationship
ITC Limited	Ultimate holding company
Russell Credit Limited	Holds 96.82 % of the equity share capital

2. **Parties over whom Company exercises control:**

Subsidiary Companies
Pavan Poplar Limited (PPL)
Prag Agro Farm Limited (PAFL)

3. **Other related Parties with whom the Company had transactions**

Fellow subsidiaries
ITC Infotech India Limited

4. **Directors of the Company:**

Whole Time Director : Rajeev Gopal

No remuneration is paid to the whole time director in accordance with the terms of his appointment.

SCHEDULE 20 - RELATED PARTY DISCLOSURES (Contd.)

Notes Annexed To The Balance Sheet And Profit and Loss Account

Transaction with related parties

Rs in Lacs

	ULTIMATE HOLDING COMPANY		HOLDING COMPANY		SUBSIDIARY COMPANIES				Fellow Subsidairies				TOTAL	
	ITC Ltd.		RUSSELCREDIT		PPL		PAFL		ITC Infotech India Ltd.		SMCPL			
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Sale of goods and services	17,722.07	19,154.91	-	-	4.62	2.68	9.97	2.59	-	-			17,736.66	19,160.18
Purchase of raw materials and components	3,053.33	3,643.17	-	-	-	-	300.73	148.74	-	-	-	-	3,354.06	3,791.91
Purchase of Services	0.50	1.83	-	-	-	-	-	-	74.09	122.26			74.59	124.09
Expenses Reimbursed	169.10	162.26	-	-	2.15	-	41.44	-	2.71	10.48	-	-	215.40	172.74
Expenses Recovered	-	7.06	-	-	6.54	-	24.75	-	-	-	-	-	31.29	7.06
Rent Received	201.48	445.00	-	-	-	-	-	-	-	-			201.48	445.00
Loans and Advances given during the year	-	-	-	-	13.00	5.08	263.00	213.32	-	-			276.00	218.40
Receipt towards Repayment of loans and advances given	-	275.00	-	-	6.94	160.80	39.50	181.36	-				46.44	617.16
Outstanding Loans and Advances (Dr)	-	-	-	-	-	1.58	682.81	733.37	-	-	-	-	682.81	734.95
Loans and Advances taken during the year	1,859.46	592.50	-	-	-	12.99	-	-	-	-			1,859.46	605.49
Repayment of loans and advances by the Company	170.00	275.00	-	-	-	174.98	-	-	-				170.00	449.98
Unsecured Loans (Cr)	-	-	-	-	314.62	322.84	-	-	-	-	-	-	314.62	322.84
Write Back of Provision for Loans and Advances	-		-		-	136.20	-	-	-	-			-	136.20
Outstanding Receivables	75.54	175.68	-	-	-	-	-	-	-	-			75.54	175.68
Outstanding Payables	535.34	530.45	-	-	82.87	82.87	-	-	-	41.94	-	-	618.21	655.26
Advance Payable	3,770.59	2,081.13	-	-	-	-	-	-	-	-	-	-	3,770.59	2,081.13
Divident Paid	-	-	447.95	-	-	-	-	-	-	-			447.95	-
Issue of Equity Shares	-	-	-	422.30	-	-	-	-	-	-			-	422.30
Redemption of Preference Shares	-	-	500.00	5,200.00	-	-	-	-	-	-	-	-	500.00	5,200.00
Issue of Preference Shares	-	-	-	6,000.00	-	-	-	-	-	-	-	-	-	6,000.00

SCHEDULE 21 - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting (except for fixed assets revalued in earlier years) and in accordance with the provisions of the Companies Act, 1956 and the accounting principles generally accepted in India and comply with the accounting standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Fixed Assets / Depreciation/ Impairment

(i) Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss except in case of certain Freehold Land which is shown at revalued amount and certain Buildings, which are shown at revalued amounts less accumulated depreciation.

Depreciation is computed on a straight-line basis at the following annual rates:

Nature of Assets	Rates %
Building	1.63 to 3.34
Plant, machinery and factory equipment	4.75 to 10.34
Furniture and fittings/office equipment	6.33
Computers	31.67
Motor cars, lorries, tractors and launches	7.07 to 11.31

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

(ii) Leasehold Land is carried at cost less accumulated amortisation and impairment loss, if any. Accordingly, expenditure incurred on leasehold land is amortised on a straight-line basis over the remaining period of the lease.

(iii) Assets identified as held for disposal are stated at lower of their book value and estimated net realisable value.

(iv) Application software, which is not an integral part of the related hardware, is shown as intangible asset and amortised on a straight line basis over its useful life, not exceeding 5 years, as determined by the management.

(v) In accordance with AS 28, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated at the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the Profit and Loss Account.

4. Valuation of Investments

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Current investments are carried at lower of cost and market value.

5. Valuation of Inventories and Plantation Work in Progress

Inventories are valued at the lower of cost and net realisable value.

Inventories of Raw Materials, Stores and Spares are valued on a weighted average cost basis.

Finished and semi finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Semi finished goods are valued based on stage of completion as certified by management.

Entire Transplants included in semi-finished goods are valued at cost. Cost represents direct expenses including cost of Entire Transplants purchased specifically for multiplication and other direct costs.

Plantation Work in Progress:

(ii) In valuing poplar trees included under semi finished products, no adjustment is made to the total cost of trees on account of undeveloped / diseased trees being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from the total cost. Every year, plantation cost already incurred is compared with net realizable value which is determined on the basis of estimated selling price less estimated cost likely to be incurred in future for bringing the plantation to maturity and the cost necessarily to be incurred in order to make sale. Net Realisable Value is arrived at based on standard average yield of matchwood per tree and the prevailing market price for matchwood of similar quality/contracted price. The yield is computed based on an evaluation carried out by the Company's technical expert.

Cost includes all direct and indirect expenses in respect of the poplar plantation.

Further, 75% of net realizable value of intercropping, waste, etc is reduced from the above cost because entire farm cost is first added to cost of plantation.

(iii) Agricultural produce/standing crops and plants are valued at 75% of their net realizable value.

(iv) Fuel wood arising from poplar trees and lying in stock is valued at 75% of their net realizable value.

(v) Livestock is valued at 75 % of their net realizable value.

(vi) The Company has considered an average yield of 0.22 cmh per tree based on the evaluation carried out by the Company's technical expert and further certified by an external technical expert.

6. Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the profit and loss account.

7. Revenue Recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted for inclusive of excise duty but net of sales tax and discounts. Service Income is accrued, based on respective contractual terms. Consultancy income is recognized on rendering service in accordance with related contracts with the customers.

Revenue from interest is accrued taking into account the amount outstanding, period and the rate applicable.

Lease/Rental Income is recognised on a straight-line basis over the period of the related agreement.

8. Taxes on Income

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), fringe benefits tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

9. Employee benefits:

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

Post-employment benefits

The contributions made to Company managed provident fund are charged to profit and loss account as incurred. The interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Company's approved Superannuation Pension Scheme applicable to certain employees is a defined contribution plan funded with the Life Insurance Corporation of India (LIC). The annual contributions made under the policy are recognised as expense in the profit and loss account during the period in which the employee renders the related service.

The Company's gratuity benefit scheme is a defined benefit plan funded through a policy taken with the LIC. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

The obligation is compared with the fund balance with LIC and where the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the fund or reductions in future contributions to the fund.

Actuarial gains and losses are recognized immediately in the profit and loss account.

Other Long-term employment benefits*:*

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

10. Borrowing Costs

Borrowing costs specifically relatable to the acquisition of qualifying fixed assets are capitalised as part of the cost of fixed assets. Other borrowing costs are charged to revenue.

11. Provisions and Contingencies

    A provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

    A contingent liability is disclosed when there is a possible or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

12. Leases

    The Company has various operating leases, principally for properties and office space, with various renewal options. Rental expense in agreements with scheduled rent increases is recorded on a straight-line basis.

13. Earnings per share (EPS)

    Basic earnings per share is computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity and equivalent dilutive equity shares outstanding during the year, except where the results would be anti-dilutive.

14. Research and development costs

    Revenue expenditure incurred on different projects is charged to appropriate expense heads in the period incurred and amounts recovered from the customer form part of the consultancy income.

Signatures to the Schedules forming part of the Balance Sheet and Profit and Loss Account and to the above notes.

For and on behalf of the Board

R. SRINIVASAN	**RAJEEV GOPAL**
Director	Managing Director

Place: Kolkata
Date: 5th May 2009

ANSHUL KUMAR JAIN
Company Secretary

ANNEXURE

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional Information pursuant to Part IV of Schedule VI to The Act

I Registration Details :

Registration No.	1 0 8 2
State Code	1 1
Balance Sheet Date	3 1 (Date) 0 3 (Month) 2 0 0 9 (Year)

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	N I L
Rights Issue	N I L
Bonus Issue	N I L
Private Placement	N I L

III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liablities	2 1 4 7 6 1 6
Total Assets	2 1 4 7 6 1 6

Sources of Funds

Paid-up Capital	6 4 4 2 3 0
Reserves and Surplus	7 3 0 2 0 5
Secured Loans	2 4 5 0 4
Unsecured Loans	3 1 4 6 2

Application of Funds

Net Fixed Assets	1 2 7 3 8 8 5
Investments	5 9 9 1 0
Deferred Tax	N I L
Net Current Assets	9 6 6 0 6
Miscellaneous Expenditure	N I L
Accumulated Losses	N I L

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

Turnover / Other Income	1 8 8 3 1 9 4
Total Expenditure	1 8 6 8 4 5 9
Profit/Loss before Tax	+ ✓ 1 4 7 3 5
Profit/Loss after Tax	+ ✓ 1 1 2 3 5

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

Earnings per Share in Rs - Basic and Diluted	+ ✓ 0 . 0 9
Dividend Rate %	N I L

(Please tick appropriate box + for Earnings, - for Loss)

V Generic names of Three Principals Products/Services of the Company: (As per monetary terms)

Item Code No.(ITC Code)	Product Description
3 6 0 5 0 0 0 1 1 0	M A T C H E S
8 4 2 2 3 0 0 0	M A C H I N E R Y
0 6 0 2 9 0 . 0 9	E N T I R E T R A N S P L A N T S

Statement Pursuant to Section 212 of the Companies Act,1956 relating to Subsidiary Companies

1. Name of the Subsidiary Company	**PAVAN POPLAR LIMITED**	**PRAG AGRO FARM LIMITED**
2. Financial year of the Subsidiary Company ended	March 31, 2009	March 31, 2009
3. Number of Shares held in Subsidiary	5510004 Euqity Shares of Rs.10 each (Including 6 Euqity Shares held by nominees of Wimco Limited)	3800020 Equity Shares of Rs. 10 each (Including 6 Euqity Shares held by nominees of Wimco Limited)
4. Total issued Share Capital of the Subsidiary Company	Euqity Shares - 5510004 shares of Rs. 10 each.	Equity Shares - 3800020 shares of Rs. 10 each.
5. Percentage of Shares held in the subscribed capital of the Subsidiary (including shares held by nominees)	Euqity Shares - 100%	Euqity Shares - 100%
6. The net aggregate amount so far as it concerns members of the Company and is not dealt with in the Company's accounts of Subsidiary		
(i) Profit/(Loss) for the financial year ended (Rs. in lacs)	March 31, 2009 Rs. 1.47	March 31, 2009 Rs. 19.32
(ii) Profits/(Losses) for the previous financial years of the Subsidiary since it became the Company's Subsidiary (Rs in lacs)	(Rs. 135.50)	Rs. (779.81)
7. The net aggregate amount so far as it concerns members of the Company and is dealt with in the Company's account of Subsidiary		
(i) Profit for the financial year ended (Rs. in lacs)	March 31, 2009 Nil	March 31, 2009 Nil
(ii) Profits for the previous financial years of the Subsidiary since it became the Company's Subsidiary (Rs. in lacs)	Nil	Nil

For and on behalf of the Board

R. SRINIVASAN
Director

RAJEEV GOPAL
Managing Director

Place : Kolkata
Date : 5th May 2009

ANSHUL KUMAR JAIN
Company Secretary

DIRECTORS' REPORT

To
The Members of Prag Agro Farm Limited

Your Directors present their report for the financial year ended on 31st March 2009.

Performance

During the year the Company has earned a net profit after tax of Rs. 19.31 Lacs as against a profit of Rs. 2.64 lakhs in the last year.

Dividend

Your Directors regret their inability to recommend any dividend for the year under review.

Directors

Mr. Samir Limaye, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-election.

Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state that-

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and no significant departures have been made from the same;

(ii) appropriate accounting policies have been applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profit for that period;

(iii) proper and sufficient care has been taken 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) the annual accounts have been prepared on a going concern basis.

Auditors

M/s BSR & Co., Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Secretarial Compliance Certificate

The certificate from a Secretary in Whole-time Practice as required under proviso to Section 383(1) is attached with this Report.

Information pursuant to Section 217 of the Companies Act, 1956

Having regard to the nature of Company's business, the Directors have nothing to report in terms of Section 217(1)(e) of the Companies Act, 1956.

There are no employees in respect of whom information as per Section 217(2A) of the Companies Act 1956 is required to be given.

There is no foreign exchange earning and outgo during the year.

For and on behalf of the Board

Place : Mumbai	S. Limaye	S. Agarwal
Date : 4th May, 2009	Director	Director

PRAG AGRO FARM LIMITED

COMPLIANCE CERTIFICATE

CIN: U01100MH1997PLC128846 Authorised Capital: Rs. 4,00,00,000/-

To,
The Members,
Prag Agro Farm Limited

We have examined the registers, records, books and papers of **Prag Agro Farm Limited** ('the Company') as required to be maintained under the Companies Act, 1956 ('the Act') and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2009**. In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, we report that in respect of the aforesaid financial year under review:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.

3. The Company, being a Public Limited Company, this comment is not required.

4. The Board of Directors duly met four times on 7th May 2008, 1st August 2008, 16th December 2008 and 20th February 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. There were no instances requiring the Company to close its Register of Members during the financial year under review.

6. The Annual General Meeting for the financial year ended on 31stMarch, 2008 was held on 28th August, 2008 giving due notice to the members of the company and resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No Extraordinary General Meeting was held during the financial year under review.

8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.

9. The Company has complied with the provisions of section 297 of the Act, during the financial year under review.

10. The Company has complied with the provisions of section 301 of the Act, during the financial year under review.

11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.

12. The Company has not issued any duplicate share certificates during the financial year under review.

13. The Company has:

(i) delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.

(ii) the Company has not declared any dividend including interim dividend during the financial year under review.

(iii) the Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.

(iv) not transferred the amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investors Education and Protection Fund as there were no such amounts outstanding during the financial year under review.

(v) complied with the provisions of section 217 of the Companies Act.

14. The Board of Directors of the Company is duly constituted.

15. The Company has not appointed any Managing Director during the financial year under review.

16. The Company has not appointed any sole selling agents during the financial year under review.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

19. The Company has issued Nil equity shares during the financial year under review.

20. The Company has not bought back any shares during the financial year under review.

21. The Company has not issued any preference shares/debenture; therefore the comment is not required.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. As per explanation provided, the Company has not invited/ accepted any deposits falling within the purview of Section 58A during the financial year under review.

24. The Company has not made any borrowings during the financial year.

25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the financial year under review.

27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under review.

28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under review.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under review.

30. The Company has not altered its Articles of Association during the financial year under review.

31. As per the information given by the Management there was no prosecution initiated against or show cause notices received by the Company and, as informed by the Management, there was no fines and penalties or any other punishment imposed on the Company during the financial year for offences under the Act.

32. As per the information given by the Management, the Company has not received any money as security from its employees during the financial year under review.

33. As per the information given by the Management, Section 418 of the Act is not applicable to the Company.

Place:	Mumbai	Signature	:
Date:	3rd May, 2009	Name of CP Holder CP Number	: Anchal R. Jain : 5168

Enclosed: *Annexure A and Annexure B*

Annexure A

Name of the Company : Prag Agro Farm Limited
Registration No. : U01100MH1997PLC128846
Authorised Capital : Rs. 4,00,00,000/-

Registers as maintained by the Company

1. Register for Applications for and Allotment of shares
2. Register of Members u/s 150
3. Register of Transfers
4. Register of Directors, etc. u/s 303
5. Register of Directors' Share and Debenture holdings u/s 307
6. Register of Charges u/s 143
7. Register of Contracts, Companies and Firms in which directors are interested u/s 301
8. Board Minutes Book,
9. AGM Minutes Book,
10. EGM Minutes Book
11. Books of Accounts u/s 209

Annexure B

Name of the Company : Prag Agro Farm Limited
Registration No. : U01100MH1997PLC128846
Authorised Capital : Rs. 4,00,00,000/-

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2009.

Sr. No.	Form No. / Return	Filed U/s	Date of Filing	Whether Filed within prescribed time (Y/N)	If delay in filing whether requisite additional fees paid (Y/N)
1.	Form 23AC/Form 23ACA	220	25.09.2008	Y	NA
2.	Form 20B	159	24.10.2008	Y	NA
3.	Form 32	303	09.03.2009	Y	NA

Place: Mumbai | Signature :

Date: 3rd May, 2009 | Name of CP Holder : Anchal R. Jain
CP Number : 5168

Auditors' Report
To the Members of
Prag Agro Farm Limited

We have audited the attached balance sheet of Prag Agro Farm Limited ('the Company'), as at 31 March 2009 and the related profit and loss account and the 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.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. 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, 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, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(v) on the basis of written representations received from the directors as on 31 March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

(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 Act 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 31 March 2009;

   b. in the case of the profit and loss account, of the profit of the Company 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.

For B S R & Co.
Chartered Accountants

Mumbai
4th May, 2009

Bhavesh Dhupelia
Partner
Membership No: 042070

Annexure to Auditors' Report
(Referred to in our report of even date)

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the members of Prag Agro Farm Limited ('the Company') on the financial statements for the year ended 31 March 2009, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company has not disposed off any substantial fixed assets during the year.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and with regard to the sale of goods. 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 weaknesses in the aforesaid internal control system.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured/services rendered by the Company.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income-tax, value added tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, custom duty and excise duty.

There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and other material statutory dues were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, which have not been deposited with the appropriate authorities on account of any dispute.

(x) *The Company has accumulated losses at the end of the financial year in excess of fifty percent of its net worth* and has not incurred cash losses in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.

(xi) The Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) As stated in paragraph (iii) above, there are no companies/firms/parties covered in the register required to be maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants

Mumbai
4th May 2009

Bhavesh Dhupelia
Partner
Membership No: 042070

Prag Agro Farm Limited
Balance Sheet as at March 31, 2009

	Schedule	31.03.2009 Rs.	31.03.2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	38,000,200	38,000,200
Loan Funds			
Unsecured Loan	2	68,281,300	73,337,148
TOTAL		106,281,500	111,337,348
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		101,953,195	101,968,195
Less : Accumulated Depreciation		25,066,961	23,916,287
: Provision for Impairment		51,001,947	51,001,947
Net Block		25,884,287	27,049,961
Investments	4	22,000	15,000
Current Assets, Loans and Advances			
Inventories	5	5,234,914	3,639,141
Sundry Debtors	6	-	21,180
Cash and Bank Balances	7	31,641	1,610,770
Loans and Advances	8	921,249	1,398,678
		6,187,804	6,669,769
Less : Current Liabilities and Provisions	9		
Current Liabilities		1,862,079	376,453
Provisions		-	1,925
		1,862,079	378,378
Net Current Assets		4,325,725	6,291,391
Profit and Loss Account		76,049,488	77,980,996
TOTAL		106,281,500	111,337,347
Notes to the accounts	11		
Related Party Disclosure	12		
Significant accounting policies	13		

The Schedules referred to above and the annexed notes form an integral part of this Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For B S R & Co.
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No. 042070

Mumbai
4th May, 2009

For and on behalf of the Board

S AGARWAL
Director

S LIMAYE
Director

Mumbai
4th May, 2009

Prag Agro Farm Limited
Profit and Loss Account for the year ended March 31, 2009

	Schedule	31.03.2009 Rs.	31.03.2008 Rs.
INCOME			
Sales and services		**37,852,849**	21,120,318
Interest income		**5,220**	6,020
Proft on sale of assets		**16,040**	-
		37,874,109	21,126,338
EXPENDITURE			
Increase in Stock		**(1,595,773)**	(2,015,426)
Purchases		**27,765,421**	15,228,646
Other Costs	**10**	**8,578,995**	6,390,905
Depreciation / Amortisation	**3**	**1,154,834**	1,155,013
TOTAL		**35,903,477**	20,759,138
Profit / (Loss) Before Taxation		**1,970,632**	367,200
Less: Provision for taxation			
Fringe Benefits Tax		**20,275**	17,038
Income Tax		**18,849**	85,414
Fringe Benefits Tax related to earliar years		**-**	23
Profit after Taxation		**1,931,508**	264,725
Profit and Loss Account Balance Brought Forward		**(77,980,996)**	(78,245,721)
Balance Carried Forward		**(76,049,488)**	(77,980,996)
Earnings Per Share - Basic and Diluted (Refer Note 4 of Schedule 11)		**0.51**	**0.07**
Notes to the accounts	**11**		
Related Party Disclosure	**12**		
Significant accounting policies	**13**		

The Schedules referred to above and the annexed notes form an integral part of this Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For B S R & Co.
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No. 042070

Mumbai
4th May, 2009

For and on behalf of the Board

S AGARWAL
Director

S LIMAYE
Director

Mumbai
4th May, 2009

PRAG AGRO FARM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Figures in Rupees)

		2008-09	2007-08
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before Taxation		**1,970,632**	367,200
Adjustments for:			
Bad Debt Written Off		**21,180**	-
Interest Income		**(5,220)**	-
Profit on Sale of Fixed Assets		**(16,040)**	-
Depreciation		**1,154,834**	**1,155,013**
Operating Profit before Working Capital Changes		**3,125,386**	**1,522,213**
Adjustments for :			
Loans and Advances	**494,223**		(1,336,744)
Inventories	**(1,595,773)**		(2,015,426)
Current Liabilities	**1,485,626**		145,907
		384,077	(3,206,263)
Direct Tax paid		**(57,844)**	(162,943)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		**3,451,619**	(1,846,993)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Fixed Assets	**26,880**		-
Interest Received	**5,220**		-
Purchase of Investment	**(7,000)**		(15,000)
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES		**25,100**	(15,000)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Loans (repaid to)/ taken from Holding Company	**(5,055,848)**		3,195,909
NET CASH FLOW (USED IN)/ FROM FINANCING ACTIVITIES		**(5,055,848)**	**3,195,909**
D. NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS : (A+B+C)		**(1,579,129)**	**1,333,916**
E. RECONCILIATION			
CASH AND CASH EQUIVALENTS - AT BEGINNING OF THE YEAR		**1,610,770**	276,854
CASH AND CASH EQUIVALENTS- AT THE END OF THE YEAR		**31,641**	1,610,770
		(1,579,129)	1,333,916

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.
2. Cash and cash equivalents represent cash and bank balances only.
3. Previous year's figures have been regrouped wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For B S R & Co.
Chartered Accountants

For and on behalf of the Board

S AGARWAL
Director

S LIMAYE
Director

BHAVESH DHUPELIA
Partner
Membership No. 042070

Mumbai
4th May 2009

Mumbai
4th May 2009

	31.03.2009 Rs.	31.03.2008 Rs.
SCHEDULE 1 - SHARE CAPITAL		
Authorised :		
4,000,000 (2007-08: 4,000,000) Equity Shares of Rs. 10 each	**40,000,000**	40,000,000
Issued, Subscribed and Paid -up :		
3,800,020 (2007-08: 3,800,020) Equity Shares of RS. 10 each fully paid	**38,000,200**	38,000,200
	38,000,200	38,000,200

Notes :

- the above includes 3,800,000 (2007-08: 3,800,000) fully paid Equity Shares of Rs. 10 each issued for consideration other than cash to Wimco Limited, the Holding Company.

- All the above Equity Shares are held by Wimco Limited, the holding Company and its Nominees.

SCHEDULE 2 - UNSECURED LOAN

	31.03.2009 Rs.	31.03.2008 Rs.
Wimco Limited (Holding Company)	**68,281,300**	73,337,148
	68,281,300	73,337,148

(Above loans are interest free, with no stipulation as to repayment terms)

Prag Agro Farm Limited
Schedules to the Balance Sheet

SCHEDULE 3 - FIXED ASSETS

Rs.

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION /IMPAIRMENT						NET BLOCK	
	As at 01.04.2008	Additions during the year	Deduction during the year	As at 31.03.2009	Up to 01.04.2008 Depreciation	Up to 01.04.2008 Impairment	Charge For the year	Deduction/ Adjustment During the Year	Up to 31.03.2009 Depreciation	Up to 31.03.2009 Impairment	As at 31.03.2009	As at 31.03.2008
Intangible Asset												
Leasehold Land	101,690,195	-	-	101,690,195	23,822,372	51,001,947	1,143,228	-	24,965,600	51,001,947	25,722,648	26,865,876
Tangible Assets												
Building	179,500	-	-	179,500	41,379	-	5,878	-	47,257	-	132,243	138,121
Plant and Machinery	60,500	-	15,000	45,500	29,405	-	1,769	4,160	27,014	-	18,486	31,095
Furniture and Fixture	1,500	-	-	1,500	1,500	-	-	-	1,500	-	-	-
Vehicle	36,500	-	-	36,500	21,631	-	3,959	-	25,590	-	10,910	14,869
Total	101,968,195	-	15,000	101,953,195	23,916,287	51,001,947	1,154,834	4,160	25,066,961	51,001,947	25,884,287	27,049,961
2007-08	101,968,195	-	-	101,968,195	22,761,274	51,001,947	1,155,013	-	23,916,287	51,001,947	27,049,961	

	31.03.2009 Rs.	31.03.2008 Rs.
SCHEDULE 4 - INVESTMENTS		
LONG TERM INVESTMENT (UNQUOTED)		
Govermnent Securities (Trade)		
National Saving Certificates	**21,000**	14,000
Kissan Vikas Patra	**1,000**	1,000
	22,000	15,000

All the above investments are pledged with various Mandi Samities

	31.03.2009 Rs.	31.03.2008 Rs.
SCHEDULE 5 - INVENTORIES		
Semi Finished Produce	**5,168,334**	2,289,223
Finished Goods / Produce	**66,580**	1,349,918
	5,234,914	3,639,141
SCHEDULE 6 - DEBTORS		
Unsecured - Considered Good		
Debts outstanding for less than six months	-	21,180
	-	21,180
SCHEDULE 7 - CASH AND BANK BALANCES		
Cash in Hand	**8,368**	44,001
Balance with a Scheduled Bank		
-In Current Account	**23,273**	1,516,769
-In Deposit Account	**-**	50,000
	31,641	1,610,770
SCHEDULE 8 - LOANS AND ADVANCES		
Advances recoverable in Cash or in Kind or for Value to be received	801,542	1,181,528
Advance tax	76,231	61,934
Advance Fringe Benefits Tax	2,496	-
Prepaid Expenses	8,637	5,735
Interest accrued on investment	1,125	623
Advance to suppliers	31,218	148,858
	921,249	1,398,678
SCHEDULE 9 - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors (Refer Note 7 of Schedule 11)	1,793,286	253,383
Advance received from customers	50,000	106,302
Other Liabilities	18,793	16,768
	1,862,079	376,453
Provisions		
Fringe Benefits Tax	-	1,925
	-	**1,925**

Prag Agro Farm Limited
Schedules to the Profit and Loss Account

	2008-09 Rs.	2007-08 Rs.
SCHEDULE 10 - OTHER COSTS		
Plantation and Cultivation	**4,550,742**	2,978,495
Deputation Charges	**1,673,018**	1,112,974
Travelling and Conveyance	**217,167**	230,222
Power and Fuel	**1,002,022**	969,852
Rent	**8,197**	8,197
Rates and Taxes	**48,327**	38,721
Freight outward	**81,333**	233,434
Legal and Professional	**519,255**	366,650
Insurance	**19,037**	9,628
Auditors' Remuneration		
-Audit Fees	**100,000**	100,000
-Out of Pocket Expenses	**-**	3,040
Repair and Maintenance		
-Building	**14,862**	34,314
-Plant and machinery	**83,590**	59,738
-Others	**94,917**	98,635
Communication	**32,337**	18,308
Printing and Stationery	**20,890**	29,701
Bank Charges	**14,301**	50,452
Tools Consumed	**4,213**	3,530
Donation	**251**	-
Bed debts written off	**21,180**	-
Other Expenses	**73,356**	45,014
	8,578,995	6,390,905

Schedule 11 - Notes to the Accounts

1. Pursuant to the amalgamation of the holding company, Wimco Seedlings Limited (WSL) with Wimco Limited, all amounts recoverable/payable by WSL to the Company stand transferred to Wimco Limited with effect from 1 April 2007. Consequent to the merger, the Company has become a wholly owned subsidiary of Wimco Limited.

2. The Company is yet to obtain possession of certain portion of leasehold land since the demarcation in the land revenue records is yet to be completed, and additionally is in dispute, for which Court proceedings are in progress.

3. The order passed by the District Magistrate authorizing the State revenue authorities to take possession of the land leased to the Company has been stayed by the Order of the High Court.

4. **Earnings per share**

The computation of earnings per share is set out below:

	2008-09	2007-08
Net (Loss) / Profit attributable to equity shareholders (A) (Rs.)	**1,931,508**	264,725
Weighted average number of equity shares outstanding during the year (B) (Rs.)	**3,800,020**	3,800,020
Earnings per share of face value Rs.10 Basic and diluted((A)/(B))	**0.51**	0.07

5. **Segment information**

The Company's activities involve, predominantly, business of growing and selling agricultural produce in India, which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and product sold primarily in India, and hence, there are no reportable geographical segments. Hence, the financial statements are reflective of the information required by Accounting Standard 17- Segment Reporting.

6. **Quantitative details:**

Particulars	Unit	**31-Mar-09**		31-Mar-08	
		Quantity	**Rs.**	Quantity	Rs.
(a) Opening stock					
Semi Finished					
- Agriculture produce*			**2,289,223**	-	1,540,915
Finished Stock					
- Agriculture produce*			**252,113**	-	82,800
- Wood	CMH	**220.619**	**1,097,805**	-	-
(b) Purchases					-
- Wood*			**26,423,559**	2572.807	14,540,987
- Seeds*			**332,728**	-	428,708
- Poplar ETPs	Nos	**48054**	**1,009,134**	-	258,951
(c) Sales					
- Wheat	Qtls	**3,502**	**4,183,952**	2,446	2,687,835
- Paddy	Qtls	**2,556**	**2,456,364**	2,446	1,825,706
- Sugarcane	Qtls	**13,065**	**1,854,912**	14,452	1,835,348
- Wood*			**28,347,466**	-	14,237,745
- Others*			**1,010,155**	2352.188	533,684
(d) Closing Stock					
Semi Finished					
- Agriculture produce*			**5,168,334**	-	2,289,223
Finished stock				-	
- Wood	CMH		**-**	220.619	1,097,805
- Agriculture produce*			**66,580**		252,113

*Due to typical nature of the product, it is not possible to state quantities.

7. There are no Micro, Small and Medium Enterprises to whom the Company owes any amounts which are outstanding for more than 45 days 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 on the basis of information available with the Company.

8. Information with regard to other matters specified in paragraphs 4-A, 4-C and 4-D of Part II of Schedule VI to the Companies Act, 1956 is either nil or not applicable to the Company for the current as well as previous financial year.

9. Previous year's figures have been re-grouped/ re-arranged wherever necessary to conform to current year's presentation.

Schedule 12 - Related Party Disclosures

1. Parties exercising control over the Company

ITC Limited - Ultimate Holding Company #
RusselCredit Limited - Holding Company of Wimco Limited#
Wimco Limited - Holding Company

no transaction during the year 2008-09.

2. Other related parties with whom the Company had transactions

Pavan Poplar Limited (PPL) – Fellow subsidiary

3. Transaction between related parties

(Amount in Rupees)

PARTICULARS	HOLDING COMPANY		Fellow subsidiary Company		TOTAL	
	Wimco Limited		PPL			
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Purchases	997,353	258,951	41,811	55,880	1,039,164	314,831
Sales	30,072,543	14,873,534	205,185	120,015	30,277,728	14,993,549
Expenses Reimbursed	4,144,491	2,387,630	4,524,606	4,819,741	8,669,097	7,207,371
Expenses Recovered	2,475,149	1,662,138	217,083	9,446	2,692,232	1,671,584
Loans taken	26,300,000	18,943,951	-	-	26,300,000	18,943,951
Loan repayment	3,950,000	16,473,534	-	-	3,950,000	16,473,534
Loans given	-	-	8,787,384	7,311,902	8,787,384	7,311,902
Receipts towards loan repayments	-	-	4,643,235	2,565,742	4,643,235	2,565,742
Outstanding unsecured loans	68,281,300	73,337,148	-	-	68,281,300	73,337,148

Schedule 13 - Significant Accounting Policies

1. Basis of Accounting

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with provisions of the Companies Act, 1956, and the accounting principles generally accepted in India and comply with accounting standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The accumulated losses of the Company as at March 31, 2009 have resulted in erosion of Company's net worth. At the year-end, the Company's current assets exceeded its current liabilities by Rs.4,324,775 (2007-08: Rs.6,291,391) and its total liabilities exceeded its current assets by Rs.63,956,525 (2007-08: Rs.67,045,757). These accounts have been prepared on a going concern basis as the Company has received a letter of financial support from Wimco Limited (Holding Company).

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Fixed Assets / Amortisation / Impairment / Depreciation

Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment loss. Cost includes all expenses attributable to the acquisition and development of the assets.

Depreciation is computed on a straight-line basis at the following annual rates:

Nature of Assets	Rates %
Plant, machinery	4.75 to 10.34
Furniture and fittings	6.33
Vehicles	7.07 to 11.31

Building and civil works on leasehold land are charged on straight-line basis over the period of lease.

Assets individually costing Rs 5,000 or less are fully depreciated in the year of acquisition.

Leasehold Land is carried at cost less accumulated amortisation and impairment loss, if any. The lease agreement is effective upto 2031. Accordingly, expenditure incurred on leasehold land is amortised on a straight-line basis over the remaining period of the lease.

In accordance with AS 28, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account or against revaluation surplus, where applicable.

4. Inventories

(i) In valuing poplar trees included under semi finished products, no adjustment is made to the total cost of trees on account of undeveloped / diseased trees, being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from the total cost. Every year, plantation cost already incurred is compared with net realizable value which is determined on the basis of estimated selling price less estimated cost likely to be incurred in future for bringing the plantation to maturity and the cost necessarily to be incurred in order to make sale.

Cost includes all direct and indirect expenses in respect of the poplar plantation.

Further, 75% of net standard realizable value of intercropping, waste, etc is reduced from the above cost because entire farm cost is first added to the cost of plantation.

(ii) Agriculture produce/standing crops and plants are valued at 75% of their net realizable value.

5. Revenue recognition

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer.

6. Contingencies and Provisions

A provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A contingent liability is disclosed when there is a possible or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

7. Taxation

Income-tax expense comprises current tax, fringe benefits tax and deferred tax charge or credit. Current tax and fringe benefits tax is determined in accordance with the Income Tax Act 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. As the Company is engaged in growing and selling agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

8. Earnings per share (‘EPS’)

The basic earnings per share (‘EPS’) is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and equivalent dilutive equity shares outstanding during the year, except where the results would be anti-dilutive.

For and on behalf of the Board

S AGARWAL	**S LIMAYE**
Director	Director

Mumbai
4th May 2009

ANNEXURE

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional Information pursuant to Part IV of Schedule VI to The Act

I Registration Details :

Registration No.	128848
State Code	11
Balance Sheet Date	31 (Date) 03 (Month) 2009 (Year)

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

	Total Liablities	108144
	Total Assets	108144
Sources of Funds	Paid-up Capital	38000
	Reserves and Surplus	NIL
	Secured Loans	NIL
	Unsecured Loans	68281
Application of Funds	Net Fixed Assets	25884
	Investments	22
	Deferred Tax	NIL
	Net Current Assets	4326
	Miscellaneous Expenditure	NIL
	Accumulated Losses	76049

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

Turnover / Other Income		37874
Total Expenditure		35903
Profit/Loss before Tax	+ ✓	1970
Profit/Loss after Tax	+ ✓	1932

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

Earnings per Share in Rs - Basic and Diluted	+ ✓	0.51
Dividend Rate %		NIL

(Please tick appropriate box + for Earnings, - for Loss)

V Generic names of Three Principals Products/Services of the Company: (As per monetary terms)

Item Code No.(ITC Code)	Product Description
NA	NA

DIRECTORS' REPORT

To
The Members of Pavan Poplar Limited

Your Directors present their Report and Accounts for the financial year ended on 31st March 2009.

Performance

During the year, the Company has earned a net profit of Rs. 1.47 lakhs as against as net loss of Rs. 8.22 lakhs incurred in the last year.

Dividend

Your directors regret their inability to recommend any dividend for the year under review.

Directors

Mr. Sunil Agarwal, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-election.

Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state that -

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and no significant departures have been made from the same;

(ii) appropriate accounting policies have been applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit for that period;

(iii) proper and sufficient care has been taken 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) the annual accounts have been prepared on a going concern basis.

Audit Committee

The Audit Committee comprises of M/s. S. Sipani, S. Limaye and S. Agarwal.

Auditors

M/s BSR & Co., Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Information under Section 217 of the Companies Act, 1956

Having regard to the nature of Company's business, the Directors have nothing to report in terms of Section 217(1)(e) of the Companies Act, 1956.

There are no employees in respect of whom information as per Section 217(2A) of the Companies Act 1956 is required to be given.

There is no foreign exchange earning and outgo during the year.

For and on behalf of the Board

Place : Mumbai	S. Limaye	S. Agarwal
Date : 4th May, 2009	Director	Director

Auditors' Report
To the Members of
Pavan Poplar Limited

We have audited the attached balance sheet of Pavan Poplar Limited ('the Company'), as at 31 March 2009 and the related 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.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. 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, 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, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

(v) on the basis of written representations received from the directors as on 31 March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(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 Act 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 31 March 2009;

   b. in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and

   c. in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For B S R & Co.
Chartered Accountants

Mumbai
4th May 2009

Bhavesh Dhupelia
Partner
Membership No: 042070

Annexure to Auditors' Report
(Referred to in our report of even date)

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the members of Pavan Poplar Limited on the financial statements for the year ended 31 March 2009, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company has not disposed off any fixed assets during the year.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and with regard to the sale of goods. 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 weaknesses in the aforesaid internal control system.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured/services rendered by the Company.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund, employees' state insurance, sales tax, wealth tax, service tax, custom duty and excise duty.

There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, and other material statutory dues were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, which have not been deposited with the appropriate authorities on account of any dispute.

(x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year and also in the immediately preceding financial year.

(xi) The Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) As stated in paragraph (iii) above, there are no companies/firms/parties covered in the register required to be maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants

Mumbai
4th May 2009

Bhavesh Dhupelia
Partner
Membership No: 042070

Pavan Poplar Limited
Balance Sheet as at March 31, 2009

	Schedule	31.03.2009 Rs.	31.03.2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	55,100,040	55,100,040
Reserves and surplus	2	14,197,497	14,050,076
		69,297,537	69,150,116
Loan funds			
Unsecured loans	3	-	157,757
		69,297,537	69,307,873
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		44,933,855	44,933,855
Less: Accumulated Depreciation/ Amortisation		15,765,404	14,613,895
: Provision for Impairment		3,259,487	3,259,487
Net block		25,908,964	27,060,473
Current assets,loans and advances			
Inventories	5	4,863,750	2,763,002
Sundry debtors	6	8,302,076	9,746,437
Cash and bank balances	7	1,462,211	230,942
Loans and advances	8	31,477,908	32,293,161
		46,105,945	45,033,542
Less : Current liabilities and provisions			
Current liabilities	9	2,197,280	2,321,204
Provisions	10	520,092	464,938
		2,717,372	2,786,142
Net current assets		43,388,573	42,247,400
		69,297,537	69,307,873
Notes to the Accounts	14		
Related Party disclosures	15		
Significant Accounting Policies	16		

The Schedules referred to above and the annexed notes form an integral part of the Accounts.
This is Balance Sheet referred to in our report of even date.

For B S R & Co.
Chartered Accountants

For and on behalf of the Board of Directors

S AGARWAL
Director

S LIMAYE
Director

BHAVESH DHUPELIA
Partner
Membership No. 042070

Mumbai
4th May 2009

Mumbai
4th May 2009

Pavan Poplar Limited
Profit and Loss Account for the year ended March 31, 2009

	Schedule	2008-09 Rs.	2007-08 Rs.
INCOME			
Sales		**7,670,980**	6,596,361
Other Income	**11**	**117,666**	6,612
		7,788,646	6,602,973
EXPENDITURE			
(Increase) / Decrease in Stock		**(2,100,748)**	(781,809)
Purchases		**1,135,322**	736,659
Employee Costs	**12**	**1,567,649**	1,365,437
Other Costs	**13**	**5,871,556**	4,932,454
Depreciation / Amortisation	**4**	**1,151,509**	1,151,509
		7,625,288	7,404,250
Profit / (Loss) before Taxation		**163,358**	(801,277)
Less: Provision for taxation			
Fringe Benefits Tax		**12,882**	15,914
Income Tax		**3,055**	2,526
Income Tax related to earliar years		**-**	3,053
Profit / (Loss) after Taxation		**147,421**	(822,770)
Balance in profit and loss account brought forward		**13,550,076**	14,372,846
Profit and loss account balance carried forward		**13,697,497**	13,550,076
Earnings per share (in rupees)- Basic and Diluted (Refer Note 7 of Schedule 14)		**0.03**	**(0.15)**

Notes to the Accounts	**14**
Related Party disclosures	**15**
Significant Accounting Policies	**16**

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

For B S R & Co.
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No. 042070

Mumbai
4th May 2009

For and on behalf of the Board of Directors

S AGARWAL
Director

S LIMAYE
Director

Mumbai
4th May 2009

PAVAN POPLAR LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Figures in Rupees)

		2008-09 Rs.	2007-08 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Profit / (Loss) before Taxation		163,358	(801,277)
Adjustments for:			
Interest Income		(9,789)	
Amortisation		1,151,509	1,151,509
Operating Profit Before Working Capital Changes		1,305,078	350,232
Adjustments for :			
Debtors	1,444,361		(824,940)
Inventory	(2,100,748)		(781,809)
Loans and Advances	(2,002)		4,344
Current Liabilities and Provisions	(68,169)		93,848
		(726,558)	(1,508,557)
Direct Taxes Paid		(21,000)	15,802
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES		557,520	(1,142,523)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Interest Received	9,789		-
NET CASH FLOW FROM INVESTING ACTIVITIES		9,789	-
B. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings :			
Loan from a Holding Company	663,960		626,312
		663,960	626,312
C. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS : (A+B+C)		1,231,269	(516,211)
D. RECONCILIATION			
CASH AND CASH EQUIVALENTS - AT BEGINNING OF THE YEAR			
Cash and Bank Balances		230,942	747,153
CASH AND CASH EQUIVALENTS- AT THE END OF THE YEAR			
Cash and Bank Balances		1,462,211	230,942
		1,231,269	(516,211)

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement.
2. Cash and cash equivalents represent cash and bank balances only.
3. Previous year's figures have been regrouped wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For B S R & Co.
Chartered Accountants

For and on behalf of the Board

S AGARWAL
Director

S LIMAYE
Director

BHAVESH DHUPELIA
Partner
Membership No. 042070

Mumbai
4th May 2009

Mumbai
4th May 2009

Pavan Poplar Limited
Schedules to the Balance Sheet

	31.03.2009 Rs.	31.03.2008 Rs.
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
10,000,000 (2007-08: 10,000,000) equity shares of Rs.10 each	**100,000,000**	100,000,000
Issued, subscribed and paid-up capital		
5,510,004 (2007-08: 5,510,004) equity shares of Rs 10 each fully paid up	**55,100,040**	55,100,040

Of the above 3,800,000 (2007-08: 3,800,000) equity shares of Rs 10 each were issued for consideration other than cash

5,510,004 (2007-08: 5,510,004) equity shares are held by Wimco Limited, the holding company and its nominees.

	31.03.2009 Rs.	31.03.2008 Rs.
SCHEDULE 2 - RESERVES AND SURPLUS		
General Reserve	**500,000**	500,000
Profit and Loss Account	**13,697,497**	13,550,076
	14,197,497	14,050,076
SCHEDULE 3 - LOAN FUNDS		
Unsecured :		
- Wimco Limited (Holding Company)	**-**	157,757
(Interest free, with no stipulation as to repayment terms)		
	-	157,757

Pavan Poplar Limited
Schedules to the Balance Sheet

SCHEDULE - 4 FIXED ASSETS

(Rupees)

DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT					NET BLOCK	
	As at 01.04.2008	Additions during the year	As at 31 March. 2009	Accumulated As at 01 April 2008 Depreciation	Accumulated As at 01 April 2008 Impairment	Charge for the year	Accumulated As at 31 March 2009 Depreciation	Accumulated As at 31 March 2009 Impairment	As at 31 March. 2009	As at 31 March 2008
Intangible Asset										
Leasehold Land	44,933,855	-	**44,933,855**	14,613,895	3,259,487	1,151,509	15,765,404	**3,259,487**	**25,908,964**	27,060,473
TOTAL	**44,933,855**	**-**	**44,933,855**	**14,613,895**	**3,259,487**	**1,151,509**	**15,765,404**	**3,259,487**	**25,908,964**	**27,060,473**
2007-08	44,933,855	-	44,933,855	13,462,386	3,259,487	1,151,509	14,613,895	3,259,487	27,060,473	

Pavan Poplar Limited
Schedules to the Balance Sheet

	31.03.2009 Rs.	31.03.2008 Rs.
SCHEDULE 5 - INVENTORIES		
Semi Finished Produce	**4,863,750**	2,681,019
Finished Goods/ Produce	**-**	81,983
	4,863,750	2,763,002
SCHEDULE 6 - SUNDRY DEBTORS		
Unsecured, considered good (Refer Note (1) (ii) of schedule 14)		
Debts outstanding for a period exceeding six months	**8,287,088**	8,287,088
Others debts	**14,988**	1,459,349
	8,302,076	9,746,437
(Debtors include Rs. 8,287,088 (2007-08: Rs. 8,287,088) due from Wimco Limited, the holding company)		
SCHEDULE 7 - CASH AND BANK BALANCES		
Cash in Hand	**19,617**	278
Balances with Scheduled Banks		
- In Current Accounts	**1,442,594**	230,664
	1,462,211	230,942
SCHEDULE 8 - LOANS AND ADVANCES		
Unsecured and considered good		
Loans and advances to Wimco Limited, the Holding company	**31,461,848**	32,283,565
(Refer Note (1) (i) of schedule 14)		
Maximum amount outstanding at any time during the year Rs 32,372,244 (2007-08: Rs 48,482,129)		
Advances recoverable in cash or in kind or for value to be received	**11,598**	9,596
Fringe benefits tax	**4,462**	-
	31,477,908	32,293,161
SCHEDULE 9 - CURRENT LIABILITIES		
Sundry creditors (Refer Note 13 of schedule 14)	**436,814**	636,539
Other current liabilities	**1,760,466**	1,684,665
	2,197,280	2,321,204
SCHEDULE 10 - PROVISIONS		
Leave encashment	**99,795**	66,823
Gratuity	**417,806**	395,023
Fringe benefits tax	**-**	566
Income tax	**2,491**	2,526
	520,092	464,938

Pavan Poplar Limited
Schedules to the Profit and Loss Account

	2008-09 Rs.	2007-08 Rs.
SCHEDULE 11 - OTHER INCOME		
Provision no longer required written back	**107,877**	329
Interest accrued on investments	**9,789**	307
Miscellaneous Income	**-**	5,976
	117,666	**6,612**
SCHEDULE 12 - EMPLOYEE COSTS		
Salary, wages and bonus	**1,334,838**	1,157,583
Staff welfare expenses	**53,036**	70,573
Contribution to provident and other funds	**124,020**	104,209
Leave encashment	**32,972**	3,872
Gratuity	**22,783**	29,200
	1,567,649	1,365,437
SCHEDULE 13 - OTHER COSTS		
Plantation and cultivation	**3,618,925**	2,847,139
Travelling and conveyance expenses	**80,122**	154,730
Power and fuel	**1,107,036**	976,602
Rent	**7,760**	7,760
Rates and taxes	**43,137**	124,738
Legal and professional fees	**590,914**	417,321
Insurance	**18,671**	16,349
Auditors' remuneration		
-Statutory audit fees	**100,000**	100,000
-Out of pocket expenses	**-**	3,260
Repairs and maintenance - others	**192,829**	189,935
Communication	**3,520**	6,059
Printing and stationary	**9,431**	13,080
Bank charges	**1,448**	4,553
Tools consumed	**3,462**	3,800
Donation	**701**	2,001
Others expenses	**93,600**	65,127
	5,871,556	4,932,454

Schedule 14 - Notes to the Accounts

1. Pursuant to the amalgamation of the holding company, Wimco Seedlings Limited (WSL) with Wimco Limited, all amounts recoverable/payable by WSL to the Company stand transferred to Wimco Limited with effect from 1 April, 2007. Consequent to the merger, the Company has become a wholly owned subsidiary of Wimco Limited. The following amounts are due from Wimco Limited, the holding company:

   i. The Company had in earlier years granted loans to erstwhile Wimco Greens (AOP) of which the Company was a member. The balance outstanding from Wimco Greens as on March 31, 2002 amounted to Rs. 540,38,549. On merger of Wimco Greens with erstwhile Wimco Seedlings Limited, the loan was taken over by WSL of which Rs.821,717 was repaid during the current year and Rs.21,754,984 was repaid in earlier years. The balance recoverable amount as on March 31, 2009, is Rs.31,461,848 (2007-08: Rs.32,283,565).

   ii. Debtors include amount due Rs.8,287,088 (2007-08: Rs. 8,287,088).

2. Claims against the Company not acknowledged as debts Rs.664,524 (2007-08:Rs.664,524). These comprise:

   - Local authority Taxes/Cess/Royalty on property, utilities etc. claims disputed by the Company relating to issues of applicability and determination aggregating Rs.664,524 (2007-08: Rs. 664,524).

3. Certain legal formalities in respect of the land leased to Wimco Seedlings Limited (now amalgamated with Wimco Limited) are pending for which the Company has agreed to bear the costs. Accordingly, a liability of Rs 1,649,000 was created in the books of account in an earlier year.

4. The Company is yet to obtain possession of certain portion of leasehold land since the demarcation in the land revenue records is yet to be completed and, additionally, is in dispute for which Court proceedings are in progress.

5. The order passed by the District Magistrate authorizing the State revenue authorities to take possession of the land leased to the Company has been stayed by the order of the High Court.

6. **Employee Defined Benefits**

   The following table sets out the status as required under AS 15 (Revised).

Amounts in Rupees

		Defined Benefit Plans			
		Gratuity (Unfunded)		Leave Encashment (Unfunded)	
		2008-09	2007-08	**2008-09**	2007-08
	Change in obligation during the year ended March 31, 2009				
1	Obligation at period beginning	**395,023**	427,208	**66,823**	64,376
2	Service Cost	**27,230**	48,092	**20,934**	20,971
3	Interest Cost	**29,627**	30,617	**4,678**	5,620
4	Actuarial (Gains) / Losses	**(34,074)**	(49,509)	**7,360**	(22,719)
5	Benefits payments	**-**	(61,385)	**-**	(1,425)
6	Obligations at period end	**417,806**	395,023	**99,795**	66,823
	Change in plan Assets				
1	Plan assets at the beginning of the year	**-**	-	**-**	-
2	Expected return on plan assets	**-**	-	**-**	-

3	Contribution by employers	**-**	61,385	**-**	1,425
4	Actual benefits paid	**-**	(61,385)	**-**	(1,425)
5	Actuarial (Gains) / Losses	**-**	-	**-**	-
6	Plan assets at the end of the year	**Nil**	Nil	**Nil**	Nil
	Reconciliation of present value of the obligation and the fair value of the plan assets				
1	Fair value of plan asset at the end of the year	**-**	-	**-**	-
2	Present value of the defined benefit obligations at the end of the period	**417,806**	395,023	**99,795**	66,823
3	Asset recognised in the balance sheet	**(417,806)**	(395,023)	**(99,795)**	(66,823)
	Cost for the period				
1	Service Cost	**27,230**	48,092	**20,934**	20,971
2	Interest Cost	**29,627**	30,617	**4,678**	5,620
3	Expected Return on Plan Asset	**-**	-	**-**	-
4	Actuarial (Gains) / Losses	**(34,074)**	(49,509)	**7,360**	(22,719)
	Net cost	**22,783**	29,200	**32,972**	3,872
	Actual return on plan assets	**-**	-	**-**	-
	Actuarial Assumptions:				
1	Discount Rate	**7.50%**	7.50%	**7.50%**	7.50%
2	Salary Escalation	**3.50%**	3.50%	**3.50%**	3.50%
3	Expected return on plan assets	**N/A**	N/A	**N/A**	N/A

7. **Earnings per share:**

	2008-09	2007-08
Profit / (Loss) for the year after taxation (Rs.) **(A)**	**147,421**	(822,770)
Weighted Average number of Equity Shares outstanding during the year **(B)**	**5,510,004**	5,510,004
Earnings per Share – Basic and Diluted (Rs.) **(A/B)**	**0.03**	(0.15)
Nominal Value of an Equity Share	**10**	10

8. **Segment information**

The Company's activities involve predominantly business of growing and selling agricultural produce in India which is considered to be a single business segment since these are subject to similar risks and returns. Further, the business is carried out in India and product sold primarily in India and hence there are no reportable geographical segments. Hence the financial statements are reflective of the information required by Accounting Standard 17 on Segment Reporting.

9. No remuneration is payable to the Manager during the year. (2007-08: Nil)

10. Quantitative details:

Particulars	Unit	2008-09		2007-08	
		Quantity	**Rs.**	Quantity	Rs.
(a) Opening stock					
Semi Finished					
-Agriculture produce*			**2,681,019**		1,948,065
Finished stock					
-Agriculture produce*			**81,983**		33,128
(b) Purchase					
-Poplar ETPs	Nos	**21,926**	**460,446**		268,338
-Seeds*			**674,876**		468,320
			1,135,322		736,658
(c) Sales					
-Sugarcane	Qtls	**8,280**	**1,173,220**	18,354	2,330,907
-Paddy	Qtls	**810**	**769,430**	851	662,995
-Wheat	Qtls	**4,475**	**5,222,398**	3,444	3,387,696
-Others*			**505,932**		214,763
(d) Closing Stock					
Semi Finished					
-Agriculture produce*			**4,863,750**		2,681,019
Finished stock					
-Agriculture produce*			**-**		81,983

*Due to typical nature of the product, it is not possible to state quantities.

11. Information with regard to other matters specified in paragraphs 4-A, 4-C and 4-D of Part II of Schedule VI to the Companies Act, 1956 are either nil or not applicable to the Company for the current as well as previous financial year.

12. The Company has not appointed a whole time Company Secretary as required by Section 383 A of The Companies Act, 1956 and accordingly, the accounts have not been authenticated by a whole-time Company Secretary.

13. There are no Micro, Small and Medium Enterprises to whom the Company owes any amounts which are outstanding for more than 45 days 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 on the basis of information available with the Company.

14. Prior year's figures have been regrouped/ rearranged wherever necessary to conform to current year's presentation.

Schedule 15 - Related Party Disclosures

a) **Parties exercising control over the Company:**

ITC Limited # - Ultimate holding Company of Wimco Limited
RusselCredit Limited # - Holding Company of Wimco Limited
Wimco Limited - Holding Company

no transaction during the financial year 2008-09

b) **Other related parties with whom the Company had transactions**

Prag Agro Farm Limited (PAFL) - Fellow Subsidiary Company

c) **Transaction between related parties**

Amounts in Rupees

PARTICULARS	HOLDING COMPANY		Fellow subsidiary Company		TOTAL	
	Wimco Limited		PAFL			
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Purchase of raw materials and components	460,446	268,338	205,185	120,015	665,631	388,353
Sales	-	-	41,811	55,880	41,811	55,880
Expenses Reimbursed	214,963.00	305,134	217,083	9,446	432,046	314,580
Expenses Recovered	653,692.00	1,299,098	4,524,606	4,819,741	5,178,298	6,118,839
Loans given	657,757	-	-	-	657,757	-
Receipts towards loan repayments	1,300,000	17,192,528	-	-	1,300,000	17,192,528
Loans taken	-	507,748	8,787,384	7,311,902	8,787,384	7,819,650
Loan repayment	-	16,080,000	4,643,235	2,565,742	4,643,235	18,645,742
Outstanding Loans and Advances	31,461,848	32,283,565	-	-	31,461,848	32,283,565
Outstanding unsecured loans	-	157,757	-	-	-	157,757
Outstanding Debtors	8,287,088	8,287,088	-	-	8,287,088	8,287,088

Certain assets of holding company are being used free of cost for administrative convenience.

SCHEDULE 16 - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with provisions of the Companies Act, 1956 and the accounting principles generally accepted in India and comply with the accounting standards (‘AS’) prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Fixed Assets / Amortisation / Impairment / Depreciation

Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment loss. Cost includes all expenses attributable to the acquisition and development of the assets.

Leasehold Land is carried at cost less accumulated amortisation and impairment loss, if any. The lease agreement is effective upto 2031. Accordingly, expenditure incurred on leasehold land is amortised on a straight-line basis over the remaining period of the lease.

In accordance with AS - 28 Impairment of Assets, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account or against revaluation surplus, where applicable.

4. Inventories

- In valuing poplar trees included under semi finished products, no adjustment is made to the total cost of the trees on account of undeveloped / diseased trees, being normal loss during the period of maturity of plantation (based on a technical estimate) except that realization / insurance claim for such trees is reduced from the total cost. Every year, plantation cost already incurred is compared with the net realizable value which is determined on the basis of estimated selling price less estimated cost likely to be incurred in future for bringing the plantation to maturity and the cost necessarily to be incurred in order to make the sale.

- Cost includes all direct and indirect expenses in respect of the poplar plantation.

- Further, 75% of net standard realizable value of intercropping, waste, etc is reduced from the above cost because the entire farm cost is first added to the cost of plantation.

- Agricultural produce / standing crops and plants are valued at 75% of their net realizable value.

5. Retirement benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

Contributions to the provident fund, which is a defined contribution scheme, are charged to the Profit and Loss Account in the period in which the liability is incurred.

Post-employment benefits

The Company's gratuity benefit scheme is a defined benefit plan which is not funded. The Company's obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the profit and loss account.

Other Long-term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the balance sheet date.

6. Revenue recognition

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer.

7. Contingencies and Provisions

A provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A contingent liability is disclosed when there is a possible or a present obligation that may, but probably will not, require an outflow of resources and a reliable estimate can be made of the amount involved. Where there is a possible or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made.

8. Taxation

Income-tax expense comprises current tax, fringe benefits tax and deferred tax charge or credit. Current tax and fringe benefits tax is determined in accordance with the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. As the Company is engaged in growing and selling agricultural produce, such income is exempt from income tax. Accordingly, there are no deferred tax assets/liabilities arising therefrom.

9. Earnings per share ('EPS')

The basic earnings per share ('EPS') is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and equivalent dilutive equity shares outstanding during the year, except where the results would be anti-dilutive.

For and on behalf of the Board

S AGARWAL	**S LIMAYE**
Director	Director

Mumbai,
4th May 2009

ANNEXURE

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional Information pursuant to Part IV of Schedule VI to The Act

I Registration Details :

Registration No. 1 2 8 8 4 9

State Code 1 1

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 0 9 (Year)

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

	Total Liablities	Total Assets
	72015	72015
Sources of Funds	Paid-up Capital	Reserves and Surplus
	55100	14197
	Secured Loans	Unsecured Loans
	NIL	NIL
Application of Funds	Net Fixed Assets	Investments
	25909	NIL
	Deferred Tax	Net Current Assets
	NIL	43389
	Miscellaneous Expenditure	Accumulated Losses
	NIL	NIL

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

Turnover / Other Income	Total Expenditure
7788	7625
Profit/Loss before Tax (+ ✓ / -)	Profit/Loss after Tax (+ ✓ / -)
163	147

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

Earnings per Share in Rs - Basic and Diluted (+ ✓ / -)	Dividend Rate %
0.03	NIL

(Please tick appropriate box + for Earnings, - for Loss)

V Generic names of Three Principals Products/Services of the Company: (As per monetary terms)

Item Code No.(ITC Code)	Product Description
NA	NA

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

		2009		2008	
	Notes	**$**	**INR**	**$**	**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

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 David Charles McDonald
Mr Sachidanand Madan
Mr Anthony Bates (resigned 31 December 2008)
Mr Arup K Mukerji

Corporate information
Technico ISC Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia, which in turn is a 100% subsidiary of Russell Credit Limited, a company registered in India.

The registered office of Technico ISC Pty Limited is located at:

Suite 5, 20 Bundaroo Street BOWRAL NSW 2576 Australia

The company had no employees during the year.

Principal activities
The entity is a dormant entity since incorporation.

Review and results of operations
As the company has no activity, it neither earned any profit nor incurred any loss during the year.

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

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

Indemnification and insurance of directors
Indemnification
The company has not, during or since the financial year, indemnified or agreed to indemnify a current or former director or officer or auditor of the company or of any related body corporate against a liability incurred whilst engaged as a director or officer or auditor.

Insurance
The company has not, during or since the financial year, paid any insurance premium or agreed to pay a premium insuring directors, officers and auditors of the company against liabilities for costs and expenses incurred in defending civil or criminal proceedings.

Auditor independence
The auditor's independence declaration from Gillespies is on page 9 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 ISC 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;

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

(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 ISC PTY LIMITD FOR THE YEAR ENDED 31 MARCH 2009

In relation to our audit of the financial report of Technico ISC 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 TO THE MEMBERS OF TECHNICO ISC PTY LIMITD 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 ISC 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.

INDEPENDENT AUDIT REPORT TO THE FOR THE YEAR ENDED 31 MARCH 2009 (Contd..)

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 9 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 ISC 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 ISC 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				-	-
Cost of sales:					
Other cost of sales		-	-	-	-
Inventory write off and write down		-	-	-	-
Gross profit		-	-	-	-
Other income		-	-	-	-
Marketing expenses		-	-	-	-
Research and development expenses		-	-	-	-
Occupancy expenses		-	-	-	-
Administration expenses:		-	-	-	-
Other administration expenses		-	-	-	-
(Write-down)/recovery investments and loans		-	-	-	-
Finance costs		-	-	-	-
Other revenues/(expenses) from ordinary activities		-	-	-	-
Profit/(loss) from continuing operations before income tax expense		-	-	-	-
Net profit/(loss) for the period					
Net profit/(loss) attributable to members of Technico ISC Pty Limited		-	-	-	-

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009 $	2009 INR	2008 $	2008 INR
Current assets					
Cash and cash equivalents				-	-
Trade and other receivables				-	-
Inventories				-	-
Other		2	70	2	73
Total current assets		2	70	2	73
Non-current assets					
Receivables		-		-	-
Other financial assets		-		-	-
Property, plant and equipment		-		-	-
Intangible assets		-	-	-	-
Total non-current assets		-	-	-	-
Total assets		2	70	2	73
Current liabilities					
Trade and other payables		-	-	-	-
Interest bearing loans and borrowings		-	-	-	-
Provisions		-	-	-	-
Total current liabilities		-	-	-	-
Non-current liabilities					
Interest free loans and borrowings		-		-	-
Provisions		-	-	-	-
Total non-current liabilities		-	-	-	-
Total liabilities		-	-	-	-
Net assets		2	70	2	73
Equity					
Contributed equity		2	70	2	73
Accumulated losses		-	-	-	-
Total equity		2	70	2	73

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2009

	Contributed equity $	Retained earnings $	Total $
At 1 April 2007	2	-	2
Loss for the period	-	-	-
Capital contribution	-	-	-
At 31 March 2008	2	-	2
Loss for the period	-	-	-
At 31 March 2009	2	-	2

	Contributed equity INR	Retained earnings INR	Total INR
At 1 April 2007	70	-	70
Loss for the period	-	-	-
Capital contribution	-	-	-
At 31 March 2008	70	-	70
Loss for the period	-	-	-
At 31 March 2009	70	-	70

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 $	2009 INR	2008 $	2008 INR
Cash flow from operating activities					
Net cash flows (used in) operating activities		-	-	-	-
Cash flows from financing activities					
Net cash flows from financing activities		-	-	-	-
Net increase/(decrease) in cash held					
Add opening cash brought forward		-	-	-	-
Cash and cash equivalents at end of period		-	-	-	-

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

Note 1: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a special purpose financial report prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under the *Corporations Act 2001*. 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 Indian holding company of 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 ISC 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.

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

(b) 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.

Note 2: Other current assets

	2009 $	2009 INR	2008 $	2008 INR
Current				
Receivable	2	70	2	73

Note 3: Contributed equity

	2009 $	2009 INR	2008 $	2008 INR
(a) Issued capital				
2 Ordinary shares	2	70	2	73

(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.

Note 4: Events subsequent to reporting date

There are no subsequent events to be reported.

Directors Report for Technico Technologies Inc

Your Directors present their Report, together with the Audited Financial Statements, for the financial year ended 31 March 2009.

Directors
The following directors held office since the start of the financial year until the date of this report, unless otherwise stated:

Mr Sachidanand Madan (appointed 31st December 2008)
Mr David McDonald
Ms Bhavani Parameswar

Corporate information
Technico Technologies Inc is a company limited by shares that is incorporated and domiciled in Canada. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia.

The registered office of Technico Technologies Inc is located at:

Stewart McKelvey Stirling Scales
Suite 600, Frederick Square,
77 Westmoreland
Fredericton New Brunswick
E3B 5B4 Canada

The company operates through employees engaged on casual basis with technical and management support from its parent entity.

Principal activities
The principal activities of your company during the financial year under review were production of TECHNITUBER® seed for sale in the North America and Canadian markets and production of early generation field seed under a joint farming arrangement with local potato farmers.

Review and results of operations
The Canadian market is a mature market and long term supply relationships are difficult to break. Your company has an advantage of "speed to market" ability to introduce new varieties suitable for the region and a high quality product and this has clearly been demonstrated during the past twelve months. Acceptance has been stronger this year but it will take more time before our product gains full market recognition.

The New Brunswick government continues to fully support this project at all levels of government.

During the year Province of New Brunswick has repaid loans totalling $925,000 owing to the Royal Bank of Canada (guaranteed by Province of New Brunswick) in consideration for $200,000 in Class A preferred shares issued by the company and the resulting gain of $725,000 has been credited as Government Grant in the financial statements.
For the year under review, the net profit of the company stood at $537,596 (2007: Loss $279,366).

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

Auditors
The Company has engaged M/s Teed Saunders Doyle & Co as auditors for the year under review whose report is annexed to the financial report.

Future developments and results
Your company's early generation seed continues to show its superior quality and although volumes to date are small, interest has been stronger for the product. The future focus of this business will be to build on the reputation of its technology and isolated seed production environment. The company will also focus more of its attention to new and upcoming varieties that are emerging in the North American market.

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

Sachidanand Madan
Director

Place: India

Date: 20 April 2009

AUDITOR'S REPORT

To the Shareholder of Technico Technologies Inc.

We have audited the balance sheet of Technico Technologies Inc. as at March 31, 2009 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using a differential reporting option available to non-publicly accountable enterprises, as described in Note 2 to the financial statements. 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 Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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 management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

April 3, 2009
Fredericton, New Brunswick

CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT MARCH 31, 2009

ASSETS

	2009 $	2009 Rs.	2008 $	2008 Rs.
Current Assets				
Cash	16,816	681,468	974	38,295
Accounts receivable	3,103	125,749	3,919	154,085
Inventory	199,942	8,102,650	218,288	8,582,538
Prepaid expenses	2,693	109,134	4,032	158,528
	222,554	9,019,001	227,213	8,933,446
Capital Assets (note 3)	248,991	10,090,361	278,679	10,956,962
	471,545	19,109,362	505,892	19,890,408
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	13,825	560,260	26,533	1,043,209
Current portion of long-term debt	-	-	46,667	1,834,830
Deferred revenue	10,538	427,052	17,000	668,398
Demand loan	-	-	365,000	14,350,888
	24,363	987,312	455,200	17,897,325
Due To Technico Pty Limited (Australia) (note 5)	-	-	435,771	17,133,426
Long-Term Debt (note 4)	270,766	10,972,792	774,099	30,435,637
	295,129	11,960,104	1,665,070	65,466,388
SHAREHOLDERS' EQUITY				
Capital Stock (note 7)	1,207,998	48,954,119	410,000	16,120,175
Deficit	(1,031,582)	(41,804,861)	(1,569,178)	(61,696,155)
	176,416	7,149,258	(1,159,178)	(45,575,980)
	471,545	19,109,362	505,892	19,890,408

Approved By The Board:

______________________ Director

STATEMENT OF RETAINED EARNINGS (DEFICIT) FOR THE YEAR ENDED MARCH 31, 2009

	2009 $	2009 Rs.	2008 $	2008 Rs.
Deficit At Beginning Of Year	(1,569,178)	(61,696,155)	(1,289,812)	(48,055,944)
Net Income (Loss) For The Year	537,596	21,461,533	(279,366)	(10,696,309)
Change In Unrealized Foreign Exchange				
During The Year	-	(1,570,239)	-	(2,943,902)
Deficit At End Of Year	(1,031,582)	(41,804,861)	(1,569,178)	(61,696,155)

STATEMENT OF INCOME (LOSS) FOR THE YEAR ENDED MARCH 31, 2009

	2009 $	2009 Rs.	2008 $	2008 Rs.
Sales	161,577	6,450,364	179,890	6,887,592
Cost Of Sales	229,298	9,153,874	218,311	8,358,648
Gross Profit (Loss)	(67,721)	(2,703,510)	(38,421)	(1,471,056)
Expenses				
Advertising	2,612	104,274	1,870	71,598
Amortization	16,373	653,631	111,648	4,274,755
Foreign exchange losses	3,340	133,337	8,421	322,422
Insurance	7,838	312,903	7,709	295,161
Interest and bank charges	2,210	88,226	18,221	697,642
Interest on long-term debt	22,851	912,242	46,686	1,787,504
Occupancy costs	7,703	307,514	5,716	218,853
Office and supplies	8,151	325,399	2,877	110,154
Professional services	18,076	721,617	10,437	399,610
Staff training	670	26,747	3,405	130,370
Telephone	4,840	193,219	4,937	189,027
Vehicle and travel expenses	15,805	630,956	6,463	247,454
Wages and benefits	9,214	367,835	12,555	480,703
	119,683	4,777,900	240,945	9,225,253
	(187,404)	(7,481,410)	(279,366)	(10,696,309)
Other Income				
Government grant - Province of New Brunswick (note 9)	725,000	28,942,943	-	-
Net Income (Loss) For The Year	537,596	21,461,533	(279,366)	(10,696,309)

STATEMENT OF CASH LOWS FOR THE YEAR ENDED MARCH 31, 2009

	2009 $	2009 Rs.	2008 $	2008 Rs.
Cash Provided By (Required For):				
Operating Activities				
Net income (loss) for the year	537,596	21,461,533	(279,366)	(10,696,309)
Items not affecting cash				
Amortization of capital assets	16,373	653,631	21,648	828,854
Amortization of technology license	-	-	90,000	3,445,902
Amortization capitalized to inventory	41,430	1,653,939	41,046	1,571,561
	595,399	23,769,103	(126,672)	(4,849,992)
Changes in non-cash operating working capita (note 8)	1,330	53,898	28,894	1,136,041
	596,729	23,823,001	(97,778)	(3,713,951)

STATEMENT OF CASH LOWS FOR THE YEAR ENDED MARCH 31, 2009 (Contd..)

Investing Activities				
Purchase of capital assets	(28,114)	(1,139,320)	(3,035)	(119,329)
Financing Activities				
Capital stock issuance	797,998	32,438,869	-	-
Repayment of demand loan and long-term debt	(915,000)	(36,880,375)	(10,000)	(421,261)
Due to Technico Pty Limited (Australia)	(435,771)	(17,599,002)	110,646	4,250,324
	(552,773)	(22,040,508)	100,646	3,829,063
Increase (Decrease) In Cash During The Year	15,842	643,173	(167)	(4,217)
Cash Position At Beginning Of Year	974	38,295	1,141	42,513
Cash Position At End Of Year	16,816	681,468	974	38,295

Supplementary Cash Flow Information

	2009 **$**	**2009** **Rs.**	**2008** **$**	**2008** **Rs.**
Interest paid during the year	25,062	1,015,638	64,908	2,552,020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

1. Nature of Business Activities

The company is a wholly-owned subsidiary of Technico Pty Limited (Australia) and produces early generation seed potatoes for the North American Market.

2. Significant Accounting Policies

Basis of Presentation

The financial statements include Indian Rupee equivalent figures, arrived at by applying the year-end exchange rate of CAD $1 = Rs. 40.5250 (2008 - CAD $1 = Rs. 39.3175) to the balance sheet and the average annual exchange rate of CAD $1 = Rs. 39.9213 (2008 - CAD $1 = Rs. 38.2878) to the income statement as provided by the parent company.

The company, with the consent of its parent company, has elected to prepare its financial statements in accordance with Canadian generally accepted accounting principles using the differential reporting option available to non-publicly accountable enterprises described below:

Class A Preferred Shares

The company's Class A preferred shares, redeemable on the basis of 50% of after-tax profits starting in the 2011 fiscal year and retractable by the holder should specified corporate obligations not be met, are recorded as equity rather than liabilities.

In addition, the company has applied the following significant accounting policies without reference to differential reporting:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual amounts could differ from those estimates.

Financial Instruments

The carrying values of cash, accounts receivable and accounts payable and other liabilities approximate fair values due to the short-term maturity of these instruments. The carrying amount of long-term debt has not been determined because there is no ready market for this financial instrument. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments.

Income taxes

The company uses the asset and liability method to account for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes compared with tax purposes as well as the benefit of losses available to be carried forward to future years for tax purposes. A valuation allowance is recorded to reduce future income tax assets to the amount more likely than not to be realized.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009 (contd..)

Inventory
Inventory is valued at the lower of production cost and net realizable value. Inventory includes capitalized amortization of $41,430 (2008 - $40,877).

Revenue
Revenue is recognized when products are delivered to the customer and ultimate collection is reasonably assured.

Amortization
Amortization of capital assets is recorded using the declining balance method at the following annual rates:

Buildings	10%
Equipment	13.34%

3. Capital Assets

	Cost	Accumulated Amortization	2009 Net	2008 Net
	$	$	$	$
Land	33,239	-	33,239	33,239
Buildings	285,348	159,151	126,197	154,732
Equipment	261,440	171,885	89,555	90,708
	580,027	331,036	248,991	278,679

	Cost	Accumulated Amortization	2009 Net	2008 Net
	Rs.	Rs.	Rs.	Rs.
Land	1,347,010	-	1,347,010	1,306,874
Buildings	11,563,728	6,449,594	5,114,134	6,083,675
Equipment	10,594,857	6,965,640	3,629,217	3,566,412
	23,505,595	13,415,234	10,090,361	10,956,961

4. Long-Term Debt

	2009 $	2009 Rs.	2008 $	2008 Rs.
Non-interest bearing loan payable to the Atlantic Canada Opportunities Agency in annual installments starting August 2010 of $10,000, $70,000, $100,000 and $90,766, unsecured, due August 2013.	270,766	10,972,792	270,766	10,645,842
Loan payable to Royal Bank of Canada in annual installments of $36,667 plus interest at 9.60%, secured by a mortgage on land and buildings and a loan guarantee of the Province of New Brunswick.	-	-	550,000	21,624,625
	270,766	10,972,792	820,766	32,270,467
Less current portion	-	-	46,667	1,834,830
	270,766	10,972,792	774,099	30,435,637

Principal repayment of long-term debt over the next four years is as follows:

	$	Rs.
2011	10,000	405,250
2012	70,000	2,836,750
2013	100,000	4,052,500
2014	90,766	3,678,292
	270,766	10,972,792

5. Due to Technico Pty Limited (Australia)

The loan payable to the parent company of $435,771 as at March 31, 2008 has been converted into 435,771 common shares having a par value of $1 each.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009 (Contd..)

6. Income Taxes

A valuation allowance has been recorded to reduce the company's future income tax assets to $nil. The company has non-capital losses for income tax purposes of $1,070,251 which may be carried forward to reduce taxable income in future years. If not applied against taxable income, the non-capital losses will expire as follows:

	$	Rs.
2014	205,382	8,323,106
2026	366,483	14,851,724
2027	283,750	11,498,969
2028	214,636	8,698,124
	1,070,251	43,371,923

The company has investment tax credits of $32,910 available to reduce taxes payable of future years. The benefit of investment tax credits and non-capital losses carried forward have not been recorded in the financial statements due to the uncertainty that they may never be realized.

7. Capital Stock

		2009 $	2009 Rs.	2008 $	2008 Rs.
Authorized					
	An unlimited number of common shares				
	200,000 non-voting, non-cumulative, non-participating, redeemable and retractable Class A preferred shares				
Issued					
1,007,999	Common shares (2008 - 410,001 shares)	1,007,998	40,849,119	410,000	16,120,175
200,000	Class A preferred shares	200,000	8,105,000	-	-
		1,207,998	48,954,119	410,000	16,120,175

During the year, the company issued 597,998 common shares, having a par value of $1 each, to Technico Pty. Limited (Australia) in exchange for debt converted of $435,771 and additional investment of $162,227. The company also issued 200,000 Class A preferred shares to the Province of New Brunswick in exchange for $200,000.

8. Changes In Non-Cash Operating Working Capital

	2009 $	2009 Rs.	2008 $	2008 Rs.
Accounts receivable	816	33,068	3,532	138,869
Inventory	18,346	743,472	38,779	1,524,693
Prepaid expenses	1,339	54,263	(1,583)	(62,240)
Accounts payable and accrued liabilities	(12,709)	(515,032)	655	25,754
Deferred revenue	(6,462)	(261,873)	(12,489)	(491,036)
	1,330	53,898	28,894	1,136,040

9. Government Grant - Province of New Brunswick

The Province of New Brunswick had guaranteed company loans totalling $925,000 owing to the Royal Bank of Canada. In the 2009 fiscal year, the bank demanded repayment of these loans which were repaid in full by the Province of New Brunswick in consideration for $200,000 in Class A preferred shares issued by the company. The resulting gain of $725,000 represents government assistance and has been credited to other income in the financial statements.

TECHNICO AGRI SCIENCES LIMITED (FORMERLY KNOWN AS CHAMBAL AGRITECH LIMITED)

REPORT OF THE DIRECTORS

For the Financial Year Ended 31st March, 2009.
Your Directors submit their Report for the financial year ended 31st March, 2009.

During the year under review, India had an all time high Potato crop of 30 Million MT plus beating the previous record of 27 Million MT. The resultant glut of potatoes depressed prices for table and seed potatoes. As a result your company's turnover declined by 10% to Rs. 27.66 crore [2007/08: Rs. 30.84 crore] due to a significant reduction in the average sale realisation for seed potatoes. Consequently, net profit also came down to Rs.3.02 crore in the current year as against Rs. 6.15 crore achieved last year. However, your Company's produce of seed potatoes gained wider acceptance evidenced by a volume growth of 80% during the year from 14,581 MT to 26,292 MT.

FINANCIAL RESULTS

(Rs. Crore)

Particulars	**2008-09**	**2007-08**
Turnover	**27.66**	**30.84**
Profit before interest, depreciation & tax	**4.05**	**8.67**
Interest	**0.27**	**1.75**
Depreciation	**0.70**	**0.71**
Profit before tax	**3.08**	**6.21**
Provision for tax/FBT	**0.06**	**0.06**
Profit after tax	**3.02**	**6.15**
Balance of profit/(loss) brought forward	**(23.64)**	**(29.79)**
Balance carried forward to Balance Sheet	**(20.62)**	**(23.64)**

COMPANY PERFORMANCE

(A) PRODUCTION OF TECHNITUBER® SEED

During the year under review, your Company's facility at Manpura produced 128.1 lakhs TECHNITUBER® seed, a 15% improvement over the previous year's figure of 111.3 lakhs.

(B) FIELD OPERATIONS

Due to better practices and favourable weather conditions in Punjab, Haryana & Western UP, your company registered a significant growth in the production of early generation field seed potatoes which grew by 39% to 47,855 MT from 34,463 MT recorded in the previous year. Over the years, your Company and the potato farmers in the various growing regions of India have gained considerable expertise in seed potato agronomy using TECHNITUBER® seed of your Company. This, together with the experience and capabilities residing in the parent entity, has contributed to the superior performance of field operations in spite of challenging climatic conditions.

TECHNICO AGRI SCIENCES LIMITED (FORMERLY KNOWN AS CHAMBAL AGRITECH LIMITED)

Your Company continues to upgrade the skills of its agronomy team and farmers in order to improve farm yields and quality. Research & Development programs consisting of innovative farm practices, usage of new fertilizers, chemicals, nutrients continue to provide a competitive edge in terms of superior quality and higher yields.

(C) MARKETING

Your Company has been able to sell 26,292 MT of early generation field seed potatoes against 14,581 MT sold in the previous year, thereby registering a volume growth of 80% over the previous year.

The better quality of early generation seed potatoes and the international standard agronomy practices provided by the Company has resulted in an increase in the number of farmers joining the seed potato multiplication programme of the Company.

Your Company continues to be the only exporter of TECHNITUBER® seed and seed potato from India to markets in Asia, Middle East and North Africa. During the year, your Company exported 46 lakh TECHNITUBER® seed to the tune of Rs. 355.74 lakhs against Rs. 212.10 lakhs in the previous year.

Your Company recognizes that the business is subject to agricultural risk but draws comfort from the strength of the technology of its parent, the competencies of its employees, loyalty of its customers and the strong demand for quality seed potatoes in the Indian market. All of these should continue to contribute to its robust growth over the years.

EMPLOYEES

Your Directors recognise the key role of employees in creating and delivering value to farmers and shareholders and wish to place on record their appreciation of the dedication and commitment of every employee of the Company, which has lead to a significant improvement in the Company's operations.

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

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

The information with regard to technology absorption and foreign exchange earnings and outgo in terms of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

DIRECTORS

As per the provisions of Section 269 of the Companies Act 1956, Mr. Sachidanand Madan was appointed as Whole Time Director of the company at the Annual General Meeting of the company held on 20th May 2008

TECHNICO AGRI SCIENCES LIMITED (FORMERLY KNOWN AS CHAMBAL AGRITECH LIMITED)

In accordance with the relevant provisions of the Articles of Association of the Company, Mr. Surampudi Sivakumar and Mr. Arup Kumar Mukerji will retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-election.

AUDIT COMMITTEE

The audit committee of the Company comprises of Mr. Surampudi Sivakumar, Chairman, Mr. David Charles McDonald, Mr. Sachidanand Madan and Mr. Arup Kumar Mukerji as members.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

a. followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
b. selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
c. 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 your Company and for preventing and detecting fraud and other irregularities; and
d. prepared the Annual Accounts on a going concern basis.

AUDITORS

The Auditors M/s. S. R. Batliboi and Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Place : Hyderabad — **S Sivakumar**

Dated : 24th April, 2009 — **Chairman**

TECHNICO AGRI SCIENCES LIMITED (FORMERLY KNOWN AS CHAMBAL AGRITECH LIMITED)

Annexure to the Report of Directors

Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Directors) Rules 1988 and forming part of the Directors Report.

<u>Research and Development (R&D)</u>

The Company is engaged in the Research and Development activities in the field seed potato production programme. Research & Development in field seed potato programme with the usage of new chemicals together with new agri practices continue to provide competitive advantage to the Company in terms of superior quality seed potato and higher yields of the potato crop. The Company continues its Research and Development efforts for further improvements in its products.

<u>Technology Absorption, Adaptation and Innovation</u>

Based on the efforts made towards technology absorption, the Company achieved smooth plant operation since the declaration of commercial production. Field progeny of the seed potatoes produced with the use of TECHNITUBER® technology has exhibited qualitative and quantitative improvement over traditional product at affordable cost.

a) Technology Imported :	Production Facility at Manpura is based on TECHNITUBER® Technology from Technico Pty Limited, Australia
b) Year of import :	2000
c) Whether technology fully absorbed : d) If not fully absorbed, areas where this has not taken place reasons therefore and future plans of action :	The absorption of the technology has taken place through two-phase production. The Company has been successfully producing TECHNITUBER® Seeds (G0) in production facility at Manpura. Subsequent stage multiplications have been successfully undertaken in leased and contract farms. However, the company continues to refine and improve upon the technology by drawing the technical expertise of the parent entity.

<u>Foreign Exchange Earnings and Outgo (Rs. Crore)</u>

Foreign Exchange Earnings	:	4.17
Foreign Exchange Outgo	:	0.36

TECHNICO AGRI SCIENCES LIMITED (FORMERLY KNOWN AS CHAMBAL AGRITECH LIMITED)

Auditors' Report

To
The Members of Technico Agri Sciences Limited (Formerly known as Chambal Agritech Limited)

1. We have audited the attached balance sheet of Technico Agri Sciences Limited (Formerly known as Chambal Agritech Limited) as at March 31, 2009 and also the profit and loss account and the 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 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 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 (as amended) 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 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, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the 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 March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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 March 31, 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 cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: 24th April 2009

Annexure referred to in paragraph 3 of our report of even date
Re: Technico Agri Sciences Limited ('the Company) (Formerly known as Chambal Agritech Limited)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once after every alternative year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventories at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) As informed, 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. Accordingly, the provisions of clause 4 (iii) (b), (c) & (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(b) As informed, 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. Accordingly, the provisions of clause 4 (iii) (f) & (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. The activities of the Company during the year do not involve sale of services.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301. Accordingly, the provisions of clause 4 (v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax, and cess which have not been deposited on account of any dispute.

TECHNICO AGRI SCIENCES LIMITED (FORMERLY KNOWN AS CHAMBAL AGRITECH LIMITED)

Annexure referred to in paragraph 3 of our report of even date (Contd..)

(x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth.* The Company has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues in respect of financial institutions and debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Co.
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: 24th April 2009

BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs. '000)

Particulars	Schedules	As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	379,628	379,628
Loan funds			
Secured loans	2	39,612	41,378
Unsecured loans	3	120,000	120,000
Total		**539,240**	**541,006**
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		180,183	177,764
Less : Accumulated depreciation		70,065	63,014
Net block		110,118	114,750
Capital advances		108	-
		110,226	114,750
Intangible assets	5	-	-
Current assets, loans and advances			
Inventories	6	331,594	238,073
Sundry debtors	7	5,097	6,529
Cash and bank balances	8	1,749	1,300
Loans and advances	9	5,898	3,364
		344,338	249,266
Less: Current liabilities and provisions			
Current liabilities	10	120,273	58,661
Provisions	11	1,234	753
		121,507	59,414
Net current assets		222,831	189,852
Miscellaneous expenditure	12	-	-
(to the extent not written off or adjusted)			
Profit and loss account		206,183	236,404
Total		**539,240**	**541,006**
Significant accounting policies and notes to accounts	18		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.
As per our report of even date

For S.R. Batliboi & Co.
Chartered Accountants

For and on behalf of the Board of Directors of Technico Agri Sciences Limited (Formerly known as Chambal Agritech Limited)

per Manoj Gupta
Partner
Membership No. 83906

Arup K Mukerji
Director

Sachidanand Madan
Director

Sanjeev Madan
General Manager (Finance)

V.K Jain
Company Secretary

Place: Gurgaon
Date: 24 April 2009

Place: Hyderabad
Date: 24 April 2009

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

(Amount in Rs. '000)

Particulars	Schedules	Year ended 31st March, 2009	Year ended 31st March, 2008
Income			
Sales		276,609	308,402
Other income	13	15,771	14,458
Increase/(Decrease) in inventories	14	92,182	44,549
Total		**384,562**	**367,409**
Expenditure			
Personnel expenses	15	15,841	13,502
Production and other expenses	16	328,206	224,629
Depreciation	4	7,051	7,144
Financial expenses	17	2,662	17,450
License fee written off	5	-	42,554
Total		**353,760**	**305,279**
Profit/ (Loss) before tax		**30,802**	**62,130**
Fringe benefit tax		581	632
Net profit after tax		**30,221**	**61,498**
Balance Brought Forward from Previous Year		(236,404)	(297,902)
Balance Carried To Balance Sheet		**(206,183)**	**(236,404)**
Earning per share			
Basic [Nominal value of shares Rs.10 (Previous Year: Rs.10)]		0.80	1.62
Diluted [Nominal value of shares Rs.10 (Previous Year: Rs.10)]		0.80	1.62
Significant accounting policies and notes to accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss account.

As per our report of even date

For S.R. Batliboi & Co.
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date: 24 April 2009

For and on behalf of the Board of Directors of Technico Agri Sciences Limited (Formerly known as Chambal Agritech Limited)

Arup K Mukerji
Director

Sachidanand Madan
Director

Sanjeev Madan
General Manager (Finance)

V.K Jain
Company Secretary

Place: Hyderabad
Date: 24 April 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Amount in Rs. '000)

	Particulars	**Year ended March 31,2009**	**Year ended March 31,2008**
A	**Cash flow from operating activities**		
	Net Profit/(Loss) before tax	30,802	62,130
	Adjustment for:		
	Depreciation	7,051	7,144
	Loss/(Profit) on assets sold	-	207
	Unrealised Foreign exchange loss	-	18
	Preliminary expenses written off		-
	Bad debt written off	-	-
	Deferred revenue expenses written off		-
	Upfront fees written off	-	4,884
	Depletion of loose tools	-	1
	Provision for doubtful debts	4,960	1,298
	Provision written back	(7,755)	(9,473)
	Interest/Gurantee Commission expenditure	2,470	10,773
	Interest income	-	(663)
	Dividend on Investments	(1,999)	(1,572)
	License fees written off	-	42,554
	Operating profit before working capital changes	35,529	117,301
	Movements in working capital :		
	Decrease / (Increase) in sundry debtors	(3,528)	10,686
	Decrease / (Increase) in loans and advances	(2,381)	222
	Decrease / (Increase) in inventories	(93,521)	(44,657)
	Increase / (Decrease) in current liabilities	69,906	(23,835)
	Cash generated from operations	6,005	59,718
	Direct Taxes Paid	(792)	(710)
	Net cash from operating activities	**5,213**	**59,008**
B	**Cash flow from investing activities**		
	Purchase of fixed assets	(2,536)	(4,423)
	Proceeds from sale of fixed assets	9	374
	Interest received	-	663
	Dividend on Investments	1,999	1,572
	Net cash used in investing activities	**(528)**	**(1,814)**
C	**Cash flows from financing activities**		
	Proceeds from issuance of share capital	-	-
	Repayment of long-term borrowings	-	(135,721)
	Net proceeds of Unsecured loan	-	120,000
	Net proceeds of short term borrowings/ vehicle loan	(1,766)	(160,455)
	Interest/ Gurantee Commission	(2,470)	(10,773)
	Net cash generated from/(used in) financing activities	**(4,236)**	**(186,949)**
	Net increase in cash and cash equivalents (A+B+C)	449	(129,756)
	Cash and cash equivalents at the beginning of the year	1,300	131,056
	Cash and cash equivalents at the end of the year	**1,749**	**1,300**
	Components of cash and cash equivalents		
	Cash in hand	45	103
	Balances with scheduled banks:		
	On current accounts	1,694	1,187
	On fixed deposit	10	10
	(including fixed deposits of Rs.10 thousand pledged with sales tax authorities)		
		1,749	**1,300**

As per our report of even date

For S.R. Batliboi & Co.
Chartered Accountants

per Manoj Gupta
Partner
Membership No. 83906

Place: Gurgaon
Date:

For and on behalf of the Board of Directors of Technico Agri Sciences Limited (Formerly known as Chambal Agritech Limited)

Arup K Mukerji
Director

Sachidanand Madan
Director

Sanjeev Madan
General Manager (Finance)

V.K Jain
Company Secretary

Place : Hyderabad
Date :

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rs. '000)

Particulars	**As at 31st March, 2009**	**As at 31st March, 2008**
Schedule 1: Share Capital		
Authorised :		
40,000,000 (Previous year 40,000,000) Equity shares of Rs.10/- each	**400,000**	**400,000**
Issued, Subscribed & Paid up		
37,962,800 (Previous year 37,962,800) Equity shares of Rs.10/- each	379,628	379,628
	379,628	**379,628**

Of the above:

Out of the above 37,962,794 (Previous year 37,962,794) shares are held by the holding company, Technico Pty Ltd., Australia. Balance 6 shares are held by Technico Pty Ltd. Australia, jointly with other share holders.

Schedule 2: Secured Loans		
Cash credit loan from banks	39,612	41,279
Vehicle loan from banks	-	99
	39,612	**41,378**

Notes:

1) Cash credit limit from HDFC Bank Ltd. is secured by first pari passu charge on all present and future current assets of the

2) Amount repayable within one year Rs.Nil (Previous year Rs.99 thousand).

Schedule 3: Unsecured Loans		
Other Loans & Advances		
- From Body Corporate	120,000	120,000
(From Russell Credit Limited, the Indian parent of the holding company)		
	120,000	**120,000**

Note:

(Repayable with in one year Rs.120,000 thousands (Previous year Rs.Nil)

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

Schedule 4: Fixed Assets **(Amount in Rs.'000)**

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2008	Additions during the year	Withdrawal/ Adjustments	As at 31.03.2009	As at 01.04.2008	For the year	Withdrawal/ Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.3.2008
Land-freehold	13,355	1,328	-	14,683	-	-	-	-	14,683	13,355
Buildings	46,548	-	-	46,548	9,899	1,313	-	11,212	35,336	36,649
Plant & machinery	99,777	696	-	100,473	45,139	4,633	-	49,772	50,701	54,638
Furniture & fixtures	2,169	-	-	2,169	1,268	94	-	1,362	807	901
Leasehold improvements	1,629	-	-	1,629	1,629	-	-	1,629	-	-
Equipment & appliances	7,135	404	9	7,530	3,074	499	-	3,573	3,957	4,061
Electric installation	3,520	-	-	3,520	1,261	167	-	1,428	2,092	2,259
Vehicles	3,631		-	3,631	744	345	-	1,089	2,542	2,887
Total	**177,764**	**2,428**	**9**	**180,183**	**63,014**	**7,051**	**-**	**70,065**	**110,118**	**114,750**
Previous Year	**174,866**	**4,423**	**1,525**	**177,764**	**56,814**	**7,144**	**944**	**63,014**	**114,750**	**118,052**

Note :- Freehold land amounting to Rs.328 thousand (Previous Year Rs.2,072 thousand) is pending registration in the name of the Company.

Schedule 5: Intangible Assets **(Amount in Rs.'000)**

Particulars	Gross Block				Amortisation				Net Block	
	As at 01.04.2008	Additions during the year	Withdrawal/ Adjustments	As at 31.03.2009	As at 01.04.2008	For the year	Withdrawal/ Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.3.2008
Licence fees	93,837	-	-	93,837	93,837	-	-	93,837	-	-
Total	**93,837**	**-**	**-**	**93,837**	**93,837**	**-**	**-**	**93,837**	**-**	**-**
Previous Year	**93,837**	**-**	**-**	**93,837**	**51,283**	**42,554**	**-**	**93,837**	**-**	**42,554**

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rs.' 000)

Particulars	As at 31st March, 2009	As at 31st March, 2008
Schedule 6: Inventories		
Stores and spares	5,238	3,899
TECHNITUBER® seed*	18,538	19,913
Field Generated Seed Potatoes**	307,082	214,261
Standing Crop***	736	-
	331,594	**238,073**
Includes borrowing cost (Amount Rs.in thousand)		
* Rs.11 (Previous year Rs.76)		
** Rs. 270 (Previous year Rs.1757)		
*** Rs.1 (Previous year Rs.Nil)		
Schedule 7: Sundry debtors		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	-	-
Considered doubtful	1,031	1,362
	1,031	1,362
Other debts		
Unsecured, considered good	5,097	6,529
Considered doubtful	4,947	1,293
	10,044	7,822
	11,075	9,184
Less: Provision for doubtful debts	5,978	2,655
	5,097	**6,529**
Schedule 8: Cash and bank balances		
Cash in hand	45	103
Balances with scheduled banks:		
On current accounts	1,694	1,187
On fixed deposit	10	10
(Fixed deposits of Rs.10 thousand is pledged with sales tax authorities)		
	1,749	**1,300**
Schedule 9: Loans and advances		
(Unsecured,considered good)		
Advances recoverable in cash or kind or for value to be received	2,811	1,422
Tax deducted at source/Advance FBT	605	218
Deposits	2,482	1,724
	5,898	**3,364**

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rs.'000)

Particulars	**As at 31st March, 2009**	**As at 31st March, 2008**
Schedule 10: Current liabilities		
Sundry creditors		
- Total outstanding dues of Micro and Small Enterprises**	-	-
- Total outstanding dues to creditors other than Micro and Small Enterprises	96,622	45,867
Advance received from customers	22,734	11,640
Deposit from contract growers and others	250	275
Other liabilities	667	879
	120,273	**58,661**
* *Refer Schedule 18 note no. 10(d)		
Schedule 11: Provisions		
Provision for Leave encashment	1,223	696
Provision for gratuity	11	-
Provision for Fringe benefit tax	-	57
Provision for Export claims*	-	-
	1,234	**753**
*** Provision for export claims**		
Balance at the beginning of the year	-	5,593
Additions during the year	-	-
Provision written back	-	5,593
Balance at the end of the year	**-**	**-**
Schedule 12: Miscellaneous expenditure (to the extent not written off)		
Preliminary Expenses		
Opening Balance	-	-
Less- Written off during the Year	-	-
Balance carried forward	-	-
Deferred Revenue Expenses		
Opening Balance	-	-
Less- Written off during the Year	-	-
Balance carried forward	-	-
Upfront Fees Paid to a Bank		
Opening Balance	-	4,884
Less- Written off during the Year	-	4,884
Balance carried forward	-	-

SCHEDULES ANNEXED TO & FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009

(Amount in Rs.'000)

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Schedule 13 Other income		
Interest on fixed deposits	-	663
[Gross tax deducted at source Rs. Nil (Previous Year Rs.148 thousand)]		
Exchange difference (net)	2,640	-
Profit on sale of assets	-	22
Excess Provision written back	7,755	9,473
Dividend Income from short term investments	1,999	1,572
Rental income	978	-
Miscellaneous income	2,399	2,728
	15,771	**14,458**
Schedule 14: Increase/ (Decrease) in stock		
Opening Stock		
TECHNITUBER® seed	19,913	22,988
Field Generated Seed Potatoes	214,261	164,128
Standing crop	-	2,509
	234,174	**189,625**
Less: Closing Stock		
TECHNITUBER® seed	18,538	19,913
Field Generated Seed Potatoes	307,082	214,261
Standing crop	736	-
	326,356	**234,174**
Increase/ (Decrease) in stock	**92,182**	**44,549**

SCHEDULES ANNEXED TO & FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Amount in Rs.'000)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Schedule 15 : Personnel Expenses		
Salaries, wages, bonus and other allowances	13,055	11,407
Contribution to provident and other funds	729	597
Gratuity expense	78	(54)
Workmen and staff welfare expenses	1,979	1,552
	15,841	**13,502**
Schedule 16: Production and other expenses		
Cost of plantlets consumed	20	5
Stores and packing material consumed	26,137	19,025
Chemicals and fertilisers consumed	1,897	791
Power and fuel	8,233	8,345
Purchase seed potato	-	2,915
Seed farming charges	179,412	122,890
Hire charges equipment	-	-
Farm wages	-	-
Land management charges (Net)	771	470
Grading charges	5,996	3,883
Contract labour	4,749	3,471
Facility support service	-	-
Freight and cartage	32,358	14,482
Consultancy and retainership	-	-
Travelling	5,409	4,211
Insurance	861	811
Rent	40,456	27,137
Rates and taxes	332	306
Repair and maintenance:		
Building	69	180
Plant and machinery	1,935	2,580
Others	805	1,965
Vehicle running and maintenance	-	-
Loss on assets sold/ written off	-	-
Preliminary expenses written off	-	-
Deferred revenue expenses written off	-	-
Auditors' remuneration:		
Audit fee	386	393
Tax audit fee	110	112
Out of pocket expenses	120	17
Claims and rebate to customers	-	-
Exchange difference (net)	-	-
Provision for doubtful debts	-	-
Bad & Doubtful Debts	4,960	1,298
Marketing Services Fees	3,149	-
Miscellaneous expenses	10,041	9,342
	328,206	**224,629**
Schedule 17: Financial expenses		
Interest on:		
Term loans	-	5,517
Others	2,470	4,893
Bank charges	192	788
Upfront fee written off	-	4,884
Guarantee commission	-	363
Exchange difference (net)	-	1,005
	2,662	**17,450**

SCHEDULE-18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Nature of Operations

The Company is in the business of producing and selling TECHNITUBER® seed and Field Generated Seed Potatoes. The Company's production process comprises TECHNITUBER® seed (i.e. G-0) and Field Generated Seed Potatoes which can itself have several stages like G-1, G-2 and so on. During the G-0 stage, the TECHNITUBER® seed are produced under a controlled environment in the nurseries maintained at the facility premises. The TECHNITUBER® seed produced in the G-0 stage are taken for field plantation for further production of next stage i.e. G-1, which is again taken for subsequent production for another generation and so on depending on the production and sales strategy.

2. Statement of Significant Accounting Policies

a) **Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) **Fixed Assets**

Fixed Assets are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d) **Depreciation**

Depreciation on Fixed Assets, except for Leasehold Improvements and part of Plant and Machinery used in field operations, is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 which are not lower than rates based on estimated useful lives of the respective assets. Leasehold Improvements are depreciated over the period of Primary lease and part of Plant and Machinery used in field operations is depreciated over five years which is determined based on technical evaluation.

Assets	Rates (SLM)	Rates Schedule XIV
Buildings	1.63% - 3.34%	1.63% - 3.34%
Electric Installation	4.75%	4.75%
Plant and Machinery	4.75% - 20%	4.75%
Equipment and Appliances	4.75% - 16.21%	4.75% - 16.21%
Furniture and Fittings	6.33%	6.33%
Vehicles	9.5%	9.5%
Leasehold Improvements	Over the Primary Lease Period	-

All assets costing Rs.5,000 or below are fully depreciated in the year of addition.

e) **Intangible assets**

Intangibles include TECHNITUBER® technology of the company and are considered to have finite lives. Intangible 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.

f) Impairment of Assets

(i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Inventories

Inventories are valued as follows:

(i) Stores & Spares

At cost, arrived at on FIFO basis or net realizable value whichever is lower.

(ii) Standing Crops, TECHNITUBER® Seed and Field Generated Seed Potatoes

At cost or net realizable value whichever is lower. Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories. Borrowing costs relating to generation of TECHNITUBER® seed and Field Generated Seed Potatoes which takes substantial period of time to get ready for sale are also included to the extent they relate to the period till such stock are ready for sale.

h) Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

i) Investment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Goods

Revenue from sale of goods is recognized on transfer of risks and rewards which, coincides with the dispatch of goods to the customers.

(ii) Interest

Revenue from interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Dividend

Revenue from dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

(iv) Rental Income

Rental income is recognised in the Profit and Loss Account as per lease terms.

k) Retirement Benefits

(i) Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Company has taken a Policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the premium paid to LIC is charged to Profit & Loss Account. The difference between the actuarial valuation of the gratuity of employees at the year-end and the contribution paid to LIC is further adjusted in the books of accounts.

(iii) Provision for liability towards leave encashment of employees is made on the basis of actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately charged off to profit and loss account and are not deferred.

SCHEDULE-18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd)

l) Income Tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

m) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account over the lease term.

n) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Identification of Segments

(i) Primary segment- Business Segment

The Company's Operations predominantly comprise of only one segment i.e. Seed Potatoes. In view of the same, separate segmental information is not required to be given as per the requirements of Accounting Standard 17.

(ii) Secondary Segment- Geographical Segment

The analysis of geographical segment is based on the geographical location of the customers. The geographical segments considered for disclosure are as follows:

Revenue from domestic market includes sales to customers located within India.

Revenue from overseas market includes sales to customers located outside India.

3. Notes on Accounts

1. For the purpose of valuation of stock of TECHNITUBER® seed and Field Generated Seed Potatoes lying at various stages, net realizable value has been arrived at considering the expected yield, costs to be incurred in converting such stock into saleable condition and the selling price of the saleable product, based on technical and commercial estimates made by the management.

SCHEDULE-18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd..)

2. Segment Reporting

Geographical segment wise revene

(**Rs. in '000)**

S. No.	Particulars	2008-09	2007-08
(a)	Revenue from Domestic Market	241,035	287,192
(b)	Revenue from Overseas Market	35,574	21,210
	Total	**276,609**	**308,402**

Geographical segment wise receivables (Gross) :

(**Rs. in '000)**

S. No.	Particulars	2008-09	2007-08
(a)	Receivable from Domestic Market	9,364	4,813
(b)	Receivable from Overseas Market	1,711	4,371
	Total	**11,075**	**9,184**

The Company has common assets for producing goods for domestic markets and overseas markets. Hence, separate figures for assets/addition to fixed assets can not be furnished.

3. Related Party Disclosures

(i) The list of related parties as identified by the management is as under:

Name of the Party	Relationship
Technico Pty Limited Australia (TPL)	Holding Company
Chambal Fertilisers & Chemicals Ltd.(CFCL)	Ultimate Holding Company from 1st October, 2004 to 17th August, 2007.
ITC Limited (ITC)	Ultimate holding company from 17th August, 2007.
Chambal Biotech Private Limited, Singapore	Holding Company of Technico Pty Ltd., Australia from 13th May, 2004 to 17th August, 2007
Russell Credit Limited (RCL)	Parent entity of Technico Pty Ltd. from 17th August, 2007.
Technico Asia Holdings Pty Limited, Australia	Fellow Subsidiary
Technico Horticultural (Kunming) Company Limited, China	Fellow Subsidiary
Technico ISC Pty Limited, Australia.	Fellow Subsidiary
Technico Technologies Inc., Canada.	Fellow Subsidiary
Mr. David Charles McDonald	Director
Mr. Sachidanand Madan	Director
Mr. Surampudi Sivakumar	Director
Mr.Arup K Mukerji	Director
Mr. Bhargavan Sumant	Director

(ii) The following transactions were carried out with the related parties and the balances of these related parties as at March 31, 2009 for the period then ended are presented herein below:

(Rs. in '000)

Particulars	Ultimate Holding Company	Holding Company
Guarantee Commission (CFCL)	- (363)	- (-)
Accounts Payable (CFCL)	- (-)	- (-)
Expenses Reimbursed (CFCL)	- (1,056)	- (-)
Sale of Seed Potatoes (ITC)	9,415 (1,730)	- (-)
Rental income (ITC)	978 (-)	- (-)
Service Received (ITC)	- (465)	- (-)
Expenses Reimbursed (ITC)	19 (164)	- (-)

3. Related Party Disclosures (Contd..)

Expenses Recovered (ITC)	188 (47)	- (-)
Marketing Service Fees (TPL)	- (-)	3,520 (-)
Loan from Body Corporate (RCL)	- (-)	- (120,000)
Loan Outstanding (RCL)	- (-)	120,000 (120,000)
Accounts receivable (ITC)	1 (102)	- (-)
Other receivable (ITC)	1,048 (-)	- (-)
Accounts Payable (TPL)	- (-)	74 (-)

Previous Year figures are given in the brackets.

4. Earnings per Share (EPS)

S. No.	**Particulars**	**2008-09**	**2007-08**
(c)	Total equity shares outstanding at the beginning and end of the year Rs.10 (previous year Rs.10) paid up on each share No. of Shares Paid up Value (Rs.'000) Equivalent no. of Shares of Rs.10	 37,962,800 379,628 37,962,800	 37,962,800 379,628 37,962,800
(b)	Weighted average number of equity shares outstanding during the year.	37,962,800	37,962,800
(e)	Net Profit/(Loss) (Rs.'000)	30,221	61,498
(f)	Basic earnings per share (Rs.)	0.80	1.62
(g)	Diluted earnings per share (Rs.)	0.80	1.62

5. The following investments were purchased and sold:

Year 2008-09

a) 1,000,000 units of Rs.10 each of JM Fixed Maturity Fund Series - Dividend Plan
b) 999,530 units of Rs.10 each of JM Money Manager Fund - Daily Dividend
c) 2,997,332 units of Rs.10 each of JP Morgan India Liquid Plus Fund - Daily Dividend
d) 1,000,000 units of Rs.10 each of ICICI Prudential FMP Series 47- Dividend
e) 1,418,641 units of Rs.10 each of ICICI Prudential Flexible Income Plan - Daily Dividend
f) 4,000,000 units of Rs.10 each of SBI Debt Funds Series – Dividend
g) 1,893,260 units of Rs.10 each of Tata Floater Fund- Daily Dividend
h) 1,899,525 units of Rs.10 each of Fidelity Liquid Plus Fund - Daily Dividend
i) 329,674 units of Rs.10 each of AIG India Treasury Fund - Daily Dividend
j) 998,502 units of Rs.10 each of IDFC Money Manager Fund- Daily Dividend
k) 9,401,677 units of Rs.10 each of HDFC Cash Management Fund- Daily Dividend

Year 2007-08

a) 34,93,014 units of Rs.10 each of Principal Liquid Plus Fund - Dividend
b) 75,01,584 units of Rs.10 each of Principle Floating Rate Fund FMP - Dividend
c) 50,00,000 units of Rs.10 each of Lotus India Quarterly Interval Fund - Dividend
d) 20,15,508 units of Rs.10 each of Canara Robecco Liquid Plus Institutional Fund – Dividend
e) 9,45,761 units of Rs.10 each of ICICI Prudential Flexible Income Plan Fund – Dividend
f) 39,87,599 units of Rs.10 each of Kotak Flexi Debt Scheme – Dividend

6. In accordance with Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, on conservative basis, deferred tax assets have not been accounted for in the books of accounts, since the estimation of future taxable profits can not be made with virtual certainty against which such Deferred Tax Assets would be realised.

7. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.57 thousands (Previous Year Rs. Nil)

8. Gratuity and Leave Encashment benefit plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Every employee is eligible for 30 days of earned leave each year.

The liability is provided as per actuarial valuation.

The following table summarises the components of net benefit expense recognised in the profit and loss account, the funded status and amounts recognised in the balance sheet for the Gratuity and Leave encashment.

Profit and Loss account

Net employee benefit expense (recognised in Employee Cost)

(Rs. in '000)

Particulars	2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	245	92	238	67
Interest cost on benefit obligation	52	49	29	39
Expected return on plan assets	(60)	-	(59)	-
Net actuarial (gain)/ loss recognised in the year	(159)	386	128	142
Past service cost		-	(390)	-
Net benefit expense	**78**	**527**	**(54)**	**248**
Actual return on plan assets	-	-	-	-

Balance Sheet

Details of Provision for Gratuity and Leave Encashment

(Rs. in '000)

Particulars	2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave encashment
Defined benefit obligation	(790)	(1,223)	(746)	(696)
Fair value of plan assets	779	-	813	-
Less: Un-recognized past service cost	-	-	-	-
Plan asset / (liability)	**(11)**	**(1,223)**	**67**	**(696)**

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in '000)

Particulars	2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening defined benefit obligation	746	696	369	522
Interest cost	52	49	29	39
Current service cost	245	92	238	67
Benefits paid	-	-	(17)	(74)
Actuarial (gains)/ losses on obligation	(253)	386	127	142
Closing defined benefit obligation	**790**	**1,223**	**746**	**696**

Changes in the fair value of plan assets are as follows:

(Rs. in '000)

Particulars	2008-09		2007-08	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Opening fair value of plan assets	813	-	759	-
Expected return	60	-	59	-
Contributions by employer	-	-	14	74
Benefits paid	-	-	(17)	(74)
Actuarial gains / (losses)	(94)	-	(2)	-
Closing fair value of plan assets	**779**	-	**813**	-

SCHEDULE-18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd..)

The Company expects to contribute Rs 583 (Previous year Rs 125) thousands to gratuity fund in 2009-10.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2008-09	2007-08
Investments with insurer	100%	100%

The principal assumptions are the discount rate & salary increase. The discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of liabilities & the salary increase takes in to account of inflation, seniority, promotion and other relevant factors on long term basis.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2008-09 (In %)	2007-08 (In %)
Discount rate	7.00	7.50
Expected rate of return on plan assets	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.

9. Particulars of Un-hedged Foreign Currency Exposure

(Amount in '000)

Particulars	Currency	2008-2009	2007-2008
Creditors	US$	1.43	-
	INR	73.51	-
Debtors	US$	33.70	110.10
	INR	1,711	4,371

10. Supplementary Statutory Information

a) Earnings in foreign currency

(Rs. in '000)

Particulars	2008-09	2007-08
FOB value of Exports	35,574	21,210

b) Expenditure in foreign currency

(Rs. in '000)

Particulars	2008-09	2007-08
Travelling	26	21
Testing Charges	161	174
Marketing Service Fees	3,149	-

c) Value of imports calculated on CIF basis

(Rs. in '000)

Particulars	2008-09	2007-08
Capital Goods	-	32

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006 (Contd..)

d) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

S. No.	Particulars	2008-09	2007-08
a)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	-	-
b)	the amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
d)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

11. Additional information pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956.

a) Particulars regarding Production, Sales and Stock

Particulars	2008-09		2007-08	
	Quantity	Value	Quantity	Value
Production				
TECHNITUBER® Seed (qty. in '000 Nos.)	12,809	-	11,125	-
Field Generated Seed Potatoes (qty. in MT)	47,855	-	34,463	-
Purchase				
TECHNITUBER® Seed (qty. in '000 Nos.)	-	-	-	-
Field Generated Seed Potatoes (qty. in MT)	-	-	908	2,915
Internal Consumption				
TECHNITUBER® Seed (qty. in '000 Nos.)	4,723	-	3,084	-
Field Generated Seed Potatoes (qty. in MT)	8,129	-	7,091	-
Losses/ Shortages/ Discarded Seed				
TECHNITUBER® Seed (qty. in '000 Nos.)	1,338	-	4,147	-
Field Generated Seed Potatoes (qty. in MT)	1,643	-	779	-
Sales				
TECHNITUBER® Seed (qty. in '000 Nos.)	5,355	36,947	4,086	27,767
Field Generated Seed Potatoes (qty. in MT)	26,292	239,662	14,581	280,635
Opening Stock				
TECHNITUBER® Seed (qty. in '000 Nos.)	7,048	19,913	7,240	22,988
Field Generated Seed Potatoes (qty. in MT)	33,381	214,261	20,461	164,128
Standing crops	-	-		2,509
Closing Stock				
TECHNITUBER® Seed (qty. in '000 Nos.)	8,441	18,538	7,048	19,913
Field Generated Seed Potatoes (qty. in MT)	45,172	307,082	33,381	214,261
Standing crops		736		Nil

SCHEDULE-18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd..)

b) Consumption of raw material

(Rs. in '000)

Particulars	2008-09	%	2007-08	%
Imported	-	-	-	-
Indigenous	1,917	100.00	796	100.00
Total	1,917	100.00	796	100.00

c) Consumption of stores and spares

(Rs. in '000)

Particulars	2008-09	%	2007-08	%
Imported	-	-	-	-
Indigenous	26,137	100.00	19,025	100.00
Total	26,137	100.00	19,025	100.00

12. Previous years' figures has been regrouped and/or rearranged wherever necessary to make their classification comparable with that of the current year.

For S.R. Batliboi & Co.
Chartered Accountants

per Manoj Gupta
Partner
Membership No.: 83906

Place: Gurgaon
Date : 24 April 2009

For and on behalf of the Board of Technico Agri Sciences Limited (Formerly known as Chambal Agritech Limited)

Arup K Mukerji
Director

Sachidanand Madan
Director

Sanjeev Madan
General Manager (Finance)

V.K Jain
Company Secretary

Place: Hyderabad
Date : 24 April 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration No.	98,646
	State Code	55
	Balance Sheet Date	March 31,2009
		(Rs. '000')
II	**Capital raised during the year**	
	Public issue	-
	Right issue	-
	Bonus issue	-
	Private placement	-
III	**Position of mobilization and deployment of funds**	
	Total liabilities	539,240
	Total assets	539,240
	Source of funds	
	Paid up capital	379,628
	Reserve & Surplus	-
	Secured loans	39,612
	Unsecured loans	120,000
	Application of funds	
	Net fixed assets	110,118
	Intangible assets	-
	Capital work in progress	-
	Capital advances	108
	Net current assets	222,831
	Misc expenditure	-
	Profit & Loss Account	206,183

TECHNICO AGRI SCIENCES LIMITED (FORMERLY KNOWN AS CHAMBAL AGRITECH LIMITED)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Contd..)

IV	**Performance of the Company**		
	Turnover (including other income)		292,380
	Total expenditure		261,578
	Total Profit / (loss) before tax		30,802
	Profit / (loss) after tax		30,221
	Earning per equity share (in Rs.)	- Basic	0.80
		- Diluted	0.80
	Dividend rate percentage		
	- Equity shares		N/A

For and on behalf of the Board of Directors of Technico Agri Sciences Limited (Formerly known as Chambal Agritech Limited)

Arup K Mukerji	**Sachidanand Madan**	**Sanjeev Madan**	**V.K Jain**
Director	Director	General Manager (Finance)	Company Secretary

Place : Hyderabad
Dated : 24 April 2009

DIRECTOR'S 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 David Charles McDonald
Mr Sachidanand Madan
Mr Anthony Bates (resigned 31 December 2008)
Mr Arup K Mukerji

Corporate information
Technico Asia Holdings Pty Limited is a company limited by shares that is incorporated and domiciled in Australia. It is a wholly owned subsidiary of Technico Pty Ltd, a company incorporated in Australia, which in turn is a 100% subsidiary of Russell Credit Limited, a company registered in India.

The registered office of Technico Asia Holdings Pty Limited is located at:

Suite 5, 20 Bundaroo Street BOWRAL NSW 2576, Australia

The company had no employees during the year.

Principal activities
The entity does not have any activity other than holding 100% of the shares of Technico Horticultural (Kunming) Co Limited, China.

Review and results of operations
As the company has no activity, it neither earned any profit nor incurred any loss during the year.

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

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

Indemnification and insurance of directors
Indemnification
The company has not, during or since the financial year, indemnified or agreed to indemnify a current or former director or officer or auditor of the company or of any related body corporate against a liability incurred whilst engaged as a director or officer or auditor.

Insurance
The company has not, during or since the financial year, paid any insurance premium or agreed to pay a premium insuring directors, officers and auditors of the company against liabilities for costs and expenses incurred in defending civil or criminal proceedings.

Auditor independence
The auditor's independence declaration from Gillespies is on page 12 of this report.

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

David Charles McDonald
Director

Place: Sydney, Australia
Date: 24h April 2009

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2009

In accordance with a resolution of the directors of Technico Asia Holdings 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 ASIA HOLDINGS PTY LIMITED FOR THE YEAR ENDED 31 MARCH 2009

In relation to our audit of the financial report of Technico Asia Holdings 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 ASIA HOLDINGS 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 Asia Holdings 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 12 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 Asia Holdings 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 Asia Holdings 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		-	-	-	-
Cost of sales:					
Other cost of sales		-	-	-	-
Inventory write off and write down		-	-	-	-
Gross profit					
Other income		-	-	-	-
Marketing expenses		-	-	-	--
Research and development expenses		-	-	-	-
Occupancy expenses		-	-	-	-
Administration expenses:		-	-	-	-
Other administration expenses		-	-	-	-
(Write-down)/recovery investments and loans		-	-	-	-
Finance costs		-	-	-	-
Other revenues/(expenses) from ordinary activities		-	-	-	-
Profit/(loss) from continuing operations before income tax expense		-	-	-	-
Net profit/(loss) for the period		-	-	-	-
Net profit/(loss) attributable to members of Technico Asia Holdings Pty Limited		-	-	-	-

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009 $	2009 INR	2008 $	2008 INR
Current assets					
Cash and cash equivalents		-	-	-	-
Trade and other receivables	2	-	-	28,863	1,059,200
Inventories		-	-	-	-
Other		-	-	-	-
Total current assets		-	-	28,863	1,059,200
Non-current assets					
Receivables		-	-	-	-
Other financial assets	3	453,500	15,884,971	453,500	16,642,316
Property, plant and equipment		-	-	-	-
Intangible assets		-	-	-	-
Total non-current assets		453,500	15,884,971	453,500	16,642,316
Total assets		453,500	15,884,971	482,363	17,701,516
Current liabilities					
Trade and other payables	4	-	-	28,863	1,059,200
Loans and borrowings	5	-	-	3,684,520	135,212,673
Provisions		-	-	-	-
Total current liabilities		-	-	3,713,383	136,271,873
Non-current liabilities					
Interest free loans and borrowings		-	-	-	-
Provisions		-	-	-	-
Total non-current liabilities		-	-	-	-
Total liabilities		-	-	3,713,383	136,271,873

BALANCE SHEET AS AT 31 MARCH 2009 (contd..)

Net assets		453,500	15,884,971	(3,231,020)	(118,570,357)
Equity					
Contributed equity	6	3,684,522	129,059,594	2	73
Accumulated losses	7	(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)
Total equity		453,500	15,884,971	(3,231,020)	(118,570,357)

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2009

	Contributed equity $	**Retained earnings $**	**Total $**
At 1 April 2007	2	(3,231,022)	(3,231,020)
Loss for the period	-	-	-
At 31 March 2008	2	(3,231,022)	(3,231,020)
Issue of shares	3,684,520		3,684,520
Loss for the period	-	-	-
At 31 March 2009	3,684,522	(3,231,022)	453,500

	Contributed equity INR	**Retained earnings INR**	**Total INR**
At 1 April 2007	70	(113,174,623)	(113,174,553)
Loss for the period	-	-	-
At 31 March 2008	70	(113,174,623)	(113,174,553)
Issue of shares	129,059,524	-	129,059,524
Loss for the period	-	-	-
At 31 March 2009	129,059,594	(113,174,623)	15,884,971

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

		2009		**2008**	
	Notes	**$**	**INR**	**$**	**INR**
Cash flow from operating activities					
Net cash flows (used in) operating activities		-	-	-	-
Cash flows from financing activities					
Net cash flows from financing activities		-	-	-	-
Net increase/(decrease) in cash held		-	-	-	-
Add opening cash brought forward		-	-	-	-
Cash and cash equivalents at end of period		-	-	-	-

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

Note 1: Statement of significant accounting policies

(a) ***Basis of preparation and going concern***

The financial report is a special purpose financial report prepared for distribution to members of the company to fulfil the directors' financial reporting requirements under the *Corporations Act 2001*. 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.

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

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 is 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 Indian holding company of 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 Asia Holdings 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

(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.

(c) Receivables

Trade/other 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.

(d) Other financial assets

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

(e) 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.

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

(f) 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.

(g) 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.

Note 2: Trade and other receivables

	Notes	2009 $	2009 INR	2008 $	2008 INR
Current					
Trade and other receivables		-	-	28,863	1,059,200

Note 3: Other financial assets

		2009 $	2009 INR	2008 $	2008 INR
Non-current					
Shares in subsidiaries:					
At cost		3,684,522	129,059,504	3,684,522	135,212,783
Provision for write-down		(3,231,022)	(113,174,623)	(3,231,022)	(118,570,467)
Total other financial assets		453,500	15,884,971	453,500	16,642,316

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.

	Percentage of equity interest held by the consolidated entity country of incorporation	%	Investment (Provision for diminution) 2009 $	2009 INR	2008 $	2008 INR
Technico Horticultural (Kunming) Co Ltd	China	100	3,684,522	129,059,504	3,684,522	135,212,746
			(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)
			453,500	15,884,971	453,500	16,642,316

Note 4: Trade and other payables

	Notes	2009 $	2009 INR	2008 $	2008 INR
Current					
Trade creditors		-		-	-
Balance due to Technico Pty Ltd (parent entity)		-	-	28,863	1,059,200
		-	-	28,863	1,059,200

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 Technico is non-interest bearing and are normally settled on 30 day terms.

Note 5: Loans and borrowings

	Notes	2009 $	2009 INR	2008 $	2008 INR
Current					
Interest free loan from Technico Pty Ltd (parent entity)		-	-	3,684,520	135,212,673

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

Note 6: Contributed equity

Issued and paid up capital

3,684,522 Ordinary shares fully paid	3,684,522	129,059,594	2	73

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.

During the year, the company issued 3,684,520 ordinary shares to Technico Pty Limited Australia, by converting the loan earlier provided by the parent entity.

	Notes	2009 $	2009 INR	2008 $	2008 INR
Note 7: Reserves and accumulated losses					
Accumulated losses					
Balance at beginning of year		(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)
Net loss attributable to the members of Technico Asia Holdings Ltd		-	-	-	-
Total (available)/unavailable for appropriation		(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)
Dividends paid or provided for		-	-	-	-
Aggregate amount transferred (to)/from reserves		-	-	-	-
Balance at end of period		(3,231,022)	(113,174,623)	(3,231,022)	(118,570,430)

Note 8: Events subsequent to reporting date

There are no subsequent events to be reported.

Management Report for Technico Horticultural (Kunming) Co Ltd.

Corporate Information

Technico Horticultural (Kunming) Co Ltd ("Company") is domiciled in Yunnan Province, People's Republic of China. Its parent entity is Technico Asia Holdings Pty Ltd (formerly Technico China Pty Ltd), a company incorporated in Australia.

The registered office of the Company is located at,

A-38 Yanglin Industrial Development Zone,
Songming,
Yunnan Province,
People's Republic of China.

There were 59 employees on the rolls of the Company as at 31 December, 2008.

Principal activities

The Company is primarily engaged in production and supply of TECHNITUBER® seed potatoes to domestic and export markets.

Business Review

For the year under review, the Company achieved a turnover of CNY 11,679,118 (2007: CNY 14,313,363) and a net loss of CNY 2,856,137 (2006: profit of CNY 821,537). The Company is continuing its discussions with government authorities and advisors concerning its ownership structure and operational status.

In view of the accumulated losses, no dividends have been paid or declared during the financial year.

Auditors

The Company has engaged M/s Yunnan Tianying Certified Public Accountants as auditors for the year under review whose report is annexed to the financial report.

Environmental regulation and performance

Your Company complies with the environmental regulations set by the Songming Environmental Bureau.

Sachidanand Madan
Legal Representative

Place: Date: 18th March 2009

Audit Report

To the management
Technico Horticultural (Kunming) Co., Ltd.

We have audited the attached financial statements of Technico Horticultural (Kunming) Company (the "Company"), including the balance sheet as at 31 December 2008, and the income and Statement 0f Changes In Equity, cash flow statement, notes to financial statements for the year ended 31 December 2008.

1. Responsibility of the Company's management for the financial statements

The Company's responsibility is to prepare these financial statements in accordance with the requirements of "The Accounting Standards for PRC Enterprises" and "The Accounting Systems of PRC Enterprises", which includes (1) designing, implementing and maintaining the internal controls relative to the preparation of these financial statements, so that there aren't material misstatements in these financial statements led by fraud and error; (2) selecting and using proper accounting policies and making rational accounting estimates.

2. Responsibility of the certified public accounts

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards of China. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Audit opinion

In our opinion, the financial statements have been prepared in accordance with the requirements of "The Accounting Standards for PRC Enterprises" and "The Accounting Systems of PRC Enterprises". The financial statements fairly present the financial position of the Company as at 31 December 2008, operating results and cash flows for the year then ended in all material resects.

Yunnan Tianying Certified Public Accountants

Certified Public Accountants:

Certified Public Accountants:

Kunming, The People's Republic of China

18 March 2009

BALANCE SHEET AS ON 31 DECEMBER 2008

ITEMS	LINENO	31/Dec/07	31/Dec/07	31/Dec/08	31/Dec/08
		CNY	INR	CNY	INR
CURRENT ASSETS ：	1				
Cash and cash equivalents	2	313,174	1,693,146	6,576,477	47,217,131
Transaction monetary assets	3	0	0	0	0
Short-term investments	4	0	0	0	0
Notes receivable	5	0	0	0	0
Accounts receivable	6	4,019,759	21,732,424	2,431,152	17,454,940
Advance to suppliersd debts	7	70,000	378,448	6,633	47,624
Dividend receivable	8	0	0	0	0
Interest receivable	9	0	0	0	0
Other notes receivable	10	245,077	1,324,986	115,762	831,139
Inventoriesns	11	5,113,874	27,647,646	4,207,773	30,210,549
Including：Raw materials	12	0	0	0	0
Finished goods	13	3,958,198	21,399,603	3,881,481	27,867,872
In one year expired noncurrent assets	14	0	0	0	0
Other current assets	15	21,230	114,776	20,272	145,546
Total current assets	16	**9,783,114**	**52,891,427**	**13,358,069**	**95,906,930**
NONCURRENT ASSETS ：	17				
Financial assets available for sale	18				
Hold investment due	19				
Long-term investment on bonds	20				
Long-term account receivable	21				
Long-term investment on stocks	22				
Right to trade in previously non-tradable shares	23				
Investment real eastate	24	26,797,304	144,876,943	26,299,404	188,821,828
Fixed assets-cost	25	18,657,685	100,870,906	19,532,783	140,239,522
Less：Accumulated depreciationes	26	8,139,619	44,006,036	6,766,621	48,582,306
Fixed assets-net value	27	0	0	0	0
less：Fixed assets depreciation reserves	28	8,139,619	44,006,036	6,766,621	48,582,306
Fixed assets-net equity	29				
Construction in progressliab	30				
Project goods and material	31				
Liquidation of fixed assets	32				
Productive living assets	33				
Oil and gas assets	34				
Intangible assets	35	1,659,994	8,974,590	1,619,006	11,623,979
Including：right to use land	36	1,659,994	8,974,590	1,619,006	11,623,979
Development expenditures	37				
Business reputation	38				
Cost-book value differentials	39				
Long-term deferred and prepaid expenses	40				
Deferred income tax assets	41				
Deferred taxes debit	42				
Other noncurrent assets	43				
Including：specially approved reserving materials	44				
Total noncurrent assets	45	**9,799,613**	**52,980,626**	**8,385,627**	**60,206,286**
TOTAL ASSETS	46	**19,582,727**	**105,872,053**	**21,743,696**	**156,113,215**
CURRENT LIABILITIES ：	47				
Short term loans	48	0	0	4,000,000	28,718,800
Transaction financial liabilities	49	0	0	0	0
Warrants payable	50	0	0	0	0
Notes payable	51	0	0	0	0
Accounts payable	52	0	0	2,023,866	14,530,748
Advances from customers	53	896,537	4,847,039	0	0
Employee pay payable	54	440,419	2,381,083	407,675	2,926,987
Including：accrued wages	55	436,189	2,358,211	404,700	2,905,625
accrued welfarism	56	4,231	22,872	2,975	21,362
Including：staff and worker' bonus and welfare fund	57				
Taxes and dues payable	58				
Including：Taxes payable	59				
Interest payable	60				
Dividends payable	61				
Other payables	62	102,012	551,515	164,057	1,177,877
Due within one year of noncurrent liabilities	63				
Other current liabilities	64				
Total current liabilities	65	**1,438,968**	**7,779,637**	**6,595,598**	**47,354,412**

BALANCE SHEET AS ON 31 DECEMBER 2008

ITEMS	LINENO	31/Dec/07	31/Dec/07	31/Dec/08	31/Dec/08
		CNY	INR	CNY	INR
NONCURRENT LIABILITIES ：	66				
Long-term loans	67				
Bonds payable	68				
Long-term account payable	69	199,842	1,080,427	60,319	433,070
Special payable	70				
Projected liabilities	71				
Deferred income tax liabilities	72				
Deferred taxes credit	73				
Other noncurrent liabilities	74				
Including：special reserve fund	75				
Total non-current liabilities	76	**199,842**	**1,080,427**	**60,319**	**433,070**
Total liabilities	77	**1,638,810**	**8,860,064**	**6,655,916**	**47,787,483**
OWNERS' EQUITY :	78				
Practical capital collected (or share capital)	79	19,013,598	102,795,116	19,013,598	136,511,930
National capital	80				
Collective capital	81				
Legal person"s capital	82				
Including：State-owned legal person"s capital	83				
Collective legal person"s capital	84				
Personal capital	85				
Foreign businessmen"s capital	86	19,013,598	102,795,116	19,013,598	136,511,930
Less：Investment returned	87				
Net paid in capital	88	19,013,598	102,795,116	19,013,598	136,511,930
Capital reserves	89	42,667	230,673	42,667	306,333
Less：treasury stock	90				
Surplus reserves	91				
Including：Legal surplus	92				
Free surplus reserves	93				
Reserve fund	94				
Enterprise expension fund	95				
Profits capitalizad on return of investment	96				
Unaffirmed investment loss	97				
Undistributed profit	98	**(1,112,348)**	**(6,013,800)**	**(3,968,485)**	**(23,987,467)**
Including：cash dividends	99				
*Margin of Translation of Foreign Currency Financial Statements	100				**(4,505,063)**
Total equity attributable to equity holders of the Parent	101	**17,943,916**	**97,011,989**	**15,087,780**	**108,325,733**
*minority stockholder's interest	102				
Total owners' equit	103	17,943,916	97,011,989	15,087,780	108,325,733
Less：assets loss	104				
Total owners'equit（net value less loss on assets)	105	**17,943,916**	**97,011,989**	**15,087,780**	**108,325,733**
TOTAL LIABILITIES AND OWNERS' EQUITY	106	**19,582,727**	**105,872,053**	**21,743,696**	**156,113,216**

INCOME AND PROFIT DISTRIBUTION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

ITEMS	LINENO	2008	2008	2007	2007
		CNY	INR	CNY	INR
Gross operating income	1	**11,679,118**	**73,496,688**	**14,397,825**	**79,653,088**
Including：operating income	2	11,679,118	73,496,688	14,397,825	**79,653,088**
Including：main business income	3	11,679,118	73,496,688	14,313,363	**79,185,818**
Other business income	4	0	0	84,462	**467,270**
Gross operating cost	5	**14,583,658**	**91,774,962**	**13,608,872**	**75,288,360**
Including：operating cost	6	8,070,131	50,785,332	5,799,436	32,084,220
Including：main business cost	7	8,070,131	50,785,332	5,799,436	32,084,220
Other business expense	8	0	0	0	0
Business tax and surcharges	9	0	0	0	0
Selling expenses	10	5,160,435	32,474,617	4,664,663	25,806,318
Adminisstrative expenses	11	946,183	5,954,328	2,339,118	12,940,704
Including：Business entertainment	12	0	0	0	0
Research and development expense	13	0	0	0	0
Financial Expenses	14	406,910	2,560,686	805,654	4,457,117
Including：Interest exchange	15	18,589	116,983	109,984	608,467
Interest income	16	17,113	107,692	3,510	19,416
Foreign exchange profit and loss	17	405,434	2,551,394	629,050	3,480,096
Asset impairment losses	18	0	0	0	0
Other	19	0	0	0	0
Add：Changes in fair value of the profit and loss	20	0	0	0	0
Investment income Including：income from disposal of long term assets	21	0	0	0	0
Including：for the investment benefits from the invested business and the united business and joint venture	22	0	0	0	0
Operating profit	23	**(2,904,541)**	**(18,278,275)**	**788,954**	**4,364,729**
Add：Non-operating income	24	48,404	304,608	53,573	296,380
Including：income from disposal of long term assets	25				
Income from non-monetary assets exchange	26				
Government grands (subsidy income)	27				
Income from debt restructuring	28				
Less：Non-operating expenses	29	0	0	20,990	116,122
Including： loss on disposal of long-term assts	30				
Loss on non-monetary assets exchange	31				
Loss on debt restructuring	32				
TOTAL PROFIT	33	**(2,856,137)**	**(17,973,667)**	**821,537**	**4,544,987**
Less：Income tax expense	34				
Add：unaffirmed investment loss	35				
NET INCOME	36	**(2,856,137)**	**(17,973,667)**	**821,537**	**4,544,987**
Less：minority interest income	37				
Net income attributable to equity holders of the Parent	38	**(2,856,137)**	**(17,973,667)**	**821,537**	**4,544,987**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

ITEMS	LINENO	RMB	INR
1. Cash Flow from Operating Activities	1		
Cash from selling commodities or offering labor	2	12,873,306	81,011,713
Refund of tax and fee received	3	1,179	7,420
Other cash received related to operating activities	4	30,000	188,790
Cash InflowSubtotal	**5**	**12,904,485**	**81,207,923**
Cash paid for commodities or labor	6	6,397,004	40,256,347
Cash paid to and for employees	7	3,052,225	19,207,653
Taxes and fees paid	8	171,512	1,079,322
Other cash paid related to operating activities	9	879,918	5,537,325
Cash OutflowSubtotal	**10**	**10,500,659**	**66,080,648**
Cash flow generated from operating activitiesNet Amount	11	**2,403,826**	**15,127,275**
2. Cash Flow from Investing Activities	12	0	0
Cash from investment withdrawal	13	0	0
Cash from investment income	14	0	0
Net cash from disposing fixed assets, intangible assets and other long-term ass	15	0	0
Net cash inflows of disposal of subsidiaries and other business entities	16	0	0
Other cash received related to investing activities	17	0	0
Cash InflowSubtotal	18	0	0
Cash paid for buying fixed assets, intangible assets and other longterm investment	19	121,934	767,329
Cash paid for investment	20	0	0
Net cash outflows of procurement of subsidiaries and other business units	21	0	0
Other cash paid related to investing activities	22	0	0
Cash OutflowSubtotal	23	**121,934**	**767,329**
Cash flow generated from investing activitiesNet Amount	24	**-121,934**	**-767,329**
3. Cash Flow from Financing Activities	25		
Cash received from accepting investment	26		
Including：cash inflows from minority investment in subsidiaries	27		
Borrowings	28	4,000,000	25,172,000
Other cash received related to financing activities	29		
Cash InflowSubtotal	30	**4,000,000**	**25,172,000**
Cash paid for debt	31		
Cash paid for dividend , profit or interest	32	18,589	116,983
Including：dividends and earnings paid to minorities by subsidiaries	33		
Other cash paid related to financing activities	34		
Cash OutflowSubtotal	35	**18,589**	**116,983**
Cash flow from financing activitiesNet Amount	36	**3,981,411**	**25,055,017**
4. Foreign Currency Translation Gains（Losses）	37	**0**	**5,831,362**
5. Net Increase Of Cash and Cash Equivalents	38	**6,263,302**	**45,246,324**
Add：cash and cash equivalents beginning bal.	39	**313,174**	**1,970,807**
6.cash and cash equivalents ending bal.	40	**6,576,477**	**47,217,131**

NOTES TO FINANCIAL STATEMENTS

1. Brief information on the Company

Technico Horticultural (Kunming) Co., Ltd. (the “company”) was established as a wholly foreign-owned enterprise invested by Technico China Pty Ltd., under the “laws of the People’s Republic of China (the “PRC”) on Enterprises Operated Exclusively with Foreign Capital” and through the approval by the Foreign Economic and Trade Department of Yunnan province in the certification Dian zi (1997) No.0049. The Company of the registered capital USD2,300,000.00 was registered, with the business license number of Qi Du Zong zi No.000716, on 8 December 1997. The tenure of the Company is 50 years and may be extended upon application by the board of directors and approval of the relevant government authorities. The principal activities of the Company are the development, production and supply of microtuber potato.

2. Significant accounting policies and accounting estimates

(1) Accounting regulations
The Company implements “The Accounting Standards for Enterprises” and “The Accounting Regulations of Enterprises” and the supplementary stipulate.

(2) Fiscal year
The fiscal year for the Company is from 1 January to 31 December of each calendar year.

(3) Accounting currency
The Company’s financial records are maintained and the financial statements are stated in Renminbi (“RMB”).

(4) Accounting basis and principle
The accounting basis of The Company is accrual principle, and the accounting principle is historical cost principle.

(5) Foreign currency transactions
All foreign currency transactions have been translated into RMB at the market rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the market rates of exchange ruling at that date. The resulting exchange gains or losses are capitalized if they have relation to acquiring fixed assets before the fixed assets intended-use have been commenced; or are accounted as long-term prepaid expense ! in the preparative duration, or are dealt with in the profit and loss account in the operating duration, if they have not relation to acquiring fixed assets.

(6) Cash equivalents
Cash equivalents are the short-term investments, which are held by the Company at the short-term (generally within 3 months from the purchasing date to the date due), are easy in currency and conversion to known-account cashes, are of little value fluctuations.

(7) Allowances for uncollectible accounts
The Company uses the allowance method in which the allowances for uncollectible accounts for the receivable items (including the accounts receivable and other receivable) are recognized in the aging receivable account method and are dealt with in the profit and loss account at the balance sheet. The aging receivable account method is made as follows:

a. Within 1 year, at 0.5 percent on the amount of the part;
b. 1-2 year, at 10 percent on the amount of the part;
c. 2-3 year, at 30 percent on the amount of the part.

If any receivable is evidently different from the others, the specific identification method is made for the receivable item.

(8) Inventories
Inventories, which are recorded at actual cost, include finished goods, work-in-progress and raw material.
For the unrecoverable inventory cost due to the damage, partly or wholly obsolescence, or market price lower than the cost, the provision for decline in value of inventories is determined according to the difference of the actual cost lower than net realizable value on an item-by-item basis, at the end of the period.

(9) Fixed assets and depreciation
Fixed assets are recorded based on the actual cost. At the inception of a lease, the fixed assets by a lessee under a finance lease are recorded at an amount equal to the lower of the carrying amount of the leased asset originally recorded in the books of the lessor and the present value of the minimum lease payments. (If the proportion of the recorded amount of the leased assets to the total amount of assets is lower than 30 percent, the leased assets are recorded at an amount equal to the total minimum lease payments.)
The standard about fixed asset: House and building, machinery and equipment, Motor vehicle and so on of the useful life more than one year, and non-principle operating equipment of the unit value over 2000 yuan and the useful life more than two years

NOTES TO FINANCIAL STATEMENTS (Contd..)

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life after deducting the estimated residual value. The categories, useful life and residual value, annual depreciation rate are as follows:

Category	Estimated useful life	Annual depreciation rate	Residual value
House and building	20years	4.50%	10.00%
Production equipment	10years	9.00%	10.00%
Motor vehicle	5years	18.00%	10.00%
Office equipment and other	5years	18.00%	10.00%

Provision for impairment: At the end of each period, The Company examines its fixed assets and if market value of the fixed asset has declined continually, become obsolete in technology, been not in use in the long term, or been damage, and the recoverable amount of the fixed asset is less than its carrying amount, the provision for impairment is determined according to the difference of the recoverable amount of the fixed asset lower than its carrying amount on an item-by-item basis.

(10) Intangible assets

An intangible asset, which is acquired separately, is recorded based on the actual purchase price paid.

The cost of an intangible asset is amortized evenly over its expected useful life starting in the month in which it is obtained.

If the expected useful life exceeds the beneficial period stipulated in the relevant contract or the effective period stipulated by law, the amortization period of an intangible asset is determined in accordance with the following rules:

a. If the relevant contract stipulates the beneficial period but the law does not stipulate the effective period, the amortization period is not longer than the beneficial stipulated by the relevant contract;
b. If the relevant contract does not stipulate the beneficial period but the law stipulates the effective period, the amortization period is not longer than the effective period stipulated by law;
c. If the relevant contract stipulates the beneficial period but the law also stipulate the effective period, the amortization period is not longer than the shorter of the beneficial period and the effective period.

If the relevant contract does not stipulate the beneficial period and the law does not stipulate the effective period, the amortization period does not exceed 10 years.

If an intangible asset is no longer expected to be able to generate any economic benefits that flow to the enterprise, the carrying amount of the intangible asset is written off and is recognized as gain or loss the current period.

The Company reviews the carrying amount of the intangible asset at the end of each period. The difference of the expected receivable amount lower than the carrying amount of the intangible asset is recognized as provision for impairment on an item-by-item basis.

(11) Long-term prepaid expense

Long-term prepaid expenses are recorded based on the actual payments and amortized on the straight-line basis in the beneficial period.

The expenses (except for acquiring fixed assets), which occur in the preparative duration, are recorded as long-term expense, and are amortized in the month starting the operating

(12) Principle for recognition of revenue

a. Revenue from the sale of goods

The revenue is recognized when all the following conditions have been satisfied: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; the relevant amount of revenue and costs can be measured reliably.

b. Revenue from rendering of services

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services, and receipt of money or holding the qualification of acquiring money;

When the provision of services is started and completed in different accounting year, the total income and the completion degree involving the service contract can be estimated reliably, it is probable that the economic benefits will flow to the Company, the outcome of a transaction involving the rendering of services can be estimated reliably, the service revenue is recognized at the balance sheet date by the use of the percentage of completion method.

Notes to significant items in the financial statements (Contd..)

The revenue referred to above is recognized when all the following conditions have been satisfied:

a. It is probable that the economic benefits will flow to the Company;

b. The amount of the revenue can be measured reliably.

(13) Corporation income tax

Corporation income tax is accounted on the tax payable basis.

3. Tax

VAT: According to the relevant tax laws in the PRC, the Company is exempted from VAT for the sales of the agricultural produce harvested by the Company.

Corporate income tax: at a rate of 25% on its taxable income. However, according to the relevant tax laws in the PRC, the Company is exempted from corporate income tax for its first two profit making years (after deducting losses incurred in previous years) commencing from the first profitable year, and is entitled to a 50% tax exemption for the succeeding three years.

4. Notes to significant items in the financial statements

(1) Cash

Items	**2007-12-31**	**2008-12-31**
	RMB	**RMB**
Cash on hand	24,420.97	8,658.71
Cash in bank	288,753.50	6,567,818.21
Total	313,174.47	6,576,476.92

(2) Account receivable

The age of accounts receivable	**2007-12-31**			**2008-12-31**		
	RMB	**Percentage**	**Provision for bad debts**	**RMB**	**Percentage**	**Provision for bad debts**
Within 1 year	4,036,943.98	89.06%	513,159.04	2,443,368.54	100.00%	12,216.84
1-2year	495,973.92	10.94%				
Total	4,532,917.90	100.00%	513,159.04	2,443,368.54	100.00%	12,216.84

(3) Other receivables

Length after occurrence	**2007-12-31**			**2008-12-31**		
	RMB	**Percentage**	**Provision for bad debts**	**RMB**	**Percentage**	**Provision for bad debts**
Within 1 year	245,077.34	100.00%		115,762.40	100.00%	
1-2year						
2-3year						
More than 3 years						
Total	245,077.34	100.00%		115,762.40	100.00%	

(4) Advances to suppliers

Length After occurrence	**2007-12-31**		**2008-12-31**	
	RMB	**Percentage**	**RMB**	**Percentage**
Within 1 year	70,000.00	100.00%	6,633.13	100%
Total	70,000.00	100.00%	6,633.13	100%

Notes to significant items in the financial statements (Contd..)

(5) Inventories and provision for loss on realization of inventory

Items	2007-12-31 RMB	2007-12-31 Provision for loss on realization of inventory	2008-12-31 RMB	2008-12-31 Provision for loss on realization of inventory
Finished goods	1,155,675.21		326,291.80	
Work-in-progress	3,958,198.31		3,881,481.33	
Total	5,113,873.52		4,207,773.13	

(6) Fixed assets

Items	2007-12-31	Add	Less	2008-12-31
Cost				
Total Capex	26,797,303.67	121,933.74	619,833.75	26,299,403.66
Accumulated depreciation				
Total Depreciation	18,657,684.68	1,432,768.69	557,670.38	19,532,782.99
Fixed assets depreciation reserves				
Net book value	8,139,618.99			6,766,620.67

(7) Intangible assets

Items	2007-12-31 RMB	Add RMB	Less RMB	2008-12-31 RMB
Land-use-right	2,049,375.00			2,049,375.00
Amortization	389,381.25	40,987.50		430,368.75
Total	1,659,993.75			1,619,006.25

The amortization term is 50 years, and there have been 39 years and 6 months left by 31 December 2008.

Ended 31 December 2008, the above asset was pledged to Guangdong Development Bank for the short-term bank loan under the amount of RMB 4,000,000.00 yuan.

(8) Short-term loan

Items	2007-12-31 RMB	2008-12-31 RMB
Bank loans secured		4,000,000.00
Total		4,000,000.00

The short-term bank loans were secured by the land-use-right and fixed-assets.

(9) Account payable

The age of accounts receivable	2007-12-31 RMB	2008-12-31 RMB
Within 1 year		2,023,865.69
Total		2,023,865.69

1,994,773.69 is marketing fee owed to Technico Pty Ltd.

(10) Long-term account payable

2007-12-31 RMB	2008-12-31 RMB
199,842.22	60,318.74

The amount due to investor is unsecured, interest free and has no fixed term of repayment.

Notes to significant items in the financial statements (Contd..)

(11) Paid-in capital

Investors	2007-12-31		Add	Less	2008-12-31	
	RMB	Proportion			RMB	Proportion
Technico China Pty Ltd.	19,013,598.02	100.00%			19,013,598.02	100.00%
Total	19,013,598.02	100.00%			19,013,598.02	100.00%

(12) Primary operating profit

Operating revenue	Operating cost
11,679,117.69	8,070,130.59

(13) Finance expense

Items	From 2008-1-1 to 2008-12-31
Interest expense	18,589.45
Less: Interest income	17,112.96
Foreign exchange loss	405,433.67
other	
Total	406,910.16

1. Contingencies
Up to 31 December 2008, there are no material contingencies for the Company.

2. Promised events
Up to 31 December 2008, there are no material promised events for the Company.

3. Non-adjusting events subsequent to the balance sheet date
Not material non-adjusting events subsequent to the balance sheet date for the Company.

4. Other material events stated
Up to 31 December 2008, there are no other material matters specially stated for the Company.

REPORT OF THE DIRECTORS
For the Financial Year Ended 31st March, 2009

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

Performance and Hotel Operations

During the year under review, your Company recorded an income of Rs. 62.27 crores (previous year – Rs. 69.08 crores), profit before tax of Rs. 18.53 crores (previous year – Rs. 21.57 crores) and profit after tax of Rs. 12.66 crores (previous year - Rs.14.41 crores) after providing for income tax of Rs. 5.87 crores (previous year – Rs.7.16 crores). Earnings per share for the year stands at Rs. 5.28 (previous year – Rs 6/-). Cash flow from Operations were Rs. 20.28 crores during the year (previous year – Rs.22.01 crores). Your Directors are pleased to recommend a dividend of Rs. 2/- (previous year - Rs.2/-) per equity share of Rs. 10/- for the year ended 31st March 2009. Your Board further recommends a transfer to General Reserve of Rs. 0.95 crores (previous year - Rs.1.08 crores).

The occupancy of the Company's hotel, ITC Kakatiya, has been adversely affected post 26/11 incident of terrorist attacks in Mumbai. This, coupled with general slowdown in the economy has had an adverse impact on hotel revenues. The hotel has initiated various measures to contain costs without compromising the quality of guest experience and this has resulted in improved profitability.

Despite the slowdown, the company continues to make investments in maintaining the contemporariness of the hotel property and during the year under review, a luxury Spa was commissioned at the hotel, offering a superior guest experience.

Foreign Exchange Earnings and Outflow

During the year, your Company earned foreign exchange of Rs. 24.77 crores (previous year – Rs.31.64 crores). The utilization of foreign exchange was Rs. 4.37 crores (previous year – Rs. 3.90 crores).

Energy / Environment and Safety

The thrust on energy conservation continues, resulting in savings in energy costs. Your Company continues to focus on hygiene, safety and environment. During the year your Company's Hotel, ITC Kakatiya received 'Greentech Gold Award' in service sector for outstanding achievement in Environment Management by Greentech Foundation.

Your Company's hotel viz., ITC Kakatiya also received the ISO 14001 : 2004 recertification during the year.

Directors

Mr. Kuldeep Bhartee resigned as a Director and Managing Director of your Company with effect from close of business on 31st August 2008.

Your Directors would also like to place on record their appreciation of the services rendered by Mr. Kuldeep Bhartee.

Your Directors appointed Mr. Virender Razdan as an Additional Director and also as Managing Director of the Company with effect from 1st September 2008, subject to your approval. An appropriate resolution seeking your approval for appointment of Mr. Virender Razdan as Director and Managing Director of the Company is included in the notice convening the Twenty fourth Annual General Meeting of the Company.

Mr. S.S.H.Rehman, Vice Chairman and Director of your Company resigned with effect from close of business on 20th March, 2009. Your Directors would like to place on record their appreciation of the invaluable services rendered by Mr. Rehman. Your Board of Directors appointed Mr. Nakul Anand as Vice Chairman of the Board of Directors with effect from 21st March, 2009.

In accordance with the provisions of Article 151 of the Articles of Association of the Company, Mr. G.Sivakumar Reddy and Mr.S.C.Sekhar will be retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Human Resource

Your Company continues to attract and retain talent of the highest quality. Your Company has initiated various training and development programmes to sustain competitive edge.

The relationship between the staff and the management continued to be cordial. During the year, a Long Term Wage Agreement was entered into with the employees Union for a period of three years. Your Directors place on record their sincere appreciation of the efforts made and the support rendered by the employees of the Company.

Particulars of Employees

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

Auditors

The Auditors of your Company, M/s. Lovelock & Lewes, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that: a) in the preparation of annual accounts under review the applicable accounting standards had been followed; b) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for that period; c) proper and sufficient care was taken 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 d) the annual accounts are prepared on a going concern basis.

The required disclosures and significant accounting policies followed are appearing in Schedules 19 and 20 respectively, to the annual accounts.

Other Information

The Audit Committee of the Company reviewed the financial statements for the year under review at its meeting held on 30th April, 2009 and recommended the same for the approval of the Board of Directors.

On behalf of the Board

G.Sivakumar Reddy
Chairman

Gurgaon, 30th April, 2009

AUDITORS' REPORT TO THE MEMBERS OF SRINIVASA RESORTS LIMITED

1. We have audited the attached Balance Sheet of Srinivasa Resorts Limited, as at March 31, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 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 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give 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 in paragraph 3 above, we report that:

   (a) 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;

   (b) 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;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2009;

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Mitra
Partner
Membership No: 50553
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place: Gurgaon

Date: April 30, 2009

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Srinivasa Resorts Limited on the financial statements as at and for the year ended March 31, 2009]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

   (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.

2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.

6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.

9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, excise duty, sales-tax, wealth tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, excise duty, sales tax, wealth tax, service tax, customs duty, and cess which have not been deposited on account of any dispute except as given below.

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
APGST Act, 1957	Sales tax on purchase from unregistered dealers.	175,868 546,539	Financial year 1997-1998 Financial year 1998-1999	Sales tax Appellate Tribunal, Hyderabad
APVAT Act, 2005	Exclusion of service tax in computation of VAT liability	1,090,519	April 1, 2005 to January 31, 2008	Hon'ble High Court of Andhra Pradesh, Hyderabad.

10. The company has no accumulated losses as at March 31, 2009, and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.

13. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.

14. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

15. The company has not obtained any term loans.

16. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

17. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act, during the year.

18. The company has not raised any money by public issues during the year.

19. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

20. The clauses, (iii) (b), (iii) (c), (iii) (d), (iii)(f), (iii)(g), (v) (b), (xi) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Partha Mitra
Partner
Membership No: 50553
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place: Gurgaon

Date: April 30, 2009

BALANCE SHEET
AS AT 31ST MARCH, 2009

			Schedule		31st March, 2009		31st March, 2008
				[Rs.]	**[Rs.]**	[Rs.]	[Rs.]
I.	**SOURCES OF FUNDS**						
	1.	**Shareholders' Funds**					
		a) Capital	1	**240,000,000**		240,000,000	
		b) Reserves and Surplus	2	**624,247,953**		553,790,325	
					864,247,953		793,790,325
	2.	**Deferred Tax Liability - Net**	3		**78,683,970**		79,080,365
	Total				**942,931,923**		872,870,690
II.	**APPLICATION OF FUNDS**						
	1.	**Fixed Assets**	4				
		a) Gross Block		**837,811,839**		786,614,883	
		b) Less: Depreciation		**278,070,043**		252,777,724	
		c) Net Block		**559,741,796**		533,837,159	
		d) Capital Work - in - Progress		**8,196,112**		3,884,718	
					567,937,908		537,721,877
	2.	**Investments**	5		**326,637,828**		322,017,156
	3.	**Current Assets, Loans and Advances**					
		a) Inventories	6	**13,532,325**		9,687,843	
		b) Sundry Debtors	7	**26,311,630**		28,618,839	
		c) Cash and Bank Balances	8	**121,759,870**		83,320,167	
		d) Other Current Assets	9	**9,177,582**		4,858,616	
		e) Loans and Advances	10	**38,902,760**		33,733,604	
				209,684,167		160,219,069	
		Less:					
	4.	**Current Liabilities and Provisions**					
		a) Liabilities	11	**102,544,161**		89,254,701	
		b) Provisions	12	**58,783,819**		57,832,711	
				161,327,980		147,087,412	
		Net Current Assets			**48,356,187**		13,131,657
		Total			**942,931,923**		872,870,690
		Notes to the Accounts	19				
		Significant Accounting Policies	20				

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.

On behalf of the Board

Partha Mitra
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants

G. SIVAKUMAR REDDY
Chairman

VIRENDER RAZDAN
Managing Director

S. SANKAR
Company Secretary &
Financial Controller

Place : Gurgaon
Date : April 30, 2009

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**			
	Gross Income from Operations		**631,492,646**	696,632,625
	Less: Taxes		**52,617,707**	43,979,615
	Net Income from Operations	13	**578,874,939**	652,653,010
	Other Income	14	**43,804,283**	38,129,393
			622,679,222	690,782,403
II.	**EXPENDITURE**			
	Food, Beverage etc. Consumed	15	**67,721,042**	67,714,381
	Operating and Administrative Expenses	16	**335,366,568**	374,942,027
	Depreciation		**34,274,975**	32,420,687
			437,362,585	475,077,095
III.	**PROFIT**			
	Profit before Taxation		**185,316,637**	215,705,308
	Provision for Taxation	17	**57,001,409**	69,972,499
	Fringe Benefit Tax		**1,700,000**	1,653,052
	Profit after Taxation		**126,615,228**	144,079,757
	Profit brought forward		**508,552,605**	431,440,448
	Available for appropriation		**635,167,833**	575,520,205
IV.	**APPROPRIATIONS**			
	General Reserve		**9,500,000**	10,810,000
	Proposed Dividend		**48,000,000**	48,000,000
	Income Tax on Proposed Dividend		**8,157,600**	8,157,600
	Profit Carried Forward		**569,510,233**	508,552,605
			635,167,833	575,520,205
	Basic and Diluted Earnings Per Share (Rs.)	18	**5.28**	6.00
	Notes to the Accounts	19		
	Significant Accounting Policies	20		

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.

On behalf of the Board

Partha Mitra
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants

G. SIVAKUMAR REDDY
Chairman

VIRENDER RAZDAN
Managing Director

S. SANKAR
Company Secretary &
Financial Controller

Place : Gurgaon
Date : April 30, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009		31st March, 2009 [Rs.]		31st March, 2008 [Rs.]
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX		**185,316,637**		215,705,308
ADJUSTMENT FOR:				
Depreciation	**34,274,975**		32,420,687	
Interest Income	**(6,671,001)**		(10,958,846)	
Fixed Assets Discarded - Net	**4,980,225**		4,505,609	
Income from Current Investments	**(22,186,062)**		(14,586,274)	
Profit on Sale of Current Investments-Net	**(612,267)**		(46,453)	
Liability no longer required written back	**(1,703,389)**		(2,587,637)	
Provision for doubtful debts	**514,684**	**8,597,165**	275,409	9,022,495
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**193,913,802**		224,727,803
ADJUSTMENT FOR				
Trade & Other Receivables	**1,582,786**		(6,976,648)	
Inventories	**(3,844,482)**		(397,304)	
Trade Payables	**11,153,883**	**8,892,187**	2,732,328	(4,641,624)
CASH GENERATED FROM OPERATIONS		**202,805,989**		220,086,179
Income Tax Paid		**(66,866,367)**		(76,853,090)
NET CASH FROM OPERATING ACTIVITIES		**135,939,622**		143,233,089
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	**(63,822,605)**		(93,155,126)	
Sale of Fixed Assets	**907,494**		1,106,552	
Purchase of Current Investments	**(1,172,687,170)**		(1,080,330,993)	
Sale/Redemption of Current Investments	**1,168,066,498**		979,903,107	
Interest Received	**3,091,692**		12,976,693	
Income from Current Investments	**23,101,772**		14,587,284	
NET CASH USED IN INVESTING ACTIVITIES		**(41,342,319)**		(164,912,483)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividends etc., paid	**(48,000,000)**		(48,000,000)	
Income Tax on Dividend Paid	**(8,157,600)**		(8,157,600)	
NET CASH USED IN FINANCING ACTIVITIES		**(56,157,600)**		(56,157,600)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**38,439,703**		(77,836,994)
OPENING CASH AND CASH EQUIVALENTS		**83,320,167**		161,157,161
CLOSING CASH AND CASH EQUIVALENTS		**121,759,870**		83,320,167
CASH AND CASH EQUIVALENTS COMPRISE :				
Cash and Bank Balances	**121,759,870**		83,320,167	
	-	**121,759,870**	-	83,320,167

This is the Cash Flow Statement referred to in our Report of even date.

Note:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements
2. Previous Year's figures have been regrouped and / or rearranged wherever considered necessary to conform to those of current year.

On behalf of the Board

Partha Mitra
Partner
For and on behalf of
Lovelock & Lewes
Chartered Accountants

G. SIVAKUMAR REDDY
Chairman

VIRENDER RAZDAN
Managing Director

S. SANKAR
Company Secretary &
Financial Controller

Place : Gurgaon
Date : April 30, 2009

SCHEDULES TO THE ACCOUNTS
(Figures for the previous year have been rearranged to conform with the revised presentation)

			As at 31st March, 2009		As at 31st March, 2008
		[Rs.]	[Rs.]	[Rs.]	[Rs.]
1.	**CAPITAL**				
	Authorised				
	24,000,000 Equity Shares of Rs. 10/- each		**240,000,000**		240,000,000
			240,000,000		240,000,000
	Issued and Subscribed		**240,000,000**		240,000,000
	* 24,000,000 Equity Shares of Rs.10/- each fully paid up. Of the above, 1,000,000 Equity Shares of Rs.10/- each were allotted as fully paid up to the shareholders of the amalgamating company pursuant to the scheme of amalgamation without payment being received in cash.				
			240,000,000		240,000,000
	*** Includes** - 16,320,477 Equity Shares of Rs.10/- each fully paid up, held by the Holding Company, ITC Limited				
2.	**RESERVES AND SURPLUS**				
	Capital Reserve		**94,603**		94,603
	General Reserve				
	At Commencement of the year	**45,143,117**		34,880,000	
	Less:Transitional adjustments on initial adoption of Revised AS-15 - Retirement Benefits	**-**		546,883	
		45,143,117		34,333,117	
	Add: From Profit and Loss Account	**9,500,000**	**54,643,117**	10,810,000	45,143,117
	Profit & Loss Account		**569,510,233**		508,552,605
			624,247,953		553,790,325
3.	**DEFERRED TAX LIABILITY - NET**				
	Deferred Tax Liabilities				
	Depreciation - Timing difference		80,921,637		80,669,435
	Less :				
	Deferred Tax Assets				
	Employee Benefits		1,749,200		1,589,070
	Other Timing Differences		488,467		-
	Deferred Tax Liability - Net		78,683,970		79,080,365

4. **FIXED ASSETS**

Particulars	Original Cost as at March 31, 2008 [Rs.]	Additions [Rs.]	Withdrawals [Rs.]	Original Cost as at March 31, 2009 [Rs.]	Depreciation for the year [Rs.]	Depreciation on Withdrawals [Rs.]	Depreciation upto March 31, 2009 [Rs.]	Net Block as at March 31, 2009 [Rs.]
Freehold Land	10,000,000	**-**	**-**	**10,000,000**	**-**	**-**	**-**	**10,000,000**
Buildings	291,171,729	**14,424,976**	**3,019,771**	**302,576,934**	**4,745,835**	**599,702**	**55,673,337**	**246,903,597**
Plant and Machinery	283,262,697	**32,847,987**	**8,066,449**	**308,044,235**	**16,445,309**	**4,641,120**	**100,979,459**	**207,064,776**
Computers etc.	16,808,247	**315,000**	**-**	**17,123,247**	**1,519,390**	**-**	**12,614,872**	**4,508,375**
Furniture and Fixtures	174,159,327	**18,479,368**	**3,784,155**	**188,854,540**	**10,499,217**	**3,741,834**	**104,617,938**	**84,236,602**
Motor Vehicles	11,212,883	**-**	**-**	**11,212,883**	**1,065,224**	**-**	**4,184,437**	**7,028,446**
	786,614,883	**66,067,331**	**14,870,375**	**837,811,839**	**34,274,975**	**8,982,656**	**278,070,043**	**559,741,796**
Capital Work-in-Progress	3,884,718	**68,892,956**	**64,581,562**	**8,196,112**	**-**	**-**	**-**	**8,196,112**
Total	790,499,601	**134,960,287**	**79,451,937**	**846,007,951**	**34,274,975**	**8,982,656**	**278,070,043**	**567,937,908**
Previous Year	715,894,401	189,208,542	114,603,342	790,499,601	32,420,687	14,087,547	252,777,724	537,721,877

SCHEDULES TO THE ACCOUNTS
(Figures for the previous year have been rearranged to conform with the revised presentation)

		As at 31st March, 2009 [Rs.]	As at 31st March, 2008 [Rs.]
5.	**INVESTMENTS**		
	Unquoted, Other than trade		
	Long Term		
	Government Securities - National Savings Certificates (Deposits with or for deposit with authorities)	**10,000**	10,000
	Current - Other Investments		
	ABN AMRO Interval Fund Quarterly Plan I Monthly Dividend Nil (Previous Year - 20,00,000) Units of Rs.10.00 each (20,000 Units sold during the year)	**-**	20,000,000
	AIG Fixed Maturity Plan 1 Series 1 Institutional Growth 20,000 (Previous Year - Nil) Units of Rs.1000.00 each (20,000 Units purchased during the year)	**20,000,000**	-
	AIG India Liquid Fund Institutional Daily Dividend Nil (Previous Year - 30,701) Units of Rs.1000.81 each (30,701 Units sold during the year)	**-**	30,726,044
	DBS Chola Interval Income Fund Quarterly Plan C Institutional Dividend Nil (Previous Year - 20,00,000) Units of Rs.10.00 each (20,00,000 Units sold during the year)	**-**	20,000,000
	HDFC Cash Management Fund - Savings Plan Daily Dividend 61,51,482 (Previous Year - Nil) Units of Rs.10.6364 each (61,51,482 Units purchased during the year)	**65,429,624**	-
	HSBC Interval Fund - Plan 2 Institutional Growth Nil (Previous Year - 19,55,149) Units of Rs.10.23 each (19,55,149 Units sold during the year)	**-**	20,000,000
	ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend 1,13,58,265 (Previous Year - 51,14,015) Units of Rs.10.00 each (1,13,58,265 Units purchased and 51,14,015 units sold during the year)	**113,588,332**	51,142,708
	ICICI Prudential FMP Series 41 - Fifteen Months Plan Institutional Growth 20,00,000 Units of Rs.10.00 each	**20,000,000**	20,000,000
	Kotak FMP 12M Series 7 Institutional - Dividend 10,00,000 (Previous Year - Nil) Units of Rs.10.00 each (10,00,000 Units purchased during the year)	**10,000,000**	-
	Kotak FMP 3M Quarterly Series 28 - Dividend Nil (Previous Year - 30,00,000) Units of Rs.10.00 each (30,00,000 Units sold during the year)	**-**	30,000,000
	Kotak Quarterly Interval Plan Series 5 - Dividend Nil (Previous Year - 20,00,000) Units of Rs.10.00 each (20,00,000 Units sold during the year)	**-**	20,000,000
	Lotus India FMP - 3 Months - Series XXVI Dividend Nil (Previous Year - 20,13,840) Units of Rs.10.00 each (20,13,840 Units sold during the year)	**-**	20,138,404
	Principal Pnb Fixed Maturity Plan (FMP-43) 91 Days - series XIII Nil (Previous Year - 20,00,000) Units of Rs.10.00 each (20,00,000 Units purchased and 40,00,000 units sold during the year)	**-**	20,000,000
	SBI Premier Liquid Fund - Super Institutional - Daily Dividend 97,29,367 (Previous Year - Nil) Units of Rs.10.0325 each (97,29,367 Units purchased during the year)	**97,609,872**	-
	SBI Debt Fund Series - 90 Days Nil (Previous Year - 20,00,000) Units of Rs.10.00 each (20,00,000 Units sold during the year)	**-**	20,000,000
	Sundaram BNP Paribas Fixed Term 367 Days Plan I Institutional Nil (Previous Year - 10,00,000) Units of Rs.10.00 each (10,00,000 Units sold during the year)	**-**	10,000,000
	Sundaram BNP Paribas Interval Fund Qly-Plan-B-Institutional Nil (Previous Year - 19,99,460) Units of Rs.10.00 each (19,99,520 Units purchased and 39,98,980 units sold during the year)	**-**	20,000,000
	Tata Fixed Horizon Fund Series 14 Scheme A - IM - Monthly Dividend Nil (Previous Year - 20,00,000) Units of Rs.10.00 each (20,00,000 Units sold during the year)	**-**	20,000,000
		326,637,828	322,017,156

SCHEDULES TO THE ACCOUNTS

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

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

1) 89,98,800 Units of Sundaram BNP Paribas Interval Fund Quarterly Plan C at a cost of Rs.90,000,000
2) 19,99,540 Units of Kotak Quarterly Interval Plan Series 4 Dividend Option at a cost of Rs.20,000,000
3) 20,00,000 Units of HDFC Fixed Maturity Plan Series VIII at a cost of Rs.20,000,000
4) 20,00,000 Units of DSP Merill Lynch FMP 6M Series 6 at a cost of Rs.20,000,000
5) 30,00,000 Units of DWS Quarterly Interval Fund Series 1 Dividend Plan at a cost of Rs.30,000,000
6) 10,00,000 Units of ICICI Prudential FMP Series 44-Three Months Plan D Retail Dividend Option at a cost of Rs.10,000,000
7) 20,00,000 Units of ABN Amro Interval Fund Series 2 Quarterly Plan M Monthly Div Redemption Option at a cost of Rs.20,000,000
8) 20,00,000 Units of JM Fixed Maturity Fund Series X Quarterly Plan 4 Institutional Dividend Option at a cost of Rs.20,000,000
9) 10,00,000 Units of ABN Amro Interval Fund Series 2 Quarterly Plan N Interval Dividend Option at a cost of Rs.10,000,000
10) 10,00,000 Units HSBC Fixed Term Series 60 Institutional Dividend Tenure 90 Days at a cost of Rs.10,000,000
11) 20,00,000 Units of Lotus India FMP 3 Months Series XXXIII at a cost of Rs. 20,000,000
12) 20,00,000 Units of ICICI Prudential FMP Series 44 Three Months Plan E at a cost of 20,000,000
13) 10,00,000 Units Lotus India FMP 3 months Series XXXIV Dividend Option at a cost of Rs. 10,000,000
14) 10,00,000 Units of JM Fixed Maturity Fund Series XII Quarterly Plan 1 Institutional Dividend Plan at a cost of Rs. 10,000,000
15) 10,00,000 Units of Kotak FMP 1 M Series 3 Dividend Option at a cost of Rs. 10,000,000
16) 9,98,163 Units of Templeton Quarterly Interval Plan Plan A Retail Dividend Payout Option at a cost of Rs. 10,000,000
17) 10,00,000 Units of Lotus India Quarterly Interval Fund Plan H Institutional Dividend Option at a cost of Rs. 10,000,000
18) 9,99,110 Units of Canara Robeco Mutual Fund 1 Month at a cost of Rs. 10,000,000
19) 20,00,000 Units of Kotak Quarterly Interval Plan Series 8 at a cost of Rs. 20,000,000
20) 19,99,020 Units of Lotus India Quarterly Interval Fund Plan E Dividend Option at a cost of Rs. 20,000,000
21) 20,00,000 Units of BSL Quarterly Interval Series 4 Dividend Payout Option at a cost of Rs. 20,000,000
22) 20,00,000 Units of Tata Fixed Horizon Fund Series 19 Scheme F at a cost of Rs. 20,000,000
23) 9,99,720 Units of Canara Robeco Interval Monthly Institutional Dividend Fund at a cost of Rs. 10,000,000
24) 20,00,000 Units of Tata Fixed Income Portfolio Fund Scheme B 3 Institutional Monthly I at a cost of Rs. 20,000,000
25) 20,00,000 Units of Canara Robeco FMP Series 4 (qtrly plan 1) Institutional Dividend Option at a cost of Rs. 20,000,000
26) 10,00,000 Units of JM Financial Mutual Fund Series XIII Quarterly Plan 1 at a cost of Rs. 10,000,000
27) 20,00,000 Units of HSBC Fixed Term Series 68 Institutional Dividend Tenure 3 months at a cost of Rs. 20,000,000
28) 20,00,000 Units of Sundaram BNP Paribas Fixed Income Interval Fund Quarterly Series Plan D at a cost of Rs. 20,000,000
29) 20,00,000 Units of JM Fixed Maturity Fund Series XIII (qtrly plan 2) Institutional Dividend Plan at a cost of Rs. 2,00,00,000
30) 10,00,000 Units of Birla Sun Life BSL Quarterly Interval Series 7 Dividend Payout Option at a cost of Rs. 10,000,000
31) 10,00,000 Units of HDFC FMP 90 D November 2008 Series X (1) Wholesale Plan Dividend Option at a cost of Rs. 10,000,000
32) 10,00,000 Units of Sundaram BNP Paribas FTP 90 Days Series 9 at a cost of Rs. 10,000,000
33) 10,00,000 Units of JM Intervel Fund Quarterly Plan 5 Institutional Dividend Plan (303) at a cost of Rs. 10,000,000
34) 10,00,000 Units of Principal PNB Fixed Maturity Plan (FMP-56) 91 days Series XIX at a cost of Rs. 10,000,000
35) 19,99,560 Units of Principal PNB Cash Management Fund Liquid Option Institutional Premium Plan Daily Dividend Reinvest Option at a cost of Rs. 20,000,000
36) 19,81,119 Units of SBNPP Money Fund Institutional Daily Dividend Reinvest Option at a cost of Rs. 20,000,000
37) 49,98,900 Units of Principal Cash Management Fund Liquid Option Institutional Premium Plan Daily Dividend Reinvest Option at at a cost of Rs. 50,000,000
38) 28,20,503 Units of HDFC Cash Management Fund Saving Daily Dividend Reinvest Option at a cost of Rs. 30,000,000
39) 29,71,679 Units of SBNPP Money Fund Institutional Daily Dividend Reinvest Option at a cost of Rs. 30,000,000

SCHEDULES TO THE ACCOUNTS

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

		As at 31st March, 2009 [Rs.]	As at 31st March, 2008 [Rs.]
6.	**INVENTORIES**		
	Food, Beverage, etc.	**10,177,208**	7,128,271
	Stores and Spare Parts	**3,355,117**	2,559,572
		13,532,325	9,687,843
7.	**SUNDRY DEBTORS**		
	Over Six months old		
	Good and Unsecured	**4,109,450**	3,981,573
	Doubtful	**514,684**	275,409
	Other Debts		
	Good and Secured	**158,448**	85,617
	Good and Unsecured	**22,202,180**	24,637,266
		26,984,762	28,979,865
	Less: Provision for Doubtful Debts	**514,684**	275,409
	Less: Deposits from normal Trade Debtors - Contra	**158,448**	85,617
		26,311,630	28,618,839
8.	**CASH AND BANK BALANCES**		
	With Scheduled Banks		
	On Current Accounts	**17,148,143**	28,490,079
	On Margin Money	**5,953,200**	2,764,118
	On Deposit Accounts	**90,000,000**	44,198,456
	Cash and Cheques on hand	**8,658,527**	7,867,514
		121,759,870	83,320,167
9.	**OTHER CURRENT ASSETS**		
	Good and Unsecured		
	Deposits with Government, Public Bodies and Others	**5,256,210**	4,213,110
	Interest accrued on Deposits / Investments	**3,921,372**	645,506
		9,177,582	4,858,616
10.	**LOANS AND ADVANCES**		
	Good and Unsecured		
	Advances recoverable in cash or in kind or for value to be received *	**9,092,309**	12,786,895
	Advances with Government and Public Bodies	**1,364,579**	269,400
	Advance Fringe Benefit Tax (Net of Provision of Rs.6,746,417 (Previous Year - Rs.5,046,417))	**576,328**	90,355
	Advance Income Tax (Net of Provision of Rs.319,640,872 (Previous Year - Rs.262,243,068))	**27,869,544**	20,586,954
		38,902,760	33,733,604

* Includes Capital Advances of Rs.1,778,802 (Previous Year - Rs.3,472,016).

11.	**LIABILITIES**		
	Sundry Creditors		
	Dues to Micro and Small Enterprises	**-**	-
	Dues to Others	**81,906,551**	68,410,447
	Advances from Customers	**7,314,106**	5,408,618
	Other Liabilities	**6,788,051**	9,520,751
	Sundry Deposits	**6,693,901**	6,000,502
	Less: Deposits from Normal Trade Debtors - Contra	**158,448**	85,617
		102,544,161 #	89,254,701 #

There is no outstanding amount to be credited to Investor Education & Protection Fund

12.	**PROVISIONS**		
	Provision for Retirement Benefits	**2,626,219**	1,675,111
	Proposed Dividend	**48,000,000**	48,000,000
	Income Tax on Proposed Dividend	**8,157,600**	8,157,600
		58,783,819	57,832,711

SCHEDULES TO THE ACCOUNTS

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

		For the year ended 31st March, 2009		For the year ended 31st March, 2008	
		[Rs.]	[Rs.]	[Rs.]	[Rs.]
13.	**INCOME FROM OPERATIONS (NET)**				
	Rooms *		336,598,147		406,122,841
	Food and Beverage		216,163,478		215,688,579
	Recreation and Services		26,113,314		30,841,590
			578,874,939		652,653,010
	* The Income from rooms are stated gross, the amount of tax deducted thereon is Rs.3,292,090 (Previous Year - Rs. 3,509,470)				
14.	**OTHER INCOME**				
	Miscellaneous Income		5,201,294		3,259,013
	Service Charges		7,430,270		6,691,170
	Income from Current Investments - Others *		22,186,062		14,586,274
	Interest on				
	- Deposits with Banks		5,176,434		10,804,262
	- Others		1,494,567		154,584
	Profit on Sale of Current Investments - Net		612,267		46,453
	Liability no longer required written back		1,703,389		2,587,637
			43,804,283		38,129,393
	* The Income from Investments and Interest on Loans and Deposits etc. are stated gross, the amount of Income Tax deducted thereon is Rs.986,205 (Previous Year - Rs.2,348,591).				
15.	**FOOD, BEVERAGE, ETC. CONSUMED**				
	Opening Stock		7,128,271		6,275,396
	Add: Purchases		70,769,979		68,567,256
			77,898,250		74,842,652
	Less: Closing Stock		10,177,208		7,128,271
			67,721,042		67,714,381
16.	**OPERATING AND ADMINISTRATIVE EXPENSES**				
	Salaries, Wages and Bonus	46,603,872		40,021,402	
	Contribution to Provident and Other Funds	3,612,422		2,801,114	
	Workmen and Staff Welfare Expenses	10,120,846		12,403,331	
	Reimbursement of contractual remuneration	27,338,465		26,026,006	
			87,675,605		81,251,853
	Consumption of Stores and Supplies		34,317,359		40,235,357
	Power and Fuel		40,371,221		38,802,346
	Rent		4,286,196		4,256,548
	Rates and Taxes		10,476,789		6,326,051
	Insurance		2,267,683		3,530,149
	Repairs - Building		7,486,197		17,071,169
	- Machinery		8,471,731		17,410,303
	- Others		2,469,445		14,409,197
	Advertising / Sales Promotion		5,613,801		9,776,319
	Electronic Data Processing		701,716		795,154
	Travelling and Conveyance		13,579,204		11,200,679
	Training		659,996		998,832
	Legal Expenses		2,280,303		726,550
	Postage, Telephone, Telex etc.		4,920,224		6,343,945
	Commission paid to Travel Agents & Credit Cards		8,967,086		10,801,243
	Bank Charges		201,899		122,463
	Technical & Consultancy Fees		67,538,094		81,890,316
	Contract Services		11,584,731		9,981,582
	Provision for doubtful debts		514,684		275,409
	Miscellaneous Expenses		16,002,379		14,230,953
	Fixed Assets Discarded - Net		4,980,225		4,505,609
			335,366,568		374,942,027
	Miscellaneous Expenses include :				
	Auditors' Remuneration and Expenses				
	- Audit Fees		500,000		500,000
	- Fee for Other Services		75,000		75,000
	- Reimbursement of Expenses		5,430		1,500

SCHEDULES TO THE ACCOUNTS

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

		For the year ended 31st March, 2009 [Rs.]	For the year ended 31st March, 2008 [Rs.]
17.	**PROVISION FOR TAXATION**		
	Income Tax :		
	Current Year	**57,397,804**	70,000,000
	Deferred Tax	**(396,395)**	(27,501)
		57,001,409	69,972,499
18.	**EARNINGS PER SHARE**		
	Profit after Taxation	**126,615,228**	144,079,757
	Weighted average number of equity shares outstanding	**24,000,000**	24,000,000
	Basic and diluted earnings per share in rupees (face value - Rs.10/- per share)	**5.28**	6.00

SCHEDULES TO THE ACCOUNTS

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

		2009 [Rs.]	2008 [Rs.]
19.	**NOTES TO THE ACCOUNTS**		
i)	The Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for	**5,827,596**	10,248,783
ii)	Contingent Liability		
	a] Bank Guarantees towards Imports	**1,021,182**	1,021,182
	b] Claims against the Company not acknowledged as debts :		
	I] Tax demand raised by the department, on income earned on deposits made with financial institutions, companies, banks etc, and interest thereon during the construction period. Pursuant to the appeal filed by the Company with Income Tax Appellate Tribunal (ITAT), the ITAT has issued order directing the Assessing Officer, to re-assess the demand. During the year a favourable order received.	**-**	4,711,300
	II] Additional Tax assessed by the department consequent to disallowance of certain expenses pertaining to AY 2006-07.	**2,055,854**	-
	III] Sales tax demand raised by the Commercial Tax Officer for the financial years 1997-98 and 1998-99 towards disallowance of tax exemption on purchases from unregistered dealers. The Company filed an appeal against the demand and deposited Rs.200,000/- under protest. The matter is pending before the Sales Tax Appellate Tribunal, Andhra Pradesh.	**-**	922,407
	IV] The Commercial Tax Officer has raised a Value Added Tax demand alongwith interest and penalty under the APVAT Act, 2005 for the period from April 1, 2005 to January 31, 2008 towards exclusion of service tax in the computation of VAT liability. The Company filed an appeal with the Hon'ble High Court of Andhra Pradesh against the demand,	**1,985,698**	-
iii)	Managing Director's Remuneration		
	Salary	**1,755,305**	1,865,205
	Other Perquisites	**446,951**	418,914
	Contribution to Provident Fund & Other Funds	**246,085**	303,450
		2,448,341 #	2,587,569
	# Mr.Virender Razdan has been appointed as Managing Director with effect from 1st September, 2008. His appointment and remuneration paid to him for the period upto 31st March, 2009 is subject to approval of the members in the Annual General Meeting.		
iv)	Earnings in Foreign Exchange	**247,703,566**	316,363,238
	* Includes Rs.240,761,051 (Previous Year - Rs. 306,528,056) being Earnings during the year through International Credit Cards & Travel Agencies etc. as certified by Bankers.		
v)	Expenditure in Foreign Currency during the year (On payment basis)		
	Travel	**-**	77,314
	Hotel Reservation / Marketing Expenses / Others	**8,798,961**	6,006,592
	Technical & Consultancy Fees	**15,371,311**	14,393,203
		24,170,272	20,477,109
vi)	Value of Imports during the year (CIF Basis)		
	Capital Goods	**17,309,436**	15,706,951
	Other Goods	**2,221,677**	2,790,740
		19,531,113	18,497,691

		2009 [Rs.]	2009 %	2008 [Rs.]	2008 %
vii)	Value of Consumption of Raw Materials, Stores & Supplies				
	a] Raw Materials				
	Indigenous	**59,969,168**	**88.55**	60,936,100	89.99
	Imported	**7,751,874**	**11.45**	6,778,281	10.01
		67,721,042	**100.00**	67,714,381	100.00
	b] Stores & Supplies				
	Indigenous	**32,095,682**	**93.53**	37,444,617	93.06
	Imported	**2,221,677**	**6.47**	2,790,740	6.94
		34,317,359	**100.00**	40,235,357	100.00

viii) The Company has been exempted from disclosure of quantitative details as per Order No.46/136/2008-CL-III dated 27th May, 2008 issued by Ministry of Corporate Affairs, Government of India, upto 31.03.2010.

ix) The Company operates in one operating segment i.e., Hoteliering and within one geographical segment i.e. India.

x) The Company's significant lease arrangements are in respect of operating leases for residential premises. These leasing arrangements, which are not non-cancellable, are for a period of 11 months or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16.

SCHEDULES TO THE ACCOUNTS

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

xi) Employee Benefits :

As per Acturial Valuations as on March 31, 2009 and recognised in the financial statements in respect of Employee Benefit Schemes :

			2009		2008	
			Gratuity Funded [Rs.]	**Leave Encashment Unfunded [Rs.]**	**Gratuity Funded [Rs.]**	**Leave Encashment Unfunded [Rs.]**
I		**Components of Employer Expense**				
	1	Current Service Cost	394,193	107,264	318,507	96,915
	2	Interest Cost	198,458	55,667	193,834	70,566
	3	Expected Return on Plan Assets	(157,864)	-	(169,218)	-
	4	Curtailment Cost/(Credit)	-	-	-	-
	5	Settlement Cost/(Credit)	-	-	-	-
	6	Past Service Cost	-	-	-	-
	7	Actuarial Losses / (Gains)	667,772	-	(88,724)	(82,651)
	8	**Total expense recognised in the statement of Profit & Loss Account**	**1,102,559**	**162,931**	**254,399**	**84,830**
		The Gratuity Expense has been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Schedule 16.				
II		**Actual Returns**	**201,564**	**-**	**196,173**	**-**
III		**Net Asset / (Liability) recognised in Balance Sheet**				
	1	Present Value of Obligation	4,001,868	843,011	2,972,434	994,412
	2	Fair Value on Plan Assets	2,218,660	-	2,291,735	-
	3	Status [Surplus/(Deficit)]	(1,783,208)	(843,011)	(680,699)	(994,412)
	4	Unrecognised Past Service Cost	-	-	-	-
	5	**Net Asset / (Liability) recognised in Balance Sheet**	**(1,783,208)**	**(843,011)**	**(680,699)**	**(994,412)**
IV		**Change in Defined Benefit Obligations (DBO)**				
	1	Present Value of DBO at the Beginning of Period	2,972,434	994,412	2,647,057	972,185
	2	Current Service Cost	394,193	107,264	318,507	96,915
	3	Interest Cost	198,458	55,667	193,834	70,566
	4	Curtailment Cost / (Credit)	-	-	-	-
	5	Settlement Cost / (Credit)	-	-	-	-
	6	Plan Amendments	-	-	-	-
	7	Acquisitions	-	-	-	-
	8	Actuarial (Gains) / Losses	711,422	84,001	(61,769)	(82,651)
	9	Benefits Paid	(274,639)	(398,333)	(125,195)	(62,603)
	10	**Present Value of DBO at the End of Period**	**4,001,868**	**843,011**	**2,972,434**	**994,412**
V		**Change in Fair Value of Assets**				
	1	Plan Assets at the Beginning of Period	2,291,735	-	2,220,757	-
	2	Acquisition Adjustment	-	-	-	-
	3	Expected Return on Plan Assets	157,864	-	169,218	-
	4	Actuarial (Gains) / Losses	43,700	-	26,955	-
	5	Actual Company Contribution	-	398,333	-	62,603
	6	Benefits Paid	(274,639)	(398,333)	(125,195)	(62,603)
	7	**Plan assets at the End of Period**	**2,218,660**	**-**	**2,291,735**	**-**
VI		**Actuarial Assumptions**				
	1	Discount Rate (%)	7.00	7.00	7.50	7.50
	2	Expected Return on Plan Assets (%)	7.00	-	7.50	-
VII		**Major Categories of Plan Assets as a % of the Total Plan Assets**				
	1	Insurance Companies	100%	-	100%	-
VIII		**Basis used to determine the Expected Rate of Return on Plan Assets**				
		The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimised returns within acceptable risk parameters, the plan assets are well diversified.				

SCHEDULES TO THE ACCOUNTS

xii) Related party disclosures under Accounting Standard 18

i) Holding Company : ITC Limited

ii) Other related parties with whom transactions have taken place during the year:

Fellow Subsidiary Companies : Fortune Park Hotels Limited
ITC Infotech India Limited

iii) Key Management Personnel :

Board of Directors

G.Sivakumar Reddy - Chairman
Nakul Anand - Vice Chairman & Director
S.C.Sekhar - Director
N.R.Pradeep Reddy - Director
M.Riaz Ahmed - Director
B.N.Suresh Reddy - Director
Kuldeep Bhartee - Managing Director (upto 31.08.2008)
Virender Razdan - Managing Director (from 01.09.2008)

iv) Summary of transactions during the year : **(Rupees)**

		Holding Company		**Fellow Subsidiaries**		**Key - Management Personnel**		**Relatives of Key Management Personnel (*)**	
		2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
1	Sales of Goods	**115,772**	557,260	**-**	-	**-**	-	**-**	-
2	Sales of Services	**6,086,411**	8,438,800	**19,175**	280,694	**-**	-	**-**	-
3	Purchase of Goods	**4,662,739**	867,445	**-**	-	**-**	-	**-**	-
4	Purchase of Services								
	- Hotel Services	**3,864,193**	3,320,942	**40,675**	-	**-**	-	**-**	-
	- Service Fee	**51,189,464**	66,067,004	**-**	-	**-**	-	**-**	-
	- Rent towards Godown	**-**	-	**-**	-	**-**	-	**630,000**	600,000
5	Reimbursement of Contractual Remuneration	**27,338,465**	26,026,006	**-**	-	**-**	-	**-**	-
6	Expenses recovered	**11,495,615**	1,782,376	**56,778**	32,492	**-**	-	**-**	-
7	Expenses reimbursed	**15,485,123**	21,682,655	**-**	-	**-**	-	**-**	-
8	Dividend Payments	**32,640,954**	32,640,954	**-**	-	**2,608,460**	2,608,460	**11,831,620**	11,831,620
9	Sale of Fixed Assets	**-**	384,555	**-**	-	**-**	-	**-**	-
10	Balance outstanding at the year end :								
	i) Debtors/Receivables	**1,086,060**	911,586	**981**	32,492	**-**	-	**-**	-
	ii) Creditors/Payables	**12,460,980**	6,505,111	**-**	-	**-**	-	**-**	-

Note : - Details of remuneration to the Managing Director is given in the note (iii) of the Notes to Accounts and for other members the remuneration for the year is Rs.Nil.
- * M/s. G.Sulochanamma M/o.G.Sivakumar Reddy, G.Samyuktha Reddy W/o G.Sivakumar Reddy, G.Pranav Reddy S/o.G.Sivakumar Reddy, G.Rachita Reddy D/o.G.Sivakumar Reddy, N.Shailaja Reddy W/o.N.R.Pradeep Reddy, G.Bharati Reddy W/o.B.N.Suresh Reddy.

xiii) Previous Year's figures have been regrouped / rearranged wherever necessary.

SCHEDULES TO THE ACCOUNTS

20] SIGNIFICANT ACCOUNTING POLICIES

I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS
To prepare financial statements in accordance with the historical cost convention, generally accepted accounting principles in India and relevant presentational requirements of the Companies Act, 1956.

II) FIXED ASSETS
To state fixed assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of the assets capitalised.

III) DEPRECIATION
To calculate depreciation on fixed assets in a manner that amortises the cost of assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments.

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

V) INVENTORIES
To value all inventories at cost or below. Cost includes freight and other related incidental expenses and is computed on weighted average method.

VI) TURNOVER
To state gross income from operations, which represents invoiced value of goods sold and services rendered, net of sales tax but inclusive of all applicable taxes.

VII) INVESTMENT INCOME
To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source.

VIII) PROPOSED DIVIDEND
To provide for Dividend as proposed by the Directors in the Books of Account, pending approval at the Annual General Meeting.

IX) EMPLOYEE BENEFITS
To make regular monthly contributions to Provident Fund which are in the nature of defined contribution scheme and such paid/payable amounts are charged against revenue. The contributions in respect of Provident Fund and Family Pension are statutorily deposited with the Government of India.

To determine the liabilities towards gratuity and leave encashment by an independent actuarial valuation as per the Accounting Standard – 15 (revised 2005) on “Employee benefits”. The contributions in respect of gratuity fund are made to Life Insurance Corporation.

SCHEDULES TO THE ACCOUNTS

X) TAXES ON INCOME
To provide and determine Current tax as the amount of tax payable in respect of taxable income for the period.

To provide and recognise 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.

XI) FOREIGN CURRENCY TRANSLATIONS
To record transactions in foreign currencies at the exchange rates prevailing on the date of the transaction. Gains / Losses arising out of fluctuations in the exchange rates are recognised in the Profit and Loss in the period in which they arise. Liability / Receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the year.

XII) BORROWING COSTS
To capitalise the borrowing costs that are directly attributable to the acquisition or construction as cost of that capital asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

XIII) FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
The books of account and other records have been designed to ensure compliance of the relevant provisions of the Companies Act, 1956 on one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control (designed and based on "Uniform System of Accounts for Hotels"), on the other.

On behalf of the Board

G.SIVAKUMAR REDDY — Chairman
VIRENDER RAZDAN — Managing Director

Place : Gurgaon
Date : April 30, 2009

S.SANKAR
Company Secretary &
Financial Controller

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. | 5 | 1 | 9 | 2 | State Code | 0 | 1 |

Balance Sheet Date | 3 | 1 | - | 0 | 3 | - | 2 | 0 | 0 | 9 |

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
N.A.	N.A.
Bonus Issue	**Private Placement**
N.A.	N.A.

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

Total Liabilities	Total Assets
1104260	1104260

Sources of Funds

Paid up Capital	Reserves and Surplus
240000	624248
Secured Loans	**Unsecured Loans**
N.A.	N.A.
Deferred Tax Liability - Net	
78684	

Application of Funds

Net Fixed Assets	Investments
567938	326638
Net Current Assets	**Misc. Expenditure**
48356	N.A.
	Accumulated Losses
	N.A.

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

Turnover**	Total Expenditure
622679	437362

** Includes Other Income

+ -	Profit/Loss Before Tax	+ -	Profit/Loss After Tax
|□| |	185317	|□| |	126615

(Please tick appropriate box + for profit, - for loss)

Earnings per Share in Rs.	Dividend Rate %
5.28	20

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

Item Code No. | *** | N.A. |

Product Description | H | O | T | E | L | S |

*** No item code has been assigned to 'Hotels' under the Indian Trade Classification.

Audit Committee :- Chairman : Mr.S.C.Sekhar, Members: M/s.N.R.Pradeep Reddy, M.Riaz Ahmed
Permanent Invitees : Representative of Statutory Auditors, **Secretary :** Mr.S.Sankar

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

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

Performance
During the year under review, your Company recorded net revenues of Rs. 1290.47 lacs (previous year - Rs. 1019.85 lacs) and earned a net profit of Rs. 143.37 lacs (previous year - Rs. 157.54 lacs) after providing for income tax of Rs. 89.33 lacs (previous year- Rs. 94.35 lacs). Earnings per share for the year stands at Rs. 31.86 (previous year - Rs. 35.01). Cash Flow from Operations were Rs. 126.64 lacs during the year (previous year - Rs. 32.88 lacs).

Your Directors are pleased to recommend a dividend of Rs. 5/- (previous year - Rs. 4/-) per equity share of Rs. 10/- for the year ended 31st March, 2009. Your Board further recommends a transfer to General Reserve of Rs. 14.34 lacs (previous year - Rs. 15.75 lacs).

Your Company, which caters to the mid market to upscale segment, has 52 hotel properties under the 'Fortune' brand situated at various locations with a total room count of 4235. Of these, 25 are operating hotels and further 6 hotels are slated to be commissioned during the course of the current financial year. The remaining 21 hotel projects are under various stages of development.

Conservation of Energy, Foreign Exchange Earnings and Outflow
Considering the nature of business of your Company, no comment is made on conservation of energy.

During the year under review, there was no foreign exchange income (previous year - nil) but there was a foreign exchange outflow of Rs. 12.46 lacs (previous year - Rs. 11.44 lacs).

Directors
Mr. S.S.H.Rehman, Chairman and Director of your Company resigned with effect from close of business on 20th March, 2009. Your Directors would like to place on record their sincere appreciation of the invaluable services rendered by Mr. Rehman.

Mr. Nakul Anand, Director of the Company was appointed by the Board of your Company as Chairman of the Board of Directors with effect from 21st March, 2009.

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr. Nakul Anand and Mr. Pawan Verma will retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

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

Compliance Certificate under Companies Act, 1956
A certificate issued by M/s. P B & Associates, Company Secretaries, in terms of the provisions of Section 383 A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

Auditors
The Auditors of your Company, M/s. Lovelock & Lewes, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Responsibility Statement
In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that :
a) in the preparation of annual accounts under review the applicable accounting standards had been followed; b) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for that period; c) proper and sufficient care was taken 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 d) the annual accounts are prepared on a going concern basis. The required disclosures and significant accounting policies followed are appearing in Schedules 17 and 18 respectively, in the annual accounts.

On behalf of the Board

S.C. Sekhar Director
Gurgaon, M.Riaz Ahmed Director
30th April, 2009

COMPLIANCE CERTIFICATE

Company No. : U55101DL1995PLC099973
Nominal Capital: Rs. 2 Crores

The Members of
Fortune Park Hotels Limited
25, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110057

We have examined the registers, records, books and papers of **Fortune Park Hotels Limited** (hereinafter referred to as 'the Company') as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder, the provisions contained in the Memorandum and Articles of Association of the Company and also the audited Annual Accounts, Auditors' Report on the said annual accounts for the financial year ended 31st March, 2009 (financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the financial year:

1. The Company has kept and maintained registers as stated in "Annexure: A" to this Certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in "Annexure: B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made thereunder.

3. The Company, being a Public Limited Company, comments are not required.

4. The Board of Directors duly met 4 (four) times respectively on 25th April 2008; 29th September 2008; 23rd December 2008 and 18th March 2009 in respect of which meetings proper notices were given the proceeding were properly recorded and signed and kept in the Minutes Book maintained for the purpose. There was no resolution passed, by circulation.

5. The Company has not closed its Register of Members during the financial year.

6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 12th June, 2008 after giving due notice to the Members of the Company and other concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No extraordinary general meeting was held during the financial year.

8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.

10. The Company was not required to make any entries in the register maintained under Section 301(1) of the Act. However, it has made necessary entries in register maintained under Section 301(3) of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.

12. The Company has not issued any duplicate share certificate during the financial year.

13. The Company has:

(i) not made any allotment /transfer / transmission of securities during the financial year.

(ii) not deposited any amount in a separate Bank Account, However the entire final dividend has been disbursed to the Members within five days from the date of declaration of such dividend.

(iii) paid dividends to all the members within a period of 30 days from the date of declaration and that there is no Unclaimed/Unpaid Dividend, which is required to be transferred to a Special Account.

(iv) not transferred any amount in Investor Education and Protection Fund as there is no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.

(v) duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year.

15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.

16. The Company has not appointed any sole selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has neither preference capital nor debentures, thus redemption of preference shares or debentures is not applicable.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of the transfer of shares.

23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.

24. The Company has not made any borrowings during the financial year.

25. The Company, during the financial year, has made investments in mutual funds issued by the trusts, which are not covered under the provisions of section 372A, of the Act, thus no entries are made in the register kept for the purpose. However, there were no loans made or guarantees given or the securities provided to other bodies corporate during the financial year.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to anther during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act. Similarly, no fines, penalties or punishment under the Act, was imposed on the Company during the financial year.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For **PB & Associates**
Company Secretaries
Pooja Bhatia
LLB, ACS
CP: 6485

Date: 30TH April 2009

Annexure: A

Registers maintained by the Company
(As at March 31, 2009)

Sl. No.	Particulars	Relevant Section of the Act
1.	Minutes Book of the meetings of the Board of Directors of the Company	193
2.	Minutes Book of General Body Meetings of the Members of the Company	193
3.	Copies of Annual Returns	159
4.	Register of Members	150
5.	Register of Particulars of Directors, Managing Director, Manager and Secretary	303
6.	Register of Directors' Shareholding	307
7.	Register(s) of contracts, Companies and firms in which Directors are interested	301(3)
8.	Books of Accounts	209
9.	Register of Investments	372A
10.	Register of Share Transfer	

Annexure : B

A. Forms and Returns filed with the Registrar of Companies, New Delhi (During the Year ended on March 31, 2009)

Sl. No.	Particulars of Forms & Returns Filed	Date of Filling	Whether filed within prescribed time	Additional fees paid
1.	Form 23AC and Form 23ACA for Annual Accounts u/s 220 for the year ended 31st March, 2008	4th July, 2008	Yes	No
2.	Form 66 for Compliance Certificate u/s 383A of the Act, for the financial year 31st March, 2008	8th July, 2008	Yes	No
3.	Form 20B for Annual Return u/s 159 of the Act, made upto 20th June, 2008	30th July, 2008	Yes	No
4.	Form 32 u/s 303 of the Act for cessation of Mr. S S H Rehman from directorship and appointment of Mr. Nakul Anand as the Chairman of the Company	31st March, 2009	Yes	No.

B. Forms and Returns filed with the Regional Director, Central Government or other authorities : Nil

REPORT OF THE AUDITORS' TO THE MEMBERS OF FORTUNE PARK HOTELS LIMITED

1. We have audited the attached Balance Sheet of Fortune Park Hotels Limited, as at March 31, 2009, and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 have conducted our audit in accordance with the auditing standards generally acceptable 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 management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:

(i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company have been physically verified on behalf of the management by an outside firm during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

(ii) The Company does not hold any inventory.

(iii) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

(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 Act.

(iv) In our opinion and according to 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 the purchase of fixed assets. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Act.

(vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

(ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess as on March 31, 2009 which have not been deposited on account of any dispute.

(x) The Company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit Fund / societies are not applicable to the Company.

(xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

(xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

(xvi) The Company has not obtained any term loans.

(xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short – term basis which have been used for long – term investment.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

(xix) The Company has not issued any debentures.

(xx) The Company has not raised any money by public issues.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such by the management.

4. Further to our comments on paragraph 3 above, we report that :

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

(d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.

(e) On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

(f) In our opinion and to best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009

(ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date and

(iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Mitra
Partner
Membership Number F 50553
For and on Behalf of
Lovelock & Lewes
Gurgaon, 30th April, 2009 *Chartered Accountants*

BALANCE SHEET AS AT 31ST MARTH, 2009

	Schedule	(Rs.)	31st March, 2009 (Rs.)	(Rs.)	31st March, 2008 (Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	**45,00,080**		45,00,080	
b) Reserves and Surplus	2	**6,18,83,258**	**6,63,83,338**	5,01,78,200	5,46,78,280
Total			**6,63,83,338**		5,46,78,280
II. APPLICATION OF FUNDS					
1. Fixed Assets	3				
a) Gross Block		**92,80,432**		64,10,834	
b) Less: Depreciation		**30,83,544**		20,64,314	
c) Net Block			**61,96,888**		43,46,520
2. Investments	4		**97,58,516**		23,32,000
3. Deferred Tax Assets	5		**33,28,556**		8,63,707
4. Current Assets, Loans and Advances					
a) Sundry Debtors	6	**5,60,39,283**		3,98,04,025	
b) Cash and Bank Balances	7	**2,05,70,806**		1,95,22,450	
c) Other Current Assets	8	**16,41,608**		16,94,385	
d) Loans and Advances	9	**1,20,74,038**		79,80,803	
		9,03,25,735		6,90,01,663	
Less :					
5. Current Liabilities and Provisions					
a) Liabilities	10	**3,20,41,164**		1,65,02,978	
b) Provisions	11	**1,11,85,193**		53,62,632	
		4,32,26,357		2,18,65,610	
Net Current Assets			**4,70,99,378**		4,71,36,053
Total			**6,63,83,338**		5,46,78,280
Notes to the Accounts	17				
Significant Accounting Policies	18				

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.

Partha Mitra
Partner
Membership Number F 50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Gurgaon, 30th April, 2009

On behalf of the Board

S.C.Sekhar Director
M. Riaz Ahmed Director

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

	Schedule	(Rs.)	For the year ended 31st March, 2009 (Rs.)	(Rs.)	For the year ended 31st March, 2008 (Rs.)
I. INCOME					
Gross Income from Operations		**14,19,93,282**		11,05,78,269	
Less : Service Taxes		**1,49,85,079**		1,19,00,399	
Net Income from Operations	12		**12,70,08,203**		9,86,77,870
Other Income	13		**20,39,176**		33,06,644
			12,90,47,379		10,19,84,514
II. EXPENDITURE					
Operating and Administrative Expenses	14		**10,47,33,223**		7,59,80,314
Depreciation	3		**10,43,437**		8,15,421
			10,57,76,660		7,67,95,735
III. PROFIT					
Profit before Taxation			**2,32,70,719**		2,51,88,779
Provision for Tax	15		**89,33,226**		94,35,101
Profit after Taxation			**1,43,37,493**		1,57,53,678
Profit brought Forward			**4,37,60,342**		3,16,87,979
Available for appropriation			**5,80,97,835**		4,74,41,657
IV. APPROPRIATIONS					
General Reserve			**14,33,749**		15,75,368
Proposed Dividend			**22,50,040**		18,00,032
Income Tax on Proposed Dividend			**3,82,395**		3,05,915
Profit Carried Forward			**5,40,31,651**		4,37,60,342
			5,80,97,835		4,74,41,657
Basic and Diluted Earnings Per Share (Rs.)	16		**31.86**		35.01
Notes to the Accounts	17				
Significant Accounting Policies	18				

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.

Partha Mitra
Partner
Membership Number F 50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Gurgaon, 30th April, 2009

On behalf of the Board

S.C.Sekhar Director
M. Riaz Ahmed Director

CASH FLOW STATEMENT

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

		31st March, 2009 (Rs.)	31st March, 2008 (Rs.)
A.	**NET PROFIT BEFORE TAX**	**2,32,70,719**	2,51,88,779
	ADJUSTMENTS FOR		
	Depreciation	**10,43,437**	8,15,421
	Provision for defined benefits of Gratuity and Compensated Absences (net of payments made)	**54,02,563**	7,33,743
	Interest Income	**(15,46,016)**	(16,13,979)
	Fixed Assets - Loss on Sale/Write off-Net	**4,829**	-
	Other Items (Tax Deducted at Source)	**(1,41,34,260)**	(1,05,12,201)
	Bad Debts Written Off	**-**	2,99,889
	Profit on Sale of Investments	**(2,23,406)**	(4,46,230)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,38,17,866**	1,44,65,422
	ADJUSTMENTS FOR		
	Trade and Other Receivables	**(1,65,22,865)**	(1,24,31,242)
	Trade Payables	**1,53,68,622**	12,54,231
	CASH GENERATED FROM OPERATIONS	**1,26,63,623**	32,88,411
	Income Tax Paid (Net of Refunds)	**(8,35,000)**	(21,05,900)
	NET CASH FROM OPERATING ACTIVITIES	**1,18,28,623**	11,82,511
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(29,98,108)**	(18,59,862)
	Sale of Fixed Assets	**99,474**	-
	Purchase of Investment	**(1,02,58,516)**	(23,32,000)
	Interest Received	**14,27,424**	8,31,217
	Sale of Investments	**30,55,406**	49,46,230
	NET CASH USED IN INVESTING ACTIVITIES	**(86,74,320)**	15,85,585
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Dividend Paid	**(18,00,032)**	(13,50,024)
	Income Tax on Dividend Paid	**(3,05,915)**	(2,29,437)
	NET CASH FLOW USED IN FINANCING ACTIVITIES	**(21,05,947)**	(15,79,461)
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**10,48,356**	11,88,635
	OPENING CASH AND CASH EQUIVALENTS	**1,95,22,450**	1,83,33,815
	CLOSING CASH AND CASH EQUIVALENTS	**2,05,70,806**	1,95,22,450

Notes :

1. Cash and cash equivalents comprise

	31st March, 2009	31st March, 2008
Balance with Scheduled Banks in		
- Current Accounts etc.	29,84,838	36,38,433
- Deposit Accounts	1,64,11,356	1,49,99,035
Cash and Cheques in hand	11,74,612	8,84,982
Total	**2,05,70,806**	**1,95,22,450**

2. The above Cash flow statement has been prepared under the indirect method setout in AS-3 issued by the Institute of Chartered Accountants of India.
3. Tax deducted at source (on income),being a non cash transaction,has not been considered in the Cash Flow Statement .
4. Figures in brackets indicate cash outgo.
5. Previous period figures have been regrouped and recasted, wherever necessary to conform to the current period classification.

This is the cashflow statement referred to in our report of even date.

Partha Mitra
Partner
Membership Number F 50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Gurgaon, 30th April, 2009

On behalf of the Board

S.C.Sekhar — Director

M. Riaz Ahmed — Director

SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
1. CAPITAL		
Authorised		
20,00,000 Equity Shares of Rs. 10/- each	**2,00,00,000**	2,00,00,000
Issued, Subscribed and Paid-up		
* 4,50,008 Equity Shares of Rs. 10/- each	**45,00,080**	45,00,080
	45,00,080	45,00,080

* Includes

- 4,50,002 Equity Shares of Rs. 10/- each fully paid up held by the Holding Company, ITC Limited and 6 shares held by ITC Limited jointly with Management personnel

	As at 31st March, 2009 (Rs.)	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)	As at 31st March, 2008 (Rs.)
2. RESERVES AND SURPLUS				
Capital Reserve		**30,00,000**		30,00,000
General Reserve				
At the commencement of the	**34,17,858**		18,42,490	
Add : From Profit and Loss Account	**14,33,749**		15,75,368	
		48,51,607		**34,17,858**
Profit and Loss Account		**5,40,31,651**		4,37,60,342
		6,18,83,258		**5,01,78,200**

3. FIXED ASSETS

Particulars	Original Cost as at 1.4.2008 (Rs.)	Additions during the year (Rs.)	Withdrawals during the year (Rs.)	Original Cost as at 31.3.2009 (Rs.)	Depreciation upto 01.04.2008 (Rs.)	Depreciation for the year (Rs.)	Depreciation on Withdrawals (Rs.)	Depreciation upto 31.03.2009 (Rs.)	Net Block as at 31.3.2009 (Rs.)
Plant and Machinery-Office Equipment	5,06,185	2,55,493	-	7,61,678	76,756	27,862	-	1,04,618	6,57,060
Computers	35,72,573	16,29,367	1,28,510	50,73,430	13,15,917	7,18,731	24,207	20,10,441	30,62,989
Furniture and Fixtures	13,90,926	49,644	-	14,40,570	4,08,335	1,11,655	-	5,19,990	9,20,580
Capitalised software	9,00,000	3,89,444	-	12,89,444	2,58,904	1,81,280	-	4,40,184	8,49,260
Motor Vehicle	41,150	-	-	41,150	4,402	3,909	-	8,311	32,839
Total	64,10,834	23,23,948	1,28,510	86,06,272	20,64,314	10,43,437	24,207	30,83,544	55,22,728
Capital wok in progress	-	-	-	6,74,160	-	-	-	-	6,74,160
Total	**64,10,834**	**23,23,948**	**1,28,510**	**92,80,432**	**20,64,314**	**10,43,437**	**24,207**	**30,83,544**	61,96,888
Previous Year	45,50,972	18,59,862	-	64,10,834	12,48,893	8,15,421	-	20,64,314	43,46,520

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
4. INVESTMENTS		
(Refer note (ii) on schedule 17)		
Unquoted - Current		
Fortis Money Plus Regular Plan Daily Dividend 3,70,225 Units (Previous Year -Nil) of Rs.10/- each	**37,02,389**	-
Fidelity Fixed Maturity Plan Series 1 Plan B Retail Growth - 2,50,000 Units (Previous Year - NIL) of Rs. 10/- each	**25,00,000**	-
JPMorgan India Liquid Plus Fund - Retail - Daily Div Plan - Reinvest - 3,05,154 Units (Previous Year - NIL)	**30,56,127**	-
Unquoted -Non Current		
DSPBlack Rock FMP 12M Series 3 - Reg. Growth Maturity 07- sep-09 - 50,000 Units (Previous Year - NIL) of Rs. 10/- each	**5,00,000**	-
B8496G Birla FTP- Retail Series W- Growth 2,33,200 Units (Previous Year -Nil) of Rs. 10/- each	**-**	23,32,000
	97,58,516	**23,32,000**
5. DEFERRED TAX ASSETS / (LIABILITY) - (NET)		
Deferred Tax Assets		
On Expenditure for the current year allowed under Income Tax Act, 1961 on payment/ actual basis only	**40,52,041**	13,03,798
Less :		
Deferred Tax Liability		
Depreciation - Timing Difference	**(7,23,485)**	(4,40,091)
Net Deferred Tax Assets / (Liability)	**33,28,556**	**8,63,707**
6. SUNDRY DEBTORS		
Over 6 months old		
Good and Unsecured (Refer Note-(vi) on Schedule 17)	**2,05,48,604**	**1,39,42,733**
Other Debts		
Good and Unsecured	**3,54,90,679**	2,58,61,292
	5,60,39,283	**3,98,04,025**

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
7. CASH AND BANK BALANCES		
With Scheduled Banks		
On Current Accounts	**29,84,838**	36,38,433
On Deposit Accounts	**1,64,11,356**	1,49,99,035
Cash and Cheques in hand	**11,74,612**	8,84,982
	2,05,70,806	**1,95,22,450**
8. OTHER CURRENT ASSETS		
Good and Unsecured		
Deposits with Government, Public Bodies and Others	**6,05,993**	4,61,993
Interest Accrued on Deposit	**10,35,615**	12,32,392
	16,41,608	**16,94,385**
9. LOANS AND ADVANCES		
Good and Unsecured		
Advances recoverable in cash or in kind or for value to be received	**2,91,443**	20,61,179
Advances with Government and Public Bodies **	**1,17,82,595**	59,19,624
	1,20,74,038	**79,80,803**

** Includes advance payment of Income Tax Net of provision of Rs. 19,20,00,000 /- (Previous Year Rs.87,00,000/-)

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
10. LIABILITIES		
Sundry Creditors		
Total outstanding dues of micro and small enterprises (Refer note (v) on Schedule 17)	**-**	-
Total outstanding dues of creditors other than micro and small Enterprises	**2,87,96,956**	1,34,81,296
Other Liabilities	**32,44,208**	30,21,682
	3,20,41,164	**1,65,02,978**
11. PROVISIONS		
Provision for Employee Benefits	**84,89,684**	30,87,121
Proposed Dividend	**22,50,040**	18,00,032
Income Tax on Proposed Dividend	**3,82,395**	3,05,915
Provision for Fringe Benefit Net of Advance Rs. 8,35,000/- (Previous Year - Rs 6,05,900/-)	**63,075**	1,69,564
	1,11,85,193	**53,62,632**

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
12. NET INCOME FROM OPERATIONS		
Management Consultancy and Other Services *	**12,70,08,203**	9,86,77,870
	12,70,08,203	**9,86,77,870**

* The Income from Management Consultancy and Other Services is stated gross, the amount of Income Tax deducted thereon is Rs. 1,41,34,260/- (Previous Year - Rs. 1,00,98,435/-)

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
13. OTHER INCOME		
Interest on Deposits **	**15,46,016**	16,13,979
Others (Including Profit on Sale of Investments Rs. 2,23,406/- (Previous Year-Rs 4,46,230/-)	**4,93,160**	16,92,665
	20,39,176	**33,06,644**

** The Income from Interest on Deposits is stated gross, the amount of Income Tax deducted thereon is Rs.3,15,369/- (Previous Year - Rs. 3,32,336/-)

14. OPERATING AND ADMINISTRATIVE EXPENSES	**(Rs.)**		**(Rs.)**	
Salaries, Wages and Bonus [includes Rs. 40,40,543/-(Previous Year Rs. 13,97,445/-) on account of Compensated absences]	6,44,79,689		3,38,34,631	
Contribution to Provident and Other Funds [(includes Rs. 4,29,491/- (Previous Year Rs. 3,44,164/-) on account of Gratuity]	27,37,684		16,74,412	
Workmen and Staff Welfare Expenses	40,78,137		28,69,211	
Reimbursement of contractual remuneration	3,22,94,641		3,08,41,980	
	10,35,90,151		6,92,20,234	
Less : Recoveries	4,39,97,758	**5,95,92,393**	2.83.81.314	4,08,38,920
Consumption of Stores and Supplies		**8,93,498**		7,47,003
Power and Fuel		**13,47,690**		12,48,883
Rent		**27,30,123**		25,00,082
Insurance		**21,362**		22,160
Repairs - Others		**33,58,373**		24,46,802
Advertising/Sales Promotion		**1,93,60,837**		1,19,09,188
Traveling and Conveyance		**1,01,39,946**		99,57,621
Legal Expenses		**6,03,252**		2,03,050
Postage, Telephones etc.		**25,72,129**		19,15,823
Bank Charges		**71,375**		12,962
Technical and Consultancy Fees		**23,38,684**		29,72,131
Miscellaneous Expenses		**17,03,561**		9,05,800
Bad Debts Written Off		**-**		2,99,889
		10,47,33,223		**7,59,80,314**

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Miscellaneous Expenses include:		
Auditors' Remuneration and Expenses:		
- Audit Fees	**1,50,000**	1,50,000
- Fees for Other Services-Tax Audit	**50,000**	50,000
- Reimbursement of Expenses	**20,000**	12,972
	2,20,000	2,12,972
15. PROVISION FOR TAXATION		
Income Tax for the year :		
Current Tax	**1,05,00,000**	87,00,000
Deferred Tax	**(24,64,849)**	(40,363)
Fringe Benefit Tax	**8,98,075**	7,75,464
	89,33,226	94,35,101
16. EARNINGS PER SHARE		
Profit after Taxation	**1,43,37,493**	**1,57,53,678**
Weighted average number of equity shares outstanding	**4,50,008**	4,50,008
Basic and diluted earnings per share in rupees rupees (face value - Rs. 10/- per share)	**31.86**	35.01

17. NOTES TO THE ACCOUNTS

i) Expenditure in Foreign Currency (On Payment Basis) : Travelling Rs.8,70,587/- (Previous year - Rs. 11,43,517/-),Others Rs. 3,75,394/- (Previous Year - NIL)

ii) The following short term investment was purchased and sold during the year

Name of the company/unit Unit Purchased Face Value Purchase cost Unit sold

UTI Fixed Income interval 50,000 Rs. 5,00,000/- Rs.5,00,000/- 50,000

fund Quarterly plan series - III Dividend

Sale / Redemption Proceeds

Rs. 5,11,238/-

iii) Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provide for, amount to Rs.5,25,840/- (Previous year NIL)

iv) The Company has accounted for the long term defined benefits and contribution schemes as under :

A) Defined Benefit Schemes:

(a) Gratuity

The employees are entitled to gratuity that is computed as half-month's salary, for every completed year of service and is payable on retirement/termination. The Company makes provision of such gratuity liability in the books of accounts on the basis of actual valuation. The Company pays contribution to Life Insurance Corporation to funds its plan

(b) Leave Encashment / Compensated Absences

The employees are entitled for leave for each year of service and part thereof and subject to the limits specified, the unavailed portion of such leaves can be accumulated or encashed during /at the end of the service period.

The plan in unfunded.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below :

(Rupees)

	For the Year Ended 31st March, 2009		For the Year Ended 31st March, 2008	
	Gratuity	Leave encashment / compensated absences	Gratuity	Leave encashment / compensated absences
Obligations at year beginning	5,40,083	27,09,612	2,74,358	16,09,698
Service Cost - Current	7,83,926	14,90,201	2,05,046	5,85,107
Interest Cost	38,244	1,61,709	18,789	97,728
Actuarial (gain) / loss	(1,17,615)	23,88,633	89,555	10,30,408
Benefit Paid	(60,326)	(7,98,959)	(47,665)	(6,13,329)
Obligations at year end	11,84,312	**59,51,196**	**5,40,083**	**27,09,612**
Change in plan assets				
Plan assets at year beginning, at fair value	5,11,554	**-**	2,98,436	**-**
Expected return on plan assets	73,701	**-**	30,375	**-**
Actuarial gain / (loss)	2,55,902	**-**	(84,277)	**-**
Contributions	8,13,366	**7,98,959**	3,14,685	**-**
Benefits paid	(60,326)	**(7,98,959)**	(47,665)	**-**
Plan assets at year end, at fair value	15,94,197	**-**	**5,11,554**	**-**
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of the defined benefit obligations at the end of the year	11,84,312	59,51,196	5,40,083	27,09,612
Fair value of the plan assets at the end of the year	15,94,197	-	5,11,554	-
Liability recognised in the Balance Sheet	(4,09,885)	**59,51,196**	**28,529**	**27,09,612**
Defined benefit obligations cost for the year				
Service Cost - Current	7,83,926	14,90,201	2,05,046	5,85,107
Interest Cost	38,244	1,61,709	18,789	97,728
Expected return on plan assets	(73,701)	-	(30,375)	-
Past Service Cost	-	-	(24,078)	(3,15,799)
Actuarial (gain) / loss	(3,73,517)	23,88,633	1,73,832	10,30,408
Net defined benefit obligations cost	3,74,952	**40,40,543**	**3,43,214**	**13,97,444**

SCHEDULE TO THE ACCOUNTS (Contd.)

17. NOTES TO THE ACCOUNTS (Contd.)

Investment details of plan assets
100% of the plan assets are lying in the Gratuity fund administered through Life Insurance Corporation of India (LIC) under its Group Gratuity Scheme.
The principal assumptions used in determining post-employment benefit obligations are shown below :

	2009 (in %)	2008 (in %)
Discount Rate	7.00 p.a.	7.50 p.a.
Future salary increases	10.00 p.a.	10.00 p.a.
Expected return on plan assets	7.00 p.a.	7.50 p.a.

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 factors in the employment market.

B) STATE PLANS :
The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund for the benefit of the employees. Accordingly, the Company's contribution during the year that has been charged to revenue amounts to Rs. 22,83,593/-.

v) The Company, based on the information available on the status of the suppliers, does not have any dues to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006.

vi) Sundry Debtors over six months include amounts which are under litigation. The management has been advised by its legal counsel that the amounts are fully recoverable.

vii) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements which are not non-cancellable range between 11 months and 3 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under Schedule 14.

viii) The Company operates in one operating segment i.e. Hoteliering and within one geographical segment i.e. India.

ix) Related party disclosures under Accounting Standard 18

i) Holding Company : ITC Limited

ii) Other related parties with whom transactions have taken place during the year:
Fellow Subsidiary Company : Srinivasa Resorts Limited

iii) Key Management Personnel:
Board of Directors
Nakul Anand
S.C.Sekhar
M. Riaz Ahmed
Pawan Verma
H.H.Maharaja Gaj Singh
S.S.H. Rehman (Ceased to be a Director w.e.f. close of business on March 20, 2009)

iv) Summary of transactions (Rupees) :

	Transaction with	Holding Company		Fellow Subsidiaries		Key-Management Personnel	
		31-03-2009	31-03-2008	31-03-2009	31-03-2008	31-03-2009	31-03-2008
1	Receipt of Management & Consultancy fees * * *Inclusive of Service Tax - Rs 3,71,385 /-* *(Previous Year - Rs 3,27,625/-*	34,83,195	29,81,056	-	-	-	-
2	Purchase of Goods/Service		-		-	-	-
	- Hotel Services (Hotel stay & F&B Bills etc.)	9,57,633	19,64,265	19,175	2,80,694	-	-
3	Acquisition Cost of Fixed Assets	-	-	-	-	-	-
4	Rent Paid	4,17,115	4,10,184	-	-	-	-
5	Reimbursement of Contractual Remuneration	3,22,94,641	3,08,41,980	-	-	-	-
6	Dividend Payments	18,00,032	13,50,024	-	-	-	-
7	Expense Recovered during the year (Amount recovered on account of payments made on behalf of related parties)	1,51,86,100	7,28,959	6,65,673	-	-	-
8	Expense Reimbursed during the year (Amount paid to related parties on account of payments made by them on your behalf)	73,51,831	60,45,775	56,778	32,492	-	-
9	Advance Received	-	-	53,483	-		
	Refunded During the year	-	-	53,483	-		
10	Closing Balance						
	(i) Debtors /Receivable	28,590	67,344	-	-	-	-
	(ii) Creditors / Payables	65,72,835	24,67,377	981	32,484	-	-

x) Previous Year's figures have been regrouped/rearranged wherever necessary.

18. SIGNIFICANT ACCOUNTING POLICIES

i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS
The Financial Statements are prepared to comply in all material aspects with all the applicable accounting in India, the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956 and the relevent provisions of the Companies Act, 1956.

ii) TURNOVER
To state Net Income from Operations after deducting taxes and duties from invoiced value of services rendered

iii) FIXED ASSETS
To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. To captalise software where it is expected to provide future enduring economic benefits.
The costs are capitalised in the year in which the relevant software is implemented for use.

iv) DEPRECIATION
To calculate depreciation on Fixed Assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual installments. Capitalised software costs are amortised over a period of five years.

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

vi) INVESTMENT INCOME
To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source.

vii) EMPLOYEE BENEFITS
To make regular contributions to the State administered Provident Fund which are charged against revenue. To provide for long term defined benefit schemes of gratuity and compensated absences on the basis of actuarial valuation on the Balance Sheet date based on the Projected Unit Credit Method. In respect of gratuity, the company funds the benefit through annual contributions to Life Insurance Corporation (LIC) under its Group Gratuity Scheme. The actuarial valuation of the liability towards the Gratuity Retirement benefits of the employees is made on the basis of certain assumptions with respect to the variable elements affecting the computations including estimation of interest rate of earnings on contributions to LIC. To recognise the actuarial gains and losses in the Profit and Loss account as income and expense in the period in which they occur.

viii) PROPOSED DIVIDEND
To provide for Dividend as proposed by the Directors in the books of account, pending approval at the Annual General Meeting.

ix) FOREIGN CURRENCY TRANSLATIONS
To record transactions in foreign currencies at the exchange rates prevailing on the date of the transaction. Gain / Losses arising out of fluctuations in the exchange rates are recognised in profit & loss in the period in which they arise. Liability/Receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the ye

x) BORROWING COSTS
To capitalise the borrowing costs that are directly attributable to the acquisition or construction of that capital asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xi) TAXES ON INCOME

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

xii) FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS
To practice an integrated Accounting System which unifies both Financial Books and Costing Records. The books of account and other records have been designed to facilitate compliance of the relevant provisions of the Companies Act, 1956 on the one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control (designed and based on "Uniform System of Accounts for "Uniform System of Accounts for Hotels"), on the other.

On behalf of the Board

S.C. Sekhar Director
Gurgaon, 30th April, 2009 M. Riaz Ahmed Director

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.	99973	State Code	55
Balance Sheet Date	31 - 03 - 2009		
	Date Month Year		

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
N.A.	N.A.
Bonus Issue	**Private Placement**
N.A.	N.A.

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

Total Liabilities	Total Assets
109609	109609

Sources of Funds

Paid up Capital	Reserves & Surplus
4500	61883
Secured Loan	**Unsecured Loan**
N.A.	N.A.
Deferred Tax Liability-Net	**Current Liabilities & Provisions**
N.A.	43226

Application of Funds

Net Fixed Assets	Investments
6197	9758
Current Assets	**Misc. Expenditure**
90326	-
Accumulated Losses	**Deferred Tax Assets -Net**
N.A.	3328

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

Turnover**	Total Expenditure
129047	105777

** Includes Other Income

+ -	Profit/Loss Before Tax	+ -	Profit/Loss After Tax
	23271		14337

(Please tick appropriate box + for profit, - for loss)

Earnings per Share in Rs.	Dividend Rate %
31.86	50

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

Item Code No.	*** N.A.
Product Description	HOTELS

*** No item code has been assigned to 'Hotels' under the Indian Trade Classification.

REPORT OF THE DIRECTORS

For the Financial Year Ended 31st March, 2009

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

Performance

During the year under review, your Company earned an income of Rs. 96.75 lacs (previous year - Rs. 83.16 lacs) and a net profit of Rs. 63.85 lacs (previous year - Rs.54.14 lacs) after providing for income tax of Rs. 26.99 lacs (previous year - Rs. 23.60 lacs). Earnings per share for the year stands at Rs. 537.64 per share of Rs. 100/- (previous year - Rs. 455.96 per share of Rs.100/-). Cash Flow from Operations were Rs. 67.51 lacs during the year (previous year - Rs. 75.56 lacs).

Your Directors are pleased to recommend a dividend of Rs. 50/- (previous year - Rs. 40/-) per equity share of Rs.100/- for the year ended 31st March, 2009. Your Board further recommends a transfer to General Reserve of Rs. 6.38 lacs (previous year - Rs. 6.77 lacs).

Conservation of Energy

Considering the fact that the hotel is under an operating licence with ITC Limited, no comment is made on conservation of energy. However, your Company's hotel viz., Fortune Resort Bay Island continues to focus on energy conservation, safety and environment.

Foreign Exchange Earnings and Outflow

There has been no foreign exchange income or outflow during the year (previous year - Nil).

Directors

In accordance with the provisions of Article 143 of the Articles of Association of the Company, Mr.C.M.Jadwet and Mr. Nakul Anand will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Particulars of Employees

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

Compliance Certificate under Companies Act, 1956

A certificate issued by M/s. P B & Associates, Company Secretaries, in terms of the provisions of Section 383A of the Companies Act, 1956 to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

Auditors

The Auditors of your Company M/s. S.B. Dandekar & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that :

a) in the preparation of annual accounts under review, the applicable accounting standards had been followed. b) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for that period. c) proper and sufficient care was taken 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. d) the annual accounts are prepared on a going concern basis. The required disclosures and the significant accounting policies followed are appearing in Schedules 15 and 16 respectively, to the annual accounts.

On behalf of the Board

Mohan Bhatnagar Director

Gurgaon, 1st May, 2009 M. Riaz Ahmed Director

Compliance Certificate

Company No.: **U74899DL1976PLC105131**
Nominal Capital: **Rs 1.20 crores**

The Members of
Bay Islands Hotels Limited
25, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110057

We have examined the registers, records, books and papers of **Bay Islands Hotels Limited** (hereinafter referred to as 'the Company') as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder, the provisions contained in the Memorandum and Articles of Association of the Company and also the audited Annual Accounts, Auditors' Report on the said annual accounts for the financial year ended 31st March, 2009 (financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the financial year:

1. The Company has kept and maintained Registers as stated in "Annexure: A" to this Certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in "Annexure: B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made thereunder.

3. The Company, being a Public Limited Company, comments are not required.

4. The Board of Directors duly met 4 (Four) times respectively on 25th April 2008; 29th September 2008; 23rd December 2008 and 18th March 2009 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed. There was no resolution passed by circulation.

5. The Company has not closed its Register of Members during the financial year.

6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 12th June 2008 after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No extraordinary general meeting was held during the financial year.

8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company was not required to make any entries in the Register maintained under Section 301(1) of the Act. However, it has made necessary entries in Register maintained under Section 301(3) of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.

12. The Company has not issued any duplicate share certificate during the financial year.

13. The Company has:

(i) not made any allotment /transfer / transmission of securities during the financial year.

(ii) not deposited any amount in a separate Bank Account. However, the entire final dividend has been disbursed to the Members within five days from the date of declaration of such dividend.

(iii) paid dividends to all the members within a period of 30 days from the date of declaration and that there is no Unclaimed/Unpaid Dividend, which is required to be transferred to a Special Account.

(iv) not transferred any amount in Investor Education and Protection Fund as there is no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.

(v) duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year.

15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.

16. The Company has not appointed any sole selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. There was no redemption of preference shares or debentures during the financial year.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of the transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.

24. The Company has not made any borrowings during the financial year.

25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act. Similarly, no fines, penalties or punishment under the Act was imposed on the Company during the financial year.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For PB & Associates

Company Secretaries

Pooja Bhatia

LLB, ACS

New Delhi, 1st May, 2009 CP: 6485

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Annexure: A

Registers maintained by the Company
(As at March 31, 2009)

Sl. No.	Particulars	Relevant Section of the Act
1.	Minutes Book of the meetings of the Board of Directors of the Company	193
2.	Minutes Book of General Body Meetings of the Members of the Company	193
3.	Copies of Annual Returns	159
4.	Register of Members	150
5.	Register of Particulars of Directors, Managing Director, Manager and Secretary	303
6.	Register of Directors' Shareholding	307
7.	Register(s) of contracts, Companies and firms in which Directors are interested	301(3)
8.	Books of Accounts	209
9.	Register of Share Transfer	

Annexure: B

A. Forms and Returns filed with the Registrar of Companies, New Delhi (During the Year ended on March 31, 2009)

Sl. No.	Particulars of Forms & Returns Filed	Date of Filling	Whether filed within prescribed time	Additional Fees paid
1.	Form 23AC and Form 23ACA for Annual Accounts u/s 220 for the year ended 31st March, 2008	7th July, 2008	Yes	No
2.	Form 66 for Compliance Certificate u/s 383A of the Act, for the financial year 31st March, 2008	8th July, 2008	Yes	No
3.	Form 20B for Annual Return u/s 159 of the Act, made upto 12th June, 2008	30th July, 2008	Yes	No
4.	DIN 3 u/s 266E For Mr. Cassim Mohamad Jadwet	14th October, 2008	Yes	No

B. **Forms and Returns filed with the Regional Director, Central Government or other authorities: Nil**

REPORT OF THE AUDITORS TO THE MEMBERS

1. We have audited the attached Balance Sheet of Bay Islands Hotels Limited as at 31st March, 2009 and the related Profit and Loss Account and Cash Flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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.

4. 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 and the above mentioned Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement therewith.

5. In our opinion, the Balance sheet , Profit & Loss Account and Cash flow statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956 of India (the Act).

6. On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors of the Company, none of the Directors of the Company is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.

7. In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statement together with the statement of significant accounting policies and notes thereon / attached thereto give, in the prescribed manner, the information required by the Act and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.

   (b) In the case of Profit and Loss Account, of the profit for the year ended on that date.

   © In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

8. As required by the Companies (Auditor's Report) Order, 2003 , amended by the Companies (Auditor's Report) (Amendment) Order,2004, issued by the Central Government of India in terms of Section 227(4A) of the Act and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we further report that :-

(i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.

(b) The Fixed Assets of the Company have been physically verified by the management during the year, which is considered to be reasonable and no material discrepancies between book records and physical inventory were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

(ii) As the Company does not hold any inventory, clause (ii) of Para 4 of the Order is considered as not applicable.

(iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b), (iii)(c) and (iii)(d) of the Order are considered as not applicable.

(iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. 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 major weaknesses in the above said internal control procedures commensurate with the size of the Company and nature of its business.

(v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Act. Accordingly, clause (v)(b) of the Order is considered as not applicable.

(vi) The Company has not accepted any deposits within the meaning of the provisions of Sections 58A and 58AA of the Act and the rules framed thereunder.

(vii) As required under item No. (vii) of the said Order, since the Company has Paid-up Capital less than Rs.50,00,000/-, internal audit system is not necessary.

(viii) The Central Government of India has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Act.

(ix) According to the information and explanations given to us and the books and records as produced and examined by us in accordance with generally accepted auditing practices in India:

a) The Company is regular in depositing the undisputed amount of statutory dues to the Government Accounts.

b) There is no amount of statutory dues not deposited by the Company on account of any dispute.

x) The Company has neither accumulated losses as at 31st March, 2009 nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.

xi) Based on our audit procedures and information and explanations given by the management, the Company has no dues to any financial institution or bank during the financial year under audit.

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xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, considering the nature of the activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi /mutual benefit fund / societies are not applicable to it.

xiv) In our opinion and according to the information and explanations given to us, the Company has not dealt or traded in shares, securities, debentures or other investments during the year.

xv) The Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.

xvi) Term loans were not availed by the Company and hence no such liability stood at the end of the year under audit

xvii) Based on the information and explanations given to us and on overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised during the year on a short term basis which have been used for long-term investment and vice versa.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.

xix) As the Company has not issued any debentures and no debentures are outstanding at the year-end, hence clause (xix) of the Order is considered as not applicable.

xx) The Company has not raised any money by public issue during the year under audit.

xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of
S.B.DANDEKAR & COMPANY

KEDARASHISH BAPAT
Chartered Accountant
Membership No:057903

Place: Port Blair
Date: 1st May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

		Schedule	(Rs.)	As at 31st March,2009 (Rs.)	(Rs.)	As at 31st March, 2008 (Rs.)
I.	**SOURCES OF FUNDS**					
	Shareholders' Funds					
	[a]Capital	1	**1,187,500**		1,187,500	
	[b]Reserves & Surplus	2	**90,076,027**	**91,263,527**	85,212,242	86,399,742
				91,263,527		86,399,742
II.	**APPLICATION OF FUNDS**					
	1. Fixed Assets	3				
	[a] Gross Block		**103,442,743**		103,442,743	
	[b] Less : Depreciation		**28,470,156**		27,368,173	
	[c] Net Block			**74,972,587**		76,074,570
	2. Current Assets,Loans & Advances					
	[a] Sundry Debtors	4	**4,506,047**		2,022,506	
	[b] Cash and Bank Balances	5	**10,077,214**		6,825,914	
	[c] Other Current Assets	6	**316,094**		355,521	
	[d] Loans and Advances	7	**351,122**		365,380	
			15,250,477		9,569,321	
	Less:					
	Current Liabilities and Provisions					
	[a] Liabilities	8	**11,030**		16,292	
	[b] Provisions	9	**694,658**		785,290	
			705,688		801,582	
	Net Current Assets			**14,544,789**		8,767,739
	3. Deferred Tax Asset (Net)	10		**1,746,151**		1,557,433
	Total			**91,263,527**		86,399,742
	Notes to the Accounts	15				
	Significant Accounting Policies	16				

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 and on behalf of
S.B.DANDEKAR & COMPANY

On behalf of the Board

KEDARASHISH BAPAT
Chartered Accountant

MOHAN BHATNAGAR
Director

M.RIAZ AHMED
Director

Place : Port Blair
Date : 1st May, 2009

Place : Gurgaon
Date : 30th April, 2009

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**			
	Operating Licence Fee		**9,337,230**	7,960,112
	Other Income	**11**	**338,079**	355,521
			9,675,309	8,315,633
II	**EXPENDITURE**			
	Operating and Administrative Expenses	**12**	**316,010**	258,118
	Depreciation		**275,923**	282,622
			591,933	540,740
III	**PROFIT/(LOSS)**			
	Profit Before Taxation		**9,083,376**	7,774,893
	Taxation for the year	**13**	**2,698,873**	2,360,394
	Profit After Taxation		**6,384,503**	5,414,499
	Profit Brought Forward from Previous Year		**13,327,265**	9,145,305
	Available for Appropriation		**19,711,768**	14,559,804
IV	**APPROPRIATIONS**			
	General Reserve		**638,450**	676,813
	Proposed Dividend		**593,750**	475,000
	Tax on Proposed Dividend		**100,908**	80,726
	Profit Carried Forward		**18,378,660**	13,327,265
			19,711,768	14,559,804
	Basic and Diluted Earnings Per Share (Rs.)	**14**	**537.64**	455.96
	Notes to the Accounts	**15**		
	Significant Accounting Policies	**16**		

The Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our Report of even date.

For and on behalf of
S.B.DANDEKAR & COMPANY

On Behalf of the Board

KEDARASHISH BAPAT
Chartered Accountant

MOHAN BHATNAGAR
Director

M.RIAZ AHMED
Director

Place : Port Blair
Date : 1st May, 2009

Place : Gurgaon
Date : 30th April, 2009

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

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

		For the year ended 31st March, 2009 (Rs.)		For the year ended 31st March, 2008 (Rs.)
A. NET PROFIT BEFORE TAX		**9,083,376**		7,774,893
ADJUSTMENTS FOR :				
Depreciation	**275,923**		282,622	
Interest accrued	**(316,094)**		(355,521)	
		(40,171)		(72,899)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**9,043,205**		7,701,994
ADJUSTMENTS FOR :				
Trade and Other Receivables	**(2,286,726)**		(376,592)	
Trade Payables	**(5,262)**	**(2,291,988)**	230,906	(145,686)
CASH GENERATED FROM OPERATIONS		**6,751,217**		7,556,308
Income Tax Paid		**(3,299,712)**		(2,736,298)
NET CASH FROM OPERATING ACTIVITIES		**3,451,505**		4,820,010
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Interest Received	**-**	**355,521**		
NET CASH USED IN INVESTING ACTIVITIES		**355,521**		-
C. CASH FLOW FROM FINANCIAL ACTIVITIES :				
Dividends Paid	**(475,000)**		(356,250)	
Income Tax on Dividend Paid	**(80,726)**		(60,545)	
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(555,726)**		(416,795)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3,251,300**		4,403,215
OPENING CASH AND CASH EQUIVALENTS		**6,825,914**		2,422,699
CLOSING CASH AND CASH EQUIVALENTS		**10,077,214**		6,825,914
CASH AND CASH EQUIVALENTS COMPRISE :				
Cash and Bank Balances	**-**	**10,077,214**	-	6,825,914

Per our Report attached to the Balance Sheet

On Behalf of the Board

For and on behalf of
S.B.DANDEKAR & COMPANY

MOHAN BHATNAGAR
Director

M.RIAZ AHMED
Director

KEDARASHISH BAPAT
Chartered Accountant

Place : Port Blair
Date : 1st May, 2009

Place : Gurgaon
Date : 30th April, 2009

BAY ISLANDS HOTELS LIMITED

SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
1. CAPITAL		
Authorised		
90,000 Equity Shares of Rs. 100/- each	9,000,000	9000000
30,000 13.5% Redeemable Cumulative Preference Shares of Rs 100/- each	3,000,000	3,000,000
	12,000,080	12000080
Issued, Subscribed & Paid - up:		
- 11,875 Equity Shares of Rs. 100/- each fully paid up	11,87,500	11,87,500

The above shares are held by Holding Company, ITC Ltd.

	As at 31st March, 2009 (Rs.)	(Rs.)	As at 31st March, 2008 (Rs.)	(Rs.)
2. RESERVES AND SURPLUS				
Revaluation Reserves				
At the commencement of the year	66,036,946		66863006	
Less : Depreciation	8,26,060		826060	
		6,52,10,886		6,60,36,946
Subsidy Reserve		43,38,099		43,38,099
General Reserve				
At the commencement of the year	15,09,932		8,33,119	
Add: Transferred from Profit & Loss Account	6,38,450	21,48,382	6,76,813	15,09,932
Profit and Loss Account		1,83,78,660		13,327,265
		9,00,76,027		8,52,12,242

3. FIXED ASSETS

Particulars	Original Cost/ Professional Valuation as at 1.4.2008 (Rs.)	Additions during the year (Rs.)	Withdrawals during the year (Rs.)	Original Cost/ Professional Valuation as at 31.3.2009 (Rs.)	Depreciation for the year (Rs.)	Depreciation on Withdrawals (Rs.)	Depreciation upto 31.03.2009 (Rs.)	Net Block as at 31.3.2009 (Rs.)
Land	5,70,00,000	-	-	5,70,00,000	-	-	-	5,70,00,000
Building	3,89,89,750	-	-	3,89,89,750	10,81,283	-	2,10,72,744	1,79,17,006
Plant & Machinery	70,45,674	-	-	70,45,674	20,700	-	69,90,093	55,581
Furniture and Fixtures	4,07,319	-	-	4,07,319	-	-	4,07,319	-
Total	10,34,42,743	-	-	10,34,42,743	11,01,983	-	2,84,70,156	7,49,72,587
Previous Year	10,34,42,743	-	-	10,34,42,743	11,08,682	-	2,73,68,173	7,60,74,570

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
4. SUNDRY DEBTORS		
Over 6 months old		
Good and Unsecured		
Doubtful & Unsecured		
Other Debts		
Good and Unsecured		
Doubtful & Unsecured	4506047	2022506
Less: Provision for doubtful debts		
	4506047	2022506
Less: Deposits from normal Trade Debtors - Contra		
	4506047	2022506
5 CASH AND BANK BALANCES		
With Scheduled Banks on Current Accounts	20,894	19,676
Deposit with Schedule Banks	1,00,56,320	68,06,238
	1,00,77,214	68,25,914
6 OTHER CURRENT ASSETS		
Interest accured on investment	316,094	355,521
7 Loans & Advances		
Income Tax - Refund due for the year 2005-06	-	1,96,815
Income Tax - Refund due for the year 2006-07	1,68,565	1,68,565
Income Tax - Refund due for the year 2007-08	1,82,557	-
	3,51,122	3,65,380
8 LIABILITIES		
Sundry Creditors		
Total outstanding dues to small scale industrial undertakings	-	-
Total outstanding dues of creditors other than small scale industrial undertakings.***	11,030	16,292
Income Tax Due 08-09	-	-
	11,030	16,292
*** Includes payable to Holding Company Rs Nil (Previous year Rs Nil.)		
9 Provisions		
Provision for Tax (net of advance tax)	-	229,564
Provision for Proposed Dividend	593,750	475,000
Tax on Proposed Dividend	100,908	80,726
	694,658	785,290

		As at 31st March, 2009 (Rs.)		As at 31st March, 2008 (Rs.)
10 DEFERRED TAX ASSETS (NET)				
Deferred Tax Assets		-		-
Less:				
Deferred Tax Liability				
Depreciation - Timing Difference		(1,746,151)		-1557433
		(1,746,151)		-1557433
Net Deferred Tax Asset		1,746,151		1557433
11 Other Income				
Interest on Fixed Deposit		316,094		355,521
Interest on Income Tax Refund A/Y 2006-07		21,985		-
		338,079		355521
12 OPERATING AND ADMINISTRATIVE EXPENSES				
Salaries,Wages and Bonus	6,238,891		4,780,953	
Less:Recovered from ITC LTD	(6,100,151)		(4,678,970)	
Salaries, Wages and Bonus		138,740		101,983
Consumption of Stores and Spare Parts		30,000		30,000
Travelling and Conveyance		85,000		63,000
Bank Charges		-		550
Rates & Taxes		0		-
Miscellaneous Expenses		62,270		62,585
		316,010		258,118
Miscellaneous Expenses includes				
Audit Fees		11,030		21,350
13 PROVISION FOR TAXATION				
Income Tax on:				
Tax on Current Year's Profits *		2887591		2736298
Add: Deferred Tax Expense / (Credit)		-188718		-375904
		2698873		2360394
* including Fringe Benefit Tax Rs 5778 (Previous Year - 4241)				
14 EARNINGS PER SHARE				
Profit/ (loss) after Taxation		6,384,503		5,414,499
Weighted average number of equity shares outstanding		11,875		11,875
Basic and diluted earnings per share in rupees (face value - Rs.100/- per share)		537.64		455.96

SCHEDULE TO THE ACCOUNTS (Contd.)

15. NOTES TO THE ACCOUNTS (Contd.)

1 The Hotel Operations are under an Operating License Agreement with ITC Limited.

2 The Land & Building were revalued as on 31st March, 1999 at Rs 5,70,00,000/- and Rs.3,89,89,750/- respectively, by an approved. valuer & accordingly the gross block reflects the revised values in respect of these assets, in the books of accounts.

3 In view of the company's current financial performance and the future profit projections, the company expects to fully recover the deferred tax assets.

4 Related Party disclosures under Accounting Standard 18

(i) Holding Company : ITC Limited

(ii) Key Management Personnel :

<u>Board of Directors</u>
Nakul Anand
S.C.Sekhar
Mohan Bhatnagar
M.Riaz Ahmed
C.M.Jadwet
G.H.C Jadwet

(iii) Summary of transaction during the year (Rupees):
Transaction with Holding Company

1	Operating License Fee Received	9,337,230
2	Expenses Reimbursed	539,315
3	Reimbursement of Contractual Remuneration	6,100,151
4	Dividend Payment	475,000
5	Balance as on 31st March, 09	
	(i) Debtors/Receivables	4,506,047

5 Previous year figure has been regrouped/rearranged wherever necessary.

16 SIGNIFICANG ACCOUNTING POLICIES

1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

To prepare Financial Statements in accordance with the historical cost convention, generally accepted accounting principles in India and relevant presentational requirements of the Companies Act, 1956

2 Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties & taxes & incidental expensed related to acquisition.

3 DEPRECIATION

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

4 REVALUATION OF ASSETS

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

5 REVENUE RECOGNITION

Income from operating license fees is booked on accrual basis in accordance with the provisions of operating license agreement/arrangements with the licensee viz., ITC Limited.

6 PROPOSED DIVIDEND

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

7 TAXES ON INCOME

To provide and determine current tax as the amount of tax payable in respect of taxable income for the period.
To provide and recognise 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 certainity that there will be sufficient future taxable income available to realize such assets.

On behalf of the board

Gurgaon, 30th April, 2009.

Mohan Bhatnagar	Director
M. Riaz Ahmed	Director

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. | 1 | 0 | 5 | 1 | 3 | 1 | State Code | 5 | 5 |

Balance Sheet Date | 3 | 1 | - | 0 | 3 | - | 2 | 0 | 0 | 9 |

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
N.A.	N.A.
Bonus Issue	**Private Placement**
N.A.	N.A.

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

Total Liabilities	Total Assets
91969	91969

Sources of Funds

Paid up Capital	Reserves & Surplus
1188	90076
Secured Loan	Unsecured Loan
N.A.	N.A.
Deferred Tax Liability-Net	
N.A.	

Application of Funds

Net Fixed Assets	Investments
74973	N A
Net Current Assets	Misc. Expenditure
14545	-
Accumulated Losses	
N.A.	

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

Turnover**	Total Expenditure
9675	592

** Includes Other Income

+ -	Profit/Loss Before Tax	+ -	Profit/Loss After Tax
	9083		6385

(Please tick appropriate box + for profit, - for loss)

Earnings per Share in Rs.	Dividend Rate %
537.64	50

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

Item Code No.	*** N.A.
Product Description	H O T E L S

*** No item code has been assigned to 'Hotels' under the Indian Trade Classification.

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

Your Directors take pleasure in submitting their Report for the financial year ended 31st March, 2009.

FINANCIAL RESULTS

	(Rs. in lakhs)	
Year Ended March 31,	**2009**	**2008**
Total Income	34972.19	26272.38
Total Expenditure	33233.17	24291.60
Operating Profit	1739.02	1980.78
Depreciation	1070.80	1044.89
Profit before Tax	668.22	935.89
Provision for Tax	364.47	245.28
Profit after Tax	303.75	690.61

BUSINESS REVIEW

During the year under review, the global economic downturn considerably dented the IT industry's optimism borne over years of a virtuous economic cycle. The developments in the US, commencing with the sub-prime crisis last year, have had far reaching ramifications for businesses across the globe, putting the Indian IT industry under severe pressure.

Despite the challenges created by adverse market conditions, your Company delivered another year of good performance with total income growing by 33%. Accelerated customer acquisition and renewed thrust on scaling up existing account engagements formed the foundation of its growth strategy. Your Company continued to focus on gaining competitive advantage and strengthening market standing by developing deep and differentiated capabilities in specific industry domains, solution areas and focus technologies. Your Company strengthened its geographical presence with the opening of a branch in Sweden.

In line with the inorganic growth strategy aimed at deepening capabilities, ITC Infotech (USA), Inc, a wholly owned subsidiary of your Company, acquired Pyxis Solutions, LLC, a leading Testing and Quality Assurance company in the BFSI (Banking & Financial Services Industry) segment in North America, registered as a New York limited liability company. This strategic acquisition, an important milestone, further consolidated your Company's position in North America. Synergies between the two companies will create large opportunities for cross-selling by leveraging their existing customer relationships.

Further the Board of Directors of your Company has approved, subject to such other consents, sanctions and approvals as may be necessary, purchase of the entire share capital of Pyxis Solutions Pte Ltd., Singapore (Pyxis Singapore), for a maximum consideration of US$ 50000. The acquisition is underway and the transaction is expected to be completed shortly. Consequent to such acquisition, Pyxis Singapore will become a wholly owned subsidiary of your Company.

While the economic slowdown has led to reduced IT budgets, it is expected to lead to an increase in offshore outsourcing in the future. According to a recent Forrester report, a large number of firms are interested in ramping up and are actively tracking new developments in offshore outsourcing. Currently, only about 9% of the organizations, globally, have leveraged off-shoring. Your Company intends to capitalise on this opportunity by offering a compelling value proposition and leveraging its demonstrated leadership in chosen industry domains.

Your Company continued to focus on business solutions. During the year under review a number of such solutions were launched which included a suite of mobility solutions geared to address the various CRM, direct store delivery and route accounting processes, across the consumer goods and life sciences segments in partnership with a renowned Singapore based entity. Your Company also entered into a partnership with a leading Digital Asset Management company to provide services around the Digital Asset Management platform, amongst others.

During the year under review your Company was certified by SAP as a global provider of application management services. Your Company received this certification after successful completion of an audit process that included capability assessment of more than 300 aspects, spanning across multiple facets of SAP® solutions.

ITC Infotech was placed among the Top 100 service providers across four continents, in terms of operations, service offerings, client relationships and human capital, in a survey conducted by Global Services and neoIT. ITC Infotech ranked eighth among the “Top 10 Indian outsourcing companies”, in the 2008 Global Outsourcing 100 survey conducted by the International Association of Outsourcing Professionals.

ITC Infotech was also ranked fourth among mid–tier infrastructure vendors globally and featured among the top “Infrastructure outsourcing vendors” in the 2008 black book of outsourcing where the Brown Wilson Group has evaluated leading global outsourcing service providers across 18 operational excellence key performance indicators based on the perspective of client experience. The Black Book of Outsourcing 2008 Green Report placed ITC Infotech among one of the top twenty green vendors who have delivered on the triple bottom line milestones of economic gains, environmental stewardship and social improvements.

Your Company is committed towards sustainability and has signed the CII Code on Ecological Sustainable Growth. The objective of the mission is to promote and champion sustainable growth in the Indian industry, without compromising on high and accelerated growth. CII will partner and work together with signatory companies in realizing the objectives of the mission.

With geographic diversity, focus on select industry domains, a strong sales pipeline built last year and differentiated value proposition backed by delivery excellence, your Company is looking forward to the difficult year ahead with optimism.

INCREASE IN SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 26 crores to Rs. 86 crores by creation of 6 crore Equity Shares of Rs. 10/- each.

Your Company issued and allotted 6 crore Equity Shares of Rs. 10/- each, for cash at par, on a Rights Basis. As a result, the paid up share capital of the Company increased from Rs. 25.20 crores to Rs. 85.20 crores effective 5th August, 2008.

STRATEGIC INVESTMENTS

During the year under review, your Company invested a further sum of US$ 13.5 million in the equity share capital of ITC Infotech (USA), Inc., a wholly owned subsidiary of your Company, by subscribing to 135,000 Common Shares without par value for cash at US$ 100 each.

WHOLLY OWNED SUBSIDIARIES

i) ITC INFOTECH LTD, UK

During the year under review, ITC Infotech Limited, UK registered a Turnover of GBP 20.61 million (previous year GBP 17.87 million) and a Net Profit of GBP 1.02 million (previous year GBP 0.29 million).

ii) ITC INFOTECH (USA), INC

During the year under review, ITC Infotech (USA), Inc., registered Total Revenues of US$ 26.17 million (previous year US$ 18.09 million) and a Net Profit of US$ 1.05 million (previous year US$ 0.43 million).

iii) PYXIS SOLUTIONS, LLC

Consequent to acquisition of 100% Membership Interest, Pyxis Solutions, LLC (Pyxis USA) became a wholly owned subsidiary of ITC Infotech (USA), Inc.(I2A), and therefore of your Company, with effect from 11th August, 2008.

I2A made a capital contribution of a sum of US$ 2.5 million into Pyxis USA in terms of the Membership Interest Purchase Agreement dated 1st August, 2008 entered into between the erstwhile owners of Pyxis USA, I2A, and Pyxis USA.

Pyxis USA, a Sole Member company, does not have a Board of Directors. It operates under an Operating Agreement dated 11th August, 2008 entered into between Pyxis USA and I2A, as Sole Member.

For the fifteen month period ended 31st March, 2009, Pyxis USA registered a Turnover of US$ 14.17 million (previous year-12 months- US$ 14.46.million) and a Net Profit of US$ 0.19 million (previous year-12 months – US$ 2.51 million).

TALENT MANAGEMENT

Your Company continued to focus on nurturing talent, building technical and leadership capabilities with a view to creating differentiators and delivering superior value.

During the year under review several focused initiatives were launched for sharpening performance and improving productivity.

Your Company is proactively gearing itself to deal with issues and challenges emerging from the recent global recession.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and there are no material departures;

(ii) having selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

(iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(iv) that the Annual Accounts for the financial year ended 31st March, 2009 have been prepared on a going concern basis.

OTHER INFORMATION

Particulars as required under Section 217(1)(e) of the Companies Act, 1956, relating to Conservation of Energy & Technology Absorption and Foreign Exchange Earnings and Outgo are provided in Annexure "A" and "B". The particulars of employees in terms of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975, as amended, is provided in Annexure "C".

DIRECTORS

Mr. A. Singh, resigned from the Board of Directors of your Company with effect from 17th November, 2008. Your Board of Directors places on record its appreciation for the significant contribution made by Mr. Singh during his tenure as Director and Chairman of the Company.

Mr. K. Vaidyanath was appointed by the Board of Directors as Chairman of your Company with effect from 17th November, 2008.

In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company, Mr. R. Srinivasan was appointed by the Board of Directors as Additional Director of your Company with effect from 17th November, 2008. Mr. Srinivasan will vacate office at the ensuing Annual General Meeting of your Company and has filed his consent to act as Director of your Company, if appointed. Notice under Section 257 of the Companies Act, 1956 has been received for appointment of Mr. Srinivasan as Director and your approval to his appointment is being sought at the ensuing Annual General Meeting of your Company.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 143 & 144 of the Articles of Association of the Company, Mr. B. B. Chatterjee and Mr. S. Sivakumar will retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offer themselves for re-election.

AUDIT COMMITTEE

The Board of Directors at its meeting held on 17th November, 2008, reconstituted the Audit Committee of your Company which now comprises Mr. B.B.Chatterjee (Chairman of the Committee), Mr. A. Nayak and Mr. R. Srinivasan (in place of Mr. K. Vaidyanath), all non-executive Directors of your Company. The Managing Director, the Chief Financial Officer, the Statutory Auditors and the Internal Auditors are Permanent Invitees to the Committee. The Company Secretary serves as the Secretary of the Committee.

AUDITORS

M/s. Price Waterhouse retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors thank the customers and vendors for their continued support. Your Directors place on record their appreciation of the vital contribution made by employees at all levels your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.

Kolkata, 12th May, 2009 **On behalf of the Board**

Registered Office:
Virginia House
37 J. L. Nehru Road
Kolkata 700 071
India.

K. Vaidyanath
Chairman

ANNEXURE 'A' TO THE REPORT OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009 - INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998

A. CONSERVATION OF ENERGY

Your Company is committed to following a high standard of environmental protection and provision of a safe and healthy work place for its people, customers and visitors.

Your Company's commitment to continuous improvement on environmental performance is integrated into its programs; this is driven by individual commitment of various team members and strong support from the management.

B. TECHNOLOGY ABSORPTION

I. RESEARCH AND DEVELOPMENT (R & D) : Not Applicable

1. Specific areas in which R& D carried out by the Company
2. Benefits derived as a result of the above R&D
3. Future plan of action
4. Expenditure on R & D for:
   - (a) Capital
   - (b) Recurring
   - (c) Total
   - (d) Total R&D expenditure as a percentage of Total Turnover

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation.

To keep abreast of the latest technologies in a rapidly changing environment and offer product realization services to customers, the Technology Services Group of the Company continuously scans the market for new technologies, designs, systems and processes and institutes appropriate systems to ensure effective absorption and deployment of such technologies within the organisation.

In addition, to be considered as a leader in a technology, innovation plays a key role. Your Company uses a multi-pronged strategy for developing technology assets and to promote internal entrepreneurship and innovation. The technology initiatives are driven by the Chief Technology Officer.

2. Benefit derived as a result of the above efforts

Expansion of business in various new technology areas and productivity improvement through the use of contemporary software tools.

On behalf of the Board

K. Vaidyanath
Chairman

Kolkata, 12th May, 2009

ANNEXURE ' B ' TO THE REPORT OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009 - INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998

FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities related to exports; initiatives taken to increase exports, development of new export markets for products and services; and export plans

During the year, 78% of your Company's revenues were derived from export of software and professional services to various countries. Your Company aims to maximise its exports by maintaining constant contact with prospective customers, focussed business development and participation in international exhibitions to promote its services.

(b) Total foreign exchange used and earned

The foreign exchange earnings (FOB–realisation basis) of your Company during the year were Rs. 25,512.73 lakhs (previous year Rs. 15,546.70 lakhs) while the outgoings (on payment basis) were Rs. 8,303.14 lakhs (previous year Rs. 6,554.09 lakhs).

On behalf of the Board

K. Vaidyanath
Chairman

Kolkata, 12th May, 2009

REPORT OF THE AUDITORS TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED

1. We have audited the attached Balance Sheet of ITC INFOTECH INDIA LIMITED, as at 31st March, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give 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 in paragraph 3 above, we report that:

   (a) 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;

   (b) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;

      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Mitra
Partner
Membership Number 50553
For and on behalf of
Price Waterhouse
Chartered Accountants

Kolkata
12th May, 2009

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of ITC INFOTECH INDIA LIMITED on the financial statements for the year ended 31st March, 2009]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed of by the company during the year.

2. The company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the company did not involve purchase of inventory and sale of goods during the year. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses, if any, in the aforesaid internal control system.

4. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act, the particulars of which needs to be entered into the register maintained under that section.

5. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

6. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

7. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, income tax, sales tax, service tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities in India. Employees' state insurance, wealth tax, and excise duty are not applicable to the company for the current year.

   (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, sales tax, service tax, customs duty and cess which have not been deposited on account of any dispute. Wealth tax and excise duty are not applicable to the company for the current year.

8. The company has no accumulated losses as at 31st March, 2009, and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.

9. The Company has neither taken any loans from a financial institution or bank nor issued any debentures during the year nor were there any such amounts due for repayment as at the balance sheet date.

10. 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 terms and conditions of the guarantee given by the Company, for letter of credit facility taken by a subsidiary from a bank during the year, are not prejudicial to the interest of the company.

12. In our opinion, and according to the information and explanations given to us, on an overall basis, the unsecured loans in the nature of term loans taken from the holding company have been applied for the purposes for which they were obtained.

13. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

14. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

15. The Company has not raised any money by public issues during the year.

16. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

17. The other clauses, (ii)(a), (ii)(b), (ii)(c), (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (v)(b), (viii), (xiii), (xiv) and (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Partha Mitra
Partner
Membership Number 50553
For and on behalf of
Price Waterhouse
Chartered Accountants

Kolkata
12th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
I. Sources of Funds			
1. Shareholders' Funds			
Capital	1	852,000,000	252,000,000
2. Reserves and Surplus	2	149,086,748	118,711,251
3. Loan Funds			
Unsecured Loans	3	1,620,400,000	1,627,500,000
Total		**2,621,486,748**	**1,998,211,251**
II. Application of Funds			
1. Fixed Assets	4		
(a) Gross Block		779,001,536	679,218,147
(b) Less: Depreciation and Amortisation		483,772,458	390,109,768
(c) Net Block		295,229,078	289,108,379
(d) Capital Work-in-Progress		9,103,429	-
		304,332,507	289,108,379
2. Investments	5	870,434,087	299,519,087
3. Deferred Tax - Net	6	82,668,329	82,668,329
4. Current Assets, Loans and Advances			
(a) Sundry Debtors	7	638,248,573	875,362,863
(b) Cash and Bank Balances	8	866,119,866	612,467,224
(c) Other Current Assets	9	13,045,207	11,713,998
(d) Loans and Advances	10	318,945,462	210,738,006
		1,836,359,108	1,710,282,091
Less:			
5. Current Liabilities and Provisions			
(a) Liabilities	11	365,663,446	323,548,953
(b) Provisions	12	106,643,837	59,817,682
		472,307,283	383,366,635
Net Current Assets		1,364,051,825	1,326,915,456
Total		**2,621,486,748**	**1,998,211,251**

Notes to the Accounts	18
Segment Reporting	19
Related Party Disclosures	20
Significant Accounting Policies	21

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.

On behalf of the Board

S. Puri
Managing Director

Partha Mitra
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

B. B. Chatterjee
Director

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

Place: Kolkata
Date: 12th May 2009

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			
Sales and Services	13	3,402,507,311	2,562,440,637
Other Income	14	94,712,103	64,797,835
		3,497,219,414	**2,627,238,472**
II. Expenditure			
Personnel Expenses	15	2,298,236,839	1,666,886,198
Operating and Administrative Expenses	16	1,025,080,715	762,273,630
Depreciation and Amortisation		107,080,040	104,488,652
		3,430,397,594	**2,533,648,480**
III. Profit before Taxation		66,821,820	93,589,992
Provision for Taxation	17	36,446,323	24,528,834
IV. Profit after Taxation, Carried forward		30,375,497	69,061,158
Earnings Per Share (Face value Rs. 10 each) (Basic and Diluted)	18 (viii)	0.47	2.74

Notes to the Accounts	18
Segment Reporting	19
Related Party Disclosures	20
Significant Accounting Policies	21

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.

On behalf of the Board

S. Puri
Managing Director

Partha Mitra
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

B. B. Chatterjee
Director

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

Place: Kolkata
Date: 12th May 2009

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

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
(Figures for the previous year have been rearranged to conform with the revised presentation)				
A. NET PROFIT BEFORE TAX		66,821,820		93,589,992
ADJUSTMENTS FOR :				
Depreciation	107,080,040		104,488,652	
Fixed Assets - Loss on Sale / Write off (net)	1,003,282		825,342	
Unrealised Loss on Exchange (Net)	14,605,907		19,237,760	
Interest on Loans, Deposits etc.	(54,920,421)		(59,836,875)	
Provision for Doubtful Debts	(2,394,781)		6,280,839	
Liability no longer required written back	(14,477,613)		(1,400,765)	
		50,896,414		69,594,953
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		117,718,234		163,184,945
ADJUSTMENTS FOR :				
Trade and Other Receivables	230,260,169		(484,522,273)	
Trade Payables	95,307,684	325,567,853	144,712,084	(339,810,189)
CASH USED IN OPERATIONS		443,286,087		(176,625,244)
Income Tax Paid		143,366,937		86,054,434
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		**299,919,150**		**(262,679,678)**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(123,307,450)		(144,164,530)	
Sale of Fixed Assets	-		31,387	
Purchase of Long Term Investments	(570,915,000)		-	
Interest Received	55,055,942		59,853,803	
NET CASH USED IN INVESTING ACTIVITIES		**(639,166,508)**		**(84,279,340)**
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issue of Share Capital	600,000,000		-	
Proceeds from Long Term Borrowings	1,926,700,000		1,122,100,000	
Repayments of Long Term Borrowings	(1,933,800,000)		(669,300,000)	
NET CASH FROM FINANCING ACTIVITIES		**592,900,000**		**452,800,000**
NET INCREASE IN CASH AND CASH EQUIVALENTS		253,652,642		105,840,982
OPENING CASH AND CASH EQUIVALENTS		612,467,224		506,626,242
CLOSING CASH AND CASH EQUIVALENTS		**866,119,866**		**612,467,224**
CASH AND CASH EQUIVALENTS COMPRISE :				
Cash and Bank Balances	865,516,035		605,756,425	
Unrealised Gain on Foreign Currency Cash and Cash Equivalents	603,831	866,119,866	6,710,799	612,467,224

This is the Cash Flow Statement referred to in our Report of even date.

On behalf of the Board

S. Puri
Managing Director

Partha Mitra
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

B. B. Chatterjee
Director

Place: Kolkata
Date: 12th May 2009

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
1. CAPITAL		
Authorised:		
86,000,000 (2008 - 26,000,000) Equity Shares of Rs. 10 each	860,000,000	260,000,000
Issued, subscribed and paid-up:		
85,200,000 (2008 - 25,200,000) Equity Shares of Rs. 10 each	852,000,000	252,000,000
(All Equity Shares are held by ITC Limited, the Holding Company)		
(Of the above 60,000,000 Equity Shares were issued during the year as fully paid-up to the Holding Company, ITC Limited)	**852,000,000**	**252,000,000**
2. RESERVES AND SURPLUS		
Profit and Loss Account		
As at the commencement of the year	118,711,251	49,650,093
Add: Profit for the year	30,375,497	69,061,158
	149,086,748	**118,711,251**
3. UNSECURED LOANS		
Short Term Loans		
From Others	130,000,000	300,000,000
(Interest-free Loan from ITC Limited, the Holding Company, due for not more than one year as at the date of the balance sheet)		
Other Loans		
From Others	1,490,400,000	1,327,500,000
(Interest-free Loan from ITC Limited, the Holding Company)		
	1,620,400,000	**1,627,500,000**

SCHEDULES TO THE ACCOUNTS

4. FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 31st March, 08 Rs.	Additions Rs.	Withdrawals Rs.	As at 31st March, 09 Rs.	As at 31st March, 08 Rs.	For the Year Rs.	On Withdrawals Rs.	As at 31st March, 09 Rs.	As at 31st March, 09 Rs.	As at 31st March, 08 Rs.
Tangible Assets										
Leasehold Improvements	97,319,462	12,380,583	-	109,700,045	27,479,618	13,847,640	-	41,327,258	68,372,787	69,839,844
Plant and Machinery	120,340,343	19,342,283	739,360	138,943,266	52,549,864	18,985,221	521,665	71,013,420	67,929,846	67,790,479
Computers etc.	176,299,477	46,382,547	13,681,272	209,000,752	104,467,346	26,214,951	12,895,685	117,786,612	91,214,140	71,832,131
Furniture and Fixtures	50,990,301	9,545,638	-	60,535,939	34,639,823	9,397,114	-	44,036,937	16,499,002	16,350,478
Intangible Assets										
Capitalised Software	234,268,564	26,552,970	-	260,821,534	170,973,117	38,635,114	-	209,608,231	51,213,303	63,295,447
	679,218,147	114,204,021	14,420,632	779,001,536	390,109,768	107,080,040	13,417,350	483,772,458	295,229,078	289,108,379
Capital Work-in-Progress									9,103,429	-
Total	**679,218,147**	**114,204,021**	**14,420,632**	**779,001,536**	**390,109,768**	**107,080,040**	**13,417,350**	**483,772,458**	**304,332,507**	**289,108,379**
Previous Year	**539,724,697**	**145,126,580**	**5,633,130**	**679,218,147**	**290,397,477**	**104,488,652**	**4,776,361**	**390,109,768**	**289,108,379**	

SCHEDULES TO THE ACCOUNTS

		As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
5.	**INVESTMENTS**		
	Long Term, Unquoted (at Cost)		
	Trade Investment		
	Subsidiary Companies		
	ITC Infotech Limited, U.K.		
	685,815 Equity Shares of GBP 1 each, fully paid-up	68,685,837	68,685,837
	ITC Infotech (USA), Inc.		
	182,000 (2008 - 47,000) Common Shares without par value	801,748,250	230,833,250
		870,434,087	**299,519,087**
6.	**DEFERRED TAX - NET**		
	Deferred Tax Assets		
	On employees' separation and retirement	7,737,700	7,737,700
	On provision for doubtful debts	892,154	892,154
	On unabsorbed depreciation	73,731,325	73,731,325
	On fiscal allowances on fixed assets	307,150	307,150
		82,668,329	**82,668,329**
7.	**SUNDRY DEBTORS**		
	Over six months old		
	Good and Unsecured		
	- From Others	24,927,798	19,679,233
	Doubtful and Unsecured		
	- From Others	17,711,392	20,106,173
	Other Debts		
	Good and Unsecured		
	- From Holding Company	52,062,093	125,216,307
	- From Subsidiaries	116,479,988	186,739,482
	- From Others *	444,778,694	543,727,841
		655,959,965	895,469,036
	Less: Provision for Doubtful Debts	17,711,392	20,106,173
		638,248,573	**875,362,863**
	* Includes Unbilled Revenue Rs. Nil (2008 - Rs. 6,078,934)		

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
8. CASH AND BANK BALANCES		
Cash and Cheques on Hand	18,826,895	2,338,600
Balances with Scheduled Banks		
On Current Accounts	300,532,931	65,169,520
On Deposit Accounts *	520,400,000	515,100,000
* including marked as Lien Rs. 514,700,000 (2008 - Rs. Nil) for corporate guarantee extended on behalf of wholly owned subsidiary (refer Note (ii)(c) on Schedule 18) and Rs. 400,000 (2008 - Rs. 400,000) held as margin money		
Balances with Other Banks		
On Current Accounts		
- Fokus Bank, Norway	5,536,200	558,451
(Maximum balance outstanding at any time during the year Rs. 16,235,182 (2008 - Rs. 6,236,353))		
- Danske Bank AS, Denmark	13,993,215	29,300,653
(Maximum balance outstanding at any time during the year Rs. 68,195,100 (2008 - Rs. 55,902,322))		
- Nordea Bank, Finland	5,224,731	-
(Maximum balance outstanding at any time during the year Rs. 7,241,208 (2008 - Rs. Nil))		
- Nordea Bank, Sweden	1,605,894	-
(Maximum balance outstanding at any time during the year Rs. 1,438,226 (2008 - Rs. Nil))		
	866,119,866	**612,467,224**
9. OTHER CURRENT ASSETS		
Good and Unsecured		
Deposits with Government, Public Bodies and Others	12,455,836	10,989,106
Interest accrued on Loans, Advances, etc.	589,371	724,892
	13,045,207	**11,713,998**
10. LOANS AND ADVANCES		
Good and Unsecured		
Loans to Employees	77,285,474	70,460,753
Advances recoverable in cash or in kind or for value to be received	47,495,432	61,143,888
Advance Tax	194,164,556	79,133,365
(Net of Provision for Tax Rs. 51,198,502 (2008 - Rs. 46,100,000))		
	318,945,462	**210,738,006**
11. LIABILITIES		
Sundry Creditors		
- Dues to creditors other than micro and small enterprises	315,242,997	269,274,842
Other Liabilities	50,420,449	54,274,111
	365,663,446	**323,548,953**
12. PROVISIONS		
Provision for Retirement Benefits	94,888,312	56,172,734
Provision for Tax for overseas branches	5,060,056	3,644,948
(Net of Advance Tax Rs. 4,100,997 (2008 - Rs. 2,935,087))		
Provision for Fringe Benefit Tax (Net of Advance Tax Rs. 12,200,000)	6,695,469	-
	106,643,837	**59,817,682**

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
13. SALES AND SERVICES		
Exports	2,646,283,604	1,969,176,905
Domestic	756,223,707	593,263,732
	3,402,507,311	**2,562,440,637**
14. OTHER INCOME		
Interest on Loans, Deposits, etc. - Gross (Tax Deducted at Source Rs. 12,338,698) (2008 - Rs.13,066,045)	54,920,421	59,836,875
Liabilities no longer required written back	14,477,613	1,400,765
Miscellaneous Income	25,314,069	3,560,195
	94,712,103	**64,797,835**
15. PERSONNEL EXPENSES		
Salaries and Bonus	2,158,919,881	1,572,183,101
Contribution to Provident and Other Funds	104,586,230	60,431,136
Staff Welfare Expenses	21,326,974	20,211,846
Reimbursement of Contractual Remuneration (including Payment to Subsidiary Companies Rs.Nil) (2008 - Rs. 4,545,216)	13,403,754	14,060,115
	2,298,236,839	**1,666,886,198**
16. OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	50,044,429	30,917,760
Rates and Taxes	4,442,823	20,322,420
Insurance	12,900,245	10,388,246
Travelling and Conveyance	296,387,727	286,838,846
Communication	31,687,087	27,750,953
Power and Fuel	26,509,757	23,015,485
Outsourcing Charges (including Payment to Subsidiary Companies Rs. 165,753,948) (2008 - Rs.138,722,400)	216,848,897	154,915,927
Software and Related Expenses	57,617,396	51,775,327
Business Development Expenses	6,158,394	9,746,889
Repairs and Maintenance		
- Buildings	12,033,103	7,030,615
- Machinery	6,688,602	974,288
- Others	7,959,566	10,222,344
Legal, Professional and Consultancy Expenses	63,291,941	67,275,672
Doubtful and Bad Deposits	254,722	-
Doubtful and Bad Debts	(2,394,781)	6,280,839
Fixed Assets Discarded (Net)	1,003,282	825,342
Auditors' Remuneration and Expenses	1,499,253	1,319,421
Training and Development	26,077,335	25,411,478
Miscellaneous Expenses	16,359,934	39,561,734
Loss / (Gain) on Exchange - Net	189,711,003	(12,299,956)
	1,025,080,715	**762,273,630**
17. PROVISION FOR TAXATION		
Current Tax (including tax on foreign branches Rs. 10,057,882 (2008 - Rs. 6,580,036))	15,156,384	15,080,036
Deferred Tax	-	(9,488,660)
Fringe Benefit Tax	21,289,939	18,937,458
	36,446,323	**24,528,834**

SCHEDULES TO THE ACCOUNTS

18. NOTES TO THE ACCOUNTS

(i). Nature of Operations

ITC Infotech India Limited ("the Company") is a wholly owned subsidiary of ITC Limited ("the Holding Company") providing information technology solutions and software development services.

(ii). Commitments and Contingencies

(a) Estimated amount of contracts remaining to be executed on capital account, net of advances is Rs. Nil (2008 - Rs. 2,011,764).

(b) Counter guarantees outstanding – Rs. 1,200,000 (2008 – Rs. 400,000).

(c) Corporate guarantee extended on behalf of wholly owned subsidiary and outstanding – USD 9,500,000 (approximately Rs. 481,840,000 as reinstated at year end exchange rate) (2008 – Nil).

(iii). As a matter of prudence, the Company has not recognized deferred tax assets (Net) amounting to Rs. 43,215,480 (2008 – Rs. 111,536,007) in respect of accumulated losses and other timing difference benefits as at 31st March, 2009 estimated at Rs. 127,141,748 (2008 – Rs. 328,143,593).

(iv). The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc). These leasing arrangements, which are not non-cancelable, range between 11 months and 9 years generally, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16 to the Accounts.

(v). The Company uses forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions and firm commitments. The use of foreign exchange forward contracts reduces the risk or cost to the company. The company does not use the foreign exchange forward contracts for trading or speculation purposes. The information on such outstanding contracts as at the year end is as follows:

Currency Pair	**Currency**	**31st March 2009**		**31st March 2008**	
		Buy	Sell	Buy	Sell
GBP - USD	GBP	-	-	-	2,200,000
EUR - USD	EUR	-	8,000,000	-	22,000,000
USD - INR	USD	-	16,000,000	-	16,531,805

(vi). Employee Benefits

The following table sets out the Defined Benefit Plans / Long Term Compensated Absences - as per Actuarial Valuation as on 31st March, 2009 and recognised in the financial statements in respect of Employee Benefit Schemes:

	31st March, 2009			31st March, 2008		
	Pension	**Gratuity**	**Leave Encashment**	**Pension**	**Gratuity**	**Leave Encashment**
Projected benefit obligation at the beginning of the year	106,691,172	46,191,902	49,181,562	88,827,322	41,580,229	43,160,901
Current Service Cost	19,256,366	9,747,897	9,961,839	12,046,335	5,566,260	7,639,351
Interest cost	7,411,708	3,208,933	3,192,893	6,661,327	3,039,767	2,675,014
Actuarial (Gain)/Loss	15,980,510	8,728,189	5,449,877	(843,812)	(1,894,354)	4,209,505
Benefits Paid	(1,600,000)	(700,000)	(7,137,599)	-	(2,100,000)	(8,503,209)
Projected benefit obligation at the end of the year	**147,739,756**	**67,176,921**	**60,648,572**	**106,691,172**	**46,191,902**	**49,181,562**
Amounts recognised in the balance sheet						
Projected benefit obligation at the end of the year	147,739,740	67,176,921	60,648,572	106,691,172	46,191,902	49,181,562
Fair value of plan assets at end of the year	113,500,000	91,800,000	-	99,700,000	79,600,000	-
(Asset)/Liability recognised in the Balance Sheet	**34,239,740**	**(24,623,079)**	**60,648,572**	**6,991,172**	**(33,408,098)**	**49,181,562**
Cost of Retirement and Other Benefits for the year						
Current Service cost	19,256,366	9,747,897	9,961,839	12,046,335	5,566,260	7,639,351
Interest Cost	7,411,708	3,208,933	3,192,893	6,661,327	3,039,767	2,675,014
Expected return on plan assets	(7,462,000)	(5,999,000)	-	(6,390,000)	(4,947,112)	-
Net actuarial (Gain)/Loss recognised in the year	14,452,139	4,297,189	5,449,877	(753,812)	275,758	4,209,505
Net Cost recognised in the Profit and Loss Account	**33,658,213**	**11,255,019**	**18,604,609**	**11,563,850**	**3,934,673**	**14,523,870**

	31st March, 2009			31st March, 2008		
	Pension	**Gratuity**	**Leave Encashment**	**Pension**	**Gratuity**	**Leave Encashment**
Net Asset/(Liability) recognised in Balance Sheet						
Present Value of Defined Benefit Obligation	147,739,740	67,176,921	60,648,572	106,691,172	46,191,902	49,181,562
Fair Value on Plan Assets	113,500,000	91,800,000	-	99,700,000	79,600,000	-
Status [(Asset)/Liability]	34,239,740	(24,623,079)	60,648,572	6,991,172	(33,408,098)	49,181,562
Experience Adjustment of Plan Assets [Gain/(Loss)]	1,005,000	4,002,500	-	(90,000)	(2,170,113)	-
Experience Adjustment of Plan Liability [(Gain)/Loss]	21,494,741	7,560,838	4,352,583	(843,812)	(1,894,354)	4,209,505

Assumptions	2009	2008
Discount Rate (%)	7.0%	7.5%
Long term rate of compensation increase (%) - Management Staff	5.0%	5.0%
- Others	5.0%	5.0%

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

(vii). Quantitative details

The Company is engaged in providing information technology solutions and software development services. The purchase, production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the information as required under Paragraphs 3 and 4C of Part II of Schedule VI of the Companies Act, 1956.

(viii). Earnings per share

Earnings per share has been computed as under:

	For the year ended 31st March, 2009 Rs.	For the year ended 31st March, 2008 Rs.
(a) Profit after Taxation	30,375,497	69,061,158
(b) Weighted average number of Equity Shares	64,323,288	25,200,000
(c) Earnings Per Share (Face value of Rs. 10 per share) (Basic and Diluted)	0.47	2.74

(ix). Auditors' Remuneration and Expenses

(Including service tax considered under Other services)

Audit Fees	950,000	875,000
Tax Audit Fees	200,000	175,000
Fees for Other services	308,347	124,162
Reimbursement of Expenses	40,906	145,259
	1,499,253	**1,319,421**

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

Capital Goods	39,827,510	32,374,701

(xi). Expenditure in Foreign Currency during the year (On Payment Basis)

Travel	192,399,481	177,290,873
Professional, Consultancy and Account Management Fees	16,736,313	86,307,085
Software and Related Expenses	13,555,797	14,137,878
Expenditure incurred at overseas branches	599,453,480	328,897,367
Others	8,168,850	48,776,248
	830,313,921	**655,409,451**

		For the year ended 31st March, 2009	For the year ended 31st March, 2008
(xii).	**Earnings in foreign exchange during the year (F.O.B. Realisation Basis)**		
	Sale of services including reimbursement of expenses	2,551,272,525	1,554,670,392
		2,551,272,525	**1,554,670,392**

(xiii). Previous year's figures have been regrouped rearranged wherever necessary.

SCHEDULES TO THE ACCOUNTS

19. SEGMENT REPORTING

The Company operates in a single business segment - information technology, which is its primary segment. The geographical segments are secondary segments and have been identified accordingly as India and Rest of the World. In view of only one business segment, disclosure of information relating to primary segment is not applicable.

	31st March, 2009 Rs.	31st March, 2008 Rs.
SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS):		
Segment Revenue		
India	756,223,707	593,263,732
Rest of the World	2,646,283,604	1,969,176,905
Total Revenue	3,402,507,311	2,562,440,637
Segment Assets *		
India	1,354,197,108	1,190,095,737
Rest of the World	1,462,764,038	1,029,680,455
Total Assets	2,816,961,146	2,219,776,192
Capital Expenditure *		
India	123,307,450	145,126,580
Rest of the World	-	-
Total Capital Expenditure	123,307,450	145,126,580

* Fixed Assets and Capital Expenditure have been considered on the basis of physical location.

SCHEDULES TO THE ACCOUNTS

20. RELATED PARTY DISCLOSURES

1. HOLDING COMPANY:
ITC Limited

2. ENTERPRISES WHERE CONTROL EXISTS:
Wholly Owned Subsidiaries:
ITC Infotech Limited, UK
ITC Infotech (USA), Inc.
Pyxis Solutions LLC

3. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.
i). Fellow Subsidiary Companies:
Surya Nepal Private Limited
Wimco Limited

ii). Joint Ventures:
Sitel Operating Corporation India Limited
(formerly CLi3L e-Services Limited)

4. KEY MANAGEMENT PERSONNEL

Non-Executive Directors
Mr. A. Singh - Chairman (up to 17th November, 2008)
Mr. K. Vaidyanath - Chairman (w.e.f. 17th November, 2008)
Mr. A. Nayak
Mr. B. B. Chatterjee
Mr. S. Sivakumar
Mr. R. Srinivasan (w.e.f. 17th November, 2008)

Management Committee Members
Mr. S. Puri - Managing Director
Mr. R. Batra
Mr. A. Talwar
Mr. K. S. Aithani
Mr. S. Janardhanan
Mr. V. Sreenivasan (up to 4th May, 2008)
Mr. V. V. R. Babu
Mr. S. Gupta (w.e.f. 28th July, 2008)
Mr. V. V. Rajasekhar (w.e.f. 28th July, 2008)

5. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31ST MARCH

	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries		Joint Ventures		Key Management Personnel	
	2009	2008	2009		2008		2009	2008	2009	2008	2009	2008
			ITC INFOTECH LIMITED, UK	ITC INFOTECH (USA), INC.	ITC INFOTECH LIMITED, UK	ITC INFOTECH (USA), INC.						
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sale of Goods / Services	794,179,285	604,081,625	452,977,661	341,215,663	377,626,015	195,086,999	10,640,051	15,850,660	15,034,364	26,264,150	-	-
Purchase of Goods / Services	1,773,395	4,114,936	165,753,948	-	138,722,400	-	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	5,475,096	-	-	-
Rent paid	7,628,295	12,144,987	-	-	-	-	-	-	-	-	-	-
Remuneration to Key Managerial Personnel	-	-	-	-	-	-	-	-	-	-	29,642,290	22,811,330
Reimbursement of Contractual Remuneration	14,984,104	11,093,799	-	-	3,727,186	818,030	-	-	-	-	-	-
Remuneration of managers on deputation recovered	-	-	-	-	-	-	-	-	2,618,047	4,331,526	-	-
Liabilities no longer required written back	-	-	9,134,780	-	-	-	-	-	-	-	-	-
Expenses recovered	3,945,973	9,202,176	15,031,124	7,838,244	8,354,482	1,645,222	508,358	1,048,090	-	-	-	-
Expenses reimbursed	38,079,716	33,191,537	38,746,930	9,125,959	3,016,134	18,663,371		-	-	-	-	-
Loans given	-	-	-	-	-	-	-	-	-	-	600,000	-
Receipt towards Loan Repayment	-	-	-	-	-	-	-	-	-	-	259,233	178,670
Issue of Shares	600,000,000	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investments	-	-	-	570,915,000	-	-	-	-	-	-	-	-
Interest recovered on Loans	-	-	-	-	-	-	-	-	-	-	35,454	52,294
Loans received	1,926,700,000	1,122,100,000	-	-	-	-	-	-	-	-	-	-
Loan repaid	1,933,800,000	669,300,000	-	-	-	-	-	-	-	-	-	-
Advances given	1,124	121,850	-	-	-	-	-	-	-	-	-	-
Receipt towards refund of Advances	121,850	-	-	-	-	-	-	-	-	-	-	-
Balances as on 31st March,												
i) Debtors / Receivables	56,272,415	130,593,842	379,853,673	99,354,821	188,680,692	136,744,310	343,806	4,424,878	-	3,628,486	-	-
iii) Advances Given	1,124	121,850	-	-	-	-	-	-	-	-	-	-
iv) Loans Taken	1,620,400,000	1,627,500,000	-	-	-	-	-	-	-	-	-	-
v) Loans Given	-	-	-	-	-	-	-	-	-	-	2,883,407	2,838,491
vi) Creditors / Payables	4,210,322	5,377,535	353,126,354	9,602,152	132,176,365	6,509,155	-	-	-	-	1,353,027	772,707
vii) Corporate Guarantee Outstanding (given during the year)	-	-	-	481,840,000	-	-	-	-	-	-	-	-

SCHEDULES TO THE ACCOUNTS

21. SIGNIFICANT ACCOUNTING POLICIES

IT IS CORPORATE POLICY

Convention

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

Basis of Accounting

To prepare financial statements in accordance with the historical cost convention.

Revenue Recognition

To recognise revenues from services performed on a "time and material" basis, as and when the services are performed.

To recognise revenues from services performed on "time bound fixed-price engagements" using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

To recognise revenue from trading in software packages / licenses upon delivery to customer.

To treat amounts received or billed in advance of services performed as unearned revenue. Unbilled revenue, included in debtors, represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

Fixed Assets

To state fixed assets at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction / installation stage.

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

Capital Work in Progress

To treat cost of assets not put to use before the year-end as capital work in progress.

Depreciation

To calculate depreciation on fixed assets on the straight-line method over their estimated useful lives at the rates, which are not less than those prescribed under Schedule XIV of the Companies Act, 1956.

The cost of and the accumulated depreciation for fixed assets sold, retired or otherwise disposed off are removed from the stated values and the resulting gains and / or losses are included in the profit and loss account.

The estimated useful lives of fixed assets are as follows:

Buildings	25 years
Plant and Machinery - Computers / Computer Accessories	3 to 5 years
Other Equipment	5 years
Furniture and Fixtures	5 years
Motor Vehicles	5 years
Leasehold Improvements	Shorter of lease period or estimated useful lives

Capitalised software costs are amortised on the straight-line method over a period of five years or over the estimated useful lives, as is appropriate.

Investments

To state long-term investments, including in Joint Ventures, at cost. Where applicable, provision is made where there is a permanent diminution in the value of long-term investments.

Proposed Dividend

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

Research and Development

To charge off all revenue expenditure incurred on research and development in the year it is incurred. Assets purchased for research and development activities are included in fixed assets.

Taxes on Income

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

To provide and recognise 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 losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

Foreign Currency Translation

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains / losses arising out of fluctuations in the exchange rates are recognized in the Profit and Loss Account in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts.

To account for profit / loss arising on cancellation or renewal of forward exchange contracts as income / expense for the period.

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

To translate the financial statements of the foreign branch offices of the Company using the same principles and procedures stated above as the operations of such branches are integral in nature.

Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution scheme and to charge such paid / payable amounts against revenue. To administer through duly constituted and approved independent trusts such Funds.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit schemes. The liabilities towards such schemes including employee leave encashment are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard – 15 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses as the difference between the actual and expected returns on plan assets, effect of changes in discount rates, unexpectedly high or low rates of employee turnover, early retirements, mortality or increase in salary benefits and the effect of changes in any other actuarial assumptions and to recognise such gains and losses immediately in Profit and Loss Account as income or expense.

Claims

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

Segment Reporting

To identify segments having regard to the dominant source and nature of risks and returns and the internal organisation and management structure.

On behalf of the Board

Partha Mitra
Partner
For and on behalf of
Price Waterhouse
Chartered Accountants

S. Puri
Managing Director

B. B. Chatterjee
Director

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

Place: Kolkata
Date: 12th May, 2009

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.	77341	State Code	21
Balance Sheet Date	31 (Date)	03 (Month)	09 (Year)

II. **Capital raised during the year (Amount in Rs. Thousands)**

Public Issue	NIL	Rights Issue	600000
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	3093793	Total Assets	3093793

Sources of Funds

Paid up Capital	852000	Reserves & Surplus	149086
Secured Loans	NIL	Unsecured Loans	1620400

Application of Funds

Net Fixed Assets	304332	Investments	870434
Net Current Assets	1364052	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax - Net	82668

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

Turnover (Including other Income)	3497219	Total Expenditure	3430397
Profit / Loss before Tax	+ ✓ - 66822	Profit / Loss after Tax	+ ✓ - 30375

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

Earning per Share in Rs.	+ ✓ - 0.47	Dividend rate %	NIL

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

Item Code No. (ITC Code)	*N.A.
Product Description	COMPUTER SOFTWARE SERVICES

* No item code has been assigned to "Computer Software Services" under the Indian Trade Classification.

STATEMENT REGARDING SUBSIDIARY COMPANIES

PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Sl. No.	Name of the Subsidiary Company	Number of Shares held by the Company	Extent of holding	Profits/(Losses) so far it concerns the members of the Holding Company and not dealt with in the books of Account of the Holding Company		Profits/(Losses) so far it concerns the members of the Holding Company and dealt with in the books of Account of the Holding Company	
				For the Financial Year of the Subsidiary	For the Previous Financial Year(s) since it became a Subsidiary	For the Financial Year of the Subsidiary	For the Previous Financial Year(s) since it became a Subsidiary
1	ITC INFOTECH LIMITED, UK (*)	6,85,815	100%	GBP 1,023,752 INR 74,211,782	GBP 1,433,617 INR 103,922,896	NIL	NIL
2	ITC INFOTECH (USA), INC. (**)	1,82,000	100%	US$1,047,492 INR 53,128,794	US$ (2,315,872) INR (117,461,028)	NIL	NIL
3	PYXIS SOLUTIONS LLC. (**)	Note	100%	US$775,308 INR 39,323,622	-	NIL	-

The financial year of both the subsidiaries ended on 31.03.2009.

(*****) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of GBP 1 = Rs.72.49
(******) The Indian Rupee (INR) equivalent figures have been arrived at by applying the year end interbank exchange rate of US$1 = Rs.50.72
Note – Pyxis Solutions LLC. is a New York Limited Liability Company and does not have any share capital. ITC Infotech (USA), Inc., holds 100% membership interest of Pyxis Solutions LLC.

On behalf of the Board
S. Puri Managing Director
B.B. Chatterjee Director
S. V. Shah Company Secretary

R. Batra Chief Financial Officer

Place : Kolkata
Date : 12th May, 2009

Company information

Company registration number	2777705
Registered office	Norfolk House 118 Saxon Gate West Central Milton Keynes MK9 2DN
Directors	K Vaidyanath - Chairman S Puri R Srinivasan B B Chatterjee
Secretary	P Banerjee
Resident Officer	V Sreenivasan
Bankers	HSBC plc Central Milton Keynes
Solicitors	emw Law LLP Central Milton Keynes
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Central Milton Keynes

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2009.

The Company is a wholly owned subsidiary of ITC Infotech India Limited (I3L), which is incorporated in India.

Principal activities

The Company is engaged in providing IT services, software development and support services.

Business review

Your Company is pleased to report significantly improved profitability on the platform of robust revenues and foreign exchange gains.

Revenues have grown to GBP 20.61 million (previous year GBP 17.87 million). Gross profits grew to GBP 5.58 million (previous year GBP 5.02 million). Net profit increased to GBP 1.02 million (previous year GBP 0.29 million).

Despite the crisis in the US financial markets which has created a recessionary situation in Europe, your Company acquired several new customers during the year under review. Further, the leveraging of solutions and frameworks developed internally has enabled your Company to build deeper relationships with existing customers.

Your Company is confident of being able to grow its customer portfolio and increase traction from existing customers in the next year on the back of its value proposition of business friendly solutions and the global delivery capabilities of its holding company.

Key performance indicators

	GBP (million)	
Year Ended March 31,	**2009**	**2008**
Total Income	20.65	17.92
Cost of Sales	15.03	12.84
Gross Profit	5.58	5.02
Operating Profit	1.43	0.40
Profit before Tax	1.46	0.44
Profit after Tax	1.02	0.29

Financial risk management objectives and policies

The objective of financial risk management is to protect the value of the Company’s financial assets against possible erosion due to adverse materialisation of risks related to credit, liquidity, interest rate and foreign currency exposures.

The existence of financial assets exposes the Company to a number of financial risks. The main risks are market risk due to currency risk, credit risk and liquidity risk.

a) Market risk - currency risk
The Company is exposed to translation and transaction foreign exchange risk. Approximately 11% of its sales are in US dollars and the Company pays its major supplier, its parent company, mostly in US dollars. It limits its exposure by holding foreign currency in currency bank accounts. It does not currently hold any hedging instruments but foreign exchange management is kept under regular review.

b) Credit risk
The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is nil and so the principal credit risk arises on trade debtors. However the Company's customers are mostly blue chip companies and the Company has no history of significant bad debts.

c) Liquidity risk
The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Directors

In terms of Article 17 of the Articles of Association of the Company and as nominated by I3L, the Board of Directors of the Company at its meeting held on 17th November, 2008 appointed Mr. K. Vaidyanath (in place of Mr. A. Singh) and Mr. R. Srinivasan as Directors of the Company

In terms of Article 19 of the Articles of Association, Mr. K. Vaidyanath, being the Chairman of I3L, became the Chairman of the Board of Directors of the Company with effect from 17th November, 2008.

The Directors in office at the end of the year are listed below. All served on the Board throughout the year, unless indicated otherwise. The interests of the Directors in the shares of the Company as at 31st March, 2009 and 1st April, 2008 were as follows:

	2009 and 2008 Ordinary Shares
A. Singh (till 17th November, 2008)	--
B. B. Chatterjee	--
S. Puri	--
K. Vaidyanath (from 17th November, 2008)	--
R. Srinivasan (from 17th November, 2008)	--

Mr. S. Puri, Director, will retire by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

Directors' responsibilities for the financial statements

UK Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

i. select suitable accounting policies and then apply them consistently;
ii. make judgements and estimates that are reasonable and prudent;
iii. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware: (i) there is no relevant audit information of which the Company's auditors are unaware; and (ii) they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that audit information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment in accordance with Section 385 of the Companies Act, 1985.

Approved by the Board on 11th May, 2009 and signed on behalf of the Board by:

S Puri
Director

Report of the independent auditor to the members of ITC Infotech Limited

We have audited the financial statements of ITC Infotech Limited for the year ended 31 March 2009 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement, statement of total recognised gains and losses and notes 1 to 19, excluding the supplementary information disclosed in Indian Rupees. These financial statements have been prepared under the accounting policies set out therein.

We have not audited the supplementary information stated in Indian Rupees included in these financial statements. The information has been included at the request of the parent company and is for information only.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the directors and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements, excluding the supplementary information, give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements, excluding the supplementary information, have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the directors is consistent with the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
Central Milton Keynes

11 May 2009

PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company are set out below and remain unchanged from the previous year except in respect of recruitment costs to align it with the accounting policy of the parent company. The impact of the change in the profit for the year is considered immaterial and so no prior year adjustment has been made.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Turnover from services performed on a "time and materials" basis is recognised as income as and when the services are performed.

Turnover from software projects performed on a "time bound fixed price" basis is recognised as income at the point at which the "milestone" agreed with the customer is achieved.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated to write down the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	25%
Fixtures and fittings	-	25%
Computer equipment	-	25%

Leased assets

All leases are operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account except that gains and losses arising from the retranslation of the opening retained earnings in overseas branches are adjusted against the reserves.

Recruitment costs

Legal costs and other charges incurred to obtain visas and other required immigration papers for recruits, recruitment fees and relocation costs are charged to the Profit & Loss Account when such costs are incurred.

BALANCE SHEET AS AT 31ST MARCH 2009

	Note	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Fixed assets					
Tangible assets	8	**32,224**	**2,335,945**	33,751	2,726,212
Current assets					
Debtors	9	**6,473,471**	**469,261,907**	4,693,080	379,080,642
Loans and advances		**135,984**	**9,857,391**	246,065	19,875,732
Deferred tax recoverable	10	**9,659**	**700,210**	14,190	1,146,221
Cash at bank		**934,190**	**67,719,432**	1,466,997	118,495,752
		7,553,304	**547,538,940**	6,420,332	518,598,347
Creditors: amounts falling due within one year	11	**3,886,066**	**281,700,917**	3,777,540	305,128,472
Net current assets		**3,667,238**	**265,838,023**	2,642,792	213,469,875
Total assets less current liabilities		**3,699,462**	**268,173,968**	2,676,543	216,196,087
Capital and Reserves					
Called-up equity share capital	15	**685,815**	**49,714,729**	685,815	55,396,278
Profit and loss account	16	**3,013,647**	**218,459,239**	1,990,728	160,799,809
Shareholders' funds	17	**3,699,462**	**268,173,968**	2,676,543	216,196,087

These financial statements were approved by the directors on 11 May 2009 and are signed on their behalf by:

Date: 11th May, 2009 V Sreenivasan Resident Officer S Puri Director
P Banerjee Financial Controller

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

	Note	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Turnover	1	**20,613,818**	**1,494,295,681**	17,865,477	1,443,072,714
Cost of sales		**15,035,563**	**1,089,927,964**	12,843,897	1,037,457,732
Gross profit		**5,578,255**	**404,367,717**	5,021,580	405,614,982
Other operating charges	2	**4,151,344**	**300,930,942**	4,625,258	373,602,318
Operating profit	3	**1,426,911**	**103,436,775**	396,322	32,012,664
Operating profit before foreign exchange gain/(loss)		736,054	53,356,554	272,735	22,029,967
Foreign exchange gain/(loss)		690,857	50,080,221	123,587	9,982,697
Interest receivable	5	**37,246**	**2,699,960**	45,931	3,710,024
Profit on ordinary activities before taxation		**1,464,157**	**106,136,735**	442,253	35,722,688
Tax on profit on ordinary activities	6	**440,405**	**31,924,978**	148,792	12,018,580
Profit for the financial year	16	**1,023,752**	**74,211,757**	293,461	23,704,108

All of the activities of the company are classed as continuing.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Note	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Net cash (outflow)/ inflow from operating activities	18	**(439,642)**	**(31,869,677)**	452,565	36,555,656
Returns on investments and servicing of finance					
Interest received		**37,246**	**2,699,960**	45,931	3,710,024
Net cash inflow from returns on investments and servicing of finance		**37,246**	**2,699,960**	45,931	3,710,024
Taxation		**(114,321)**	**(8,287,083)**	(79,284)	(6,404,073)
Capital expenditure					
Payments to acquire tangible fixed assets		**(16,090)**	**(1,166,368)**	(18,522)	(1,496,136)
Net cash outflow from capital expenditure		**(16,090)**	**(1,166,368)**	(18,522)	(1,496,136)
Equity dividends paid		**-**	**-**	-	-
(Decrease)/ Increase in cash	18	**(532,807)**	**(38,623,168)**	400,690	32,365,471

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31ST MARCH 2009

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Profit for the financial year	**1,023,752**	**74,211,757**	293,461	23,704,108
Currency translation of retained earnings of overseas branches	**(833)**	**(60,390)**	(12,050)	(973,311)
Total recognised gains and losses relating to the financial year	**1,022,919**	**74,151,367**	281,411	22,730,797

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009

Supplementary information - Indian Rupee amounts

The financial statements of ITC Infotech Limited are prepared in accordance with accounting principles generally accepted in the United Kingdom, the country of incorporation, and are presented in GBP. The supplementary information requested by the parent company has been arrived at by applying the year end interbank exchange rate of GBP 1 = Rs 72.49 (2008: GBP 1 = Rs 80.77) as provided by the parent company. The supplementary information has not been audited and has not been prepared in accordance with SSAP 20, which governs the UK GAAP rules for currency conversion.

1. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
United Kingdom	**15,834,381**	**1,147,834,282**	12,101,754	977,511,633
India	**2,123,199**	**153,910,725**	2,094,361	169,170,714
US	**333,685**	**24,188,800**	620,375	50,110,381
Malaysia	60,059	4,353,696	70,908	5,727,556
Europe	**2,166,085**	**157,019,494**	2,960,689	239,147,793
Other	**96,409**	**6,988,684**	17,390	1,404,637
	20,613,818	**1,494,295,681**	17,865,477	1,443,072,714

2. Other operating charges

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Administrative expenses	**4,151,344**	**300,930,942**	4,625,258	373,602,318

3. Operating profit

Operating profit is stated after charging:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Depreciation of owned fixed assets	**17,617**	**1,277,030**	28,442	2,297,422
Auditor's remuneration:				
- audit fees	**18,976**	**1,375,570**	17,250	1,393,358
- non audit fees – taxation, system review services	**15,905**	**1,152,953**	6,370	514,533
Gains on foreign exchange	**690,857**	**50,080,221**	123,587	9,982,697
Operating lease costs:				
Land and buildings	**58,369**	**4,231,176**	53,429	4,315,694
Plant and equipment	**2,315**	**167,781**	1,440	116,323

4. Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2009 No	2008 No
Staff	**150**	123

The aggregate payroll costs of the above were:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Wages and salaries	6,827,929	494,956,608	6,024,342	486,612,458
Social security costs	458,630	33,246,077	581,904	47,002,955

	7,286,559	**528,202,685**	6,606,246	533,615,413

Remuneration in respect of directors was nil (2008: nil).

5. Interest receivable

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Bank interest receivable	37,246	2,699,960	45,931	3,710,024

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Current tax:				
In respect of the year:				
UK Corporation tax based on the results for the year at 28% (2008 - 30%)	435,874	31,596,526	147,011	11,874,721
Over/under provision in prior year	**-**	**-**	-	-
Total current tax	**435,874**	**31,596,526**	147,011	11,874,721
Deferred tax:				
Origination and reversal of timing differences	**4,531**	**328,452**	1,781	143,859
Tax on profit on ordinary activities	**440,405**	**31,924,978**	148,792	12,018,580

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 – 30%).

	2009 £	**Unaudited 2009 Rs**	2008 £	Unaudited 2008 Rs
Profit on ordinary activities before taxation	**1,464,157**	**106,136,735**	442,253	35,722,688
Profit on ordinary activities multiplied by rate of tax	409,964	29,718,286	132,676	10,716,807
Expenses not deductible for tax purposes	30,246	2,192,542	15,111	1,220,585
Movement in capital allowances	(4,336)	(314,302)	(776)	(62,671)
Total current tax (note 6(a))	435,874	31,596,526	147,011	11,874,721

7. Dividends

Dividends on shares classed as equity

	2009 £	**Unaudited 2009 Rs**	2008 £	Unaudited 2008 Rs
Paid during the year				
Equity dividends on ordinary shares	-	-	-	-

8. Tangible fixed assets

	Leasehold improve-ments £	**Unaudited Leasehold improve-ments Rs**	**Fixtures & fittings £**	**Unaudited Fixtures & fittings Rs**	**Computer equipment £**	**Unaudited Computer equipment Rs**	**Total £**	**Unaudited Total Rs**
Cost								
At 1 April 2008	31,104	2,254,729	48,230	3,496,223	153,398	11,119,821	232,732	16,870,773
Additions			4,835	350,458	11,255	815,910	16,090	1,166,368
At 31 March 2009	31,104	2,254,729	53,065	3,846,681	164,653	11,935,731	248,822	18,037,141
Depreciation								
At 1 April 2008	31,061	2,251,646	41,188	2,985,718	126,732	9,186,802	198,981	14,424,166
Charge for the year	43	3,083	4,281	310,323	13,293	963,624	17,617	1,277,030
At 31 March 2009	31,104	2,254,729	45,469	3,296,041	140,025	10,150,426	216,598	15,701,196
Net book value								
At 31 March 2009	**-**	**-**	**7,596**	**550,640**	**24,628**	**1,785,305**	**32,224**	**2,335,945**
At 31 March 2008	43	3,436	7,042	568,847	26,666	2,153,929	33,751	2,726,212

For simplicity, the brought forward Rupee amounts at 31 March 2008 have been translated at the 31 March 2009 exchange rate.

9. Debtors

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Trade debtors	6,459,341	468,237,637	4,430,692	357,886,344
Amounts owed by group undertakings	-	-	6,090	491,956
Prepayments and accrued income	14,130	1,024,270	256,298	20,702,342
	6,473,471	**469,261,907**	4,693,080	379,080,642

10. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Deferred tax asset	9,659	700,210	14,190	1,146,221

The movement in the deferred taxation account during the year was:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Balance brought forward	14,190	1,028,662	15,971	1,290,080
Profit and loss account movement arising during the year	(4,531)	(328,452)	(1,781)	(143,859)
Balance carried forward	9,659	700,210	14,190	1,146,221

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Excess of depreciation over taxation allowances on fixed assets	9,659	700,210	14,190	1,146,221

11. Creditors: amounts falling due within one year

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
Trade creditors	797,310	57,797,017	918,476	74,189,305
Amounts owed to group undertakings	685,407	49,685,124	858,106	69,312,976
Corporation tax	331,810	24,052,910	10,257	828,521
Other taxation and social security	526,688	38,179,617	609,437	49,226,887
Other creditors	1,544,851	111,986,249	1,381,264	111,570,783
	3,886,066	**281,700,917**	3,777,540	305,128,472

12. Leasing commitments

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009				2008			
	Land & Buildings £	Unaudited Land & Buildings Rs	Other Items £	Unaudited Other Items Rs	Land & Buildings £	Unaudited Land & Buildings Rs	Other Items £	Unaudited Other Items Rs
Operating leases which expire:								
Within 1 year	**55,995**	**4,059,073**	**2,329**	**168,814**	1,991	160,790	-	-
Within 1 to 2 years	**66,478**	**4,819,022**	**-**	**-**	-	-	-	-
Within 2 to 5 years			**2,223**	**161,145**	-	-	3,890	314,233
	122,473	**8,878,095**	**4,552**	**329,959**	1,991	160,790	3,890	314,233

13. Capital commitments

There were no capital commitments at 31 March 2009 or 31 March 2008.

14. Contingent liabilities

There were no contingent liabilities at 31 March 2009 or 31 March 2008.

15. Share capital

Authorised share capital:

	2009 £	Unaudited 2009 Rs	2008 £	Unaudited 2008 Rs
1,629,700 Ordinary shares of £1 each	**1,629,700**	**118,136,953**	1,629,700	31,637,999

Allotted, called up and fully paid:

	2009 No	2009 £	2009 Rs	2008 No	2008 £	2008 Rs
Ordinary shares of £1 each	685,815	685,815	49,714,729	685,815	685,815	55,396,278
Equity shares						
Ordinary shares of £1 each	**685,815**	**685,815**	**49,714,729**	685,815	685,815	55,396,278

16. Profit and loss account

	£	Unaudited Rs
At 1 April 2008	1,990,728	144,307,872
Profit for the financial year	1,023,752	74,211,757
Other recognised gains and losses	(833)	(60,390)
Equity dividends paid	-	-
At 31 March 2009	3,013,647	218,459,239

For simplicity, the brought forward Rupee amounts at 1 April 2008 have been translated at the 31 March 2009 exchange rate.

17. Reconciliation of movements in shareholders' funds

	2009 £	**Unaudited 2009 Rs**	2008 £	Unaudited 2008 Rs
Profit for the financial year	1,023,752	74,211,757	293,461	23,704,108
Other recognised gains and losses	(833)	(60,390)	(12,050)	(973,311)
Equity dividends paid	-	-	-	-
Net addition to shareholders' funds	1,022,919	74,151,367	281,411	22,730,797
Opening shareholders' funds	2,676,543	194,022,601	2,395,132	193,465,290
Closing shareholders' funds	3,699,462	268,173,968	2,676,543	216,196,087

For simplicity, the brought forward Rupee amounts at 1 April 2008 have been translated at the 31 March 2009 exchange rate.

18. Notes to the statement of cash flows

Reconciliation of operating profit to net cash (outflow)/ inflow from operating activities

	2009 £	**Unaudited 2009 Rs**	2008 £	Unaudited 2008 Rs
Operating profit	1,426,911	103,436,775	396,322	32,012,664
Other recognised gains and losses	(833)	(60,390)	(12,050)	(973,311)
Depreciation	17,617	1,277,029	28,442	2,297,422
Decrease/(increase) in debtors	(1,670,309)	(121,080,713)	35,119	2,836,686
(Decrease)/increase in creditors	(213,028)	(15,442,378)	4,732	382,195
Net cash (outflow)/inflow from operating activities	(439,642)	(31,869,677)	452,565	36,555,656

Reconciliation of net cash flow to movement in net funds

	2009 £	**Unaudited 2009 Rs**	2008 £	Unaudited 2008 Rs
(Decrease)/ increase in cash in the period	**(532,807)**	**(38,623,168)**	400,690	32,365,471
Movement in net funds in the period	**(532,807)**	**(38,623,168)**	400,690	32,365,471
Net funds at 1 April 2008	**1,466,997**	**106,342,600**	1,066,307	86,130,281
Net funds at 31 March 2009	**934,190**	**67,719,432**	1,466,997	118,495,752

Analysis of changes in net funds

	At 1 April 2008 £	**At 1 April 2008 Rs**	**Cash flows £**	**Cash flows Rs**	**At 31 March 2009 £**	**At 31 March 2009 Rs**
Net cash:						
Cash in hand and at bank	**1,466,997**	**106,342,600**	**(532,807)**	**(38,623,168)**	**934,190**	**67,719,432**
Net funds	**1,466,997**	**106,342,600**	**(532,807)**	**(38,623,168)**	**934,190**	**67,719,432**

For simplicity, the brought forward Rupee amounts at 1 April 2008 have been translated at the 31 March 2009 exchange rate.

19. Controlling related party

The immediate parent undertaking is ITC Infotech India Limited, which is incorporated in India and is a wholly owned subsidiary of ITC Limited. This is the smallest group of undertakings for which consolidated accounts are being drawn up including this company.

The ultimate parent undertaking and controlling related party is ITC Limited, which is incorporated in India. This is the largest group of undertakings for which consolidated accounts are being drawn up including this company.

As a wholly owned subsidiary of ITC Infotech India Limited, which is itself a wholly owned subsidiary of ITC Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by ITC Limited.

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended 31st March, 2009.

The Company is a wholly owned subsidiary of ITC Infotech India Limited (I3L), which is incorporated in India.

Principal Activities

The Company is engaged in providing IT services, software development and support services.

Change in Authorized and Paid-in Capital

During the year under review:

(i) the Authorized Share Capital of your Company was increased from 50000 common shares - without par value to 185000 common shares - without par value, and

(ii) ITC Infotech India Limited, the holding company, subscribed to 135000 Common Shares - without par value for cash at US$ 100 per share aggregating US$ 13.5 million.

Business Review

Your Company is pleased to report another year of significant Revenue and Profit growth.

The continuing sharp focus in identified core verticals, proactive investments in domain-led service offerings and deployment of a trained sales force in defined markets have yielded encouraging results in terms of acquisitions of several marquee, high potential clients, significant scaling up of revenues on several current accounts and a growing funnel of prospects for your Company.

Revenues have grown to US$ 26.17 million (previous year US$ 18.09 million). Gross profits grew by 50% to US$ 7.05 million (previous year US$ 4.69 million). Net profit was recorded at US $ 1.05 million (previous year US $ 0.43 million).

Your Company's performance is encouraging given the backdrop of the US market which was severely impacted by the sub-prime crisis followed by the upheaval in the financial markets, which led to a deep recession in the US and a general loss of consumer confidence.

During the year under review, your Company, in line with the inorganic growth strategy aimed at deepening capabilities and considering the strategic fit and synergies, acquired 100% Membership Interest of Pyxis Solutions, LLC, a New York limited liability company and a leading Testing and Quality Assurance company in the BFSI segment in USA. This strategic acquisition, an important milestone, further consolidated your Company's position in North America. Synergies between the two companies, will create large opportunities for cross-selling by leveraging their existing customer relationships.

Your Company is pleased to report that it acquired several customers during the year, with the prospect of revenue growth from these customers in the next year. Your Company is confident that this expansion of customer base, combined with a strong sales funnel, will provide the platform for a prosperous 2009-10.

Directors

In terms of Article III Clause 4(a) of the By Laws of the Company and as nominated by I3L, the Board of Directors of your Company at its meeting held on 17th November, 2008 appointed Mr. K. Vaidyanath (in place of Mr. A. Singh) as Director of the Company to hold office until the next succeeding Annual Meeting of shareholders of the Company. Your approval for appointment of Mr. Vaidyanath as a Director of the Company is being sought at the Annual Meeting of the Company for the financial year ended 31st March, 2009.

In terms of Article III Clause 6A of the By Laws of the Company, Mr. K. Vaidyanath, being the Chairman of I3L, became the Chairman of the Board of Directors of the Company with effect from 17th November, 2008.

In terms of Article III Clause 4(c) of the By Laws of the Company and as nominated by I3L, Mr. R. Srinivasan was appointed as Director of the Company at a Special Meeting of the Shareholders of the Company, held on 17th November, 2008.

M/s. B.B. Chatterjee, S. Puri, B. Parameswar and R. Srinivasan, Directors of the Company, will retire at the Annual Meeting, and, being eligible, offer themselves for re-appointment.

Wholly Owned Subsidiary Pyxis Solutions, LLC

Consequent to acquisition of 100% Membership Interest, Pyxis Solutions, LLC (Pyxis) became a wholly owned subsidiary of the Company with effect from 11th August, 2008. Your Company also made a capital contribution of a sum of US$ 2.5 million into Pyxis in terms of the Membership Interest Purchase Agreement dated 11th August, 2008 entered into between the erstwhile owners of Pyxis, the Company and Pyxis.

Pyxis, a Sole Member company, does not have a Board of Directors. It operates under an Operating Agreement dated 11th August, 2008 entered into between Pyxis and the Company, as a Sole Member.

For the fifteen month period ended 31st March, 2009, Pyxis Solutions, LLC registered a Turnover of USD 14.17 million (previous year-12 months- USD 14.46 million) and a Net Profit of USD 0.19 million (previous year-12 months - USD 2.51 million).

Auditors

M/s. Amper, Politziner & Mattia, LLP, Certified Public Accountants and Auditors of the Company, offer themselves for reappointment.

On behalf of the Board

S. Puri
Director

11th May, 2009

Report of Independent Certified Public Accountants

Board of Directors
ITC Infotech (USA), Inc.

We have audited the accompanying balance sheets of ITC Infotech (USA), Inc. as of March 31, 2009 and 2008, and the related statements of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the management of ITC Infotech (USA), Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Indian Rupee equivalent figure have been included in the financial statements as required by the parent company, and is not intended to a presentation in conformity with accounting principles generally accepted in the United States of America.

On August 11, 2008, the Company accquired the membership interests of Pyxis Solutions, LLC ("Pyxis"). This supplemental information does not include the financial position or activities of Pyxis as required under accounting principles generally accepted in the United States ("USGAAP")). Accordingly, this does not purport to be presented under US GAAP. Further, the difference between the purchase price and the fair value of assets and liabilities acquired is presented as intangible assets, net of amortization, rather than as an investment in Pyxis solutions LLC. Accordingly, this supplemental financial statement does not purport to be presented under US GAAP.

In our opinion, the financial statements, referred to above, except as noted above, present fairly, in all material respects, the financial position of ITC Infotech (USA), Inc. as of March 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles applicable in the United States of America.

....LLP

May 11, 2009
Edison, New Jersey

BALANCE SHEET AS AT MARCH 31ST 2009

	2009 ($)	2009 (Rs.)	2008 ($)	2008 (Rs.)
Assets				
Current assets				
Cash and cash equivalents	2,339,191	118,643,768	20,287	813,914
Accounts receivable, net of allowance for doubtful accounts of $433,390 (Rs. 21,981,524) and $157,804 (Rs. 6,331,080) for 2009 and 2008, respectively	3,593,109	182,242,488	6,316,937	253,435,499
Due from ITC Infotech Ltd, (UK), net	245,109	12,431,928	-	-
Advances to employees	56,548	2,868,115	78,729	3,158,602
Deferred income taxes	888,243	45,051,685	-	-
Total current assets	7,122,200	361,237,984	6,415,953	257,408,015
Equipment, software, furniture and fixtures and leasehold improvements	582,275	29,532,988	504,691	20,248,209
Less: Accumulated depreciation and amortization	316,444	16,050,040	217,393	8,721,810
	265,831	13,482,948	287,298	11,526,399
Intangible assets	12,502,113	634,107,171	-	-
Less: Accumulated amortization	489,938	24,849,655	-	-
	12,012,175	609,257,516	-	-
Other assets, principally unsecured advances	345,416	17,519,500	85,039	3,411,746
	19,745,622	1,001,497,948	6,788,290	272,346,160
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	851,294	43,177,632	$958,547	38,456,892
Accrued expenses and other current liabilities	1,064,233	53,977,897	989,667	39,705,422
Accrued payroll and payroll taxes	265,687	13,475,645	358,207	14,371,263
Due to ITC Infotech Ltd, (UK), net	-	-	11,207	449,626
Due to ITC Infotech India Ltd., net	1,776,421	90,100,073	3,265,371	131,006,691
Total current liabilities	3,957,635	200,731,247	5,582,999	223,989,894
Non current liabilities				
Deferred income taxes	35,204	1,785,547	-	-
Commitments and contingencies				
tockholder's equity				
Capital stock, no par value;185,000 shares (2008 – 50,000) authorized; 182,000 shares (2008 – 47,000) issued and outstanding at March 31, 2009	200,000	10,144,000	200,000	8,024,000
Additional paid-in capital	18,000,000	912,960,000	4,500,000	180,540,000
Accumulated deficit	(2,447,217)	(124,122,846)	(3,494,709)	(140,207,734)
Total stockholder's equity	15,752,783	798,981,154	1,205,291	48,356,266
	19,745,622	1,001,497,948	6,788,290	272,346,160

On behalf of the Board

Date: May 11, 2009

A Sharma
Financial Controller

L N Balaji
President

S Puri
Director

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE YEAR ENDED MARCH 31, 2009

	2009 ($)	2009 (Rs.)	2008 ($)	2008 (Rs.)
Revenues				
Service fees	24,675,475	1,251,540,092	17,428,962	699,249,955
Account management fee-affiliates	58,914	2,988,118	-	-
Project fees	1,433,967	72,730,806	656,935	26,356,232
Total revenues	26,168,356	1,327,259,016	18,085,897	725,606,187
Cost of revenues, principally employment costs and fees charged by affiliates	19,114,088	969,466,543	13,397,473	537,506,639
Gross profit	7,054,268	357,792,473	4,688,424	188,099,548
General and administrative expenses	5,786,891	293,511,112	4,184,776	167,893,240
Amortization of intangible assets	489,938	24,849,655	-	-
Total operating costs	6,276,829	318,360,767	4,184,776	167,893,240
Operating income	777,439	39,431,706	503,648	20,206,308
Other income	33,394	1,693,744	26,040	1,044,747
Income before income tax expense	810,833	41,125,450	529,688	21,251,055
Income tax expense (benefit)				
Current	189,861	9,629,750	101,923	4,089,132
Deferred	(426,520)	(21,633,094)	-	-
Total income tax expense (benefit)	(236,659)	(12,003,344)	101,923	4,089,132
Net income	1,047,492	53,128,794	427,765	17,161,923
Accumulated deficit at beginning of year	(3,494,709)	(177,251,640)	(3,922,474)	(157,369,657)
Accumulated deficit at end of year	(2,447,217)	(124,122,846)	(3,494,709)	(140,207,734)

On behalf of the Board

Date: May 11, 2009

A Sharma	L N Balaji	S Puri
Financial Controller	President	Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2009 ($)	2009 (Rs.)	2008 ($)	2008 (Rs.)
Cash flows from operating activities				
Net income	1,047,492	53,128,794	427,765	17,161,923
Non cash items - adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization	593,519	30,103,284	54,416	2,183,169
Deferred income taxes	(426,520)	(21,633,094)	-	-
Bad debt expense	275,586	13,977,722	29,034	1,164,834
(Increase) decrease in assets				
Accounts receivable	2,448,242	124,174,885	(3,639,013)	(145,997,157)
Due from ITC Infotech Ltd. (UK), net	(256,316)	(13,000,348)	-	-
Advances to employees	22,181	1,125,020	(23,944)	(960,637)
Other assets	(1,566)	(79,428)	(59,234)	(2,376,470)
Increase (decrease) in liabilities				
Accounts payable	(107,253)	(5,439,872)	542,024	21,746,000
Accrued expenses and other liabilities	74,567	3,781,988	633,867	25,430,709
Accrued payroll and payroll taxes	(92,520)	(4,692,614)	114,981	4,613,053
Due to ITC Infotech India Ltd. and ITC Infotech Ltd. (UK)	(1,488,950)	(75,519,544)	1,593,455	63,929,419
Net cash provided by (used in) operating activities	2,088,462	105,926,793	(326,649)	(13,105,157)
Cash flows from investing activities				
Capital expenditures	(82,114)	(4,164,822)	(272,946)	(10,950,578)
Cash paid for acquisition of Pyxis (see Note 3)	(12,928,633)	(655,740,266)	-	-
Notes receivable	(258,811)	(13,126,894)	-	-
Net cash used in investing activities	(13,269,558)	(673,031,982)	(272,946)	(10,950,578)
Cash flows from financing activities				
Capital contribution from ITC Infotech India Ltd.	13,500,000	684,720,000	-	-
Net cash provided by financing activities	13,500,000	684,720,000	-	-
Net increase (decrease) in cash and cash equivalents	2,318,904	117,614,811	(599,595)	(24,055,735)
Cash and cash equivalents at beginning of year	20,287	1,028,957	619,882	24,869,649
Cash and cash equivalents at end of year	2,339,191	118,643,768	20,287	813,914

Supplemental disclosures of cash flow information:
Income taxes paid were $124,145 (Rs. 6,296,634) and $22,991 (Rs. 922,391) during 2009 and 2008, respectively.

On behalf of the Board

Date: May 11, 2009	A Sharma Financial Controller	L N Balaji President	S Puri Director

NOTES TO ACCOUNTS

Note 1 - Business Background and Principal Transactions with Affiliates

ITC Infotech (USA), Inc. (the "Company") is principally engaged in the information technology services business. Its customers are commercial entities and software developers throughout the United States of America. The work is usually performed under contracts which specify fixedd hourly rates (which depend upon the skill level of the employee staffed at the customer's location) and which vary in length, but are typically less than two years in duration. The Company generates revenue through specific projects, whereby the Company and its overseas affiliates undertake the responsibility to ddeliver specific software solutions ("Project Business") on a contractual basis. Substantially all of these contracts for Project Business were co-sourced, in terms of the marketing agreement with its affiliates (see Note 4), or fulfilled with resources drawn from affiliates, on a contractual basis, to supplement the Company's resources. The Company either receives fees from affiliates for client account management in respect of work contracted between ITC Infotech India or ITC Infotech Ltd (UK) with clients in the United States, or incurs subcontract costs for technical services provided by affiliates to support customer contracts entered into by the Company. The Company continues to be dependent on such support from its affiliates.

The Company is a wholly-owned subsidiary of ITC Infotech India Ltd. ("Infotech India"), an Indian company. There are 185,000 common shares authorized of which 182,000 have been issued, and are outstanding, to Infotech India. ITC Infotech Ltd. ("Infotech UK") is also a wholly-owned subsidiary of ITC Infotech India, Ltd.

On August 11, 2008, the Company acquired membership interests of Pyxis Solutions, LLC ("Pyxis"). Pyxis was formed as a New York State limited liability company in 2000. One of the founders of Pyxis also owns a majority interest in an entity performing similar services in Singapore ("Pyxis Singapore"). Pyxis is principally engaged in the information technology services business offering Quality Assurance (QA) solutions and testing services. Its customers are commercial entities throughout the United States of America.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Financial Statements of the Company is prepared in accordance with accounting principles generally accepted in the USA, the country of incorporation and are represented in U.S. dollars. As required by the parent company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of US$1 = Rs. 50.72 (2008: US$ 1= Rs. 40.12) as provided by the parent company, have been included. As required by the parent company, this presentation does not consolidate the results of its wholly-owned subsidiary Pyxis. Accounting principles generally accepted in the United States would require consolidation of a wholly-owned subsidiary. So accordingly, this supplemental presentation does not purport to follow US GAAP. Furthermore, as permitted by accounting principles generally accepted in the United States, the impact of the acquisition of Pyxis was not pushed-down to Pyxis. Accordingly, the intangible assets presented herein relate to the excess purchase price over the fair value of current assets and liabilities.

Recognition of Revenue

Service Revenue

Service revenues are based upon hours worked by Company employees on customer assignments and are recognized when the work is performed. Revenue is determined by multiplying the hours worked by the contractual billing rates. Substantially all customers are billed weekly, biweekly, or monthly.

Recognition of Revenue

Project Revenue

Revenues on the project business are recognized as earned, typically in the month the service is performed. Costs associated with the use of subcontractors to fulfill such project business are recognized in the same period.

In accordance with AICPA Statement of Position 97-22("SOP 97-2"), "Software Revenue Recognition," and AICPA Statement of Position 98-9 ("SOP 98-9"), the Company recognizes software revenues on delivery when a non-cancelable agreement has been executed, fees are fixed and determinable and collection is considered probable unless there is significant uncertainty about customer acceptance, in which case revenues are recognized upon such acceptance. Losses on contracts are recognized when determinable.

Account Management Fees

Fees for client account management in respect of work contracted by Infotech India and Infotech UK with clients in the United States are billed monthly at a predetermined rate applied on the amount billed by Infotech India and Infotech UK, to its clients.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with maturities of ninety days or less, when purchased, to be cash or cash equivalents.

Accounts Receivable

Credit is extendeddbaseddon evaluation of a customer’s financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company creates an allowance for accounts receivable when they become uncollectible, despite best efforts to collect.

Equipment, Software, Furniture and Fixtures and Leasehold Improvements

Equipment, purchased or internally developed software, furniture and fixtures and leasehold improvements are stated at cost. Depreciation is provided under various methods based upon the estimated useful lives of the assets, with such lives ranging up to four years.

Income Taxes

The Company accounts for income taxes pursuant to Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), "Accounting for Income Taxes". SFAS No. 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Future tax benefits, such as net operating loss carry forwards, are recognized to the extent that realization of these benefits is considered to be more likely than not. If the future realization of such benefits is uncertain, then a valuation allowance is provided.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of management such estimates would not materially affect the financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Advertising Costs

Advertising costs are expensed as incurred.

Intangible Assets

Intangible assets are stated at fair value at the date of Pyxis acquisition and are amortized on straight-line method over their estimated useful life of 4-8 years. Goodwill is not amortized but is subjected to impairment consideration.

Long-Lived Assets

The Company follows Statement of Financial Accounting Standards No. 144 ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets"". Accordingly, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable, the Company assesses the recoverability of the asset. No impairment charge has been recorded in 2009 or 2008.

Impairment of Goodwill

The Company tests goodwill for impairment annually on March 31 at the reporting unit level using a fair value approach, in accordance with the provisions of Statement of Financial Accounting Standards No. 142 ("SFAS No. 142"), "Goodwill and Other Intangible Assets". Annual testing resulted in no impairments of goodwill in fiscal year ended March 31 2009. If an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value, goodwill will be evaluated for impairment between annual tests.

Capitalized Software Costs

Costs incurred for development of computer software for internal use of the Company are capitalized. Any costs incurred in the preliminary stages of development and in the operating stages of the software are expensed immediately. Capitalized software costs are amortized over a period of five years or over the estimated useful lives, whichever is lower. There were no such costs capitalized in 2009 or 2008. Accumulated amortization of these costs is $22,651 (Rs. 1,148,859) and $18,120 (Rs. 726,974) at March 31, 2009 and 2008, respectively.

Summary of Recent Accounting Pronouncements

In September 2006, the Financial Accounting tandards Board ("FASB") issued Statement of Financial Accounting Standards (" S F A S ") No. 157, " F air V a lue Measurements," which is effective for calendar year companies on January 1, 2008. The Statement defines fair value, establishes a framework for measuring fair value in accordance with Generally Accepted Accounting Principles, and expands disclosures about fair value measurements. The Statement codifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions.

IIn F ebruary 2 0 0 8 , the F ASB issued F ASB Staff P osition (" F S P ") No. FAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS 157-2"), which delays the effective date of SFAS 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis, until the Company's 2010 fiscal year end. Since SFAS 157 is not applicable to the Company for the year ended March 31, 2009, the Company has not evaluated the impact of the required adoption of SFAS 157. In any event, the intangible assets were recognized for the first time in the Company's financial statements, post acquisition of Pyxis in August 200 , on the basis of an independent valuation.

On July 1, 2007, the FASB issued FASB interpretation No. 48, "Accounting for Uncertainty in IIncome Taxes, an interpretation of SFAS 109"(FIN 48).FIN 48 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. FIN 48 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions that meet the more likely than not threshold are then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. Applicability of FIN 48 to non-public entity has been deferred to such entity's first fiscal year that begins after December 15, 2008. As a result FIN 48 is not applicable to the Company for the fiscal year ended March 31, 2009 and the impact of the required 2010 adoption of FIN 48 has not been evaluated.

Note 3 - Acquisition of Membership Interests

On August 11, 2008, the Company acquired the membership interests of Pyxis for $12,434,878 (Rs. 630,697,011). Accordingly, Pyxis became a wholly owned subsidiary from that date. In connection with the Membership Interest Purchase Agreement ("MIPA"), each of the two founders of Pyxis, receive certain allocable portion of Pyxis's earning as "contingent anniversary payments". uch contingent anniversary payments are contingent on the Pyxis's EBITDA as determined from the first anniversary income statement and the second anniversary income statement in accordance with the terms of meeting or exceeding the target EBITDA. No such contingent amounts have been recognized through March 31, 2009 in accordance with SFAS 141. Such additional payments, if any, will likely increase the goodwill recognized on this transaction. In accordance with MIPA, the Company has provided an irrevocable standby letter of credit, expiring on April 30, 2011 for $4,650,000 (Rs.235,848,000), to each of the two founders of Pyxis as a security for full and timely discharge of contingent anniversary payments. The Company received the funding for this acquisition from an additional contribution of capital from its parent company of $13,500,000 (Rs. 684,720,000).

The Company recorded this transaction as a purchase, and the results of Pyxis's operations are included from the date of the acquisition and forward. The fair value of current assets and liabilities approximated their book value at the date of the acquisition. The fair value of the intangible assets, as described in Note 6, was determined by an independent outside appraiser. For income tax purposes, Pyxis will be considered a disregarded entity, and accordingly, its results of operations will be included in the income tax return of the Company from the date of acquisition and forward. The Company will recognize the step-up of basis in the intangible assets of Pyxis for income tax purposes, although they will be amortized over 15 years for income tax purposes. As a result of the expected additional taxable income to be generated by Pyxis, the Company released $426,520 (Rs. 21,633,094) of its deferred tax asset valuation allowance, as the Company believes the deferred tax asset would be realized, and such release is reflected as a reduction of goodwill.

The total purchase price for the acquisition of membership interest and allocation thereof, is as follows:

	$	Rs.
Purchase price	12,434,878	630,697,011
Transaction costs	493,755	25,043,255
Total purchase price	12,928,633	655,740,266
Allocation of purchase price		
Current assets acquired	2,567,021	130,199,305
Less: Current liabilities assumed	957,064	48,542,282

Net assets acquired (working capital)	1,609,957	81,657,023
Identifiable intangible assets (see Note 6)	5,390,000	273,380,800
Goodwill (see Note 6)	5,502,156	279,069,349
Add: Deferred tax benefit adjusted (see Note 3)	426,520	21,633,094
Goodwill (on acquisition before deferred tax adjustment)	5,928,676	300,702,443
Total purchase price	12,928,633	655,740,266

Note 4 - Related Party Transactions

The Company has had transactions with the following parties:

Year Ended March 31,

	2009 ($)	2009 (Rs.)	2008 ($)	2008 (Rs.)
Transactions with Infotech India				
Costs for project consultations / other ıses paid / payable to Infotech India	7,356,125	373,102,660	4,904,433	196,765,852
Project /other expenses reimbursements from Infotech India	190,564	9,665,406	491,600	19,722,192
Transactions with Infotech UK				
Service / Account Management fees / others recognized as revenue	628,770	31,891,214	876,034	35,146,484
Costs for project consultations / other expenses paid / payable to Infotech UK	106,752	5,414,461	83,102	3,334,052
Project/other expenses reimbursements, from Infotech UK	219,491	11,132,584	256,486	10,290,218
Transactions with Pyxis				
Other expenses reimbursements paid to Pyxis	22,107	1,121,267	-	-
Other expenses reimbursements from Pyxis	39,189	1,987,666	-	-

Other assets, includes $75,000 (Rs. 3,804,000) advance to Pyxis Singapore, recoverable in three equal monthly installments commencing April 1, 2009 (see Note 1).

Other assets, includes $258,811 (Rs.13,126,894) notes receivable from officers of Pyxis. This advance is adjustable against the ‘contingent anniversary payments’ (see Note 3).

Note 5 - Accounts Receivable

Accounts receivable includes both billed and unbilled receivable. Changes in the consolidated allowance for doubtful accounts in 2009 and 2008 are as follows:

	2009 ($)	2009(Rs.)	2008 ($)	2008(Rs.)
Beginning balance	157,804	8,003,819	128,770	5,166,252
Increase to allowance	275,586	13,977,722	29,034	1,164,844
Accounts written off	-	-	-	-
Ending balance	433,390	21,981,541	157,804	6,331,096

Unbilled receivables were $0 and approximately $118,899 (Rs.4,770,228) as of March 31, 2009 and 2008, respectively.

Note 6 - Intangible assets

The Company has fair valued assets arising on acquisition of membership interest in accordance with tatement of inancial Accounting Standards No. 141 (“SFAS No. 141”), “Business Combinations” through an independent outside appraiser. Accordingly, the components of intangible assets (including goodwill) arising on valuation of such assets as at March 31, 2009, are as follows:

Identifiable intangible assets

	Weighted average life	Currency	Gross carrying amount	Accumulated amortization	Net carrying amount
Trade name	8	$	300,000	23,938	276,062
		Rs.	15,216,000	1,214,153	14,001,847
Non-compete agreement	4	$	90,000	14,363	75,637
		Rs.	4,564,800	728,492	3,836,308
Customer relationship	8	$	3,900,000	311,199	3,588,801
		Rs.	197,808,000	15,783,995	182,024,005
Know how	5	$	1,100,000	140,438	959,562
		Rs.	55,792,000	7,123,015	48,668,985
Total		$	5,390,000	489,938	4,900,062
		Rs.	273,380,800	24,849,655	248,531,145
Goodwill (on acquisition after deferred tax benefit adjustment) (see Note 3)		$	5,502,156	-	5,502,156
		Rs.	279,069,349	-	279,069,349
Total intangible assets on acquisition		$	10,892,156	489,938	10,402,218
		Rs.	552,450,149	24,849,655	527,600,494

At March 31, 2009 the expected amount of amortization of identifiable intangible assets, over the next five years are as follows:

	$	Rs
2009-2010	767,500	38,927,600
2010-2011	767,500	38,927,600
2011-2012	767,500	38,927,600
2012-2013	753,137	38,199,108
2013-2014	604,562	30,663,367
Total amortization expense	3,660,199	185,645,275

Note 7 - Commitments and Contingent Liabilities

Leases

The Company has leased offices, storage spaces and apartments under noncancelable operating leases, some of these expiring through fiscal 2013. One such office has been leased from King Maker Marketing Inc. whose parent Company (ITC Limited) is same as the Company's ultimate parent Company. Total rent and other reimbursements to King Maker Marketing Inc. was approximately $78,438 (Rs.3,978,376) and $ 59,275 (Rs. 2,378,113) for the years ended March 31, 2009 and 2008, respectively. Total rent expense under all facilities leases was approximately $143,746 (Rs. 7,290,797) and $149,342 (Rs. 5,991,613) for the years ended March 31, 2009 and 2008, respectively.

In addition, the Company has entered into various noncancelable operating leases for the rental of equipment.

The future minimum annual lease payments at March 31, 2009 are as follows:

	Offices		Equipment		Total	
	$	Rs	$	Rs	$	Rs.
2009-2010	141,234	7,163,385	5,101	258,723	146,335	7,422,108
2010-2011	107,411	5,447,901	1,204	61,067	108,615	5,508,968
2011-2012	85,533	4,338,220	1,204	61,067	86,737	4,399,287
2012-2013	21,436	1,087,236	1,204	61,067	22,640	1,148,303
2013-2014	-	-	301	15,267	301	15,267
Total Minimum Lease payments	355,614	18,036,742	9,014	457,191	364,628	18,493,933

Note 8 - Income Taxes

The provision for income taxes consists of the following:

	Years Ended March 31			
	2009 ($)	2009 (Rs.)	2008 ($)	2008 (Rs.)
Federal Alternate Minimum Tax	28,626	1,451,911	14,404	577,888
State and local taxes	161,235	8,177,839	87,518	3,511,244
Total current expense	189,861	9,629,750	101,922	4,089,132

The Company's 2009 and 2008 expected Federal income tax provision has been offset by the utilization of net operating loss carry forwards. The Company, however, is liable for Alternate Minimum Tax (AMT) and accordingly a provision of approximately USD $ 28,626 (Rs. 1,451,911) and $14,404 (Rs.577,888) has been made for the years ended March 31, 2009 and 2008, respectively.

Deferred tax assets and liabilities consisted of the following:

	2009($)	2009 (Rs.)	2008 ($)	2008 (Rs.)
Net Operating Loss carry forwards	293,400	14,881,248	916,047	36,751,806
Other temporary differences (net)	511,244	25,930,296	360,763	14,473,811
Federal Alternate Minimum Tax carry over	48,395	2,454,594	-	-
Valuation allowance	-	-	(1,276,810)	(51,225,617)
Net deferred tax asset	853,039	43,266,138	-	-

During the year ended March 31 2009, the Company has used a substantial portion of the net operating loss carry forwards ("NOL's") for Federal income tax purposes. At March 31, 2009, the Company has NOL, of approximately $862,942 (Rs.43,768,418) available to offset future taxable income, as summarized below. The Company does not have available net operating loss carry forwards in any of the states in which it files income tax returns, and accordingly a current tax provision is required.

Operating loss carry forwards for Federal income tax purposes will expire as follows:

	$	Rs.
2023	39,396	1,998,165
2024	359,871	18,252,657
2025	435,527	22,089,929
2026	10,805	548,030
2027	17,343	879,637
	862,942	43,768,418

During the year ended March 31, 2009, as management became assured that the deferred tax assets were more likely than not to be realized, the Company released its entire valuation allowance against its deferred tax assets. $426,520 (Rs. 21,633,094) of such release was attributable to the taxable income expected to be generated by Pyxis, and therefore offset against goodwill, and $426,520 (Rs.21,633,094) of such release was attributable to the expected taxable income to be generated by the Company, and therefore recognized as an income tax benefit.

Note 9 - Concentration of Customer Sales

A significant portion of the Company's sales are to several key customers, some of which are also agencies providing software consulting services to commercial entities and software developers. Three such key customers accounted for approximately 61% (37%, 17% and 7%) and approximately 55% (27%, 21% and 7%) of the Company's net revenues for the years ended March 31, 2009 and 2008, respectively. Accounts receivable from these customers approximated 41% (24%, 11%, and 6%) of total accounts receivable at March 31, 2009.

REPORT OF THE CHIEF EXECUTIVE OFFICER TO THE SOLE MEMBER, ITC INFOTECH (USA), INC.

I take pleasure in presenting my Report together with the Audited Financial Statements of the Company for the fifteen month period ended 31st March, 2009.

Principal Activities

Your Company is engaged in providing Software Testing and Quality Assurance services primarily for the Banking, Financial Services & Insurance business segments.

Change in Membership Interest

Consequent to acquisition of 100% Membership Interest, your Company became a Sole Member company and a wholly owned subsidiary of ITC Infotech (USA), Inc. and therefore of ITC Infotech India Limited with effect from 11th August, 2008.

Capital Contribution from ITC Infotech (USA) Inc

ITC Infotech (USA), Inc., the Sole Member of the Company, made a capital contribution of US$ 2.5 million into the Company in August, 2008 in terms of the Membership Interest Purchase Agreement dated 1st August, 2008 entered into between the erstwhile owners of the Company, ITC Infotech (USA), Inc., and the Company.

Extension of financial year

Your Company's financial year was synergised with the calendar year (January-December). To coincide the close of the financial year with that of the holding company, your Company extended its financial year to 31st March, 2009.

Business Review

Despite the worst recession since the Great Depression in the US, your Company is pleased to report for the 15 month period ended 31st March, 2009, Total Revenues of $14.17 million (previous year- 12 months- 14.46 million) and a Net Profit $0.19 million (previous year- 12 months- 2.51 million).

Your Company is also pleased to report that it has been retained by its clients on most projects that were in hand at the time of the sudden collapse of the financial markets in the United States and thereafter globally.

As the domestic and global economies improve, your Company is poised for an expansion of its testing services business in the Capital Markets and other Verticals. With the US government providing support to the US financial institutions, the Capital Markets Vertical is likely to be the first one to emerge from the economic resetting and provide growth opportunities for IT needs of other sectors.

Your Company is accordingly increasing its visibility among existing clients and new prospects, keeping itself abreast with the new financial regulations for banks and hedge funds, the enforcement of which will translate into revenue for the Company and its holding company for testing, development and support services. Your Company is confident of leveraging the opportunities that will arise in this area.

Your Company is also confident that this preparedness, together with the synergies developed in collaboration with ITC Infotech, including the potential for increased cross-selling to existing customers of the larger Group, will enable sustained growth in the future.

Israel Branch

The Company has filed an application for closure of its Israel Branch and is awaiting confirmation of the same from the concerned statutory authorities in Israel.

Auditors

M/s. Amper, Politziner & Mattia, LLP, Certified Public Accountants and Auditors of the Company, offer themselves for reappointment as Auditors of the Company to audit the Financial Statements of the Company for the financial year ending 31st March, 2010.

Amar Singh Duggal
Chief Executive Officer

11th May, 2009

Report of Independent Certified Public Accountants

ITC Infotech (USA), Inc., Sole Member of Pyxis Solutions, LLC.

We have audited the accompanying balance sheet of Pyxis Solutions, LLC as of March 31, 2009, and the related statement of operations and members' equity, and statement of cash flows for the fifteen-month period from January 1, 2008 to March 31, 2009. 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 the United States of America. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Pyxis Solutions, LLC became a wholly owned subsidiary of ITC Infotech (USA), Inc., (the "Parent Company") on August 11, 2008 as a result of the acquisition of 100% of the Membership Interest by ITC Infotech (USA), Inc.

The Indian Rupee equivalent figures have been included in the financial statements as required by ITC Infotech (India) Limited, the parent's parent company.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pyxis Solutions, LLC as of March 31, 2009, and the results of its operations and its cash flows for the fifteen-month period then ended in conformity with accounting principles generally accepted in the United States of America.

The amounts presented as of December 31, 2007 and the year then ended have not been audited or reviewed, and are presented as unaudited comparative information only.

....LLP

May 11, 2009

Edison, New Jersey

BALANCE SHEET AS AT 31ST MARCH 2009

	March 31, 2009 ($)	Rs	December 31, 2007 (Unaudited) ($)	Rs
Assets				
Current Assets				
Cash and cash equivalents	1,300,209	65,946,599	1,138,252	44,864,203
Accounts and unbilled receivable, net of allowance for doubtful accounts of $ 8,391 (Rs. 425,592) for 2008 and $0 (Rs. 0) for 2007, respectively	1,676,564	85,035,372	2,110,993	83,204,826
Trade advance to related party	48,500	2,459,920	48,500	1,911,628
Prepaid expenses	6,011	304,878	-	-
Total Current Assets	3,031,284	153,746,769	3,297,745	129,980,657
Computer Equipment, net of accumulated depreciation of $203 (Rs. 10,296)	1,017	51,559	-	-
	3,032,301	153,798,328	3,297,745	129,980,657
Liabilities and members' equity				
Current liabilities				
Accounts payable	35,476	1,799,321	-	-
Accrued expenses and other current	298,824	15,156,352	549,894	21,674,086
Accrued payroll and payroll taxes	312,736	15,861,989	145,293	5,726,731
Total Current Liabilities	647,036	32,817,662	695,187	27,400,817
Long term debt	-	-	2,500,000	98,537,500
Commitments and contingencies				
Members' equity	2,385,265	120,980,666	102,558	4,042,340
	3,032,301	153,798,328	3,297,745	129,980,657

On behalf of Pyxis Solutions, LLC

Date: May 11, 2009	G.Satish Financial Controller	Greg Zvi Brener Chief Operating Officer	A. Duggal Chief Executive Officer

STATEMENT OF OPERATIONS AND MEMBERS' EQUITY

	15 Months Ended March 2009 ($)	Rs	Year ended 2007 (Unaudited) ($)	Rs
Revenue				
Service Fees	14,018,785	711,032,762	14,456,394	569,798,770
Project Fee	155,000	7,861,600	-	-
Total Revenue	14,173,785	718,894,362	14,456,394	569,798,770
Cost of revenue, principally employment cost and subcontractor fees	11,300,409	573,156,747	10,641,318	419,427,549
Gross profit	2,873,376	145,737,615	3,815,076	150,371,221
General and administrative expenses	2,709,957	137,448,983	1,255,849	49,499,288
Operating income	163,419	8,288,632	2,559,227	100,871,933
Interest income	27,345	1,386,947	61,039	2,405,852
Income before Income tax expense	190,764	9,675,579	2,620,266	103,277,785
Income tax expense	-	-	109,000	4,296,235
Net income	190,764	9,675,579	2,511,266	98,981,550
Members' equity at the beginning of period	102,558	5,201,738	1,076,604	42,434,361
Members distribution	(408,057)	(20,696,651)	(3,485,312)	(137,373,571)
Capital contribution from ITC Infotech (USA), Inc	2,500,000	126,800,000	-	-
Members' equity at the end of period	2,385,265	120,980,666	102,558	4,042,340

On behalf of Pyxis Solutions, LLC

Date: May 11, 2009	G.Satish Financial Controlle	Greg Zvi Brener Chief Operating Officer	A. Duggal Chief Executive Officer

STATEMENT OF CASH FLOW

	15 Months Ended March 2009 ($)	Rs	Year ended 2007 (Unaudited) ($)	Rs
Cash Flow From Operating Activities				
Net income	190,764	9,675,579	2,511,266	98,981,550
Adjustments to reconcile net income to net cash provided by (used in) operating activities				
Depreciation and amortization	203	10,296	-	-
Bad debt expense	13,279	673,511	-	-
(Increase) decrease in assets				
Accounts receivable	421,150	21,360,702	240,171	9,466,340
Prepaid expenses	(6,011)	(304,878)	(36,976)	(1,457,409)
Increase (decrease) in liabilities				
Accounts payable	35,476	1,799,321	-	-
Accrued expenses and other current liabilities	(251,070)	(12,734,289)	133,278	5,253,152
Accrued payroll and payroll taxes	167,443	8,492,720	-	-
Net cash provided by operating activities	571,234	28,972,962	2,847,739	112,243,632
Cash flows from investing activities				
Purchases of computer equipment	(1,220)	(61,853)	-	-
Net cash used in investing activities	(1,220)	(61,853)	-	-
Cash flows from financing activities				
Proceeds from long term debt	-	-	500,000	19,707,500
Members distribution	(408,057)	(20,696,651)	(3,485,312)	(137,373,571)
Repayment of long term debt	(2,500,000)	(126,800,000)	-	-
Capital contribution from ITC Infotech (USA) Inc.	2,500,000	126,800,000	-	-
Net cash used in financing activities	(408,057)	(20,696,651)	(2,985,312)	(117,666,071)
Net increase (decrease) in cash and cash equivalents	161,957	8,214,458	(137,573)	(5,422,439)
Cash and cash equivalents at beginning of period	1,138,252	57,732,141	1,275,825	50,286,642
Cash and cash equivalents at end of period	1,300,209	65,946,599	1,138,252	44,864,203

On behalf of Pyxis Solutions, LLC

Date: May 11, 2009

G.Satish	Greg Zvi Brener	A. Duggal
Financial Controller	Chief Operating Officer	Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Business Background and Principal Transactions with Affiliates

Pyxis Solutions, LLC (the “Company”) is principally engaged in the information technology services business offering Quality Assurance (QA) solutions and testing services. Its customers are commercial entities throughout the United States of America. The work is usually performed under contracts which specify fixed hourly rates (which depend upon the skill level of the consultant staffed at the customer’s location) and which vary in length, but are typically more than one year in duration. The Company was formed as a New York State limited liability company in 2000.

One of the founders of the Company also owns a majority interest in an entity performing similar services in India. Similarly, both the founder members of the Company equally own the entire interest in an entity performing similar services in the United Kingdom. See Note 4 for transactions with these related parties.

On August 11, 2008, the membership interests held by the founders were acquired by ITC Infotech (USA), Inc. (“ITC”). There were no significant changes to the operations of the Company or the basis of accounting as a result of this transaction through March 31, 2009. Transactions as such are described in Note 3.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America, the country of formation. The amounts are represented in U.S. dollars. As required by the parent company, the Indian Rupee equivalent figures, arrived at by applying the period end interbank exchange rate of US$1 = Rs. 50.72 as of March 31, 2009 (December 31, 2007: US$ 1= Rs. 39.42) as provided by the parent company, have been included.

The Company had a year-end for financial reporting and tax return purposes of December 31, prior to the acquisition by ITC. The amounts presented as of December 31, 2007 and the year then ended have not been audited or reviewed, and are presented as unaudited comparative information only.

Recognition of Revenue

Service Revenue

Service revenue is based upon hours worked by the Company employees on customer assignments and is recognized when the work is performed. Revenue is determined by multiplying the hours worked by the contractual billing rates. Substantially all customers are billed biweekly or monthly.

Project Revenue

Revenue on the project business is recognized as earned, typically in the month the service is performed. Costs associated with the use of consultants to fulfill such project business are recognized in the same period.

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with maturities of ninety days or less, when purchased, to be cash or cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 to 60 days and are stated at amounts due from customers net of any allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past dues. Bad debts are provided on the method based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when they are deemed uncollectible.

Computer Equipment

Computer equipment is stated at cost. Depreciation is provided under straight-line method based upon the estimated useful lives of the assets, with such lives ranging up to four years.

Income Taxes

The Company accounts for its income taxes using the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109), which requires the establishment of a deferred tax asset or liability for the recognition of future deductible or taxable amounts and operating loss and tax credit carry forwards. Valuation reserves are used to offset deferred tax assets due to the uncertainty of the realization of those tax assets. Deferred tax expense or benefit is recognized as a result of the changes in the assets and liabilities during the year.

The Company operates as a Limited Liability Company (LLC) for federal and state income tax purposes whereby the members are taxed individually on their proportionate share of the Company's income. The City of New York, however, levies an unincorporated business tax (UBT) on the income of the company. A provision for these taxes is stated in the accompanying 2007 financial statements. There was no such income subject to UBT tax in fiscal 2009.

As a result of the Company electing to be a disregarded entity, it is not liable for any federal or state income taxes and is not entitled to any tax benefits resulting from operating losses. ITC does not allocate any of its tax liabilities or benefits to the Company.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets

Note 2 – Summary of Significant Accounting Policies (continued)

and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of the management such estimates would not materially affect the financial statements.

Fair value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, approximate fair value because of the relatively short-term nature of these instruments

Foreign Currency Translation

The Company had a customer in the United Kingdom, which was invoiced in local currency. All accounts receivable at the balance sheet date denominated in foreign currency have been translated using the exchange rates in effect at the balance sheet date, with the resultant gain or loss recorded in the results of operations. Foreign currency transaction losses resulting from exchange rate fluctuations on transactions denominated in foreign currencies totaled $28,765 (Rs.1,458,961) as of March 31 2009, and are included in general and administrative expenses in the accompanying statements of operations.

New Accounting Pronouncements

Except as discussed below, the Company does not expect the impact of the future adoption of recently issued accounting pronouncements to have a material impact on the Company's financial statements.

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements," which is effective for calendar year companies on January 1, 2008. The Statement defines fair value, establishes a framework for measuring fair value in accordance with Generally Accepted Accounting Principles, and expands disclosures about fair value measurements. The Statement codifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. In February 2008, the FASB issued FASB Staff Position ("FSP") No. FAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS 157-2"), which delays the effective date of SFAS 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis, until the Company's 2010 fiscal year end. Since SFAS 157 is not applicable to the Company for the fifteen-month ended March 31, 2009, the Company has not evaluated the impact of the required adoption of SFAS 157

On July 1, 2007, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of SFAS 109" (FIN 48). FIN 48 provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. FIN 48 requires that a position taken or expected to be taken in a tax

Note 2 – Summary of Significant Accounting Policies (continued)

return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax positions that meet the more likely than not threshold are then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. Applicability of FIN 48 to non-public entity has been deferred to such entity's first fiscal year that begins after December 15, 2008. As a result FIN 48 is not applicable to the Company for the fiscal year ended March 31, 2009. The Company has not evaluated the impact of the required 2010 of FIN 48.

Note 3 - Acquisition of Membership Interests

On August 11, 2008, the membership interests of the founders were acquired by ITC for $12,434,878. (Rs. 630,697,012), of which $2,500,000 (Rs. 126,800,000) was paid by ITC on behalf of the Company towards repayment of long term debt. (see Note 8). Thereafter, the Company became a wholly-owned subsidiary of ITC. As permitted by accounting principles generally accepted in the United States, the impact of the purchase was not "pushed-down" to the Company. Accordingly, the financial statements presented do not reflect the adjustment of any asset or liability accounts to fair value on such date, and the amounts presented do reflect a continuity of operations and basis of presentation. For tax return purposes, the Company will prepare a final return for the period January 1, 2008 through August 11, 2008, and the resultant gain or loss will flow through to its founding members. For the period August 12, 2008 through March 31, 2009, the resultant income or loss will be included in the income tax returns of ITC, as the Company is a disregarded entity for income tax purposes.

The total revenue and loss before income tax expense for the period January 1, 2008 through August 11, 2008 was $7,295,465 (Rs. 370,025,985) and $584,545 (Rs. 29,648,122), respectively. The total revenue and income before income tax expense for the period August 12, 2008 through March 31, 2009 was $6,878,320 (Rs. 348,868,390) and $775,308 (Rs. 39,323,622), respectively. The parent company does not allocate any portion of the income tax expense of the consolidated group to the Company. The consolidated income tax expenses have been recognized by ITC from August 12, 2008 through March 31, 2009.

In connection with Membership Interest Purchase Agreement ("Purchase Agreement"), each seller receives certain allocable portion of the Company's earning as "contingent anniversary payments". Such contingent anniversary payments are contingent on the Company's EBITDA as determined from the first anniversary income statement and the second anniversary income statement in accordance with the terms of meeting or exceeding the Target EBITDA. No such amounts have been recognized through March 31, 2009.

In connection with this transaction, the loan from Zenda (see Note 8) was repaid and the line of credit (see Note 7) was cancelled. Furthermore, in connection with this transaction, the Company entered into employment agreements with two of the founders and officers (see Note 9).

Note 4 – Related Party Transactions

The Company has entered into various transactions with its related parties as follows:

	15 Months Ended March 2009 ($)	Rs	2007 ($)	Rs
Transactions with ITC Infotech USA Inc				
Project /other expenses reimbursements incurred by ITC	39,189	1,987,680	-	-
Project /other expenses reimbursements incurred by Pyxis	22,017	1,116,711	-	-
Transaction with Pyxis India				
Costs for project consultations / other expenses, included in cost of revenue	751,483	38,115,218	448,066	17,660,521
Transaction with Pyxis UK				
Costs for project consultations / other expenses, included in cost of revenue	304,586	15,448,621	262,165	10,333,233

Included in accrued expenses at March 31, 2009, are approximately $113,000 (Rs. 5,731,360) due to related parties.

Trade advance represents a sum of $ 48,500 (Rs. 2,459,920) receivable from Pyxis Singapore.

Note 5 - Accounts Receivable

Accounts receivable consist of trade accounts receivable and unbilled accounts receivable (representing services performed prior to the balance sheet dates, but not invoiced to the customer until thereafter). Unbilled receivables were approximately $775,000 as of March 31, 2009. Changes in the Company's allowance for doubtful accounts in fiscal 2009 are as follows:

	15 Months Ended March 2009 ($)	Rs	2007 ($)	Rs
Beginning balance	-	-	-	-
Increase to allowance	13,279.00	673,510.88	-	-
Accounts written off	4,888.00	247,919.36	-	-
Ending balance	8,391.00	425,591.52	-	-

Note 6 – Commitment and Contingent Liabilities

Leases

The Company has leased office space under non-cancelable operating lease expiring November 30, 2009. Total rent expense under this lease for the 15 month ending 31st March, 2009 was $90,382 (Rs.4,584,190)

Note 6 – Commitment and Contingent Liabilities (continued)

The future minimum annual lease payments at March 31, 2009 are as follows:

	Office Rent	
Year	$	Rs
2009-10	42,174	2,139,065

Note 7 - Line of Credit

In July 2007, the Company entered into a revolving line of credit agreement with a bank for a maximum borrowing of $1,500,000. (Rs. 76,080,000) Interest on this line of credit was chargeable at London Interbank Offered Rate plus 2.5%. In connection with the Purchase Agreement, this line of credit was terminated on July 31, 2008. There were no amounts outstanding as at December 31, 2007 on account of this credit facility.

Note 8 - Long-term Debt

On January 1, 2008 the Company had an outstanding non-interest bearing loan of $2,500,000 (Rs. 126,800,000) from Zenda Investments Holding Limited ("Zenda"). In connection with the Purchase Agreement, ITC paid Zenda, on behalf of the Company, an amount equivalent to the loan. This payment, on the date of acquisition, constituted a capital contribution to the Company by ITC.

Note 9 - Employment Agreement

In connection with employment agreements ("Agreements"), the Company's Chief Executive Officer and the Chief Operating Officer agree that the term of these Agreements are for a period of two years (expiring August 2010).

These Agreements provide for certain minimum level of base salary and other amounts of contingent compensation to be earned, all of which are defined in the Agreements.

Note 10 - Concentration of credit risk and significant customers

As of March 31, 2009, two customers accounted for approximately 65% of the Company's total revenue. These two customers accounted approximately 41% of total accounts receivable at March 31, 2009.

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

On behalf of the Board

P. Chatterjee Director

S. Dutta Director

Virginia House
37 J L Nehru Road
Kolkata 700 071

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 31^{st} 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.

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

Place: Kolkata
Date: 12th May, 2009

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.

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.

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

Place: Kolkata
Date: 12th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31st March, 2009 (Rs.)	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)	31st March, 2008 (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	**3**				
a) Gross Block		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	**5**				
a) Current Assets		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*

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 *Director*
S. Dutta *Director*
T.K. Ghosal *Secretary*

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
	5,00,00,000	**5,00,00,000**
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)	**4,88,56,260**	**4,88,56,260**

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	-	-
	11,15,201	11,15,201
Profit and Loss Account	1,88,50,825	96,40,980
	1,99,66,026	**1,07,56,181**

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.	On behalf of the Board	
Chartered Accountants		
S.K.Chatterjea	P. Chatterjee	*Director*
Partner	S. Dutta	*Director*
Kolkata, 12th May, 2009	T.K. Ghosal	*Secretary*

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.	0 0 0 8 7 1 4 9	State Code	2 1
Balance Sheet Date	3 1 (Date) 0 3 (Month) 2 0 0 9 (Year)		

II. Capital raised during the year (Amount in Rs Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	72624	Total Assets	72624

Sources of Funds

Paid up Capital	48856	Reserves & Surplus	19966
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	4660	Investments	63665
Net Current Assets	497	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Amount in Rs Thousands)

Turnover (Including other Income)	8960	Total Expenditure	1084
Profit/Loss before Tax (+ ✓ / -)	7876	Profit/Loss after Tax (+ ✓ / -)	9210

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

Earning per Share in Rs.	1.89	Dividend rate %	NIL

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

Item Code No. (ITC Code)	N.A.
Product Description	N.A.

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	2,84,48,344
Provision for Tax (including Fringe Benefit Tax)	3,42,036
Profit After Tax	2,81,06,308
Add : Profit brought forward from previous year	4,35,48,032
Surplus available for Appropriation	7,16,54,340
Transferred to General Reserve	28,10,631
Interim Dividend paid (recommended as Final Dividend)	5,00,00,000
Dividend Tax paid	84,97,500
Balance carried forward	1,03,46,209

Your Directors declared on 20th March, 2009, an Interim Dividend of Rs. 5,00,00,000/- (Rupees Five Crores) on 1,59,98,385 Ordinary Shares of Rs.10/- each, fully paid, out of the profits of the Company to the Members whose names appeared on the Register of Members of the Company on 20th March, 2009 and which is now recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2009.

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
Gold Flake Corporation Limited

1. We have audited the attached balance sheet of **Gold Flake 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.

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

Place: Kolkata
Date: 12th May, 2009

Annexure to the Auditors' Report to the Members of Gold Flake 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.

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.

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

Place: Kolkata
Date: 12th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31st March, 2009 (Rs.)	31st March, 2009 (Rs.)	31st March, 2008 (Rs.)	31st March, 2008 (Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1		15,99,83,850		15,99,83,850
b) Reserves and Surplus	2		1,90,72,432		4,94,63,624
Total			**17,90,56,282**		**20,94,47,474**
II. APPLICATION OF FUNDS					
1. Fixed Assets	3				
a) Gross Block		90,942		40,85,943	
b) Less: Depreciation		90,432		40,85,201	
c) Net Block			510		742
2. Investments	4		17,92,13,929		20,92,38,741
3. Current Assets, Loans and Advances	5				
a) Current Assets		2,46,679		1,66,811	
b) Loans and Advances		2,96,138		1,69,96,474	
		5,42,817		1,71,63,285	
4. Less: Current Liabilities and Provisions	6	7,00,974		1,69,55,294	
Net Current Assets / (Liabilities)			(1,58,157)		2,07,991
Total			**17,90,56,282**		**20,94,47,474**
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*
N. Bajaj *Secretary*

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		2,86,11,799	2,92,07,415
	Interest on Income Tax Refund		21,550	-
	Other Income		2,97,392	1,48,507
			2,89,30,741	**2,93,55,922**
II.	**EXPENDITURE**			
	Salaries and Wages		3,75,822	2,08,473
	Operating and Establishment Expenses	**7**	74,674	60,938
	Excess of Cost over Fair Value of Current Investments		-	70,182
	Loss on sale of Current Investments (net)		31,670	9,30,271
	Depreciation		231	2,301
			4,82,397	**12,72,165**
III.	**PROFIT**			
	Profit before Taxation		2,84,48,344	2,80,83,757
	Provision for Taxation	**8**	3,42,036	1,41,700
	Profit after Taxation		2,81,06,308	2,79,42,057
	Profit brought forward		4,35,48,032	1,56,05,975
	Available for appropriation		**7,16,54,340**	**4,35,48,032**
IV.	**APPROPRIATIONS**			
	Dividend Paid		5,00,00,000	-
	Income Tax on Dividend		84,97,500	-
	General Reserve		28,10,631	-
	Profit carried forward		1,03,46,209	4,35,48,032
			7,16,54,340	**4,35,48,032**
	Earnings Per Share (Face Value Rs 10.00 each) (Basic & Diluted)	**9(4)**	1.76	1.75

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 *Director*
S. Dutta *Director*
N. Bajaj *Secretary*

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**	**2,84,48,344**	**2,80,83,757**
	ADJUSTMENTS FOR:		
	Depreciation	231	2,301
	Income from Long Term Investments	(1,80,00,000)	(1,80,00,000)
	Income from Current Investments	(1,06,11,799)	(1,12,07,415)
	Interest on Income Tax (Net)	(21,064)	-
	Excess of Cost over Fair Value of Current Investments	-	70,182
	(Profit)/Loss on Sale of Current Investments	31,670	9,30,271
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1,52,618)	(1,20,906)
	ADJUSTMENTS FOR:		
	Trade and Other Receivables	(6,123)	(72,564)
	Trade Payables	5,430	14,621
	CASH GENERATED FROM OPERATIONS	(1,53,311)	(1,78,849)
	Income Tax Refund / (Payment) (Including Fringe Benefit Tax)	1,19,614	(93,864)
	NET CASH USED IN OPERATING ACTIVITIES	**(33,697)**	**(2,72,713)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Income from Long Term Investments	1,80,00,000	1,80,00,000
	Income from Current Investments	65,81,428	28,15,200
	Purchase of Current Investments	(1,74,24,03,855)	(1,22,66,73,000)
	Sale of Current Investments	1,77,64,27,369	1,20,61,05,794
	Sale of Fixed Assets	-	3,348
	NET CASH FROM INVESTING ACTIVITIES	**5,86,04,942**	**2,51,342**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend Paid	(5,00,00,000)	-
	Income Tax on Dividend Paid	(84,97,500)	-
	NET CASH FLOW USED IN FINANCING ACTIVITIES	**(5,84,97,500)**	**-**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**73,745**	**(21,371)**
	OPENING CASH AND CASH EQUIVALENTS	**89,246**	**1,10,617**
	CLOSING CASH AND CASH EQUIVALENTS	**1,62,991**	**89,246**

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*
N. Bajaj *Secretary*

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
Authorised:		
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
	20,00,00,000	**20,00,00,000**
Issued, Subscribed and Paid-up:		
1,59,98,385 Equity Shares of Rs.10/- each, fully paid up	15,99,83,850	15,99,83,850
(All the above shares are held by the Holding Company, ITC Limited)	**15,99,83,850**	**15,99,83,850**

2. RESERVES AND SURPLUS

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
General Reserve		
At the commencement of the year	59,15,592	59,15,592
Add: From Profit and Loss Account	28,10,631	-
	87,26,223	59,15,592
Profit and Loss Account	1,03,46,209	4,35,48,032
	1,90,72,432	**4,94,63,624**

SCHEDULES TO THE ACCOUNTS*(Contd.)*

3. FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BOOK VALUE
	As at commencement of the year	Additions	Withdrawal	As at the end of the year	As at commencement of the year	For the year	On Withdrawals	As at the end of the year	As at 31st March, 2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Plant and Machinery	40,80,853	-	39,95,000	85,853	40,80,407	178	39,95,000	85,585	268
Furniture and Fixtures	5,090	-	-	5,090	4,795	53	-	4,848	242
TOTAL	**40,85,943**	**-**	**39,95,000**	**90,943**	**40,85,202**	**231**	**39,95,000**	**90,432**	**510**
Previous Year	41,26,727	-	40,784	40,85,943	41,20,338	2,301	37,436	40,85,203	740

SCHEDULES TO THE ACCOUNTS *(Contd.)*

4. INVESTMENTS

		As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
	UNQUOTED		
A.	**Long Term**		
	TRADE INVESTMENTS		
	ITC Filtrona Limited		
	22,50,000 (2008 - 22,50,000) Equity Shares of Rs.10/- each, fully paid up	2,25,00,000	2,25,00,000
	ATC Limited		
	(Formerly known as Asia Tobacco Company Limited)		
	55,650 (2008- 55,650) Equity Shares of Rs.100/- each, fully paid up	83,47,500	83,47,500
	1,39,125 (2008- 1,39,125) Equity Shares of Rs.100/- each, partly paid up	1,04,34,375	1,04,34,375
		4,12,81,875	**4,12,81,875**
B.	**Current**		
	OTHER INVESTMENTS		
	Principal Cash Management Fund Liquid Option Institutional Plan -Dividend Reinvest Daily	-	1,73,162
	Nil (2008-17,312) Units of Rs. 10/- each		
	Sundaram BNP Paribas Interval Fund Quarterly Plan B-Institutional Dividend	-	16,00,00,000
	Nil (2008 - 1,59,95,681) Units of Rs.10/- each		
	Pru ICICI Short Term Div Reinvest-Fortnightly	-	77,83,704
	Nil (2008 - 7,02,500) Units of Rs.10/- each		
	DWS Fixed Term Fund Series 52 Institutional Dividend	10,00,00,000	-
	1,00,00,000 (2008 - Nil) Units of Rs.10/- each		
	ICICI Prudential Institutional Liquid Plan- Super Institutional Daily Dividend	63,12,018	-
	6,31,170 (2008 - Nil) Units of Rs.10/- each		
	IDFC Money Manager Fund Investment Plan - Institutional Plan B-Daily Dividend	3,16,20,036	-
	31,57,267 (2008 - Nil) Units of Rs.10/- each		
		13,79,32,054	**16,79,56,866**
	Total (A + B)	**17,92,13,929**	**20,92,38,741**

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		
	Balance with Scheduled Banks		
	- In Current Accounts	1,62,842	88,573
	Cash/Cheques in Hand	149	673
	Other Current Assets		
	(Unsecured - Considered good)		
	- Deposits	5,000	5,000
	- Others	78,688	72,565
		2,46,679	**1,66,811**
B.	**LOANS AND ADVANCES**		
	(Unsecured - Considered good)		
	Advance Payment of Tax		
	- Income Tax	2,92,094	1,69,94,930
	- Fringe Benefit Tax	4,044	1,544
		2,96,138	**1,69,96,474**

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	27,605	27,934
TDS Payable	4,629	2,291
Security Deposit	4,64,204	4,64,204
B. PROVISIONS		
Provision for Retirement Benefits	8,042	4,621
Provision for Tax		
- Income Tax	1,95,300	1,64,55,300
- Fringe Benefit Tax	1,194	944
	7,00,974	**1,69,55,294**

7. OPERATING AND ESTABLISHMENT EXPENSES

	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 (Rs.)
Rates and Taxes	17,594	5,140
Filing Fees	1,168	3,500
Auditors' Remuneration (including Service Tax)		
- Audit Fees	19,854	20,225
- Other Services	14,045	14,045
Professional Fees	12,000	14,740
Printing and Stationery	5,002	2,811
Miscellaneous Expenses	5,011	477
	74,674	**60,938**

8. PROVISION FOR TAXATION

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008
Income Tax for the year		
- Current Tax	-	1,41,300
- Fringe Benefit Tax	250	400
	250	1,41,700
Add: Adjustments related for previous years		
- Current Tax	3,41,786	-
	3,42,036	**1,41,700**

9. NOTES TO THE ACCOUNTS

1. Uncalled liability in respect of partly paid up shares is Rs.1,04,34,375/- (2008- Rs.1,04,34,375/-).

2. Dividend Income represents Rs.1,80,00,000/- (2008 - Rs.1,80,00,000/-) from Long Term Investments.

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

   (i) 1,34,909 Units of AIG India Liquid Fund -Institutional -Daily Div. Reinvest at cost of Rs. 13,50,36,401.97/-
   (ii) 95,72,494 Units of AIG India Treasury Fund Institutional Daily Dividend at cost of Rs. 9,58,30,235.90/-
   (iii) 39,860 Units of AIG India Liquid Fund Retail Daily Dividend at cost of Rs. 3,98,91,408.15/-
   (iv) 50,00,000 Units of BSL Quarterly Interval - Series 4 Dividend Payout at cost of Rs. 5,00,00,000/-
   (v) 40,51,691 Units of Canara Robeco Liquid Plus Institutional Daily Dividend Fund at cost of Rs. 5,02,69,738.06/-
   (vi) 32,43,295 Units of Kotak Liquid (Institutional) - Daily Dividend at cost of Rs. 3,96,59,334.21/-
   (vii) 10,052 Units of Fidelity Cash Fund (Retail) Daily Dividend at cost of Rs. 1,00,538.89/-
   (viii) 89,99,018 Units of IDFC Cash Fund - Super Institutional Plan C Daily Dividend at cost of Rs. 9,00,12,674.50/-
   (ix) 46,444 Units of ING Liquid Fund-Daily Dividend Option at cost of Rs. 5,01,008.67/-
   (x) 1,80,33,303 Units of JM High Liquidity Fund-Institutional Plan - Daily Dividend (76) at cost of Rs. 18,06,30,579.79/-
   (xi) 1,80,94,779 Units of JM Money Manager Fund Super Plus Plan-Daily Dividend (171) at cost of Rs. 18,10,43,692.70/-
   (xii) 2,73,27,747 Units of JP Morgan India Treasury Fund - SIP Daily Div. Reinvest at cost of Rs. 27,35,20,687.54/-
   (xiii) 1,80,78,841 Units of JP Morgan India Liquid Plus Fund Super Inst-Daily Dividend Plan Reinvest at cost of Rs. 18,09,31,232.95/-
   (xiv) 17,340 Units of Principal Floating Rate Fund SMP Institutional Option Dividend Reinvestment at cost of Rs. 1,73,416.84/-
   (xv) 17,336 Units of Principal Floating Rate Fund - FMP - Institutional Daily Dividend Daily at cost of Rs. 1,73,572.69/-
   (xvi) 1,33,50,887 Units of TATA Floating Rate Short Term Inst. Plan- Daily Dividend at cost of Rs. 13,37,11,805.05/-
   (xvii) 331 Units of Templeton India Treasury Management Account Regular Plan – Daily Dividend Reinvestment at cost of Rs. 5,00,772.48/-.

4. Earnings per Share:

	For the year ended 31st March, 2009	**For the year ended 31st March, 2008**
Profit / (Loss) after Taxation (Rs)	2,81,06,308/-	2,79,42,057/-
Weighted average number of Equity Shares outstanding	1,59,98,385	1,59,98,385
Basic and diluted Earnings per share (Face Value - Rs.10.00 per share)	Rs. 1.76	Rs. 1.75

5. Remuneration of Manager **:**
   Salaries : Rs. 3,41,500/- (2008 – Rs 1,92,000/-)
   Other Benefits : Rs. 30,901/- (2008- 6,120/-)

6. Related Party Disclosures :

(a) Relationships:

Holding Company	ITC Limited
Joint Venture	ITC Filtrona 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 Party**:**

Particulars	**For the year ended 31st March, 2009 (Rs.)**	**For the year ended 31st March, 2008 (Rs.)**
Joint Venture Company		
Dividend Received	1,80,00,000/-	1,80,00,000/-
Holding Company		
Miscellaneous Income	2,97,392/-	1,48,494/-
Dividend Paid	5,00,00,000/-	Nil

Balance as at	**31st March, 2009 (Rs.)**	**31st March, 2008 (Rs.)**
Holding Company		
Receivables	78,688/-	74,247/-

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

8. Interest in Joint Venture :

The Company's interests, as a venturer, in jointly controlled entity (incorporated Joint Ventures) is **:**

Name	Country of Incorporation	Percentage of Voting Power as at 31st March, 2009
ITC Filtrona Limited	India	50

The financial statements of ITC Filtrona Limited are drawn up to 31st December, 2008

.

The Company's interests in this Joint Venture is reported as Long Term Investment (Schedule 4) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interests in the Joint Venture are **:**

		As at 31st March, 2009 (Rs.)	**As at 31st March, 2008 (Rs.)**
I.	**ASSETS**		
	1. Fixed Assets (net)	8,97,67,621	6,39,39,734
	2. Current Assets, Loans and Advances		
	a) Inventories	11,74,86,886	5,26,57,551
	b) Sundry Debtors	2,51,15,892	2,23,23,435
	c) Cash and Bank Balances	56,56,091	93,18,522
	d) Other Current Assets	10,96,635	8,07,210
	e) Loans and Advances	1,80,97,505	1,89,33,022
II.	**LIABILITIES**		
	1. Current Liabilities and Provisions		
	a) Liabilities	10,40,40,860	5,68,88,515
	b) Provisions	2,60,41,106	2,24,07,978
	2. Deferred Tax (net)	66,48,862	56,54,335
III.	**INCOME**		
	1. Sales	5,68,00,09,008	48,54,68,111
	2. Other Income	52,03,053	40,31,796
IV.	**EXPENSES**		
	1. Raw Materials, etc.	37,42,89,945	32,00,94,215
	2. Excise Duties and Taxes on sale of Products and Services	6,91,60,466	6,36,87,434
	3. Manufacturing, Selling, etc. Expense	4,66,42,883	3,77,49,333
	4. Depreciation	94,40,780	87,72,930
	5. Provision for Taxation (including Fringe Benefit Tax)	2,43,40,843	2,00,41,726
V.	**OTHER MATTERS**		
	1. Capital Commitments	93,99,996	56,06,065

9. Segment Reporting: The Company operates in a single business and geographical segment.

10. 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	**234**	**2,798**	2,371	2,250
	2. Interest Cost	**166**	**158**	Nil	Nil
	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**	Nil	Nil
	7. Actuarial Losses/(Gains)	**(37)**	**102**	Nil	Nil
	8. Total expense recognised in the Statement of Profit & Loss Account	**363**	**3,058**	2,371	2,250
II.	**Net Asset/ (Liability) recognised in Balance Sheet**				
	1. Present Value of Defined Benefit Obligation	**2,734**	**5,308**	2,371	2,250
	2. Fair Value on Plan Assets	**Nil**	**Nil**	Nil	Nil
	3. Status [Surplus/(Deficit)]	**(2,734)**	**(5,308)**	(2,371)	(2,250)
	4. Unrecognised Past Service Cost	**Nil**	**Nil**	Nil	Nil
	5. Net Asset/ (Liability) recognised in Balance Sheet	**(2,734)**	**(5,308)**	(2,371)	(2,250)
III.	**Change in Defined Benefit Obligations (DBO)**				
	1. Present Value of DBO at the Beginning of Period	**2,371**	**2,250**	Nil	Nil
	2. Current Service Cost	**234**	**2,798**	2,371	2,250
	3. Interest Cost	**166**	**158**	Nil	Nil
	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	**(37)**	**102**	Nil	Nil
	9. Benefits Paid	**Nil**	**Nil**	Nil	Nil
	10. Present Value of DBO at the End of Period	**2,734**	**5,308**	2,371	2,250
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.

11. 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.

12. 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 “Written Down Value” 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 therefrom 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 recognised over the period of such contracts.

Borrowing Costs

Borrowing cost that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as part of cost of such assets. All other borrowing cost 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.	On behalf of the Board	
Chartered Accountants		
S.K.Chatterjea	P. Chatterjee	*Director*
Partner	S. Dutta	*Director*
Kolkata, 12th May, 2009	N. Bajaj	*Secretary*

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

I. Registration Details

Registration No. 0 0 0 0 8 3 1 4 State Code 2 1

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 0 9 (Year)

II. Capital raised during the year (Amount in Rs Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

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

Total Liabilities	Total Assets
179757	179757

Sources of Funds

Paid up Capital	Reserves & Surplus
159984	19072
Secured Loans	Unsecured Loans
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
0.51	179214
Net Current Assets	Misc. Expenditure
-158	NIL
Accumulated Losses	
NIL	

IV. Performance of Company (Amount in Rs Thousands)

Turnover (Including other Income)	Total Expenditure
28930	482
+ - Profit/Loss before Tax	+ - Profit/Loss after Tax
✓ 28448	✓ 28106

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

Earning per Share in Rs.	Dividend rate %
1.76	31.25

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

Item Code No. (ITC Code) N.A.

Product Description N.A.

Audit Committee: Mr. K. Vaidyanath, Chairman, M/s. P. Chatterjee, B.B. Chatterjee, Members

REP0RT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2009

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

FINANCIAL PERFORMANCE

During the year under review, your Company earned a gross income of Rs.749.62 lakhs (previous year Rs. 242.73 lakhs) and incurred a net loss of Rs. 531.60 lakhs (previous year Rs. 773.51 lakhs).

OPERATIONS

Your Directors are pleased to report that during the year the facilities/services at Classic Golf Resort were well appreciated by all members and guests.

During the year the Classic Golf Resort was the venue for some very prestigious events, such as, FICCI, Albatross, Haryana Golf, IGU-Amateur, McDowell, Signature Cup, Mango Cup, The Economic Times, Gibson Cup, BP Pro Am, Vodafone, Sail – Asian Circuit Professional Tournament etc. The Sail Tournament was televised on all International & National sports channels and news channels. A World record was created on your Golf course in the tournament for the lowest 4 day total. Your course was well appreciated by all professionals and they considered this as one of the best in India.

Towards developing a Resort Hotel at the Classic Golf Resort, the initial permissions and approvals, such as Change of Land Use (CLU), Environmental Clearances, Building Drawing approvals, and approval from the Department of Tourism for the commencement of the project were obtained during the year.

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

The applicable information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given below :

(a) *Conservation of Energy*

The dedicated electricity feeder at the Classic Golf Resort continues to yield savings during operations. Efforts to conserve electricity by operating only necessary lighting, fittings and fixtures and judicious use of diesel generating sets continue.

(b) *Technology Absorption*

The provisions of Clause B of Rule 2 are not attracted, as the Company has not imported any technology during the year under review.

(c) *Foreign Exchange Earnings and Outgo*

i) Earnings : During the year under review, gross foreign exchange earnings of the Company were Rs.6.32 lakhs (previous year Rs. 0.11 lakhs)

ii) Outgo : Foreign exchange outgo during the year under review was Rs. 26.42 lakhs (previous year Rs. 153.98 lakhs).

DEMAND FOR ADDITIONAL CONVERSION CHARGES

During the year, in the interest of the forthcoming Resort Hotel Project, your Company settled the issue of Additional Conversion Charges demanded by the Haryana Government, by paying Rs. 15.83 Crores at the old rates and withdrew the Special Leave Petition from the Honorable Supreme Court of India filed by the Company during 2007-08.

DIRECTORS

Mr. S.S.H.Rehman, Chairman and Director of your Company resigned with effect from close of business on 20th March, 2009. Your Directors would like to place on record their sincere appreciation of the invaluable services rendered by Mr. Rehman.

Mr. Nakul Anand, Director of the Company was appointed by the Board of your Company as Chairman of the Board of Directors with effect from 21st March, 2009.

In accordance with Articles 106 and 107 of the Articles of Association of the Company, Mr Nakul Anand will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

PARTICULARS OF EMPLOYEES

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

COMPLIANCE CERTIFICATE UNDER COMPANIES ACT, 1956

A certificate issued by M/s. P B & Associates, Company Secretaries, in terms of the provisions of Section 383 A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

AUDITORS

The Auditors of your Company M/s Lovelock and Lewes, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

a)in the preparation of annual accounts under review, the applicable accounting standards had been followed; b) appropriate accounting policies were selected and applied consistently and reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the loss of the Company for that period;

c) proper and sufficient care was taken 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; d) The Annual Accounts are prepared on a going concern basis. The required disclosures and significant accounting policies followed are appearing in schedule 19 and 20, respectively, in the annual accounts.

On behalf of the Board

S. C. Sekhar Managing Director
M Riaz Ahmed Director

Gurgaon, 30th April, 2009

COMPLIANCE CERTIFICATE

Company No.: U74899DL1992PLC047331

Nominal Capital: 10 Crores

The Members of
LANDBASE INDIA LIMITED
25, Community Centre, Basant Lok,
Vasant Vihar
New Delhi- 110057

We have examined the registers, records, books and papers of **M/s Landbase India Limited** (hereinafter referred to as 'the Company') as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder, the provisions contained in the Memorandum and Articles of Association of the Company and also the audited Annual Accounts, Auditors' Report on the said annual accounts for the financial year ended 31st March, 2009 (financial year). In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the financial year:

1. The Company has kept and maintained registers as stated in "Annexure: A" to this Certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in "Annexure: B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the Rules made thereunder.

3. The Company, being a Public Limited Company, comments are not required.

4. The Board of Directors duly met 4 (Four) times respectively on 25th April 2008; 29th September 2008; 23rd December 2008 and 18th March 2009 in respect of which meetings proper notices were given and the proceeding were properly recorded and signed and kept in the Minutes Book maintained for the purpose. There was no resolution passed, by circulation.

5. The Company has not closed its Register of Members during the financial year.

6. The Annual General Meeting for the financial year ended on 31st March 2008 was held on 13th June 2008 after giving due notice to the members of the Company and other concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No extra ordinary general meeting was held during the financial year.

8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company was not required to make any entries in the register maintained under Section 301(1) of the Act. However, it has made necessary entries in register maintained under Section 301(3) of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.

12. The Company has not issued any duplicate share certificate during the financial year.

13. The Company has:

(i) Not delivered any certificates as there was no allotment/ transfer/ transmission of securities during the financial year.

(ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

(iii) Not posted warrants to any member of the Company as no dividend was declared during the financial year.

(iv) As per the information, explanation and declaration submitted to us the Company has not transferred any amount in Investor Education and Protection Fund and there was no amount due to be transferred to Investor Education & Protection Fund, which remained unclaimed or unpaid for a period of seven years.

(v) Complied with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Directors, alternate Directors and Directors to fill casual vacancy during the financial year.

15. The Company has not made any appointment of Managing Director/Whole time Director/Manager during the financial year.

16. The Company has not appointed any sole selling agents during the financial year.

17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made hereunder.

19. The Company has not issued any shares, debentures or other securities during the financial year.

20. The Company has not bought back any shares during the financial year.

21. The Company has neither preference capital nor debentures, thus redemption of preference shares or debentures is not applicable.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of the transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.

24. The amount borrowed by the Company from its holding Company during the financial year are within the borrowing limits of the Company, as per the members resolution passed u/s 293(1)(d) of the Act in the AGM held on 29th September 1999.

25. The Company has not made any investments, loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. The Company had received a Show Cause Notice under section 159/166/210/220 of the Act, in respect of M/s Sandy Estates Limited, M/s Manesar Estates Limited, M/s Gangani Estates Limited, M/s Kota Estates Limited and M/s V P Estates Limited, the Companies which had merged with M/s Landbase India Limited pursuant to the order/s of the Hon'ble High Court of Delhi at New Delhi and the show cause notice/s were replied by the Company vide its letter date 10th May 2009. And as per the information provided there were no further proceedings in the matter.

Further, no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

For PB & Associates

Company Secretaries

Pooja Bhatia

Date : 30TH April, 2009 LLB, ACS

Place: New Delhi CP :6485

Annexure: A
Registers maintained by the Company
(As on 31st March, 2009)

Sl. No.	Particulars	Relevant Section of the Act
1.	Minutes Book of the meetings Of the Board of Directors of the Company	193
2.	Minutes Book of General Body meetings of the Members of the company	193
3.	Copies of Annual Returns	159
4.	Register of Members	150
5.	Register of Particulars of Directors, Managing Director, Manager and Secretary	303
6.	Register of Directors' Share holding	307
7.	Register(s) of contracts, companies and firms in which Directors are interested	301
8.	Books of Accounts	209
9.	Register of Investments	372 A
10.	Register of Share Transfer	

Annexure: B
A. Forms & Returns filed with the Registrar of Companies, New Delhi
(During the year ended March 31, 2009)

Sl. No.	Particulars	Date of Filing	Whether filed within prescribed time	Additi-Onal Fees paid
1.	Form No. 32 u/s 303 of the Act for cessation of Mr. Anil Kumar Bhandari from Directorship of the Company	04/04/2008	Yes	No
2.	Form No.23 AC & ACA for Annual Accounts u/s 220 of the Act for the financial year ended 31st March 2008	01/07/2008	Yes	No
3.	Form No. 20B for Annual Return u/s 159 of the Act made up to 13th June, 2008 being the date of AGM	11/07/2008	Yes	No
4.	Form No. 32 u/s 303 of the Act for cessation of Mr. S.S.H. Rehman from Directorship of the Company	31/03/2009	Yes	No

B. Forms & Returns filed with the Regional Director, Central Government or other authorities: Nil

AUDITORS' REPORT TO THE MEMBERS OF
LANDBASE INDIA LIMITED

1. We have audited the Balance Sheet of Landbase India Limited as at March 31, 2009 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 have 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 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:

3.1 (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company have been physically verified by the management during the year and the discrepancies between the book records and the physical inventory have been adjusted. In our opinion, the frequency of verification is reasonable.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

3.2 (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3.3 (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 Act. Accordingly, clause (iii)(a), (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the current year.

(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 Act. Accordingly, clause (iii)(e), (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable for the current year.

3.4 In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

3.5 In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

3.6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

3.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

3.8 The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

3.9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable. We are informed that there are no undisputed statutory dues as at the year end, outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute. The particulars of the dues in respect of income tax which have not been deposited on account of dispute are as follows:

Name of the Statute	Nature of the dues	Amount Disputed (Rs.)	Amount Deposited (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	115,941,813	9,000,000	A.Y. 2001-02	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	138,202,831	-	A.Y. 2005-06	Commissioner of Income Tax (Appeals)

3.10 The accumulated losses of the Company as at March 31, 2009 are more than fifty percent of its net worth and it has incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.

3.11 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.

3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

3.13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.

3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

3.15 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

3.16 The Company has obtained certain term loans from the holding company. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

3.17 On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

3.18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable to the Company for the current year.

3.19 The Company has not issued any debentures and there are no debentures outstanding as at year end.

3.20 The Company has not raised any money by public issue during the year or in earlier years.

3.21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

4. Without qualifying our report, in view of the net loss of the Company during the year and the accumulated losses till the balance sheet date, we draw attention to para VIII of Schedule 19 to the Notes to Accounts regarding the continued support from the Holding Company and para IV (i) regarding advance received in connection with sale of land and space rights.

5. Further to our comments in paragraphs 3 and 4 above, we report that:

(a) 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;

(b) 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;

(c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(e) On the basis of written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009

(ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Partha Mitra
Partner
Membership No.:- F 50553
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place: - Gurgaon
Date: - April 30, 2009

LANDBASE INDIA LIMITED

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	Rs.	As at March 31, 2009 Rs.	Rs.	As at March 31, 2008 Rs.
I. SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		40,000,000		40,000,000
Reserves & Surplus	2		61,162,181		61,162,181
Loan Funds					
Secured Loans	3		210,000,000		210,000,000
Unsecured Loans	4		190,000,000		190,000,000
TOTAL			501,162,181		501,162,181
II. APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		1,191,629,929		1,015,895,093	
Less: Depreciation		301,405,853		285,474,461	
Net Block		890,224,076		730,420,632	
Capital Work - in - Progress		74,141,896	964,365,972	63,455,861	793,876,493
Investments	6		250		250
Current Assets, Loans and Advances					
Inventories	7	8,997,017		8,154,896	
Sundry Debtors	8	4,227,598		3,000,950	
Cash and Bank Balances	9	9,756,880		15,269,778	
Other Current Assets	10	678,361		141,969	
Loans and Advances	11	55,607,987		48,586,208	
		79,267,843		75,153,801	
Less:- Current Liabilities and Provisions					
Liabilities	12	1,327,775,284		1,101,377,846	
Provisions	13	1,186,518		873,397	
Net Current Assets			(1,249,693,959)		(1,027,097,442)
Miscellaneous Expenditure (To the extent not written off or adjusted) (Refer Note XII of Schedule 19)			3,160,042		4,213,390
Profit and Loss Account			783,329,876		730,169,490
TOTAL			501,162,181		501,162,181
Notes to the Accounts	19				
Significant Accounting Policies	20				

This is the Balance Sheet referred to
in our Report of even date.

The Schedules referred to above form an integral
part of the Accounts.

For and on behalf of Board of Directors

Partha Mitra
Partner
Membership No. - F 50553
For & on behalf of
LOVELOCK & LEWES
Chartered Accountants

M. RIAZ AHMED
Director

S.C. SEKHAR
Managing Director

Place :- Gurgaon
Date :- April 30, 2009

LANDBASE INDIA LIMITED

PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	For the Year Ended March 31, 2009 Rs.	For the Year Ended March 31, 2008 Rs.
INCOME			
Income from Operations	14	68,990,908	20,601,688
Other Income	15	5,971,227	3,671,670
		74,962,135	24,273,358
EXPENDITURE			
Raw Material, Merchandising etc. Consumed and Expenditure incurred on Construction	16	5,616,353	3,289,812
Interest Charges	17	-	6,564
Operating and Administrative Expenses	18	92,239,129	71,671,477
Depreciation on Fixed Assets (net)	5	29,927,039	26,321,123
		127,782,521	101,288,976
PROFIT			
Profit/(Loss) before Taxation		(52,820,386)	(77,015,618)
Current and Deferred Tax		-	-
Fringe Benefit Tax		(340,000)	(335,000)
Profit/(Loss) After Taxation		(53,160,386)	(77,350,618)
Profit/(Loss) Brought Forward		(730,169,490)	(652,818,872)
Profit/(Loss) Carried Forward		(783,329,876)	(730,169,490)
Earnings Per Share (Face Value Rs. 10 each)	19 (XIII)	(13.29)	(19.34)
Notes to the Accounts	19		
Significant Accounting Policies	20		

This is the Profit & Loss Account referred to in our Report of even date.

The Schedules referred to above form an integral part of the Accounts.

For and on behalf of Board of Directors

Partha Mitra
Partner
Membership No. - F 50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

M. RIAZ AHMED
Director

S.C. SEKHAR
Managing Director

Place :- Gurgaon
Date :- April 30, 2009

LANDBASE INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

		For the Year Ended March 31, 2009		For the Year Ended March 31, 2008	
		Rs.	Rs.	Rs.	Rs.
Cash Flow from Operating Activities:					
Net Profit /(Loss) before Tax			**(52,820,386)**		**(77,015,618)**
Add:					
Depreciation		29,927,039		26,321,123	
Lease Rentals					
Interest Expense		-		6,564	
Amortisation of 11KV expenses		1,053,347		1,053,347	
Loss on Sale of Fixed Assets		5,196,841		454,323	
Bad Debts / Advances written off		116,067		45,959	
Provision for Doubtful Debt		-		-	
Less:					
Profit on Sale of Fixed Assets		(351,293)		(388,127)	
Interest Income		(1,107,487)		(447,318)	
Provision no longer required written back		-		-	
Liability no longer required written back		(2,523,661)	32,310,853	(2,580,524)	24,465,347
Operating Profit before working capital changes			**(20,509,533)**		**(52,550,271)**
Adjustments for changes in working capital:					
- (Increase)/Decrease in Trade and other receivables		(8,900,886)		(42,048,210)	
- (Increase)/Decrease in Inventories		(842,121)		2,327,329	
- Increase/(Decrease) in Trade Payables		228,894,220	**219,151,213**	94,829,992	**55,109,112**
Cash generated from operations			**198,641,680**		**2,558,841**
Net Cash from operating activities	**(A)**		**198,641,680**		**2,558,841**
Cash Flow from Investing Activities:					
Purchase of Fixed Assets		(211,836,297)		(108,181,170)	
Proceeds from Sale of fixed assets		6,574,232		413,800	
Purchase of Long Term Investements					
Interest Received		1,107,487	(204,154,578)	447,318	(107,320,052)
Net Cash used in investing activities	**(B)**		**(204,154,578)**		**(107,320,052)**
Cash Flow from Financial Activities:					
Receipts:					
Proceeds from Long Term Borrowings			-		40,000,000
Payments:					
Net decrease in Cash Credit facilities		-		-	
Interest Paid		-	-	(6,564)	(6,564)
Net Cash flow used in financial activities	**(C)**		**-**		**39,993,436**
Net Increase/ (Decrease) in Cash and cash equivalents	**(D) = (A+B+C)**		**(5,512,898)**		**(64,767,776)**
Cash and cash equivalents as at the beginning of the year	**(E)**		**15,269,778**		**80,037,554**
Cash and cash equivalents as at the end of the year	**(E+D)**		**9,756,880**		**15,269,778**
Cash and cash equivalents as at the end of the year Comprise:					
Cash & Bank Balances			**9,756,880**		**15,269,778**

NOTES:-

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 on Cash Flow Statement issued by Institute of Chartered Accountants of India.

2. Tax deducted at source being a non- cash transaction has not been considered in the Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of Board of Directors

Partha Mitra
Partner
Membership No. - F 50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants
Place :- Gurgaon
Date :- April 30, 2009

M. RIAZ AHMED
Director

S.C. SEKHAR
Managing Director

LANDBASE INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

		As at March 31, 2009		As at March 31, 2008
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 1				
SHARE CAPITAL				
Authorised				
10,000,000 Equity Shares of Rs.10/- each		**100,000,000**		**100,000,000**
Issued and Subscribed				
4,000,000 Equity Shares of Rs. 10/- each fully paid up		40,000,000		40,000,000
[Out of the above 4,000,000 Equity Shares (Previous Year 4,000,000 Equity Shares) are held by the Holding Company, ITC Limited]				
		40,000,000		**40,000,000**
SCHEDULE 2				
RESERVES AND SURPLUS				
General Reserve		61,162,181		61,162,181
		61,162,181		**61,162,181**
SCHEDULE 3				
SECURED LOANS				
From Others (Holding Company - I T C Ltd)				
Term Loan		210,000,000		210,000,000
		210,000,000		**210,000,000**
Notes:				
Loans from others are secured by equitable mortgage on Land.				
SCHEDULE 4				
UNSECURED LOANS				
From Others (Holding Company - I T C Ltd)				
Term Loan		190,000,000		190,000,000
		190,000,000		**190,000,000**

LANDBASE INDIA LIMITED (Refer Note XI of Schedule 19 & Note II & III of Schedule 20)

SCHEDULE 5
FIXED ASSETS (At Cost)

(In Rupees)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	**As at April 1, 2008**	**Additions**	**Withdrawals/ Adjustments**	**As at March 31, 2009**	**As at April 1, 2008**	**For the Year**	**Withdrawals/ Adjustments**	**As at March 31, 2009**	**As at March 31, 2009**	**As at March 31, 2008**
Land (Freehold)	295,584,396	166,878,269	6,200,932	456,261,733	-	-	-	-	456,261,733	295,584,396
Building*	230,255,662	53,340	7,743	230,301,259	42,843,227	3,678,556	695	46,521,088	183,780,171	187,412,435
Plant & Machinery	232,233,451	16,370,070	10,762,694	237,840,827	108,887,734	11,346,767	6,426,442	113,808,059	124,032,768	123,345,717
Golf Course	225,778,037	-	-	225,778,037	112,071,922	10,724,458	-	122,796,380	102,981,657	113,706,115
Office & Other Equipment	3,219,872	593,211	1,275,949	2,537,134	1,565,650	282,273	721,875	1,126,048	1,411,086	1,654,222
Furniture & Fixtures	6,317,064	2,256,747	2,409,248	6,164,563	5,318,335	920,283	2,105,406	4,133,212	2,031,351	998,729
Computers	5,030,705	1,500,973	1,090,556	5,441,122	2,300,151	760,133	1,072,944	1,987,340	3,453,782	2,730,554
Vehicles	6,544,992	-	-	6,544,992	1,556,528	621,775	-	2,178,303	4,366,689	4,988,464
Golf Carts	10,930,914	7,829,461	3,668,304	15,092,071	10,930,914	187,393	3,668,285	7,450,022	7,642,049	-
Tent	-	5,668,191	-	5,668,191	-	1,405,401	-	1,405,401	4,262,790	-
Total	**1,015,895,093**	**201,150,262**	**25,415,426**	**1,191,629,929**	**285,474,461**	**29,927,039**	**13,995,647**	**301,405,853**	**890,224,076**	**730,420,632**
Capital Work - in - Progress	63,455,861	10,686,035		74,141,896		-	-	-	74,141,896	63,455,861
Grand Total	**1,079,350,954**	**211,836,297**	**25,415,426**	**1,265,771,825**	**285,474,461**	**29,927,039**	**13,995,647**	**301,405,853**	**964,365,972**	**793,876,493**
Previous Year	978,758,171	108,181,170	7,588,387	1,079,350,954	266,261,729	26,321,123	7,108,391	285,474,461	793,876,493	

* Building Includes Vehicular Roads of Rs.4,595,709/- (Previous Year Rs.4,595,709/-) which have been fully depreciated over a period of five years as per Note III of Schedule 20

LANDBASE INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

		As at March 31, 2009		As at March 31, 2008
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 6				
INVESTMENTS				
(Refer Note VIII of Schedule 20)				
(UNQUOTED - LONG TERM, NON-TRADE)				
Gilt Facilities India P. Ltd.				
545 Redeemable Preference Shares (0.5%) of Rs.100,000 /- each fully paid	54,500,000		54,500,000	
Less: Provision for diminution in Investments	54,499,900	100	54,499,900	100
Prime Golf Ranking Private Limited				
150 Equity Share of Re. 1/- each fully paid		150		150
		250		250
SCHEDULE 7				
INVENTORIES				
(Refer Note IV of Schedule 20)				
Merchandising stock	1,161,900		1,027,446	
Land - At Cost	-		-	
Food & Beverage Stock	634,478		683,747	
Stores and Spares	7,250,285		6,493,349	
Stock of Parking Slot / Servant Quarters	1,319,908		1,319,908	
	10,366,571		9,524,450	
Less: Provision for Slow Moving Inventory	1,369,554	8,997,017	1,369,554	8,154,896
		8,997,017		8,154,896
SCHEDULE 8				
SUNDRY DEBTORS				
(Unsecured)				
Debts Outstanding for a period exceeding six months				
- Considered Good	1,158,920		1,017,046	
- Considered Doubtful	502,688		502,688	
Other Debts				
- Considered Good	3,068,678		1,983,904	
Total Debts	4,730,286		3,503,638	
Less:- Provision for doubtful debts	502,688	4,227,598	502,688	3,000,950
		4,227,598		3,000,950
SCHEDULE 9				
CASH AND BANK BALANCES				
Cash/ cheques in hand		229,769		389,136
With Scheduled Banks				
- in Current Accounts		3,235		3,235
-in cash credit accounts		2,146,714		11,600,245
- in Dividend Account (including interest)		192		192
- Margin money deposit *		7,376,970		3,276,970
		9,756,880		15,269,778
* Pledged against guarantees issued by Bank				
SCHEDULE 10				
OTHER CURRENT ASSETS				
(Unsecured-considered good)				
- Interest Accrued on Fixed Deposits		678,361		141,969
		678,361		141,969

LANDBASE INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

		As at March 31, 2009		As at March 31, 2008
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 11				
LOANS AND ADVANCES				
(Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received				
- Considered good *		44,385,307		41,563,771
Security Deposits				
- Considered good		1,345,128		1,344,128
Advance Tax (Net of Provision)		9,877,552		5,678,309
		55,607,987		48,586,208

* Includes capital advances amounting to Rs. 28,421,875 (Previous Year Rs. 29,921,061)

		As at March 31, 2009		As at March 31, 2008
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12				
CURRENT LIABILITIES				
Sundry Creditors				
- Total outstanding dues of creditors other than micro, small & medium enterprises		437,383,277		213,721,591
Other Liabilities		7,209,939		2,271,000
Investor Education and Protection Fund shall be credited by the following amount:				
- Unpaid Dividend		157		157
Payments received against Golf Membership	24,803,207		21,673,861	
Security Deposit against Golf Membership	310,857,033		310,653,089	
	335,660,240		332,326,950	
Less:				
Membership Subscription Receivable **	18,978,329		13,441,852	
Less: Provision for Doubtful Debts	-		-	
	18,978,329	316,681,911	13,441,852	318,885,098
Payments received under agreement to sell (Refer Note IV(i) of Schedule 19)		566,500,000		566,500,000
		1,327,775,284		1,101,377,846

** Includes outstanding from Directors Nil
(Previous Year Rs 3,134)

		As at March 31, 2009		As at March 31, 2008
SCHEDULE 13				
PROVISIONS				
(Refer Note XVI of Schedule 19 and Note V of Schedule 20)				
Provision for Retirement Benefits		1,186,518		873,397
		1,186,518		873,397

LANDBASE INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rs.	For the Year Ended March 31, 2009 Rs.	Rs.	For the Year Ended March 31, 2008 Rs.
SCHEDULE 14				
INCOME FROM OPERATIONS				
Membership Fee		27,004,254		10,554,068
Food and Beverage		8,548,553		2,671,560
Proshop Income		1,795,546		603,260
Caddie Rental		5,836,400		1,118,800
Cart Rental		2,725,737		668,401
Green Fee		19,412,950		4,602,899
Health Club and Other Facilities		883,000		220,200
Tent Income		1,673,806		-
Sponsorship Income		1,110,662		162,500
		68,990,908		20,601,688
SCHEDULE 15				
OTHER INCOME				
Interest received				
- On Fixed Deposits*		1,008,305		408,004
- Others		99,182		39,314
Miscellaneous Receipts		1,988,786		255,702
Profit on Sale of Fixed Assets		351,293		388,127
Liabilities Written Back		2,523,661		2,580,524
		5,971,227		3,671,670

*(Tax deducted at source Rs.136,361/-.(Previous year Rs. 56,914/-))

LANDBASE INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rs.	For the Year Ended March 31, 2009 Rs.	Rs.	For the Year Ended March 31, 2008 Rs.
SCHEDULE 16				
RAW MATERIAL, MERCHANDISING, ETC. CONSUMED AND EXPENDITURE INCURRED ON CONSTRUCTION				
Raw Material (F & B)				
Opening Stock	683,747		176,040	
Add :Purchases	4,691,910		3,412,486	
	5,375,657		3,588,526	
Less: Closing Stock	634,478	4,741,179	683,747	2,904,779
Merchandising				
Opening Stock	1,027,446		828,682	
Add: Purchases	1,009,628		583,797	
	2,037,074		1,412,479	
Less: Closing Stock	1,161,900	875,174	1,027,446	385,033
Laburnum Project Expenses				
Opening Balance				
Stock of Parking Slots & Servant Quarters and Material at Site	1,319,908		1,319,908	
Add: Expenses during the year:	-		-	
	1,319,908		1,319,908	
Less:-Unsold stock of Parking Slots & Servant Quarter	1,319,908		1,319,908	
		5,616,353		3,289,812
SCHEDULE 17				
INTEREST CHARGES				
Interest Paid				
- To Banks				
- On Cash Credit Limits		-		884
-To Others		-		5,680
		-		6,564

LANDBASE INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	For the Year Ended March 31, 2009		For the Year Ended March 31, 2008	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 18				
OPERATING AND ADMINISTRATIVE EXPENSES				
Salaries, Wages and Bonus	37,176,532		31,135,166	
Contribution to Provident and Other Funds	1,126,724		409,072	
Welfare Expenses	1,397,296	39,700,552	889,385	32,433,623
Rent		496,971		732,800
Rates & Taxes		1,098,742		893,038
Travelling & Conveyance		2,638,304		3,054,572
Vehicle Maintenance		1,744,503		1,793,195
Communication Expenses		1,846,674		941,167
Power & Fuel		9,199,218		5,485,303
Consumption of Stores		3,725,795		1,570,947
Insurance		720,750		806,739
Repair and Maintenance				
- Building	868,478		1,970,188	
- Plant and Machinery	1,169,384		2,046,708	
- Others	1,266,975	3,304,837	2,891,098	6,907,994
Course Maintenance		6,830,318		5,637,425
Business Promotion		167,340		365,174
Printing & Stationery		52,298		295,446
Auditors Remuneration				
- Audit Fee	661,800		600,000	
- Tax Audit Fee	-		35,000	
- Out of Pocket Expenses	28,900	690,700	67,513	702,513
Legal & Professional Charges		5,375,962		5,382,121
Advertisement & Sales Promotion		6,408		-
Hire Charges		1,010,875		968,464
Amortisation of Miscellaneous Expenses (Refer Note XII of Schedule 19)		1,053,347		1,053,347
Club Promotion Expenses		169,658		8,770
Sundry Balances written off		116,067		45,959
Maintenance stores writeoff		3,153,678		-
Loss on Assets sold & written off		5,196,841		454,323
Service Tax on exempted goods and services		2,198,247		-
Miscellaneous Expenses		1,741,044		2,138,557
		92,239,129		71,671,477

SCHEDULE - 19

NOTES TO THE ACCOUNTS

I. Estimated amount of contracts remaining to be executed on capital account of Rs 59,890,652 and not provided for. (Previous Year Rs. 62,567,409).

II. Claims against the Company not acknowledged as debts:

i) Legal suits against the Company for recovery of dues/compensation Rs. 472,400 (Previous year Rs. 378,630).

ii) The Company has received Income Tax demands of Rs.115,941,813 (Previous Year 115,941,813) for Assessment Year 2001-02 and Rs.138,202,831 (Previous Year 138,202,831) for the Assessment Year 2005-06 based on assessment / reassessment carried out for the respective years. The Company has filed appeal contesting the aforesaid demands with the Commissioner of Income Tax (Appeals) which is pending disposal. During the year, the Company has deposited Rs. 9,000,000 and filed an appeal to the Hon'ble High Court of Delhi for stay against the demands raised. Subsequent to year end the Hon'ble High Court of Delhi has granted stay of demand subject to a further payment of Rs. 10,000,000 and payment of instalments of Rs. 5,00,000 per month w.e.f. January 2009. In the opinion of the management the demands are not sustainable, hence no provision has been made.

III. Bank Guarantees given to Government Authorities, Rs 7,344,034 (Previous Year Rs.3,176,970).

IV. Current Liabilities include the following:

i) Rs. 566,500,000 (Previous Year Rs. 566,500,000) received as advance against agreement to sell from ITC Ltd. the Holding Company, in respect of approx. 26.82 acres of land and 6 lakh sq.ft of space rights in the Company's golf course, is subject to certain procedural approvals, which are in the process of being obtained. Upon implementation of the agreement to sell, significant profits are expected to be realised.

ii) Rs 418,100,000 (Previous Year Rs 187,000,000) are unsecured advances received from ITC Ltd for the purchase of land for the purpose of joint development of Hotel Resort Project

iii) Rs.310,857,033 (Previous Year Rs. 310,653,089) are deposits received from individuals towards golf memberships. These represent long term tradable memberships which, are to be refunded at the time of termination of the membership.

V 1) C I F Value of Imports:

Particulars	Current Year	Previous Year
	(Rs.)	(Rs.)
Stores & Spares	1,634,135	-
Capital Equipment	16,909,343	8,680,472
Total	**18,543,478**	**8,680,472**

2) Value of imported and indigenous Raw materials and stores and spare parts consumed and percentage of each to total consumption:

Particulars	Current Year		Previous Year	
	Value(Rs.)	%	Value(Rs.)	%
R				
Imported	0	0	0	0
Indigenous	4,741,179	100	2,904,779	100
Total	**4,741,179**	**100**	**2,904,779**	**100**
b) Stores & Spares				
Imported	3,197,532	28	0	0
Indigenous	8,047,270	72	8,369,227	100
Total	**11,244,802**	**100**	**8,369,227**	**100**

VI. **Quantitative Details of Merchandising Stock:**

Particulars	Current Year		Previous Year	
	Qty	Value	Qty	Value
	(Nos.)	(Rs)	(Nos.)	(Rs)
a) Opening Stock				
Golf Equipment *	11	517,911	5	43,518
Golf Apparel etc	31,394	509,535	29,992	785,164
Total	**31,405**	**1,027,446**	**29,997**	**828,682**
b) Purchases				
Golf Equipment *	2	154,976	6	474,393
Golf Apparel etc	4,641	854,652	3,018	109,404
Total	**4,643**	**1,009,628**	**3,024**	**583,797**
c) Turnover (at selling price)				
Golf Equipment *	-	-	-	-
Golf Apparel etc	22,387	1,091,961	1,616	421,427
Total	**22,387**	**1,091,961**	**1,616**	**421,427**
d) Closing Stock				
Golf Equipment *	13	672,887	11	517,911
Golf Apparel etc	13,648	489,013	31,394	509,535
Total	**13,661**	**1,161,900**	**31,405**	**1,027,446**

*Quantitative details reflects only high value golf equipment

VII arnings in oreign Currency, on cash basis Rs 631, 43 (revious ear Rs. 11,245) and expenditure in foreign currency on cash basis was Rs. 2,641,687 (Previous year Rs. 15,397,522)

VIII. The Company has formulated plans for cost reduction and has also been assured by its parent, ITC Ltd., of continued support to the company's pro ects. ence not ithstanding continuing losses, these accounts have been prepared on going concern basis.

IX. As per the information available with the company, during the year, there have been no transactions with the enterprises covered under the Micro, Small & medium Enterprises Development Act, 2006. Hence there is no disclosure required under such act.

X. In view of the significant carry forward income tax losses(business and depreciation) and there being no virtual certainty of profits in the near future, net deferred tax asset as at March 31, 2009 has not been recognised in the books of accounts

XI. The Capital work-in-progress amounting to Rs. 74,141,897 (Previous Year Rs. 63,455,861) includes Rs 73,552,205 (Previous Year Rs. 63,455,861) relating to the Resort project.

XII. The Company had incurred an expenditure of Rs.10,533,471 on erection of 11 KVA Feeder Line from Tauru Sub Station to Classic Golf Resort during the year 2002-03. Considering the nature of expenditure as being enduring in nature, the same is being amortised over a period of 10 years. Accordingly, an amount of Rs 3,160,043 (Previous Year Rs. 4,213,390) has been treated as Deferred Revenue Expenditure and disclosed under Miscellaneous Expenditure (to the extent not written off or adjusted) after amortising an amount of Rs.1,053,347(Previous Year Rs.1,053,347) (disclosed under Schedule 18 Operating and Administrative Expenses).

XIII. Earnings per share

	Current Year	**Previous Year**
Earnings per share has been computed as under:		
(a) Profit / (Loss) After Taxation (Rs.)	(53,160,386)	(77,350,618)
(b) Number of Ordinary Shares outstanding	4,000,000	4,000,000
(c) Earnings per share (Face value Rs.10/- per share) (a)/(b) - (Basic and diluted)	(13.29)	(19.34)

XIV. **Segment Reporting**

The company carried on activities primarily under the leisure & Hospitality segment and operates within one geographical segment, India

XV. Related Party Disclosures

a) a) Holding Company: ITC Limited

b) Related Parties with whom transactions have taken place:

i) Fellow Subsidiary Companies: Fortune Park Hotels Limited, ITC Infotech India Limited

c) Key Management Personnel

Mr. Nakul Anand	Chairman
Mr. S C Sehkar	Managing Director
Mr. Rajiv Tandon	Director
Mr. M Riaz Ahmed	Director

Summary of transactions during the year:

(Figures in Rupees)

S.No	Particulars	Holding Company		Fellow Subsidiaries	
		Current Year	Previous Year	Current Year	Previous Year
1	Sale of Goods	-	-	-	-
2	Sale of Services	623,899	171,262	-	-
3	Purchase of Fixed Assets	2,954,474	-	31,789	-
4	Commission Income on Consignment Sales	28,130	45,788	-	-
5	Purchase of Services	230,556	201,910	-	-
6	Interest Paid	-	-	-	-
7	Expenses Recovered	3,522,344	-	-	-
8	Expenses Reimbursed	7,799,536	16,252,500	-	909,113
9	Loans Taken	-	40,000,000	-	-
10	Payment towards refund of Advances	-	-	-	-
11	Payment towards Interest Payable(Gross)	-	-	-	-
12	Advances Received	231,100,000	107,000,000	-	-
13	Sale of Fixed Assets	-	-	-	-
14	Balances Outstanding at the year end	-	-	-	-
i)	Debtors/ Receivables	362,173	66,749	-	-
ii)	Creditors/ payables	898,992	2,548,391	-	119,713
iii)	Advances Received	984,600,000	753,500,000	-	-
iv)	Loans Taken	400,000,000	400,000,000	-	-

Summary of Transactions wit the key Management Personnel during the year:

S.No	Particulars	Current Year	Previous Year
1	Sale of Services	14,595	3,134
2	Balances Outstanding at the year end		
i)	Debtors/ Receivables	-	3,134

XVI. The Company has during the year complied with the Accounting Standard 15 (Revised2005) on Employee benefits issued by the Institute of Chartered Accountants of India

The Company has accounted for the following long term defined benefits and contribution schemes as under:

A) **Defined Benefit Schemes**

(a) Gratuity

The employees are entitled to gratuity that it is computed as half month's salary, for every completed year of service and is payable on retirement/ termination. The company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation. The plan is unfunded.

(b) Leave Encashment/ Compensated Absences

The employees are entitled for leave for every year/ part thereof of service and subject to the limits specified, the unavailed portion of such leaves can be accumulated or encashed during/ at the end of service period. The plan is unfunded.

The reconciliation of the opening and closing balances of the present value of the defined benefit obligations are as below:

	Year ended 31 March 2009 (Amount in Rs.)		**Year ended 31 March 2008 (Amount in Rs.)**	
	Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Obligations at the year beginning	**470,063**	**403,334**	**449,746**	**350,477**
Service cost - current	243,208	143,698	36,721	126,863
Interest Cost	21,014	22,457	32,975	25,063
Actuarial (gain)/Loss	235,561	151,940	(29,210)	(66,450)
Benefit paid	(339,719)	(165,038)	(20,169)	(32,619)
Obligations at year end	630,127	556,391	470,063	403,334
Liability recognised in the Balance Sheet	630,127	556,391	470,063	403,334
Defined benefit obligations cost for the year				
Service cost - current	243,208	143,698	36,721	126,863
Interest Cost	21,014	22,457	32,975	25,063
Expected return on plan assets	-	-	-	-
Actuarial (gain)/Loss	235,561	151,940	(29,210)	(66,450)
Net defined benefit obligations cost	**499,783**	**318,095**	**40,486**	**85,476**

The principal assumptions used in determining post-employment benefit obligations are shown below:

	2009(%)	**2008(%)**
Discount rate	7 p.a	7.5 p.a
Future salary increases	5 p.a	5 p.a

XVII. revious year s figures have been regrouped rearranged herever considered necessary to comply ith current year's classification.

20 SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

To prepare financial statements in accordance with the historical cost convention, generally accepted accounting principles and relevant presentational requirements of the Companies Act, 1956. Income & Expenditure are recognised on accrual basis.

II. FIXED ASSETS

Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses relating to acquisition. In respect of major projects involving construction, related project and pre-operational expenses form part of the value of assets capitalised.

III. DEPRECIATION

To provide depreciation in respect of Assets on straight line method at its estimated useful life or the rates specified in Schedule XIV of the Companies Act, 1956. The rates of depreciation used for Golf Carts (@20%), Tented Accommodation (@ 50%) and Vehicular Roads (@ 20%) are on the basis of the estimated life of these Assets.

IV. INVENTORIES

To value inventories on weighted average basis, at cost or net realisable value, whichever is less. Work in Progress is valued at cost which includes all direct and indirect attributable expenses. Cost includes freight and other related incidental expenses.

V. RETIREMENT BENEFITS

To make regular contributions to Statutory Provident and Pension Funds which are charged to revenue. Provision for Gratuity and Leave Encashment is based on actuarial valuation according to AS-15 (Revised) carried out at the year-end .

VI. FOREIGN CURRENCY TRANSLATION

To record transactions in foreign currencies at the exchange rate prevailing on the date of the transaction. Payments made in foreign currencies are recorded at the exchange rate prevailing on the day of remittance. Liability / Receivables on account of foreign currency are converted at the exchange rates prevailing at the end of the year. Exchange differences are appropriately dealt with in the profit and loss account.

VII. REVENUE RECOGNITION

1. Consequent to the completion of the Laburnum Project the Company had disclosed the unsold stock of Parking Slots and Servant Quarters under inventory and the revenue on account of the sale of such stock is being accounted for on accrual basis.

2. i) Corporate membership fee is accounted for over the period of membership.
   ii) Entrance fees is accounted for in the year of receipt.
   iii) Interest charged on delayed receipt of Subscription is accounted for on receipt basis.
3. Sale of merchandising items is recognised at the time of raising of relevant invoices.

VIII. INVESTMENTS

Long term Investments are stated at cost. Where applicable, provision is made where there is a permanent diminution in the valuation of the investments.

IX. TAXES ON INCOME

1. To provide and determine current tax as the amount of tax payable in respect of taxable income for the period.
2. To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

3. Not to recognise deferred tax asset 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.

On behalf of the Board

Place :- Gurgaon	**S.C.Sekhar**	**M. Riaz Ahmed**
Date :- April 30, 2009	Managing Director	Director

20 SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. Not to recognise deferred tax asset 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.

On behalf of the Board

Place :- Gurgaon	**S.C.Sekhar**	**M. Riaz Ahmed**
Date :- April 30, 2009	Managing Director	Director

Landbase India Limited

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. 47331 State Code 55

Balance Sheet Date 31-03-2009 (Date Month Year)

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
N.A.	N.A.
Bonus Issue	**Private Placement**
N.A.	N.A.

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

Total Liabilities	Total Assets
501162	501162

Sources of Funds

Paid up Capital	Reserves & Surplus
40000	611162
Secured Loan	**Unsecured Loan**
210000	1900000
Deferred Tax Liability-Net	
N.A.	

Application of Funds

Net Fixed Assets	Investments
964366	N.A.
Net Current Assets + - [ ] [a]	**Misc. Expenditure**
1249694	3160

(Please tick appropriate box + for profit, - for loss)

Accumulated Losses
783330

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

Turnover**	Total Expenditure
74962	1277782

** Includes Other Income

Profit/Loss Before Tax + - [ ] [a]	Profit/Loss After Tax + - [ ] [a]
52820	53160

(Please tick appropriate box + for profit, - for loss)

Earnings per Share in Rs.	Dividend Rate %
13.29	

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

Item Code No. N.A.

Product Description N.A.

For and on Behalf of Board of Directors

For Landbase India Limited

M. RIAZ AHMED
Director

S.C. SEKHAR
Director

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

Your Directors hereby present the Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2009.

	Year ended 31.03.2009 (Rs. Lakhs)	Year ended 31.03.2008 (Rs. Lakhs)
Gross operating Profit / (Loss)	55.99	116.40
Less: Interest and finance charges	0.00	0.00
Profit / (Loss) before depreciation and taxation	55.99	116.40
Less: Depreciation & Impairment loss	2.88	3.05
Profit / (Loss) before Taxation	53.11	113.35
Less: Provision for Taxation	-	-
Profit / (Loss) after Taxation	53.11	113.35
Brought forward from previous year	(6,090.49)	(6,203.84)
Transfer from General Reserve	-	-
Balance carried to Balance Sheet	(6,037.38)	(6,090.49)

The gross operating profit for the year ended March 31, 2009 was Rs. 55.99 lakhs, compared to a profit of Rs.116.40 lakhs in the previous year and after providing depreciation, the net profit for the year was Rs. 53.11 lakhs as against a net profit of Rs. 113.35 lakhs in the previous year.

Economic Scenario

During the past there has been no turnaround in the status of the non-performing assets of the NBFC Industry and hence there has been no significant beneficial impact on the recovery of the monies due to your Company. During the year some clients have come forward for negotiated settlements and concluded the same. Some more settlements are under evaluation. Your Company continues to vigorously pursue various legal cases initiated against defaulting clients.

Operations

During the last twelve years your Company has concentrated only on recoveries and has collected a total of Rs. 9,606.72 lakhs including by way of property settlements. The collections were largely utilized for repayment of debts - Rs. 955.05 lakhs (Inter corporate deposits), Rs. 687.39 lakhs (Non-convertible debentures), Rs. 161.08 lakhs (Bill Rediscounting), Rs. 1,571.43 lakhs (Fixed Deposits), Rs. 528.67 lakhs (Financial Institutions), Rs. 4,371.72 lakhs (Banks) and Rs.425 lakhs (Repayment of Loan from Holding Company), an aggregate of Rs. 8,700.34 lakhs.

Your Company has already discharged all its external liabilities.

Your Company has prepared the annual accounts on a going concern basis. Your Company is presently concentrating on the recovery of its dues. It is being planned to further intensify the efforts for collection of dues through negotiated settlements, in the coming year. The Company will examine options for further opportunities, on improvement of collections from debtors.

Reserve Bank of India directions to NBFCs

Your Company has made provisions as per the Reserve Bank of India's Directions.

Directors' Responsibility Statement

Your Directors have:

i) followed, in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;

ii) selected such accounting policies and applied them consistently and made judgments 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;

iv) prepared the annual accounts on a going concern basis.

Dividend

In view of the accumulated loss, your Board regrets that the Company is not in a dividend paying position.

Particulars of Employees

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

Subsidiary Companies

BFIL Securities Limited
Your Company's subsidiary is in the process of Members' voluntary winding up.

MRR Trading & Investment Company Limited

With a view to acquire office space in Mumbai, by way of tenancy rights, your Company had acquired the entire equity share capital of MRR Trading & Investment Company Limited after obtaining the necessary approval from the Central Government. The tenanted space is being utilized as Corporate Office of your Company.

Directors

Sri Raja Parasuram retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

The Company has no activities relating to Conservation of Energy and Technology Absorption. There has been no foreign exchange earnings or outgo.

Deposits

The Company has not accepted any deposits during the year under the Companies (Acceptance of Deposits) Rules, 1975. As at 31st March 2009, the Company does not hold any Fixed Deposits.

Acknowledgements:

The Directors have pleasure in recording their appreciation of the assistance extended to the Company by various officials of the Central and State Governments and Commercial Banks.

On behalf of the Board

	P. Dhobale	Raja Parasuram
Secunderabad, 20th April, 2009	Director	Director

Auditors' Report to the members of BFIL Finance Limited.

1. We have audited the attached Balance Sheet of BFIL Finance Limited as at March 31, 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 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 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, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give 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 in paragraph 3 above, we report that:

   (a) 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;

   (b) 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;

   (c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors of the Company as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) Reference is invited to note 1 on Schedule 12 to the financial statements regarding the Company's accounts being prepared on a going concern basis.

   (g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra
Partner
Membership No: 50553

Secunderabad, April 20, 2009

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of BFIL Finance Limited on the accounts for the year ended March 31, 2009]

1.(a) The company is generally maintaining adequate records to show the particulars of fixed assets, commensurate with the size of the company and the nature of its business.

(b) All the fixed assets of the company are physically verified by the management according to a phased program designed to cover all the items over a period of two years, except for the leased assets where parties have defaulted in payment of lease rentals and the Company has initiated legal proceedings for recovering the dues, accordingly no physical verification of fixed assets have been carried out during the year.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.

2.(a) The stock-in-trade has been physically verified by the management at the year-end. However, in respect of stock-on-hire, the Company has initiated legal proceedings for recovering its dues and no physical verification was carried out. In our opinion, the frequency of verification of stock-in-trade is reasonable.

(b) In our opinion, the procedures of physical verification of stock-in-trade followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of stock-in-trade. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.

3. The company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. However, during the year, there are no purchases of inventory and fixed assets or sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act, during the year to be entered in the register required to be maintained under that Section.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, there are no undisputed material statutory dues liable to be paid by the company during the year and remaining un-paid at the end of the year.

(b) According to the information and explanations given to us and the records of company examined by us, there are no dues in respect of income-tax which have not been deposited on account of any dispute. Sales tax, wealth tax, service tax, customs duty, excise duty and cess are not applicable to the company during the current year.

9. The company's accumulated losses as at March 31, 2009 are more than fifty percent of its net worth and has not incurred cash losses during the financial year ended on date and in the immediately preceding financial year.

10. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to debenture holders as at the balance sheet date. There are no dues to financial institutions and bank.

11. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.

12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company.

13. In our opinion, the company has not entered into any transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year. However, the company as at March 31, 2009 holds certain securities as stock in trade and such securities have been held by the company in its own name.

14. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

15. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

16. The Clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (viii), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4, of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra
Partner
Membership No: 50553

Secunderabad, April 20, 2009

BALANCE SHEET AS AT 31st MARCH, 2009

(Rs.Lakhs)

	Schedule	As at 31st March, 2009		As at 31st March, 2008	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
Capital	1		2,000.00		2,000.00
2. Loan Funds					
Unsecured Loans	2		4,799.11		4,889.11
			6,799.11		6,889.11
II. APPLICATION OF FUNDS					
1. Fixed Assets	3				
a) Gross Block		2,370.72		2,943.50	
b) Depreciation and Impairment		(1,316.70)		(1,636.98)	
c) Lease Terminal Adjustment		(391.44)		(416.11)	
d) Net Block		662.58		890.41	
e) Capital Work-in-Progress		281.73		281.73	
f) Provision for Doubtful leased Assets		(612.06)		(837.01)	
			332.25		335.13
2. Investments	4		430.24		430.24
3. Current Assets, Loans and Advances					
a) Stock-on-hire		306.67		618.31	
Less: Provision for Doubtful Assets		239.04		485.37	
		67.63		132.94	
Less: Unmatured finance charges		67.63		132.94	
		-		-	
b) Stock-in-trade	5	0.01		0.01	
c) Sundry Debtors	6	-		-	
d) Cash and Bank Balances	7	4.82		22.18	
e) Loans and Advances	8	0.58		16.44	
		5.41		38.63	
Less: Current Liabilities and Provisions					
Current Liabilities	9	6.17		5.38	
Net Current Assets			(0.76)		33.25
4. Profit and Loss Account - Debit Balance			6,037.38		6,090.49
			6,799.11		6,889.11
Notes to the Accounts	12				

Schedules 1 to 9, 12 and Statement on Significant Accounting Policies form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our Report of even date.

For and on behalf of Lovelock & Lewes	On behalf of the Board
Chartered Accountants	P. Dhobale — Director
Partha Mitra, Partner	Raja Parasuram — Director
	V. Radhakrishnan — Manager & Company Secretary
Secunderabad, 20th April, 2009	

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

(Rs. Lakhs)

	Schedule	For the year ended 31st March, 2009	For the year ended 31st March, 2008
INCOME			
Other Income	10	95.75	144.02
		95.75	**144.02**
EXPENDITURE			
Personnel, Operating and Administration Expenses	11	39.76	27.62
Depreciation and Impairment loss		2.88	3.05
		42.64	**30.67**
PROFIT BEFORE TAXATION		**53.11**	**113.35**
Provision for Taxation		-	-
PROFIT AFTER TAXATION		**53.11**	**113.35**
Surplus / (Deficit) Brought forward from previous year		(6,090.49)	(6,203.84)
Balance carried to Balance Sheet		**(6,037.38)**	**(6,090.49)**
Notes to the Accounts	12		
Basic and Diluted Earnings per Share (Rs.)		0.27	0.57

Schedules 10 to 12 and Statement on Significant Accounting Policies 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 and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra, Partner

Secunderabad, 20th April, 2009

On behalf of the Board
P. Dhobale, Director
Raja Parasuram, Director
V. Radhakrishnan, Manager & Company Secretary

SCHEDULES TO THE FINANCIAL STATEMENTS

(Rs. Lakhs)

	As at 31st March, 2009		As at 31st March, 2008	
	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)
1 CAPITAL				
AUTHORISED				
3,00,00,000 Equity Shares of Rs.10/- each	3,000.00		3,000.00	
10,00,000 Cumulative Redeemable / Convertible Preference Shares of Rs.100/- each	1,000.00		1,000.00	
		4,000.00		4,000.00
ISSUED AND SUBSCRIBED				
2,00,00,000 Equity Shares of Rs. 10/- each fully paid- up in cash (all the above Shares are held by the Holding Company, ITC Limited)		2,000.00		2,000.00
		2,000.00		2,000.00
2 UNSECURED LOANS				
Other than Short Term				
15,00,000 - 0% Non-Convertible Debentures of Rs.100/- each issued to the Holding Company, and repayable at par on 31st March, 2012		1,500.00		1,500.00
Loans from Holding Company		3,299.11		3,389.11
		4,799.11		4,889.11

SCHEDULES TO THE FINANCIAL STATEMENTS

3. FIXED ASSETS (Rs. Lakhs)

	Gross Block (at cost)				Depreciation				Lease Terminal Adjustment		Net Block	
	As at 01st April, 2008	Additions during the Year	Deductions during the Year	As at 31st March, 2009	As at 31st March, 2008	For the Year	On withdrawals and adjustments	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
Buildings	108.59	-	-	108.59	69.62	1.95	-	71.57	-	-	37.02	38.97
Office Equipment	30.02	-	-	30.02	27.79	0.31	-	28.10	-	-	1.92	2.23
Furniture and Fixtures	148.05	-	-	148.05	148.05		-	148.05	-	-	-	-
Leasehold Improvement	66.10	-	-	66.10	53.91	0.62	-	54.53	-	-	11.57	12.19
LEASED ASSETS												
Plant and Machinery	2,590.74	-	572.78	2,017.96	1,337.61		323.16	1,014.45	391.44	416.11	612.06	837.01
Total	2,943.50	-	572.78	2,370.72	1,636.98	2.88	323.16	1,316.70	391.44	416.11	662.58	890.41
Previous Year	2,977.53		34.03	2,943.50	1,633.93	3.05		1,636.98	416.11	416.11	890.41	
Capital Work-in-Progress											281.73	281.73

Leasehold Improvement represents the amount incurred on renovation of the premises of the wholly owned subsidiary, MRR Trading & Investment Co.Ltd. which holds the tenancy rights.
Capital Work-in-Progress represents Rs. 281.73 Lakhs (2008: Rs.281.73 Lakhs) being value of property received towards settlement of dues pending registration.
Depreciation as at the year end include impairment loss as under :

(Rs.Lakhs)

	As at	
	31st March, 2009	31st March, 2008
Buildings	32.01	32.01
Furniture and Fixtures	48.87	48.87
Total	80.88	80.88

SCHEDULES TO THE FINANCIAL STATEMENTS

(Rs. Lakhs)

	As at 31st March, 2009		As at 31st March, 2008	
4 INVESTMENTS				
Unquoted (At Cost)				
Long Term :				
Government / Trust Securities (other than trade)				
National Savings Certificate fully paid (deposited with Government Authorities)	0.05		0.05	
Kisan Vikas Patra fully paid (deposited with Government Authorities)	0.05		0.05	
	0.10		0.10	
Less : Provision for doubtful investments	0.10	-	0.10	-
Trade Investments :				
Subsidiary Company				
MRR Trading & Investment Company Limited (includes 50,000 Equity Shares of Rs.10/- each fully paid)	506.46		506.46	
Less: Diminution in value of investments	(76.22)	430.24	(76.22)	430.24
		430.24		430.24
5 STOCK-IN-TRADE				
(Valued at Cost or Market Value whichever is lower)				
Stock of Shares & Securities				
Quoted -Fully paid				
3 Equity Shares of Rs.10/- each of Ultra Tech CemCo Limited		0.01		0.01
Unquoted- Fully paid				
5,40,000 Optionally Fully Convertible Debentures of G-Tech Stone Limited	594.00		594.00	
Less: Provision for erosion in value	594.00	-	594.00	-
		0.01		0.01

SCHEDULES TO THE FINANCIAL STATEMENTS

(Rs. Lakhs)

	As at 31st March, 2009		As at 31st March, 2008	
6 SUNDRY DEBTORS				
(Unsecured, considered doubtful)				
Over 6 months :				
Lease and hire purchase debtors		480.62		480.62
Trade debtors		1045.60		1,045.60
		1526.22		1,526.22
Less: Provision for doubtful debts		1526.22		1,526.22
		-		-
				0
7 CASH AND BANK BALANCES				
Cash on hand		-		-
With Scheduled Banks				
on current accounts		4.82		22.18
		0.00		
			0.00	
		4.82		22.18
8 LOANS AND ADVANCES				
(Unsecured, considered good)				
Dues from the Holding Company		0.58		1.09
Deposit with Govt. , Public Bodies etc.		-		15.00
Other Advances		-		0.35
		0.58		16.44
9 CURRENT LIABILITIES				
Sundry Creditors				
Dues to Micro, Small and Medium enterprises	-	-	-	-
Other Liabilities		6.17		5.38
(includes Rs. 0.02 Lakhs (2008 -Rs.0.11 lakh) due to Subsidiary Company)				
		6.17		5.38

SCHEDULES TO THE FINANCIAL STATEMENTS

(Rs. Lakhs)

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
10 OTHER INCOME				
Provision no longer required written back		91.88		144.02
Interest- on Income tax dues		1.50		-
Others		2.37		-
		95.75		144.02
11 PERSONNEL, OPERATING AND ADMINISTRATION EXPENSES				
Salaries		0.76		-
Professional Charges		18.32		23.98
Professional Tax		0.13		-
Remuneration to Auditors :				
Audit Fee	0.86		0.86	
Other services	0.30	1.16	0.26	1.12
Reimbursement of Expenses incurred by Subsidiary Company		18.95		1.72
Miscellaneous		0.44		0.80
		39.76		27.62

Schedules to the Financial Statements

12 NOTES TO THE ACCOUNTS

1. The financial statements have been prepared on a going concern basis. There are no operational activities. The Company continued recovery of its dues in the normal course of business. The Company will examine options for further business opportunities, on improvement of collections from debtors. No provision has been made for Income Tax during the current financial year as there would be no Income Tax liability.

2. Claims against the Company not acknowledged as debts- lease tax on account of non-accrual of lease rental Rs.34.63 lakhs.

3. The Company has initiated legal proceedings against various parties for recovery of dues and such legal proceedings are at different stages as at the date of the Balance Sheet and upon culmination, are expected to result in recovery of part of the dues in the future.

4. The Company has not recognized the net deferred tax assets, in respect of accumulated losses and unabsorbed depreciation in view of the uncertainty of availing the benefit in future.

5. The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise net profit / (loss) after taxation. The number of shares used in computing basic and diluted EPS is the weighted average number of shares outstanding during the year.

	2008-09	**2007-08**
Profit after Taxation (Rs. lakhs)	53.11	113.35
Weighted average number of equity shares outstanding	2,00,00,000	2,00,00,000
Basic and diluted earnings per share in rupees (Face value – Rs. 10 per share)	0.27	0.57

6. Information with regard to matters in clauses 3, 4(A), 4(C) and 4(D) of part II of Schedule VI of the Companies Act, 1956 to the extent that they are either Nil or not applicable to the Company, have not been given.

7. Segment Reporting – The Company operates in a single business segment and hence no further disclosure is being made.

8. Related Parties Disclosures:

   a) Relationships:

      Holding Company - ITC Limited

      Subsidiary Company – MRR Trading & Investment Company Limited

   b) Key Management Personnel –

      Mr. P. Dhobale - Non-Executive Director
      Mr. Raja Parasuram - Non-Executive Director
      Mr. J. Singh - Non-Executive Director
      Mr.V. Radhakrishnan - Company Secretary & Manager

c) **Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end :-**

Particulars	2008-09	2007-08
	(Rs. Lakhs)	(Rs. Lakhs)
Holding Company		
Repayment of unsecured loan	90.00	150.00
Balance as at the year end		
Receivables	0.58	1.09
0% Non-Convertible Debentures	1,500.00	1,500.00
Loans from Holding Company	3,299.11	3,389.11
Subsidiary Company		
Re-imbursement of expenses	18.95	1.72
Balance as at the year end		
Payables	0.02	0.11

9. QUANTITATIVE ANALYSIS FOR STOCK-IN-TRADE

Particulars	Opening Stock As at April 1, 2008		Purchases During the year		Sales During the year		Closing Stock As at March 31, 2009		Closing Stock As at March 31, 2008	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	(Nos.)	(Rs. lakhs)	(Nos.)	(Rs. lakhs)	(Nos.)	(Rs. lakhs)	(Nos.)	(Rs. lakhs)	(Nos.)	(Rs. lakhs)
Quantitative information										
Equity shares of Rs. 10 each of Ultra Tech CemCo. Ltd.	3	0.01	-	-	-	-	3	0.01	3	0.01
Unquoted Convertible / Non – Convertible Debentures of G-Tech Stone Ltd.	540000	594.00	-	-	-	-	540000	594.00	540000	594.00
Less: Provision for diminution in the value		(594.00)	-	-	-	-	-	(594.00)	-	(594.00)
Total		0.01						0.01		0.01

10.Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

GENERAL

These accounts have been prepared under the historical cost convention and on accrual system based on the principle of going concern. Income recognition and provisioning for Non-performing Assets, consisting of Lease and Hire Purchase Assets, Bills Discounted and other Loans and advances, is done as per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

REVENUE RECOGNITION

As per the directives of the Reserve Bank of India, revenue is recognized upon realization, on Non-Performing Assets.

Revenue is not recognized on the grounds of prudence until realized in respect of liquidated damages, penalties and delayed payment charges, as recovery of the amounts is uncertain.

STOCK-IN-TRADE

Stock of securities are stated at cost or market price whichever is lower. Stock-on-hire is valued at agreement value less amounts receivable.

INVESTMENTS

All investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition where applicable. Provision for any permanent diminutions in value of investments is made which is considered to be appropriate. Income from investments is stated in revenue account in the year in which it is accrued and at gross value.

FIXED ASSETS

All fixed assets including assets given on lease are valued at cost inclusive of direct and incidental expenses related to acquisition.

Depreciation of fixed assets is provided on written down value method on pro-rata basis in accordance with the rates prescribed under amended Schedule XIV of the Companies Act, 1956. Leasehold improvements (excluding electrical installations) are being depreciated @ 5% on written down value and Electrical Installations included in Leasehold improvements are being depreciated @ 15%.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment loss (being the excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial years. The impairment loss recognized in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

STATEMENT REGARDING SUBSIDIARY COMPANIES:

Pursuant to Section 212(1) and (3) of the Companies Act, 1956

MRR TRADING & INVESTMENT COMPANY LIMITED

(a) Holding Company's interest:
50,000 Equity Shares of Rs.10/- each, fully paid-up

(b) Net aggregate amount of Subsidiary's profit/(loss) not dealt with in the Holding Company's accounts:

		(Rs. lakhs)
(i)	for the Subsidiary's financial year ended March 31, 2009	Nil
(ii)	for the previous financial years	(4.16)

(c) Net aggregate amount of Subsidiary's profit / (loss) dealt with in the Holding Company's accounts:

(i)	for the Subsidiary's financial year ended March 31, 2009	Nil
(ii)	for the previous financial years	Nil

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. 01-64662 State Code 11

Balance Sheet Date: 31 (Date) 03 (Month) 09 (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
679911	679911

Sources of Funds

Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
200000	-	0	479911

Application of Funds

Net Fixed assets	Investments	Net Current Assets	Misc. Expenditure
33225	43024	(76)	-

Accumulated Losses
603738

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure	+ -	Profit / loss Before Tax	+ -	Profit / loss After Tax
9575	4264	+	5311	+	5311

(Please tick appropriate box + for profit, - for loss)

Earnings per Share (Rs.)	Dividend rate (%)
0.27	-

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

Item Code No. (ITC CODE): NOT APPLICABLE

Product Description: NOT APPLICABLE

On behalf of the Board

Secunderabad	V. Radhakrishnan	P. Dhobale	*Raja Parasuram*
20th April, 2009	*Manager & Company Secretary*	*Director*	*Director*

Audit Committee: Mr P. Dhobale, Chairman, M/s. Raja Parasuram, J Singh Members.

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

(Rs. Lakhs)

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
A. Cash Flow From Operating Activities:				
Net Profit Before Tax		53.11		113.35
Adjustments For :				
Depreciation	2.88		3.05	
Provision no longer required written back	(91.88)	(89.00)	(144.02)	(140.97)
Operating Profit Before Working Capital Changes		(35.89)		(27.62)
Adjustments For :				
Sundry Debtors - (increase) / decrease	91.88		144.02	
Trade and Other Receivables - (increase) / decrease	15.86		3.98	
Trade Payables - increase / (decrease)	0.79	108.53	0.15	148.15
Cash Generated From Operations		72.64		120.53
Income Tax Paid		-		-
Net Cash From Operating Activities		**72.64**		**120.53**
B. Cash Flow From Investing Activities		-		-
C. Cash Flow From Financial Activities :				
Repayments of Long Term Borrowings-Holding company		(90.00)		(150.00)
Net Cash Used In Financing Activities		**(90.00)**		**(150.00)**
Net Increase In Cash And Cash Equivalents		**(17.36)**		**(29.47)**
Opening Cash And Cash Equivalents		22.18		51.65
Closing Cash And Cash Equivalents		**4.82**		**22.18**

1 The above cash flow statement has been prepared under the "Indirect Method" as set out in AS-3 on ' Cash Flow Statements '

2. The comparative figures for the previous year have been re-arranged to conform with the revised presentation of the accounts.

This is the Cash Flow Statement referred to in our report of even date
For and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra, Partner

Secunderabad, 20th April, 2009

On behalf of the Board
P. Dhobale, Director
Raja Parasuram, Director
V. Radhakrishnan, Manager & Company Secretary

SCHEDULE TO THE
BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS AT 31ST MARCH 2009
(as required in terms of Paragraph 9BB of Non-Banking Financial Prudential Norms (Reserve Bank) Directions, 1998)

(Rs. In Lakhs)

	Particulars		
	Liabilities side:		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**	Amount outstanding	Amount overdue
	(a) Debentures: Secured	NIL	NIL
	: Unsecured (from Holding Company) (other than falling within the meaning of public deposits)	1,500.00	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate loans and borrowing (from Holding Company)	3,299.11	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits	NIL	NIL
	(g) Other Loans (Bank Borrowings) (including Interest accrued and due)	NIL	NIL
(2)	**Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	NIL	NIL
	(b) In the form of partly secured debentures i.e.debentures where there is a shortfall in the value of security	NIL	NIL
	(c) Other public deposits	NIL	NIL
	Assets side:		
		Amount outstanding	
(3)	**Break-up of Loans and Advances including bills receivable (other than those included in (4) below)**		
	(a) Secured	NIL	NIL
	(b) Unsecured	NIL	1,045.60
	Less: Provision for doubtful debts		(1,045.60)
(4)	**Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities**		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Financial lease		1,031.59
	Less: Advance received and provision for doubtful debts / assets		(1,031.59)
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		367.76
	Less: Provision for doubtful debts / assets		(300.13)
	Less: Unmatured Finance Charges		(67.63)
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		

(5)	**Break-up of Investments:**	
	Current Investments:	
	1. Quoted:	-
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. Unquoted:	
	(i) Shares: (a) Equity	-
	Less: Provision for diminution in value	
	(b) Preference	
	(ii) Debentures and Bonds	-
	Less: Provision for diminution in value	
	(iii) Units of Mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	Long Term investments:	
	1. Quoted:	
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds (OFCD)	-
	(iii) Units of Mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. Unquoted:	-
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds (OFCD)	-
	(iii) Units of Mutual funds	-
	(iv) Government Securities	-
	(v) Others - Investment in subsidiary Company	430.24

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

(Rs. Lakhs)

Category	Amount net of provisions		
	Secured	**Unsecured**	**Total**
1. Related Parties**			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	0.58	0.58
2. Other than related parties	NIL	NIL	NIL
TOTAL	NIL	0.58	0.58

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	**Market value/Break up or fair value or NAV**	**Book value (Net of provisions)**
1. Related Parties**		
(a) Subsidiaries	430.24	430.24
(b) Companies in the same group		
(c) Other related parties		
2. Other than related parties		
TOTAL	**430.24**	**430.24**

** As per Accounting Standard of ICAI

(8) Other information

Particulars	
(i) Gross Non-Performing Assets	
(a) Related parties	
(b) Other than related parties	3850.85
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(iii) Fixed assets acquired in satisfaction of debt	390.32

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

The Directors hereby submit their report for the financial year ended 31st March, 2009.

Operations

The operations of the Company during the year under review resulted in no loss / no profit.

Fixed Deposits

The Company has not accepted deposits under the Companies (Acceptance of Deposits) Rules, 1975.

Particulars of Employees

The Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The Company has no activities relating to Conservation of Energy and Technology Absorption. There has been no foreign exchange earnings or outgo during the year.

Directors

Sri P.K. Sen, Director retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Directors' Responsibility Statement

Your Directors have:

i) Followed, in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;

ii) Selected such accounting policies and applied them consistently and made judgments 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 which resulted in no profit / no loss 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;

iv) Prepared the annual accounts on a going concern basis.

On behalf of the Board

Secunderabad — **P.K. Sen Director**
20th April, 2009 — **M. Yelamanda Director**

Auditors' Report to the members of
MRR Trading & Investment Company Limited

1. We have audited the attached Balance Sheet of MRR Trading & Investment Company Limited as at March 31, 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 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 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, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, 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 in paragraph 3 above, we report that:

   (a) 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;

   (b) 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;

   (c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors of the Company as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner the information required by the Act , and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;

   (ii) in the case of the Profit and Loss Account, of the profit (Rs. Nil) for the year ended on that date, and

   (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra
Partner
MemberShip No : 50553

Secunderabad
Dated: April 20, 2009

ANNEXURE TO AUDITOR'S REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of MRR Trading & Investment Company Limited on the financial statements for the year ended March 31, 2009]

i. The company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

ii. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.

iii. The company's accumulated losses as at March 31, 2009 is more than fifty percent of its net worth and it has not incurred any cash losses in the financial year ended on March 31, 2009 or in the immediately preceding financial year.

iv. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

v. The clauses, (i) (a), (i) (b), (i) (c),(ii) (a),(ii) (b),(ii)(c),(iii)(b),(iii)(c), (iii) (d),(iii)(f), (iii) (g), (iv), (vi), (vii), (viii),(ix) (a),(ix) (b), (xi),(xii),(xiii) (a),(xiii)(b),(xiii)(c),(xiii)(d),(xiv), (xv), (xvi),(xvii),(xviii),(xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

For and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra
Partner
MemberShip No : 50553

Secunderabad
Dated: April 20, 2009

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	As at 31st March, 2009	As at 31st March, 2008
		(Rs.)	**(Rs.)**
SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	500,000	500,000
TOTAL		500,000	500,000
APPLICATION OF FUNDS			
1. Current Assets, Loans and Advances			
a) Cash and Bank Balances	2	87,505	76,720
b) Loans and Advances	3	9,571	18,344
		97,076	95,064
Less : Current Liabilities and Provisions			
a) Current Liabilities - Sundry Creditors	4	13,236	11,224
Net Current Assets		83,840	83,840
2. Debit Balance in Profit & Loss Account		416,160	416,160
TOTAL		500,000	500,000
Notes to the Accounts	5		

Schedules 1 to 5 form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

for and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra
Partner
Secunderabad, 20th April, 2009

On behalf of the Board

P.K. Sen — Director
M. Yelamanda — Director

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

	Schedule	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
INCOME					
Income			-		-
TOTAL			-		-
EXPENDITURE					
Rent		533,935		109,260	
Rates & Taxes		80,474		41,424	
Professional Charges		257,500		-	
Water Charges		9,370		10,278	
Bank Charges		451		57	
Audit Fees		11,248		11,224	
Auditors' Re-imbursement of Expenses		2,000		-	
Donation		1,000,000		-	
		1,894,978		172,243	
Less: Expenses reimbursed by the Holding Company		1,894,978		172,243	
			-		-
TOTAL			-		-
Profit / (Loss) Before Taxation			-		-
Provision for Taxation			-		-
Profit / (Loss) After Taxation			-		-
Balance Carried Forward from previous year			(416,160)		(416,160)
Balance Carried to Balance Sheet			(416,160)		(416,160)
Notes to the Accounts	5				
Earnings Per Share			0.00		0.00

Schedule 5 forms an integral part of the Profit and Loss Account.
This is the Profit & Loss Account referred to in our report of even date.

for and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra
Partner
Secunderabad, 20th April, 2009

On behalf of the Board

P.K. Sen — Director
M. Yelamanda — Director

SCHEDULES TO THE BALANCE SHEET

	As at 31st March, 2009 (Rs.)	As at 31st March, 2008 (Rs.)
1. CAPITAL		
AUTHORISED		
50,000 Equity Shares of Rs. 10/- each	500,000	500,000
ISSUED AND SUBSCRIBED AND PAID-UP		
50,000 Equity Shares of Rs. 10/- each fully paid-up (All the shares are held by the holding company, BFIL Finance Limited, a subsidiary of ITC Limited, ultimate Holding Company)	500,000	500,000
	500,000	500,000
2. CASH AND BANK BALANCES		
Balances with Scheduled Bank		
- on Current Account	87,505	76,720
	87,505	76,720
3. LOANS AND ADVANCES		
Deposits with Government, Public Bodies, etc.	7,120	7,120
Dues from the Holding Company	2,451	11,224
	9,571	18,344
4. CURRENT LIABILITIES - SUNDRY CREDITORS		
Dues to Micro, Small and Medium enterprises	-	-
Others	13,236	11,224
	13,236	11,224

SCHEDULES TO THE FINANCIAL STATEMENTS

5. NOTES TO THE ACCOUNTS

1 The financial statements have been prepared on a going concern basis.

2 **Significant Accounting Policies**

a) The accounts have been prepared on historical cost basis.

b) All revenue and expenses are accounted on accrual basis.

3 **Segment Reporting**

The Company operates in a single business segment and hence no further disclosure is being made.

4 **Related Parties Disclosures:**

a) Relationships:

Holding Company - BFIL Finance Limited

b) Key Management Personnel -

Mr. P.K. Sen - Director
Mr. J. Singh - Director
Mr. M. Yelamanda - Director

c) Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end.

Particulars	2008-09 (Rs.)	2007-08 (Rs.)
Holding Company Expenses Re-imbursed	1,894,978	172,243
Receivables as at the year end	2,451	11,224

5 The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise net profit / loss after taxation. The number of shares used in computing basic and diluted EPS is the weighted average number of shares outstanding during the year.

Description	2008-09 (Rs.)	2007-08 (Rs.)
Profit / (loss) after taxation	-	-
Weighted av erage number of equity shares outstanding	50,000	50,000
Basic and diluted earnings per share in rupees (face value - Rs. 10/- per share)	0.00	0.00

6 Previous year figures have been regrouped wherever necessary.

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.	11-23259	State Code	11
Balance Sheet Date	31 (Date)	03 (Month)	09 (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
500	500

Sources of Funds

Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
500	-	-	-

Application of Funds

Net Fixed assets	Investments	Net Current Assets	Misc. Expenditure
-	-	84	-

Accumulated Losses
416

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

Turnover	Total Expenditure	+ -	Profit / loss Before Tax	+ -	Profit / loss After Tax
0.00	0.00	-	0.00	-	0.00

(Please tick appropriate box + for profit, - for loss)

Earnings per Share (Rs.)	Dividend rate (%)
0.00	-

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

Item Code No. (ITC CODE)	NOT APPLICABLE
Product Description	NOT APPLICABLE

On behalf of the Board

P.K. Sen *Director*
M. Yelamanda *Director*

Secunderabad, 20th April, 2009

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.)
Cash flow for Operating Activities:		
Net Profit before Tax	-	-
Adjustments for:		
Depreciation etc.	-	-
Operating profit before working capital changes	-	-
Adjustment for:		
Trade and other receivables - (increase) / decrease	8,773	-
Trade payables - Increase / (decrease)	2,012	-
Cash generated from Operations	10,785	-
Income Tax paid	-	-
Net Cash from Operating Activities	10,785	-
Cash flow from Investing Activities:	-	-
Cash flow from Financing Activities:	-	-
Net increase in cash and cash equivalents	10,785	-
Cash and cash equivalents at beginning of period	76,720	76,720
Cash and cash equivalents at end of period	87,505	76,720

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in AS-3 on ' Cash Flow Statements '.
2. The comparative figures for the previous year have been re-arranged to conform with the revised presentation of the accounts.

This is the Cash Flow Statement referred to in our report of even date

for and on behalf of Lovelock & Lewes
Chartered Accountants
Partha Mitra
Partner
Secunderabad, 20th April, 2009

On behalf of the Board

P.K. Sen — Director
M. Yelamanda — Director

DIRECTORS' REPORT

Your Directors are pleased to submit their Report and Audited Accounts of your Company for the year ended 31st Ashad 2065 (15th July 2008).

SOCIO-ECONOMIC ENVIRONMENT

The year under review has been a landmark year in the history of Nepal. After a prolonged period of political and economic uncertainty the Constituent Assembly elections finally took place on April 10, 2008, transitioning Nepal from a monarchy to a parliamentary republic.

During the year the labour union at the Simra cigarette factory submitted a charter of unreasonable demands for the new Long Term Agreement and went on strike on January 23, 2008. The strike lasted 20 days and on February 11, 2008, post a tripartite meeting between the company management, the labour union and the Labour Ministry of the Government of Nepal, the strike was withdrawn and normal operations were resumed. A political blockade in the Terai region from February 13, 2008 for 15 days resulted in complete disruption of movement of goods further adding to the pressure on the supply chain.

The Ministry of Finance, Government of Nepal has indicated that GDP grew at a healthy 5.6% during the year ended 31st Ashad 2065, the highest growth rate in the past 8 years. This was led by a growth of 5.65% in the agricultural sector and 5.57% in the non-agricultural sector. However with a politically settled democratic scenario it is expected that during the current financial year the rate of GDP growth will continue to be robust.

COMPANY PERFORMANCE

Despite the difficult operating conditions your Company's strength in brand portfolio management along with proactive supply chain and inventory management practices, committed to delivering superior value to consumers continued to make satisfactory progress with enhanced market standing and an impressive financial performance for the year ended 31st Ashad 2065.

Gross Turnover (net of VAT) grew to NRs. 670 (Rs. 419) Crores, up from NRs. 593 (Rs. 371) Crores last year, a growth of 13%. Profit Before Tax grew 38 % from NRs. 112 (Rs. 70) Crore last year to NRs.154 (Rs. 96) Crores while Profit After Tax grew 37% from NRs.75 (Rs. 47) Crores to NRs.103 (Rs. 64) Crores. Return on net worth has increased to more than 38% as compared to 30% last year and earnings per share has grown 37% to NRs. 307 (Rs. 192) as against NRs. 224 (Rs. 140) last year.

CONTRIBUTION TO THE EXCHEQUER

Your Company is justifiably proud to retain its status as the single largest private sector contributor to the Government Exchequer. The outflow of NRs. 373 (Rs. 233) Crores towards Excise Duty, VAT, Income Tax and other taxes represents nearly 3.5% of the total revenue collected by the Government.

BUSINESS SEGMENTS

CIGARETTE BUSINESS

Brand Portfolio

With a continued focus on improving value share, new brands were launched to strengthen the portfolio and consolidate your Company's position in key product segments and channels. Surya 24 CARAT Lights and Kings were launched in an international bevel edge pack at the super-premium end of the market and Pilot Filter at the lower end of the regular filter size segment. The new brands reflecting the extensively researched consumer insights have been well received by consumers.

Distribution and Supply Chain Management

Despite the factory strike and other constraints enumerated under Socio-Economic Environment, your Company with its proactive supply chain and inventory management was able to ensure uninterrupted supplies to the trade and consumers by maintaining higher inventory levels at the factory and regional godowns.

Quality

Persistent focus on quality systems and modules enhanced further the overall quality standards and ratings.

Energy

Your Company has undertaken several initiatives in energy savings over the last few years. During the current year an energy efficient screw chilling system for air conditioning was installed at the cigarette factory. This has resulted in substantial savings on the total energy bill.

Environment Health and Safety

In continuing with its initiative in achieving operational excellence your Company's cigarette factory at Simra was accredited with the OHSAS 18001:1999 certification and the Employee's Housing Colony in Simra was accredited with OHSAS 18001:1999 and ISO 14001:2004.

Utmost care and precautions are taken on an ongoing basis through a systems led approach to ensure the safety of all employees.

Leaf Tobacco

On account of the disturbed operating conditions many farmers have opted for alternate crops, disrupting the crop development initiatives. As a result the total acreage of tobacco plantation as envisaged could not be achieved. A concerted effort is underway to increase the area under cultivation as well as improve the quality and chemistry of the domestic grades.

GARMENT BUSINESS – EXPORT

The Company's Garment Exports business continued to fulfill export orders for the 'Wills Lifestyle' and 'John Players' range of apparel from the Lifestyle Retailing Business of the holding company, ITC Limited. Your Company has also successfully executed a trial order placed for third country exports for the first time and repeat orders are expected.

The continued imposition of Additional Customs Duty of 4% on all garment imports into India as per the Indian Finance Act, 2006 continues to be a cause of concern, as it adversely impacts the competitiveness of exports from Nepal. Your Company continues to make representations to the appropriate authorities in this regard for a resolution.

As mentioned in last year's report, to leverage emerging opportunities in the domestic and export markets, your Company had invested in a state-of-the-art garment manufacturing facility at Biratnagar. Migration of manufacture from the existing factory to the new facility is expected to take place towards the end of September 2008.

GARMENT BUSINESS – DOMESTIC

In the domestic market 'John Players' has consolidated its position in the branded apparel segment. Two new Exclusive Brand Outlets of John Players were added in the Kathmandu valley during the year.

'Springwood', your Company's mass-market men's western wear brand, which offers an alternative to low price imports from China and South East Asia, was successfully launched across the country. Sales and consumer response have been encouraging.

DIVIDEND AND BONUS SHARES

Your Directors have declared an Interim Dividend of NRs. 200 (Rs. 125) per Ordinary Share for the year ended 31st Ashad 2065. The consequent outflow on this account, including Dividend Tax, amounts to NRs. 67.20 (Rs. 42) Crores. Your Board has also proposed issue of bonus shares in the ratio of 5 Bonus Shares for every Ordinary Share held, and Final Dividend of NRs. 60 (Rs. 37.50) per Ordinary Share, subject to the approval of the shareholders of the Company.

All previous dividends have been paid within the prescribed period and there were no unclaimed dividends lying with the Company.

TAX MATTERS

As reported in earlier years, your Company continues to receive Show Cause Notices (SCNs) and demands from Excise, Income Tax and VAT authorities seeking to recover taxes for different years, on the same issue of theoretical production. All these SCNs and demands are based on an untenable contention by the Revenue authorities that the Company could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by the Company in the year 2047-48 and, that, the Company is liable to pay taxes on such cigarettes that could have been theoretically produced. It is not even the allegation of the Revenue authorities that the Company has actually produced and removed any quantity of cigarettes in excess of the quantity declared. In fact, the Company's cigarette factory is under 'physical control' of the Revenue authorities and cigarettes produced are duly accounted for and certified as such by the Revenue authorities.

During the current year fresh demands raised on your Company on account of Excise duty was NRs 14.95 (Rs. 9.34) Crores and on account of Value Added Tax (VAT) was NRs 1.07 (Rs. 0.67) Crores. These demands pertain to the years 2060/61 to 2062/63 (2003/04 to 2005/06).

While the VAT demand for the year 2058/59 for NRs.7.55 (Rs. 4.72) Crores is pending review before the Director General of Inland Revenue, your Company has challenged all other demands at the Supreme Court.

The cumulative demands to date on the Company on account of theoretical production stands at NRs. 102.14 (Rs. 63.84) Crores.

Your Company has been advised by eminent counsel that the cases made out by the Department have no legal or factual basis and that the demand notices being raised against your Company are not sustainable.

RISK MANAGEMENT

Your Company's Corporate Governance Policy lays down the structure, roles and responsibilities of the key entities in the governance process and also mandates periodic reviews of the key areas of operations.

In addition, your Company has amongst others, robust policies, procedures and internal control systems covering areas such as Finance & Accounting and Information Technology.

PROMOTION OF TOURISM AND SPORTS

As part of our commitment to promote Tourism and Sports in the country under Surya Nepal Khelparyatan, your Company in association with Nepal Tourism Board and Nepal Golf Association sponsored the country's most premier professional Golf tournament – the 'Surya Nepal Masters' and also the Surya Nepal 9th SAARC Golf Championship, which was held for the first time in Nepal.

EMPLOYEES

Human Resource Development continues to be a critical focus area. Industrial relations with employees have been satisfactory barring the incident of strike by workers as stated earlier in this Report. The Directors of your Company place on record their sincere appreciation for the dedication and performance of the employees during the year.

DIRECTORS

Mr. H. M. Dar, who was on secondment to your Company, was recalled by ITC Limited and he stepped down as the Managing Director of your Company on 5th May, 2008. Your Directors would like to place on record their appreciation for the services rendered by Mr. Dar.

Mr. S. Keshava was seconded from ITC Limited and was appointed the Managing Director of your Company with effect from 6th May, 2008.

There were no other changes in the composition of the Board of Directors during the year.

The details of shares held by your Directors in the Company as on 31st Ashad 2065 are annexed to this Report (**Annexure I**). The Directors have confirmed that none of them or their close relatives have any direct involvement or any personal interest in any transaction of sale or purchase or any kind of contract or arrangement connected with the business of the Company and no amounts are due to the Company from them.

The details of payments made during the year to the Directors, Managing Director and other Officials, by way of Board meeting fees etc., are also annexed to this Report (**Annexure II**).

Details of Management expenses for the year 2064 / 65 are also annexed to this Report (**Annexure III**).

AUDITORS

M/s. N Amatya & Company, Chartered Accountants, Kathmandu, Nepal and M/s. Lovelock & Lewes, Chartered Accountants, Kolkata, India retire at the ensuing Annual General Meeting, and being eligible, have offered themselves for reappointment.

FUTURE OUTLOOK

Your Company continues to endeavour that its businesses grow profitably. Further your Company continues to explore growth opportunities and looks forward to the future with hope and confidence.

On behalf of the Board

A Singh Y C Deveshwar
Director Chairman

18th Bhadra 2065 (3rd September 2008)

Annexure I

Sl. No.	Name of Director	Number of Ordinary Shares of NRs. 100/- each held singly and / or jointly as on 31st Ashad 2065 (15th July 2008)
1.	Y C Deveshwar	Nil
2.	A Singh	Nil
3.	B B Chatterjee	Nil
4.	P Chatterjee	Nil
5.	D B Mathema	50,400
6.	S SJB Rana	100
7.	Sanjiv Keshava	Nil

Annexure II

THE AMOUNT OF REMUNERATION, ALLOWANCE AND FACILITIES PAID TO DIRECTOR, MANAGING DIRECTOR, CHIEF EXECUTIVE AND OFFICIALS

During the financial year 2064/65, the following amounts were paid to the Directors.

- Board Meeting Fee paid NRs. 30,294 (Rs. 18,934)
- Incidental expenses paid NRs. 35,000 (Rs. 21,875)

Payment to/ on behalf of Managing Director for the financial year 2064/65:

Salary – NRs. 4,891,226 (Rs. 3,057,016)
Allowances – NRs. 4,822,478 (Rs. 3,014,049)

In addition to the above, the Company also provided the following facilities to the Managing Director:

- Fully furnished accommodation with gas, electricity, water, security guard, gardener and furnishings.
- Airfares incurred for the Managing Director and his family for the purpose of Leave Travel & Reporting Trips.
- Entrance fees and annual subscription charges for two clubs.
- Personal accident insurance.
- Company car with driver and telephone at residence.

Payment to/ on behalf of officials for the financial year 2064/65:

Salary – NRs. 14,217,591 (Rs. 8,885,994)
Allowances – NRs. 12,683,276 (Rs. 7,927,048)

In addition to the above, some of the officials have been provided the following facilities as per their terms of appointment:

- Accommodation with gas, electricity, water, security guard, gardener and furnishings.
- Airfares incurred for the Managers and their families for the purpose of Leave Travel & Reporting Trips.
- Entrance fees and annual subscription charges for clubs as applicable.
- Personal accident insurance.
- Company car with driver and telephone at residence.

Annexure III

MANAGEMENT EXPENSES

The management expenses for the financial year 2064/65 comprising rent, electricity, fuel & water, repair & improvement, travel & conveyance, insurance premium, postage, telephone, telex, fax, legal and service fees, bank charges, rates & taxes, printing & stationery, entertainment, board meeting fees, donations and charity, books & periodicals, miscellaneous expenses etc. amounted to NRs. 298,362,560 (Rs. 186,476,600).

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SURYA NEPAL PRIVATE LIMITED

We have audited the accompanying Balance Sheet of Surya Nepal Private Limited as at Asadh 31, 2065 (July 15, 2008), the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Nepal Standards on Auditing or relevant practices. Those Standards or relevant practices 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were considered necessary for the purpose of our audit;

b) The enclosed Balance Sheet, Profit and Loss Account and the Statement of Cash Flow have been prepared as per the provisions of Company Act, 2063 of Nepal and the same are in conformity with the books of account maintained by the Company;

c) The books and records of the Company have been maintained accurately as required by law;

d) In our opinion and to the best of our information and according to the explanations given to us the enclosed financial statements read with the notes attached thereto, in accordance with Nepal Accounting Standards or relevant practices, give a true and fair view of:

    i) in the case of Balance Sheet, the state of affairs of the Company as at Asadh 31, 2065 (July 15, 2008).

    ii) in the case of Profit & Loss Account, the profit of the Company for the year ended on Asadh 31, 2065 (July 15, 2008).

    iii) in the case of the Statement of Cash Flow, the cash flows of the Company for the year ended on Asadh 31, 2065 (July 15, 2008).

e) In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in Nepal, we have neither come across cases where the Board of Directors or any member thereof or any employee of the Company has acted contrary to the provisions of Law relating to the accounts or committed any misappropriation or caused loss or damage to the Company nor any fraud relating to the accounts committed in the Company.

Nem Lal Amatya	Partha Mitra
Partner	*Partner*
N Amatya & Co.	Lovelock & Lewes
Chartered Accountants	Chartered Accountants

Date : 18th Bhadra 2065 (3rd September 2008)
Place: Kathmandu

BALANCE SHEET
AS AT 31ST ASADH 2065 (15TH JULY 2008)

	Schedule	Figures in NRs. As at 31st Asadh 2065 (15th July 2008)	Figures in Rs. As at 31st Asadh 2065 (15th July 2008)	Figures in NRs. As at 32nd Asadh 2064 (16th July 2007)	Figures in Rs. As at 32nd Asadh 2064 (16th July 2007)
CAPITAL & LIABILITIES					
SHARE CAPITAL AND RESERVES					
(a) Share Capital	1	336,000,000	210,000,000	336,000,000	210,000,000
(b) Reserves & Surplus	2	2,354,356,999	1,471,473,124	2,174,302,039	1,358,938,774
Total		**2,690,356,999**	**1,681,473,124**	**2,510,302,039**	**1,568,938,774**
ASSETS					
(1) Fixed Assets	3				
(a) Gross Block		2,024,169,409	1,265,105,880	1,955,093,143	1,221,933,214
(b) Less: Accumulated Depreciation		1,101,380,892	688,363,057	1,022,347,429	638,967,143
(c) Net Block		922,788,517	576,742,823	932,745,714	582,966,071
(d) Capital Work in Progress and In-transit		260,229,445	162,643,402	53,591,393	33,494,620
(2) Investments	4	109,882,338	68,676,461	109,882,338	68,676,461
(3) Deferred Tax Asset (Net) (Refer 2G of Schedule 17)		26,274,722	16,421,701	-	-
(4) Current Assets					
(a) Inventories	5	854,908,209	534,317,630	862,299,462	538,937,164
(b) Sundry Debtors	6	126,713,719	79,196,075	179,077,741	111,923,588
(c) Cash and Bank Balances	7	1,399,913,123	874,945,702	897,581,214	560,988,259
(d) Loans and Advances	8	422,379,339	263,987,088	466,155,264	291,347,040
Total		2,803,914,390	1,752,446,495	2,405,113,681	1,503,196,051
Less: Current Liabilities and Provisions					
(a) Liabilities	9	373,804,675	233,627,922	471,468,338	294,667,711
(b) Provisions	10	1,058,927,738	661,829,836	519,562,749	324,726,718
Total		1,432,732,413	895,457,758	991,031,087	619,394,429
Net Current Assets		1,371,181,977	856,988,737	1,414,082,594	883,801,622
Total		**2,690,356,999**	**1,681,473,124**	**2,510,302,039**	**1,568,938,774**
NOTES TO THE ACCOUNTS AND CONTINGENT LIABILITIES	17				

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.

A R Banerjee Vice President Finance	Sanjiv Keshava Managing Director	Saurya SJB Rana Alternate Director	A Singh Director	Y C Deveshwar Chairman
D B Mathema Director	P Chatterjee Director	B B Chatterjee Director	Nem Lal Amatya Partner N. Amatya & Co. Chartered Accountants	Partha Mitra Partner Lovelock & Lewes Chartered Accountants

Date: 18th Bhadra 2065 (3rd September 2008)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST ASADH 2065 (15TH JULY 2008)

	Schedule	Figures in NRs. For the Year ended 31st Asadh 2065 (15th July 2008)	Figures in Rs. For the Year ended 31st Asadh 2065 (15th July 2008)	Figures in NRs. For the Year ended 32nd Asadh 2064 (16th July 2007)	Figures in Rs. For the Year ended 32nd Asadh 2064 (16th July 2007)
Gross Revenue	11	**6,704,883,900**	**4,190,552,439**	**5,928,428,635**	**3,705,267,896**
Less: Duties	12	2,392,058,961	1,495,036,850	2,108,028,497	1,317,517,811
Net Sales		**4,312,824,939**	**2,695,515,589**	**3,820,400,138**	**2,387,750,085**
Raw Materials Consumed, etc.	13	1,683,213,412	1,052,008,383	1,673,530,568	1,045,956,605
Cost of Sales		**1,683,213,412**	**1,052,008,383**	**1,673,530,568**	**1,045,956,605**
Gross Profit		**2,629,611,527**	**1,643,507,206**	**2,146,869,570**	**1,341,793,480**
Other Income	14	101,605,894	63,503,684	42,791,252	26,744,533
Total		**2,731,217,421**	**1,707,010,890**	**2,189,660,822**	**1,368,538,013**
Manufacturing, Admin, Selling Expenses etc.	15	837,143,652	523,214,785	763,986,552	477,491,595
Provision For Employees' Housing		89,090,884	55,681,803	64,816,622	40,510,388
Provision For Employees' Bonus		153,884,254	96,177,659	111,955,984	69,972,490
Operating Profit		**1,651,098,631**	**1,031,936,643**	**1,248,901,664**	**780,563,540**
Depreciation		110,197,196	68,873,247	125,152,166	78,220,104
Loss on Fixed Assets sold / discarded (Net)		2,058,893	1,286,808	4,189,654	2,618,533
Profit before Taxation		**1,538,842,542**	**961,776,588**	**1,119,559,844**	**699,724,903**
Provision for Taxation	16	507,382,098	317,113,811	368,026,416	230,016,510
Profit after Taxation		**1,031,460,444**	**644,662,777**	**751,533,428**	**469,708,393**
Available for Appropriation		**1,031,460,444**	**644,662,777**	**751,533,428**	**469,708,393**
Appropriation					
Interim Dividend		672,000,000	420,000,000	403,200,000	252,000,000
Proposed Final Dividend		201,600,000	126,000,000	-	-
Balance Carried Over to Balance Sheet		157,860,444	98,662,777	348,333,428	217,708,393
		1,031,460,444	**644,662,777**	**751,533,428**	**469,708,393**
NOTES TO THE ACCOUNTS AND CONTINGENT LIABILITIES	17				

The Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our Report of even date.

A R Banerjee Vice President Finance	Sanjiv Keshava Managing Director	Saurya SJB Rana Alternate Director	A Singh Director	Y C Deveshwar Chairman
D B Mathema Director	P Chatterjee Director	B B chatterjee Director	Nem Lal Amatya Partner N. Amatya & Co. Chartered Accountants	Partha Mitra Partner Lovelock & Lewes Chartered Accountants

Date: 18th Bhadra 2065 (3rd September 2008)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST ASADH 2065 (15TH JULY 2008)

			Figures in NRs. For the year ended 31st Asadh 2065 (15th July 2008)	Figures in Rs. For the year ended 31st Asadh 2065 (15th July 2008)	Figures in NRs. For the year ended 32nd Asadh 2064 (16th July 2007)	Figures in Rs. For the year ended 32nd Asadh 2064 (16th July 2007)
A	**Cash Flow From Operating Activities**					
	Net Profit Before Tax		1,538,842,542	961,776,588	1,119,559,844	699,724,903
	Adjustments for :					
	Depreciation		110,197,196	68,873,247	125,152,166	78,220,104
	Interest from Investments		(5,663,526)	(3,539,704)	(5,149,268)	(3,218,293)
	Interest on Short Term/Call Deposits		(55,450,609)	(34,656,630)	(29,427,073)	(18,391,921)
	Unrealised Loss/(Gain) on Foreign Exchange (Net)		(891,401)	(557,126)	479,672	299,795
	Provision for Employees' Housing		89,090,884	55,681,803	64,816,622	40,510,389
	Loss on Fixed Assets sold / discarded (Net)		2,058,893	1,286,808	4,189,654	2,618,534
	Claims and Advance written off		-	-	7,101	4,438
	Liability no longer required written back		(29,842,360)	(18,651,475)	(823,688)	(514,805)
	Operating Profit Before Working Capital Changes		**1,648,341,619**	**1,030,213,511**	**1,278,805,030**	**799,253,144**
	Adjustments for :					
	Trade and Other Receivables		96,022,464	60,014,040	(302,524,197)	(189,077,623)
	Inventories		7,391,253	4,619,533	(172,237,227)	(107,648,267)
	Trade Payables		(68,580,158)	(42,862,599)	74,029,538	46,268,461
	Cash Generated From Operation		**1,683,175,178**	**1,051,984,485**	**878,073,144**	**548,795,715**
	Income Tax Paid		(529,429,344)	(330,893,340)	(334,536,763)	(209,085,477)
	Net Cash From Operating Activities	**(A)**	**1,153,745,834**	**721,091,145**	**543,536,381**	**339,710,238**
B	**Cash Flow From Investing Activities**					
	Purchase of Long Term Investment		-	-	(25,632,338)	(16,020,211)
	Purchase of Fixed Assets		(316,299,145)	(197,686,966)	(135,221,596)	(84,513,498)
	Proceeds from Disposal of Fixed Assets		5,962,201	3,726,376	3,389,436	2,118,398
	Interest Received		61,231,618	38,269,762	33,790,390	21,118,994
	Net Cash Used in Investing Activities	**(B)**	**(249,105,326)**	**(155,690,828)**	**(123,674,108)**	**(77,296,317)**
C	**Cash Flow From Financing Activities**					
	Dividends Paid		(403,200,000)	(252,000,000)	(247,578,947)	(154,736,842)
	Net Cash Used in Financing Activities	**(C)**	**(403,200,000)**	**(252,000,000)**	**(247,578,947)**	**(154,736,842)**
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**501,440,508**	**313,400,317**	**172,283,326**	**107,677,079**
	Cash and Cash Equivalents (Opening balance)		897,581,214	560,988,259	725,777,560	453,610,975
	Cash and Cash Equivalents (Closing balance)		**1,399,021,722**	**874,388,576**	**898,060,886**	**561,288,054**
	Cash and Cash Equivalents Comprises:					
	Cash and Bank Balances		1,399,913,123	874,945,702	897,581,214	560,988,259
	Unrealised Loss/(Gain) on Foreign Currency Cash and Cash Equivalents		(891,401)	(557,126)	479,672	299,795
	Total		**1,399,021,722**	**874,388,576**	**898,060,886**	**561,288,054**

A R Banerjee	Sanjiv Keshava	Saurya SJB Rana	A Singh	Y C Deveshwar
Vice President Finance	Managing Director	Alternate Director	Director	Chairman
D B Mathema	P Chatterjee	B B Chatterjee	Nem Lal Amatya	Partha Mitra
Director	Director	Director	Partner	Partner
			N. Amatya & Co.	Lovelock & Lewes
Date: 18th Bhadra 2065 (3rd September 2008)			Chartered Accountants	Chartered Accountants

STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31ST ASADH 2065 (15TH JULY 2008)

	Figures in NRs.	Figures in Rs.	Figures in NRs.	Figures in Rs.	Figures in NRs.	Figures in Rs.	Figures in NRs.	Figures in Rs.
	Share Capital	**Share Capital**	**Revaluation Reserve**	**Revaluation Reserve**	**General Reserve**	**General Reserve**	**Total**	**Total**
Balance as at 1st Shrawan 2064 (17th July 2007)	336,000,000	210,000,000	12,181,280	7,613,300	2,162,120,759	1,351,325,474	2,510,302,039	1,568,938,774
Initial recognition of Deferred Tax Assets (Net)	-	-	-	-	22,194,516	13,871,573	22,194,516	13,871,573
Net Profit for the year	-	-	-	-	1,031,460,444	644,662,777	1,031,460,444	644,662,777
Dividend	-	-	-	-	(873,600,000)	(546,000,000)	(873,600,000)	(546,000,000)
Total	**-**	**-**	**-**	**-**	**180,054,960**	**112,534,350**	**180,054,960**	**112,534,350**
Balance as at 31st Asadh 2065 (15th July 2008)	**336,000,000**	**210,000,000**	**12,181,280**	**7,613,300**	**2,342,175,719**	**1,463,859,824**	**2,690,356,999**	**1,681,473,124**

SCHEDULES TO THE ACCOUNTS

	Figures in NRs.	Figures in Rs.	Figures in NRs.	Figures in Rs.
SCHEDULE - 1	As at 31st Asadh 2065 (15th July 2008)	As at 31st Asadh 2065 (15th July 2008)	As at 32nd Asadh 2064 (16th July 2007)	As at 32nd Asadh 2064 (16th July 2007)
SHARE CAPITAL				
Authorised				
10,000,000 Ordinary Shares of NRs. 100/-each	**1,000,000,000**	**625,000,000**	**1,000,000,000**	**625,000,000**
Issued, Subscribed & Paid up				
3,360,000 Ordinary Shares of NRs.100/- each, fully paid	336,000,000	210,000,000	336,000,000	210,000,000
	336,000,000	**210,000,000**	**336,000,000**	**210,000,000**

Out of the above:
1. 280,000 Ordinary Shares were issued as fully paid up bonus shares in 2052/53 (1995/96).
2. 2,800,000 Ordinary Shares were issued as fully paid up bonus shares in 2060/61 (2003/04).
3. 1,982,400 Ordinary Shares are held by the Holding Company, ITC Limited.

SCHEDULES TO THE ACCOUNTS

SCHEDULE - 2	Figures in NRs. As at 32nd Asadh 2064 (16th July 2007)	Figures in Rs. As at 32nd Asadh 2064 (16th July 2007)	Figures in NRs. Addition	Figures in Rs. Addition	Figures in NRs. Withdrawal	Figures in Rs. Withdrawal	Figures in NRs. As at 31st Asadh 2065 (15th July 2008)	Figures in Rs. As at 31st Asadh 2065 (15th July 2008)
RESERVES & SURPLUS								
Capital Reserve								
Revaluation of Land	12,181,280	7,613,300	-	-	-	-	12,181,280	7,613,300
Revenue Reserve								
General Reserve	2,162,120,759	1,351,325,474	180,054,960	112,534,350 *	-	-	2,342,175,719	1,463,859,824
Surplus								
Profit & Loss Account	-	-	157,860,444	98,662,777	157,860,444	98,662,777	-	-
	2,174,302,039	**1,358,938,774**	**337,915,404**	**211,197,127**	**157,860,444**	**98,662,777**	**2,354,356,999**	**1,471,473,124**

* Addition to General Reserve includes NRs. 22,194,516 (Rs. 13,871,573) representing recognition of Deferred Tax Assets (Net) for earlier years on initial adoption of NAS 9 - Income Taxes issued by Institute of Chartered Accountants of Nepal.

SCHEDULES TO THE ACCOUNTS

SCHEDULE - 3
FIXED ASSETS

Description	Basic Depreciation Rates (%)	Gross Block								Depreciation								Net Block			
		NRs As at 32.03.2064 (16.07.2007)	Rs As at 32.03.2064 (16.07.2007)	NRs Additions	Rs Additions	NRs Withdrawals/ Adjustments	Rs Withdrawals/ Adjustments	NRs As at 31.03.2065 (15.07.2008)	Rs As at 31.03.2065 (15.07.2008)	NRs As at 32.03.2064 (16.07.2007)	Rs As at 32.03.2064 (16.07.2007)	NRs For the Year	Rs For the Year	NRs Withdrawals/ Adjustments	Rs Withdrawals/ Adjustments	NRs As at 31.03.2065 (15.07.2008)	Rs As at 31.03.2065 (15.07.2008)	NRs As at 31.03.2065 (15.07.2008)	Rs As at 31.03.2065 (15.07.2008)	NRs As at 32.03.2064 (16.07.2007)	Rs As at 32.03.2064 (16.07.2007)
Freehold Land & Land Development		144,544,936	90,340,585	-	-	-	-	144,544,936	90,340,585	-	-	-	-	-	-	-	-	144,544,936	90,340,585	144,544,936	90,340,585
Buildings	1.65	282,125,215	176,328,259	3,509,697	2,193,561	-	-	285,634,912	178,521,820	69,404,020	43,377,513	7,785,685	4,866,053	-	-	77,189,705	48,243,566	208,445,207	130,278,254	212,721,195	132,950,746
Plant and Machinery	5.30	1,388,210,025	867,631,266	88,551,992	55,344,995	28,050,177	17,531,361	1,448,711,840	905,444,900	903,318,025	564,573,766	91,704,525	57,315,328	25,648,261	16,030,163	969,374,289	605,858,931	479,337,551	299,585,969	484,892,000	303,057,500
Furniture and Fixtures	3.40 & 5.30	18,149,007	11,343,130	2,534,851	1,584,282	84,822	53,014	20,599,036	12,874,398	8,178,600	5,111,625	1,551,872	969,920	65,984	41,240	9,664,488	6,040,305	10,934,548	6,834,093	9,970,407	6,231,505
Vehicles	5.30	48,354,894	30,221,808	9,110,531	5,694,082	9,307,715	5,817,322	48,157,710	30,098,568	11,404,449	7,127,780	3,040,027	1,900,017	4,555,885	2,847,428	9,888,591	6,180,369	38,269,119	23,918,199	36,950,445	23,094,028
Computers	7.30	42,925,114	26,828,196	2,415,678	1,509,799	1,143,366	714,604	44,197,426	27,623,391	19,591,173	12,244,483	4,001,845	2,501,153	663,287	414,554	22,929,731	14,331,082	21,267,695	13,292,309	23,333,941	14,583,713
Office Equipments	5.30	30,783,952	19,239,970	2,138,344	1,336,465	598,747	374,217	32,323,549	20,202,218	10,451,162	6,531,976	2,113,242	1,320,776	230,316	143,948	12,334,088	7,708,804	19,989,461	12,493,414	20,332,790	12,707,994
Total		**1,955,093,143**	**1,221,933,214**	**108,261,093**	**67,663,184**	**39,184,827**	**24,490,518**	**2,024,169,409**	**1,265,105,880**	**1,022,347,429**	**638,967,143**	**110,197,196**	**68,873,247**	**31,163,733**	**19,477,333**	**1,101,380,892**	**688,363,057**	**922,788,517**	**576,742,823**	**932,745,714**	**582,966,071**
Capital Work-in-Progress and in Transit		53,591,393	33,494,620	233,722,970	146,076,856	27,084,918	16,928,074	260,229,445	162,643,402	-	-	-	-	-	-	-	-	260,229,445	162,643,402	53,591,393	33,494,620
Grand Total		**2,008,684,536**	**1,255,427,834**	**341,984,063**	**213,740,040**	**66,269,745**	**41,418,592**	**2,284,398,854**	**1,427,749,282**	**1,022,347,429**	**638,967,143**	**110,197,196**	**68,873,247**	**31,163,733**	**19,477,333**	**1,101,380,892**	**688,363,057**	**1,183,017,962**	**739,386,225**	**986,337,107**	**616,460,691**
Previous Year		1,884,699,638	1,177,937,274	138,147,490	86,342,180	14,162,592	8,851,620	2,008,684,536	1,255,427,834	902,252,871	563,908,044	125,152,166	78,220,104	5,057,608	3,161,005	1,022,347,429	638,967,143	986,337,107	616,460,691	-	-

SCHEDULES TO THE ACCOUNTS

	Figures in NRs. As at 31st Asadh 2065 (15th July 2008)	Figures in Rs. As at 31st Asadh 2065 (15th July 2008)	Figures in NRs. As at 32nd Asadh 2064 (16th July 2007)	Figures in Rs. As at 32nd Asadh 2064 (16th July 2007)

SCHEDULE - 4

INVESTMENTS - LONG TERM

Investment in Stocks issued by Nepal Government 5% Bikash Rinpatra, 2071 *	84,250,000	52,656,250	84,250,000	52,656,250
Investment in Promissory Note issued by Nepal Government 6.5% Bikash Rinpatra, 2075 *	25,632,338	16,020,211	25,632,338	16,020,211
	109,882,338	**68,676,461**	**109,882,338**	**68,676,461**

* Pledged with a bank for obtaining letter of credit, guarantee facilities.

SCHEDULE - 5

INVENTORIES

Stores & Supplies (including in-transit)	53,850,886	33,656,804	49,112,898	30,695,561
Raw Materials (including in-transit)	417,827,887	261,142,429	302,913,620	189,321,013
Stock - In - Process	65,280,477	40,800,298	71,246,507	44,529,067
Finished Goods		-		-
At Cost	302,069,520	188,793,450	430,081,949	268,801,218
At Net Realisable Value	15,879,439	9,924,649	8,944,488	5,590,305
	854,908,209	**534,317,630**	**862,299,462**	**538,937,164**

SCHEDULE - 6

SUNDRY DEBTORS

(Receivable within twelve months, unless otherwise stated)

Due for more than six months - Considered good				
Unsecured	34,584,528	21,615,330	1,810,723	1,131,702
Due for less than six months - Considered good				
Secured	1,049,619	656,012	215,201	134,501
Unsecured				
From Holding Company	39,709,948	24,818,718	128,925,263	80,578,289
From Others	51,369,624	32,106,015	48,126,554	30,079,096
	126,713,719	**79,196,075**	**179,077,741**	**111,923,588**

SCHEDULE - 7

CASH AND BANK BALANCES

Cash & Cheques on Hand	418,314	261,446	5,096,721	3,185,451
Cash at Bank				
Current Account	23,455,554	14,659,721	13,102,259	8,188,912
Savings Account (Provident Fund)	55,630	34,769	74,874	46,796
Short Term - Call Deposits	1,375,983,625	859,989,766	879,307,360	549,567,100
	1,399,913,123	**874,945,702**	**897,581,214**	**560,988,259**

SCHEDULES TO THE ACCOUNTS

	Figures in NRs. As at 31st Asadh 2065 (15th July 2008)	Figures in Rs. As at 31st Asadh 2065 (15th July 2008)	Figures in NRs. As at 32nd Asadh 2064 (16th July 2007)	Figures in Rs. As at 32nd Asadh 2064 (16th July 2007)
SCHEDULE - 8				
LOANS & ADVANCES				
(Recoverable within twelve months, unless otherwise stated)				
Receivables from Holding Company (Net)	138,892,427	86,807,767	254,426,003	159,016,252
Advance to Employees	101,128,565	63,205,353	106,268,528	66,417,830
[Includes NRs. 90,832,993 (Rs. 56,770,621) {2063-64 - NRs. 96,279,316 (Rs. 60,174,573)} recoverable after twelve months]				
Margin Money Deposit	4,236,042	2,647,526	46,594	29,121
Advance to Others	131,696,102	82,310,064	57,342,124	35,838,827
Prepaid Expenses	3,626,592	2,266,620	3,696,065	2,310,041
Accrued Interest Receivable	908,966	568,104	1,026,449	641,531
Claims Receivable	2,420,206	1,512,629	62,304	38,940
Deposits: With Government Authorities	27,425,522	17,140,952	27,374,957	17,109,348
With Others	13,205,121	8,253,201	17,072,444	10,670,278
	423,539,543	264,712,216	467,315,468	292,072,168
Less: Provision for Doubtful Advance	1,160,204	725,128	1,160,204	725,128
	422,379,339	**263,987,088**	**466,155,264**	**291,347,040**
SCHEDULE - 9				
CURRENT LIABILITIES				
(Payable within twelve months, unless otherwise stated)				
Retention Money	6,816,429	4,260,268	3,958,139	2,473,837
Sundry Creditors	262,877,541	164,298,463	269,890,536	168,681,585
Advances From Wholesale Dealers	91,831,693	57,394,808	187,238,578	117,024,111
Deposits From Wholesale Dealers	3,700,000	2,312,500	3,300,000	2,062,500
Other Liabilities	8,579,012	5,361,883	7,081,085	4,425,678
	373,804,675	**233,627,922**	**471,468,338**	**294,667,711**
SCHEDULE - 10				
PROVISIONS				
Provision for Income Tax	53,381,496	33,363,435	71,348,536	44,592,835
[Net of payment of Income Tax Advance/Deposits amounting to NRs. 556,454,357 (Rs. 347,783,973) {2063-64 NRs. 394,173,553 (Rs. 246,358,471)}]				
Provision for Gratuity and Leave Encashment	34,618,746	21,636,716	36,777,601	22,986,001
Provision for Interim Dividend	672,000,000	420,000,000	403,200,000	252,000,000
Provision for proposed Final Dividend	201,600,000	126,000,000	-	-
Provision for Employees' Housing	97,327,496	60,829,685	8,236,612	5,147,882
	1,058,927,738	**661,829,836**	**519,562,749**	**324,726,718**

SCHEDULES TO THE ACCOUNTS

	Figures in NRs. For the Year ended 31st Asadh 2065 (15th July 2008)	Figures in Rs. For the Year ended 31st Asadh 2065 (15th July 2008)	Figures in NRs. For the Year ended 32nd Asadh 2064 (16th July 2007)	Figures in Rs. For the Year ended 32nd Asadh 2064 (16th July 2007)
SCHEDULE - 11				
GROSS REVENUE				
Domestic : Cigarette	6,269,695,572	3,918,559,733	5,312,762,421	3,320,476,513
Garments	84,590,161	52,868,851	63,462,167	39,663,854
Matches	24,276,235	15,172,647	1,590,359	993,974
Exports : Garments	326,321,932	203,951,208	550,613,688	344,133,555
	6,704,883,900	**4,190,552,439**	**5,928,428,635**	**3,705,267,896**
SCHEDULE - 12				
DUTIES				
Excise Duty	2,362,180,450	1,476,362,781	2,104,977,112	1,315,610,695
Sticker Charges	29,878,511	18,674,069	3,051,385	1,907,116
	2,392,058,961	**1,495,036,850**	**2,108,028,497**	**1,317,517,811**
SCHEDULE - 13				
RAW MATERIALS CONSUMED ETC.				
Leaf	700,929,023	438,080,639	605,794,129	378,621,331
Casing Materials	13,175,964	8,234,978	11,795,497	7,372,186
Wrapping Materials	623,222,748	389,514,218	582,876,145	364,297,591
Purchase of Goods	16,247,703	10,154,814	11,411,845	7,132,403
Fabrics, Contract Manufacturing Charges etc.	327,277,897	204,548,686	473,441,826	295,901,141
	1,680,853,335	1,050,533,335	1,685,319,442	1,053,324,652
Adjustment of overheads loaded, etc. on Finished Goods				
Opening	39,128,497	24,455,311	27,339,623	17,087,264
Closing	(36,768,420)	(22,980,263)	(39,128,497)	(24,455,311)
	1,683,213,412	**1,052,008,383**	**1,673,530,568**	**1,045,956,605**
SCHEDULE - 14				
OTHER INCOME				
Interest Received	3,154,581	1,971,613	-	-
Less: Interest paid on Trading Debts	1,900,417	1,187,761	-	-
	1,254,164	783,852	-	-
Interest on Short Term/Call Deposit	55,450,609	34,656,631	29,427,073	18,391,921
Gain on Foreign Exchange (Net)	911,800	569,875	-	-
Interest from Investments	5,663,526	3,539,704	5,149,268	3,218,293
Liability no longer required written back	29,842,360	18,651,475	823,688	514,805
Miscellaneous Income	8,483,435	5,302,147	7,391,223	4,619,514
	101,605,894	**63,503,684**	**42,791,252**	**26,744,533**

SCHEDULES TO THE ACCOUNTS

SCHEDULE - 15

MANUFACTURING, ADMIN, SELLING EXPENSES ETC.

		Figures in NRs. For the Year ended 31st Asadh 2065 (15th July 2008)		Figures in Rs. For the Year ended 31st Asadh 2065 (15th July 2008)		Figures in NRs. For the Year ended 32nd Asadh 2064 (16th July 2007)		Figures in Rs. For the Year ended 32nd Asadh 2064 (16th July 2007)
Salaries, Wages & Allowances		203,861,443		127,413,402		172,740,565		107,962,853
Contribution to Provident Fund		6,895,736		4,309,835		6,034,017		3,771,261
Labour & Staff Welfare		14,206,782		8,879,239		11,732,608		7,332,880
Uniform		1,556,908		973,068		1,455,922		909,951
Rent		38,332,584		23,957,865		31,540,275		19,712,672
Electricity, Fuel & Water		63,439,120		39,649,450		55,818,235		34,886,397
Rates & Taxes		1,362,454		851,534		1,488,067		930,042
Insurance Premium		24,904,105		15,565,066		21,466,187		13,416,367
Repairs & Improvement - Depreciable Assets		65,925,243		41,203,277		60,817,123		38,010,702
Safety & Pollution Control Cost		4,781,209		2,988,256		3,663,892		2,289,933
Maintenance to Other Properties		14,966,623		9,354,139		15,865,891		9,916,182
Consumable Stores & Spares		9,782,208		6,113,880		13,851,559		8,657,224
Freight		35,238,741		22,024,213		31,883,430		19,927,144
Product Development		5,202,754		3,251,721		12,076,213		7,547,633
Advertising		137,956,829		86,223,018		126,396,610		78,997,881
Travel & Conveyance		37,067,974		23,167,484		31,455,731		19,659,832
Training & Recruitment Expenses		7,093,282		4,433,301		7,808,898		4,880,561
Postage, Telephone, Telex, Fax etc.		7,482,119		4,676,324		6,915,823		4,322,389
Bank Charges and Commission		4,554,576		2,846,610		3,318,620		2,074,138
Audit Fees		450,000		281,250		360,000		225,000
Legal Fees		440,800		275,500		960,280		600,175
Printing & Stationery		2,533,132		1,583,208		2,411,024		1,506,890
Consultancy, Service Charges & Other Fees		22,656,449		14,160,281		21,217,650		13,261,031
Licence Fee		1,134,032		708,770		1,280,375		800,234
Entertainment		3,256,029		2,035,018		1,860,005		1,162,503
Sales promotion		91,423,378		57,139,611		89,028,853		55,643,033
Board Meeting Fees		30,294		18,934		47,059		29,412
Donations & Charity		552,350		345,219		713,113		445,696
Books & Periodicals		254,401		159,001		395,027		246,892
Membership Fee		439,347		274,592		584,563		365,352
Claims and Advance Written off		-		-		7,101		4,438
Provision for Retirement Benefits		23,539,652		14,712,283		23,274,053		14,546,283
Loss on Foreign Exchange (Net)		-		-		505,183		315,739
Interest Paid on Trading Debts	-		-	-	2,202,557		1,376,598	-
Less: Interest received	-	-	-	-	1,943,407	259,150	1,214,629	161,969
Miscellaneous Expenses {Refer 2Fof Schedule 17}		5,823,098		3,639,436		4,753,450		2,970,906
		837,143,652		**523,214,785**		**763,986,552**		**477,491,595**

SCHEDULES TO THE ACCOUNTS

	Figures in NRs.	Figures in Rs.	Figures in NRs.	Figures in Rs.
SCHEDULE - 16	For the Year ended 31st Asadh 2065 (15th July 2008)	For the Year ended 31st Asadh 2065 (15th July 2008)	For the Year ended 32nd Asadh 2064 (16th July 2007)	For the Year ended 32nd Asadh 2064 (16th July 2007)
PROVISION FOR TAXATION				
Current Tax	511,462,304	319,663,940 *	368,026,416	230,016,510
Deferred Tax	(4,080,206)	(2,550,129)	-	-
	507,382,098	**317,113,811**	**368,026,416**	**230,016,510**

* Net of NRs. 9,847,086 (Rs. 6,154,429) being write back of provision for earlier years.

SCHEDULES TO THE ACCOUNTS

Schedule – 17

NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

i) Convention

These financial statements have been prepared in accordance with applicable Accounting Standards in Nepal and generally accepted accounting principles. A summary of significant accounting policies, which have been applied consistently, except for item (xiii), is set out below. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

ii) Basis of Accounting

These financial statements have been prepared in accordance with the historical cost convention modified by revaluation of certain freehold land as detailed in (iii) below.

iii) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of incidental expenses related to acquisition. Freehold land acquired up to 17.12.2043 (31.03.1987) was revalued and the resultant increase in the value of such land was credited to Capital Reserve.

Depreciation on fixed assets has been provided on straight-line basis at the rates prescribed by the erstwhile Income Tax (First Amendment) Rules, 2039. The said rates have further been increased by 33 1/3 % as allowed by the Industrial Enterprises Act, 2049.

iv) Inventories

Inventories are valued at cost or net realisable value whichever is lower. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity.

Obsolete, slow moving and defective inventories are identified at the time of physical verification and where necessary provision is made for such inventories.

v) Investments

Long Term Investments are valued at cost. Provision is made where there is a permanent fall in the valuation of such Investments.

vi) Sales

Net sales are stated after deducting taxes and duties from invoiced value of goods sold.

vii) Investment Income

Income from investments is accounted for on an accrual basis, inclusive of related tax deducted at source.

viii) Foreign Exchange Transaction

Foreign Exchange transactions are recorded at the exchange rate prevailing at the time of transactions or where applicable at the exchange rate covered by forward contracts. Gain or loss arising on settlement is dealt with in the Profit and Loss Account, except in respect of fixed assets where exchange variance is adjusted in the carrying amount of the respective fixed asset. Unsettled transactions are translated at the exchange rate prevailing at the year-end and the exchange difference, if any, arising on such transaction is accounted for in the Profit & Loss Account as exchange fluctuation, except in respect of liabilities incurred for acquiring fixed assets, in which case such differences are adjusted in the carrying amount of the respective fixed asset.

ix) Retirement Benefits

(a) Gratuity

Liability for gratuity benefits payable to the employees is actuarially determined and provided for.

(b) Leave Encashment and Other Retirement Benefits

Leave encashment and other retirement benefits on retirement, wherever applicable, is determined on the basis of actuarial valuation and provided in the accounts.

(c) Provident Fund

Regular monthly contributions are made to Provident Funds, which are charged against revenue.

x) Bonus

Bonus is provided as per the provisions of the Bonus Act, 2030.

xi) Employees' Housing Fund

Employees' Housing Fund is provided as per the provisions of Labour Act, 2048.

xii) Cash and Cash Equivalents

Cash and cash equivalents represent cash and cheques on hand and balance in bank accounts.

xiii) Tax on Income

Provision for current tax is made with reference to profit for the period covered by these financial statements based on the provisions of Income Tax Act, 2058.

Deferred Tax is recognised and provided for on timing differences between taxable income and accounting income. However, deferred tax assets are not recognised unless there is virtual/reasonable certainty that there will be sufficient future taxable income available to realise such assets.

xiv) Dividend

Final Dividend is provided for as proposed by the Directors, pending approval at the Annual General Meeting. Interim dividend is provided for as declared by the Board of Directors.

2. Notes to the Accounts

A. The Company has proposed an interim dividend of NRs. 200 (Rs. 125) per share and Final Dividend of NRs 60 (Rs. 37.50) per share.

B. Claims against the Company not acknowledged as debts:

a). Demands raised by Revenue Authorities on theoretical Production of cigarettes:

The Company has been receiving Show Cause Notices (SCNs) and demands from Excise, Income Tax and VAT authorities seeking to recover taxes for different years, details of which are stated hereinafter. The basis of all these SCNs and demands is an untenable contention by the Revenue authorities that the Company could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by the Company in the year 2047-48 and, that, the Company is liable to pay taxes on such cigarettes that could have been theoretically produced. It may be pointed out that such an input-output ratio or levy of taxes on such theoretical production has absolutely no basis in law. This position has been confirmed by eminent counsel's opinion. It is not even the allegation of the Revenue authorities that the Company has actually produced and removed any quantity of cigarettes in excess of the quantity declared. In fact, the Company's cigarette factory is under 'physical control' of the Revenue authorities and cigarettes produced are duly accounted for and certified as such by the Revenue authorities.

(i). Excise Demand for NRs. 521,240,189 (Rs. 325,775,118)

1. A demand letter dated 12th July, 2005 for NRs. 371,724,680 (Rs. 232,327,925) for the period 2055/56 to 2059/60 (1998/99 to 2002/03) was issued to the Company by the Inland Revenue Office, Simra, Bara. In reply to the said demand, an administrative review petition was filed with the Director General of Inland Revenue. However, the Director General without dealing with the issues raised by the Company, summarily dismissed the petition by an order dated 17th January, 2006. The Company thereafter filed an appeal to the Revenue Tribunal, which refused to entertain the appeal in the absence of a pre-deposit of the entire sum of NRs. 37.17 (Rs. 23.23) Crores. Immediately thereafter the Company filed a petition to the Tribunal praying that its appeal may be heard by accepting a bank guarantee for the said amount. This petition was dismissed by the Tribunal on 11th August, 2006. The Company has challenged the demand in the

Supreme Court, which has admitted the petition on 21st September, 2006 and issued notices to the respondents on 16th October, 2006. The next date of hearing on the matter is 4th September, 2008.

2. A demand letter dated 22nd February, 2008 issued by the Inland Revenue Office, Simra, Bara was received by the company on 29th February 2008. The demand of NRs. 149,515,509 (Rs. 93,447,193) by way of Excise duty, relate to the years 2060/61 to 2062/63 (2003/04 to 2005/06). The Company had filed a writ petition in the Supreme Court on 1st April, 2008 requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected. The Supreme Court admitted the petition on 2nd April, 2008 and directed issue of Show Cause Notices to the respondents. The next date of appearance at the Supreme Court is 5th November, 2008.

(ii). Value Added Tax Demand for NRs. 143,408,080 (Rs. 89,630,050)

1. A demand letter dated 7th August, 2006 for the period 2058/59 (2001/02) was issued to the Company by the Large Taxpayers' Office, Kathmandu. Of a total demand of NRs. 75,463,766 (Rs. 47,164,854), the basis of a demand for NRs. 75,451,113 (Rs. 47,156,946) is theoretical production. An administrative review petition on the Value Added Tax matter was filed before the Director General on 1st September, 2006. The Director General's order on the matter is awaited.

2. A demand letter dated 8th August, 2007 has been received on 13th August, 2007, from the Large Tax payers Office, Lalitpur, for the period 2059/60 (2002/03). The total demand is for NRs. 57,238,860 (Rs. 35,774,287). The Company has filed a writ petition in the Supreme Court on 11th September, 2007 requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected. The Supreme Court admitted the petition on 12th September, 2007 and directed issue of Show Cause Notices to the respondents. The date of appearance at the court on the matter is 5th November, 2008. A date of hearing will be fixed subsequently.

3. A Show Cause Notice dated 30th June, 2008, for a sum of NRs. 11,328,199 (Rs. 7,080,124) which includes NRs. 10,718,107 (Rs. 6,698,817) on the same issue of 'theoretical production' seeking reasons as to why a demand by way of Value Added Tax should not be raised on the Company for the year 2060/61 (2003/04), was issued to the Company by the Large Taxpayers' Office, Lalitpur and was received on 1st July, 2008. The Company had submitted its reply on 15th July, 2008. Subsequently, a demand letter for the said year and the same amount was issued to the Company by the Large Taxpayers' Office, Lalitpur and was received on 5th August 2008. The Company has filed a writ petition to the Supreme Court, as was done for the earlier demand referred to in 2 above, requesting that the demand order, made on the basis of "theoretical production", be quashed and orders issued such that the tax demanded not be collected. The date of preliminary hearing on admissibility of the writ at the Supreme Court is 5th September 2008.

(iii). Income Tax Demand for NRs. 356,854,299 (Rs. 223,033,937).

1. A demand letter dated 13th October, 2006 for the period 2058/59 (2001/02) was issued to the Company by the Large Taxpayers' Office, Kathmandu. Of a total demand of NRs. 168,584,287 (Rs. 105,365,179), the basis of the demand for NRs. 160,761,328 (Rs. 100,475,830) is on theoretical production.

The Company filed a petition on 7th November, 2006, before the Supreme Court requesting it to direct the authorities not to proceed on the matter as it is pending before the same court in the Excise matter. The Supreme Court has admitted the matter and issued notices to the respondents on 9th November,

2006. The date of hearing on the matter is 4th September, 2008.

2. A demand letter dated 12th August, 2007, for the period 2059/60 (2002/03) was issued to the Company by the Large Taxpayers' Office, Lalitpur, on 14th August, 2007 for a sum of NRs. 196,092,971 (Rs. 122,558,107). The Company has filed a writ petition in the Supreme Court on 11th September, 2007 requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected. The Supreme Court admitted the petition on 12th September, 2007. The next date of appearance on the matter is 5th November, 2008.

The Company considers that all the demands listed above have no legal or factual basis. This position is re-enforced by opinion received from eminent counsel. Accordingly, the Company is of the view that there is no liability that is likely to arise.

b). Other demands raised on account of,

1. Income Taxes for various assessment years against which the Company has filed appeals with the appropriate authorities amounting to NRs. 103,283,725 (Rs. 64,552,328) {(Previous Year - NRs. 103,283,725 (Rs. 64,552,328)} (net of provision made for the above assessment years).

2. Value Added Tax matters under dispute amounting to NRs. 3,100,750 (Rs. 1,937,969) {(Previous Year - NRs. 3,100,750 (Rs. 1,937,969)}.

C. A Show Cause Notice dated 10th February, 2008 on the same matter of 'theoretical production' seeking reasons as to why a demand of NRs. 102,767,497 (Rs. 64,229,686) by way of Excise Duty and NRs. 40,146,347 (Rs. 25,091,467) by way of Value Added Tax, totalling NRs. 142,913,844 (Rs. 89,321,153) should not be raised on the Company for the year 2063/64 (2006/07), was issued to the Company by the Inland Revenue Office, Simra, Bara and was received on 14th February, 2008. The Company had submitted its reply, rebutting the claim on 29th February, 2008. No further communication has been received by the Company on the matter.

A Show Cause Notice dated 29th June, 2008, for a sum of NRs. 21,020,471 (Rs. 13,137,794) which includes NRs. 18,847,487 (Rs. 11,779,679) on the same matter of 'theoretical production' seeking reasons as to why a demand by way of Income Tax should not be raised on the Company for the year 2060/61 (2003/04), was issued to the Company by the Large Taxpayers' Office, Lalitpur and was received on 1st July, 2008. The Company had submitted its reply, rebutting the claim on 15th July, 2008. No further communication on the matter has been received by the Company from the Large Taxpayer's Office on this matter.

For the years 2050/51 & 2051/52 (1993/94 & 1994/95) Revenue authorities raised a demand for NRs 13.59 (Rs. 8.49) Crores on 'theoretical production', which was quashed by a division bench of the Supreme Court (2 Judges) on April 8, 1998. Government filed a review petition on 8th October, 1998, which was finally admitted by a full bench (3 Judges) on 22nd July, 2007. The matter is slated for a hearing on 13th November 2008. Our counsel advise that the Company has a strong case on merits.

D. Estimated amount of contracts remaining to be executed on capital account NRs. 291,880,766 (Rs. 182,425,479) {(2063-64 NRs. 127,716,654 (Rs. 79,822,909)}.

E. 1. Payment to Managing Director towards remuneration - NRs. 9,713,704 (Rs. 6,071,065) {(2063-64 – NRs. 6,717,016 (Rs. 4,198,135)}.

2. Managing Director is also provided the facilities like furnished housing, telephone at residence, chauffer driven car, etc. as per terms of appointment.

F. Miscellaneous Expenses include reimbursement of expenses to statutory auditors amounting to NRs. 186,570 (Rs. 116,606) {(2063-64 – NRs. 203,880 (Rs. 127,425)}.

G. The major components of the Deferred Tax Assets/Liabilities, based on the tax effect of the timing difference as at 31st Asadh 2065, are as under:

	As at 31st Asadh, 2065 (15th July, 2008) In NRs.	As at 31st Asadh, 2065 (15th July, 2008) In Rs.
Deferred Tax Asset		
On employees' separation and retirement	10,700,980	6,688,112
On fiscal allowance on fixed assets	17,787,436	11,117,148
	28,488,416	**17,805,260**
Deferred Tax Liability		
On other temporary differences	2,213,694	1,383,559
Deferred Tax – Net	**26,274,722**	**16,421,701**

H. Explanation of the relationship between tax expenses and accounting profit:

	For the year ended 31st Asadh, 2065 (15th July, 2008) In NRs.	For the year ended 31st Asadh, 2065 (15th July, 2008) In Rs.
Accounting Profit	1,538,842,542	961,776,588
Tax at the applicable tax rate (Cigarette manufacturing @ 31.5%, Garments manufacturing @ 21.5% and Trading @ 26.5%)	495,713,918	309,821,199
Tax effect of expenses that are not deductible in determining taxable profit	28,063,628	17,539,767
Donation & Charity	173,990	108,744
Write back of Excess Provision not allowed as deduction in earlier year	(6,722,352)	(4,201,470)
	517,229,184	323,268,240
Excess provision for income tax made in earlier year reversed	(9,847,086)	(6,154,429)
Tax Expense	**507,382,098**	**317,113,811**

I. Related party Disclosures

Nature of relationship and name of the related parties:

1. Holding Company

   ITC Limited, India

2. Fellow Subsidiaries

   a) Srinivasa Resorts Limited, India
   b) Fortune Park Hotels Limited, India
   c) Bay Islands Hotel Limited, India
   d) Russell Credit Limited, India and its subsidiary
      i. Greenacre Holdings Limited, India
      ii. Wimco Limited, India and its subsidiaries
         1. Pavan Poplar Limited, India
         2. Prag Agro Farm Limited, India
      iii. Technico Pty Limited, Australia and its subsidiaries
         1. Technico ISC Pty. Limited, Australia
         2. Technico Agri Science Limited
         3. Technico Technologies Inc., Canada
         4. Technico Asia Holdings Pty Limited, Australia
         5. Technico Horticultural (Kunming) Co. Limited, China
   e) ITC Infotech India Limited, India and its subsidiaries
      i. ITC Infotech Limited, United Kingdom
      ii. ITC Infotech (USA), Inc., United States of America
   f) Wills Corporation Limited, India
   g) Gold Flake Corporation Limited, India

h) Landbase India Limited, India
i) BFIL Finance Limited, India and its subsidiary
   i. MRR Trading & Investment Company Limited, India
j) King Maker Marketing, Inc., United States of America

The above list does not include:

a) ITC Global Holdings Pte. Limited, Singapore (under liquidation)
   i. Hup Hoon Traders Pte. Limited, Singapore
   ii. AOZT "Hup Hoon", Moscow
   iii. Hup Hoon Impex SRL, Romania
   iv. Fortune Tobacco Co. Limited, Cyprus
   v. Fortune Tobacco Company Inc., USA, and
b) BFIL Securities Limited (a subsidiary of BFIL Finance Ltd.) which is under voluntary winding up proceedings.

3. Key Management Personnel:

Y.C. Deveshwar	Chairman & Non-Executive Director
A. Singh	Non-Executive Director
B. B. Chatterjee	Non-Executive Director
D. B. Mathema	Non-Executive Director
P. Chatterjee	Non-Executive Director
S. SJB Rana	Non-Executive Director
H.M. Dar	Managing Director (till 5th May, 2008)
S. Keshava	Managing Director (w.e.f 6th May, 2008)

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 15th July, 2008:

	Holding Company NRs.	*Holding Company Rs.*	*Fellow Subsidiaries NRs.*	*Fellow Subsidiaries Rs.*	*Key Management Personnel NRs.*	*Key Management Personnel Rs.*
Sale of Goods/Services	309,442,460	193,401,538	2,653,523	1,658,452		
Purchase of Goods/ Services	884,756,826	552,973,016				
Payment to Managing Director (Short Term), refer E above					9,713,704	6,071,065
Sitting Fees/ Incidental Expenses to Other Directors					65,294	40,809
Rent Paid	1,132,312	707,695				
Rent Received	5,120,000	3,200,000				
Dividend Payments	237,888,000	148,680,000				
Expenses recovered	6,690,574	4,181,609				
Expenses reimbursed	953,479	595,924				
Advances Given	439,187,881	274,492,426				
Balances as on 15.07.2008						
- Debtors/ Receivables	39,709,948	24,818,718				
- Advances	168,202,897	105,126,811				
- Creditors / Payables	29,310,470	18,319,044	632,534	395,334		

J. This being the first year of adoption of Nepal Accounting Standard 09 – Income Taxes and Nepal Accounting Standard 16 – Related Party Disclosures issued by Institute of Chartered Accountants of Nepal, the comparative figures for previous year have not been shown.

K. Figures have been rounded off to the nearest rupee.

L. Previous Year's figures have been regrouped and/or rearranged wherever necessary.

A R Banerjee	Sanjiv Keshava	Saurya SJB Rana	A Singh	Y C Deveshwar
Vice President Finance	Managing Director	Alternate Director	Director	Chairman

D B Mathema	P Chatterjee	B B Chatterjee	Nem Lal Amatya	Partha Mitra
Director	Director	Director	Partner	Partner
			N. Amatya & Co.	Lovelock & Lewes
			Chartered Accountants	Chartered Accountants

Date: 18th Bhadra 2065 (3rd September 2008)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
King Maker Marketing, Inc.Paramus, New Jersey

We have audited the accompanying balance sheets of King Maker Marketing, Inc. as of March 31, 2009 and 2008, and the related statements of income and retained earnings and cash flows for the years then ended. 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of King Maker Marketing, Inc. as of March 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Albany, New York
April 14, 2009

Bollam, Sheddy, Torani & Co. LLP

BALANCE SHEETS

	March 31, 2009 $	March 31, 2009 (Rs.)	March 31, 2008 $	March 31, 2008 (Rs.)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**15,666,089**	**794,584,034**	11,322,720	454,267,526
Accounts receivable	**653,976**	**33,169,663**	733,677	29,435,121
Accounts receivable, other	**210,029**	**10,652,671**	42,969	1,723,916
Inventories	**4,247,918**	**215,454,401**	5,240,561	210,251,307
Due from related parties, net	**56,424**	**2,861,825**	17,871	716,985
Prepaid expenses	**304,857**	**15,462,347**	240,385	9,644,246
Income tax receivable	**121,881**	**6,181,804**	1,261,984	50,630,798
Deferred income taxes	**84,173**	**4,269,255**	83,526	3,351,063
	21,345,347	**1,082,636,000**	18,943,693	760,020,963
PROPERTY AND EQUIPMENT, net	**55,168**	**4,249,266**	56,585	2,270,190
OTHER ASSETS	**25,065**	**1,271,297**	14,040	563,285
	21,425,580	**1,088,156,563**	19,014,318	762,854,438
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	**708,931**	**35,956,980**	1,003,611	40,264,873
Accrued settlement charges	**15,483,833**	**785,340,010**	12,555,284	503,717,994
Accrued expenses and other	**239,779**	**12,161,591**	205,000	8,224,600
	16,432,543	**833,458,581**	13,763,895	552,207,467
LONG-TERM LIABILITIES				
Deferred income taxes	**23,489**	**1,191,362**	18,877	757,345
STOCKHOLDERS' EQUITY				
Common stock	**4,080**	**206,938**	4,080	163,690
Retained earnings	**4,965,468**	**253,299,682**	5,227,466	209,725,936
	4,969,548	**253,506,620**	5,231,546	209,889,626
	21,425,580	**1,088,156,563**	19,014,318	762,854,438

The accompanying Notes to Financial Statements are an integral part of these statements.

STATEMENTS OF INCOME AND RETAINED EARNINGS

	For the year ended 31st March, 2009	**For the year ended 31st March, 2009**	For the year ended 31st March, 2008	For the year ended 31st March, 2008
	$	(Rs.)	$	(Rs.)
SALES				
Revenues, net customer returns	**52,893,257**	**2,408,553,490**	43,272,082	1,810,073,822
Less quick pay discounts	**(1,949,943)**	**(88,566,411)**	(1,650,214)	(68,978,945)
Net sales	**50,943,314**	**2,319,987,079**	41,621,868	1,741,094,877
COST OF SALES	**30,987,398**	**1,357,158,678**	26,760,699	1,136,288,972
	19,955,916	**962,828,400**	14,861,169	604,805,905
MSA SETTLEMENT CHARGES, NET	**13,936,972**	**633,017,268**	10,055,284	420,310,871
Gross profit	**6,018,944**	**329,811,132**	4,805,885	184,495,034
OPERATING EXPENSES	**5,544,001**	**251,808,525**	4,155,192	173,687,026
Income from operations	**474,943**	**78,002,606**	650,693	10,808,008
OTHER INCOME (EXPENSE)				
Market research income	**280,000**	**12,717,600**	119,972	5,014,830
Interest income	**176,077**	**7,997,417**	249,836	10,443,145
Other income	**305,923**	**13,895,023**	119,133	4,979,759
	762,000	**34,610,040**	488,941	20,437,734
Income before provision for income taxes	**1,236,943**	**112,612,646**	1,139,634	31,245,742
PROVISION FOR INCOME TAXES	**(498,941)**	**(22,661,900)**	(468,346)	(19,576,863)
Net income	**738,002**	**89,950,745**	671,288	11,668,879
RETAINED EARNINGS, beginning of year	**5,227,466**	**209,725,937**	4,556,178	198,057,058
Dividends	**(1,000,000)**	**(46,377,000)**	-	-
RETAINED EARNINGS, end of year	**4,965,468**	**253,299,682**	5,227,466	209,725,937

The accompanying Notes to Financial Statements are an integral part of these statements.

STATEMENTS OF CASH FLOWS

	For the year ended 31st March, 2009 $	For the year ended 31st March, 2009 (Rs.)	For the year ended 31st March, 2008 $	For the year ended 31st March, 2008 (Rs.)
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Net income	**738,002**	**89,950,745**	671,288	11,668,879
Adjustments to reconcile net income to net cash provided (used) by operating activities				
Depreciation	**21,819**	**991,019**	30,338	1,268,128
Deferred income taxes	**3,965**	**180,090**	392,453	15,745,214
(Increase) decrease in				
Accounts receivable	**79,701**	**3,620,019**	(99,729)	(4,168,672)
Accounts receivable, other	**(167,060)**	**(7,587,865)**	(31,136)	(1,301,485)
Inventories	**992,643**	**50,346,853**	81,362	3,264,243
Due from related parties	**(38,553)**	**(1,955,408)**	226,878	9,102,345
Prepaid expenses	**(64,472)**	**(2,928,318)**	(198,289)	(8,288,480)
Income taxes receivable	**1,140,103**	**120,208,394**	(1,261,984)	(54,276,446)
Other assets	**(11,025)**	**(559,188)**	(5,230)	(209,828)
Increase (decrease) in				
Accounts payable	**(294,680)**	**(14,946,171)**	342,176	13,728,100
Due to related party	**-**	**-**	(6,591)	(264,431)
Income tax payable	**-**	**-**	(723,019)	(30,222,194)
Accrued settlement charges	**2,928,549**	**148,536,005**	5,319,571	213,421,189
Accrued expenses and other	**34,779**	**1,763,991**	(65,843)	(2,641,621)
	5,363,771	**387,620,167**	4,672,245	166,824,941
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Payments for the purchase of property	**(20,402)**	**(926,659)**	(9,842)	(411,396)
Dividend to Stockholder	**(1,000,000)**	**(46,377,000)**	-	-
Repayment from related parties	**-**	**-**	1,000,000	41,800,000
	(1,020,402)	**(47,303,659)**	990,158	41,388,604
Net increase in cash and cash equivalents	**4,343,369**	**340,316,508**	5,662,403	208,213,546
CASH & CASH EQUIVALENTS,beginning of year	**11,322,720**	**454,267,526**	5,660,317	246,053,980
CASH & CASH EQUIVALENTS,end of year	**15,666,089**	**794,584,034**	11,322,720	454,267,526

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS
March 31, 2009 and 2008

NOTE A - ORGANIZATION

King Maker Marketing, Inc. (“Company”), organized and headquartered in New Jersey, was incorporated on August 17, 1994, in New York State and became a New Jersey Corporation during June 2007. Its business is to import and distribute tobacco products to licensed wholesale distributors and retailers throughout the United States. The Company employs two independent warehouses located in Maryland and Illinois.The Company has significant transactions with ITC Limited (ITC), which is organized under the laws of the Republic of India and was the majority stockholder until May 2007 and sole stockholder since. The Company is subject to the inherent risks associated with the industry, such as new or increased taxes when federal and state administrations change, as well as litigation.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Basis
The Company uses the accrual basis for financial and income tax reporting.

2. Federal Excise Tax Refunds and Customs Duty Drawbacks
The Company records Federal Excise Tax Refunds and Customs Duty Drawbacks when settled due to the uncertainty of the final settlement of these claims. These refunds are recorded in other income when received.

3. Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions relevant to the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results may differ from estimates.

4.Cash and Cash Equivalents
The Company’s cash and cash equivalents are defined as cash and short-term highly liquid investments with an original maturity of three or fewer months.

5.Inventories
Inventories consist of cigarettes and other tobacco-related products.The lower of cost (first-in, first -out) or market method has been used in determining the inventory value and includes applicable freight-in, storage, duty, federal excise taxes, tobacco buyout costs and settlement costs.

6. Property and Equipment
Property and equipment are carried at cost less accumulated depreciation. Major additions and improvements are capitalized, and replacements, maintenance, and repairs that do not improve or extend the useful life of an asset are expensed as incurred. The Company uses the straight-line method of depreciation and depreciates equipment and fixtures over 5 to 7 years; software over 3 to5 years, and leasehold improvements over 7 to 40 years.

7. Fair Value Measurement
The Company adopted Statement of Financial Accounting Standards (SFAS) No. 157, Fairvalue Measurement, effective January 1, The Company adopted Statement of Financial Accounting Standard for measuring fair value, and expands disclosure of fair value measurements. SFAS No. 157 applies to all assets and liabilities that are measured and reported on a fair value basis. The adoption of SFAS No. 157 did not have a material impact on the financial statements or results of operations of the Company.

8. Revenue Recognition/Accounts Receivable
The Company recognizes revenue when title is transferred as the product is shipped. Trade discounts are offered to customers on invoiced prices, which are reflected in net sales. Accounts receivable are charged to bad debt expense as they are deemed uncollectible based upon management’s periodic review of the accounts.

Revenues are reflected net of customer returns. Total customer returns were $458,836 and $132,684 for the years ended March 31, 2009 and 2008, respectively.

9. Shipping and Handling Expenses
Shipping and handling expenses are classified under operating expenses. A portion of the expenses relating to inbound receipt of materials is classified under cost of goods sold.

10. Marketing and Promotion Costs
The Company’s policy is to expense marketing and promotion costs as incurred. Total marketing and promotion costs, which are included in operating expenses, were $1,480,090 and $1,083,016 for the years ended March 31, 2009 and 2008, respectively.

11. Income Tax
The Company follows the asset and liability approach to account for income taxes. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

In July 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes(FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with SFAS No. 109, Accounting for Income Taxes.In December 2008, the FASB provided for a deferral of the effective date of FIN 48 for certain non-public enterprises. The Company has elected this deferral, and accordingly, will be required to adopt FIN 48 in its 2009 annual financial

NOTE C - STOCKHOLDERS' EQUITY

ITC Limited became the sole owner in the Company as of May 9, 2007. Thereafter, the Company became a New Jersey Corporation.. The Company's new Certificate of Incorporation provides for the capital structure to consist of one thousand (1,000) shares of voting common stock, all of which are without par value, and all of which are of the same class. ITC Limited was issued 100 shares of voting

	March 31, 2009	March 31, 2008
	$	$
Capital structure		
Common stock, no par value, 1,000 shares authorized,		
204 shares issued and outstanding	4,080	4,080

NOTE D - NEW BUSINESS

During the current fiscal year, the Company made a foray into the apparel business. The Company has leased office space in New York City and hired personnel to develop business opportunities. The results of its apparel division will be reported separately next

NOTE E - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following:

	March 31, 2009		March 31, 2008	
	$	(Rs.)	$	(Rs.)
Equipment and fixture	109,049	5,530,965	95,188	3,818,943
Leasehold improvements	19,847	1,006,640	13,306	533,837
Computer software	74,082	3,757,439	74,082	2,972,170
	202,978	10,295,044	182,576	7,324,949
Less accumulated depreciation	147,810	6,045,778	125,991	5,054,759
	55,168	4,249,266	56,585	2,270,190

Depreciation expense for property and equipment amounted to $21,819 and $30,338 for the years ended March 31, 2009 and 2008, respectively.

NOTE F - COMMITMENTS

1. Leases

The Company's main office is located in Paramus, New Jersey. It has also an apparel division in the garment district in New York City since April 2008. Rent expense for the years ended March 31, 2009 and 2008, was approximately $118,000 and $75,000, respectively.

The Company leases two additional offices in Paramus, New Jersey, which are across the hall fromt the main office, with the same terms and an annual rent of approximately $78,000 and $75,000 forthe years ended March 31, 2009 and 2008, respectively. These offices are sublet to ITC Infotech, Inc. (an ITC Group Company) for the full term of the lease. ITC Infotech, Inc. has fully reimbursed the Company for the rent expense under the lease for the years ended March 31, 2009 and 2008.

The Company leases accommodations for its managers seconded from ITC Ltd. India to ease their transition to the United States. The Company pays monthly rent, which is included in the employees' payroll for tax purposes. These amounts were approximately $32,400 and $26,400 for the years ended March 31, 2009 and 2008, respectively.

The Company leases automobiles under non-cancelable operating leases with 36-month terms. Two such leases are pending as of March 31, 2009. Vehicle lease expense was $22,414 and $39,209 for the years ended March 31, 2009 and 2008, respectively. Quarterly rental payments for the leasing of office equipment (postage meter) are included in operating expense.

Future minimum lease payments at March 31, 2009, are:

	$
2010	219,407
2011	209,868
2012	50,071
Total minimum payments required	479,346

Total rental expense for all operating leases, less sublease rentals anticipated are as follows:

	March 31, 2009		March 31, 2008	
	$	Rs.	$	Rs.
Minimum rentals	195,775	8,892,101	151,335	6,325,803
Less sublease rentals	77,613	3,525,182	75,081	3,138,386
	118,162	5,366,918	76,254	3,187,417

2.Legal Matters

In the ordinary course of business, the Company may be a defendant in legal matters. Management does not believe the impact of such matters will have a material effect on the financial position or results of operations of the Company.

NOTE G - RELATED PARTY TRANSACTIONS

The Company has in place an Exclusive Distribution Agreement with ITC that states that the Company is ITC's exclusive distributor of ITC manufactured tobacco products in the territories of the United States, Canada, and Mexico. Purchases for the years ended March 31, 2009 and 2008, from ITC were $10,190,796 and $8,615,711, respectively. At March 31, 2009 and 2008, the Company owed ITC $4,494 and $22,271, respectively, for air freight/other expenses which is offset against due from related parties on the balance sheets.

The Company has in place a Private Label Supply Agreement and a Controlled Label Distribution Agreement with ITC. The agreements designate ITC as the sole supplier to the Company, and the Company is the exclusive importer and distributor for all ITC manufactured tobacco products in the United States, Canada, and Mexico. Furthermore, the Company billed approximately $280,000 and $120,000 to ITC for expenses related to market research for the years ended March 31, 2009 and 2008. At March 31, 2009 and 2008, $60,918 and $40,142, respectively, is due from ITC relating to costs reimbursable by ITC Limited. On May 9, 2007, a $1 million loan was repaid to the Company by a customer and now-forme rstockholder of the Company.

NOTE H - SETTLEMENT CHARGES, NET

On February 11, 1999, the Company signed a Master Settlement Agreement ("MSA") as a Subsequent Participating Manufacturer as stated in Amendment No. 11 to the MSA. The Company was then granted immunity from any future tobacco health-related lawsuits in those 46 states where final approval has been obtained from the Courts.

The MSA is similar to the Agreement reached by the major cigarette manufacturers. However, it provides small cigarette manufacturers, such as the Company, exemption from liability for any market share in 1998 (base year). These companies are defined in the MSA as Subsequent Participating Manufacturers. Under the MSA, the Company is required to pay a proportionate share of the ultimate liability as stipulated in the MSA based on the additional market share gained by the Company over and above the base year, as measured by the Federal excise tax paid units of the Company and as calculated by an independent auditor. This calculation is performed annually, based on the previous calendar year's Federal Tax collected units, for each of the next 26 years, at which point it becomes fixed. The Company estimates its relative market share gain as defined in the MSA and the resultant settlement contribution required. However, the ultimate amount of MSA contributions for the period for which the Company may be liable will not be known until the calculations are completed by an independent auditor. In addition, the calculations performed by an independent auditor are su

MSA settlement charges are as follows:

	March 31, 2009		March 31, 2008	
	$	(Rs.)	$	(Rs.)
Estimated cost based on current activity, net of credits	13,303,514	604,245,606	10,066,463	420,778,153
Change in estimate of MSA settlement costs based on actual results for calendar year end	633,458	28,771,662	(11,179)	(467,282)
	13,936,972	633,017,268	10,055,284	420,310,871

The Company protests a portion of the calculated settlement amount. Under the agreement , the Company has four years to formally protest.There has been no resolution to these disputes or the related payments to date.

NOTE I - TOBACCO BUYOUT

As required by Title VI of the American Jobs Creation Act of October 2004, and related regulations thereof, the Company is required to pay its share of the "Tobacco Buyout" assessment issued by the Commodity Credit Corporation, USDA. This assessment is for a ten-year period commencing January 2005, and is payable quarterly. Each quarterly payment is based on the Company's market share as determined by the Federal Excise Tax paid units during the previous quarter per the rules and regulations notified. Total payments for the years ended March 31,2009 and 2008, were $2,019,449 an $1,820,704, respectively.

NOTE J - PROFIT-SHARING PENSION PLAN

The Company offers a profit-sharing pension plan for all eligible employees. Employees become eligible as long as they are twenty-one years of age and have credited twelve months of service. To continue in the plan, employees must have a minimum of 1,000 hours of employment annually. Employees become fully vested with six or more years of service. Contributions to the Plan are discretionary, with a 3% minimum, under certain circumstances, on an employee's Social Security base income. Expenses for the years ended March 31, 2009 and 2008, are estimated to be approximately $150,220 and $125,000, respectively.

NOTE K - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable.

The Company deposits its cash and short-term investments at two major financial institutions in the United States. At times, the Company's cash balances exceed the current insured amount under the Federal Deposit Insurance Corporation.

With respect to accounts receivable, concentration of credit risk is limited due to the large number of customers and their dispersion across various geographic regions. The Company had one customer that exceeded 10% of total sales for the years ended March 31, 2009 and 2008, respectively. As of March 31, 2009 and 2008, accounts receivable for these customers was $327,108 and $313,106, respectively.

NOTE L - INCOME TAXES

The income tax provision reflected in the statements of income and retained earnings consists of the following components:

	Year ended 31st March, 2009 $	**Year ended 31st March, 2009 (Rs.)**	Year ended 31st March, 2008 $	Year ended 31st March, 2008 (Rs.)
Current income tax expense				
Federal	**328,000**	**14,897,760**	(1,392)	(58,186)
States	**166,976**	**7,584,050**	77,284	3,230,471
Total current	**494,976**	**22,481,810**	75,892	3,172,286
Deferred income tax expense				
Federal	**5,625**	**255,488**	321,678	13,446,140
States	**(1,660)**	**(75,397)**	70,775	2958395
Total deferred	**3,965**	**180,090**	392,453	16,404,535
Net income tax expense				
Federal	**333,625**	**15,153,248**	320,286	13,387,955
States	**165,316**	**7,508,653**	148,060	6,188,908
Total income tax expense cha	**498,941**	**22,661,900**	468,346	19,576,863

The difference between the statutory rate and the rate reflected in the financial statements is due to state taxes.

The Company's total deferred tax assets (liabilities) arise from basis differences summarized as follows:

	Year ended 31st March, 2009 $	**Year ended 31st March, 2009 (Rs.)**	Year ended 31st March, 2008 $	Year ended 31st March, 2008 (Rs.)
Deferred tax assets				
Inventory	**84,173**	**4,269,255**	83,526	3,351,063
Deferred tax liabilities	**23,489**	**1,191,362**	18,877	757,345

NOTE M - SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental disclosures are required regarding cash flow information:

Cash paid during the year for:

	Year ended 31st March, 2009 $	**Year ended 31st March, 2009 (Rs.)**	Year ended 31st March, 2008 $	Year ended 31st March, 2008 (Rs.)
Income taxes	**10,032**	455,653	2,067,171	86,407,748

NOTE N - SUBSEQUENT EVENT

On February 4, 2009, President Obama signed into law the expansion of the State Children's Health Insurance Program (SCHIP). Tobacco taxes will be increased and used to fund SCHIP. The increase in taxes is to be paid on inventory on hand as of April 1, 2009, by July 31, 2009.

The tax increase, which will be approximately 160% on cigarettes and 2,160% on Roll-Your-Own(RYO) Tobacco, is likely to have a significant negative impact on the total cigarette industry's unit volume and will likely affect the Company's units and performance substantively in the upcoming fiscal year.

The unprecedented increase of the federal tax on RYO will sharply raise consumer expense in this category. Due to state tax differentials, the Company believes that the RYO category is still viable and offers significant price savings over cigarettes. The consumer outlay analysis for the category indicates that the 1 lb. bag of RYO is unlikely to find consumer demand due to the large outlay it requires, while the smaller packaging units are expected to see a better franchise. The Company plans to introduce smaller packaging in RYO in the first quarter of the upcoming fiscal year.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
King Maker Marketing, Inc.Paramus, New Jersey

Our audits were made for the purpose of forming an opinion on the basic financial statements of King Maker Marketing, Inc. as of and for the years ended March 31, 2009 and 2008, taken as a whole.The supplemental information described in the contents of this report is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information for the years ended March 31, 2009 and 2008, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Albany, New York
April 14, 2009

Bollam, Sheddy, Torani & Co. LLP

COST OF SALES

	Year ended 31st March, 2009 $	Year ended 31st March, 2009 (Rs.)	%	Year ended 31st March, 2008 $	Year ended 31st March, 2008 (Rs.)	%
Beginning inventory	**5,240,561**	**210,251,307**	**10.30**	5,321,923	231,343,993	12.8
Cigarette tax, duty, and harbor process fees	**17,147,230**	**778,827,187**	**33.70**	15,489,960	647,480,328	37.2
Cigarette purchases	**10,190,796**	**462,865,954**	**20.00**	8,615,711	360,136,720	20.7
Tobacco buyout expense	**2,019,449**	**91,723,374**	**4.00**	1,820,704	76,105,427	4.4
Freight-in	**114,909**	**5,219,167**	**0.20**	279,659	11,689,746	0.7
Storage	**487,781**	**22,155,013**	**1.00**	420,578	17,580,160	1.0
Customs brokerage	**43,049**	**1,955,286**	**0.10**	52,443	2,192,117	0.1
Brokerage commissions	**(9,255)**	**(420,362)**	**(0.00)**	-	-	-
Destruction charges	**796**	**36,154**	**0.00**	282	11,788	0.0
	35,235,316	**1,572,613,079**	**69.2**	32,001,260	1,346,540,279	76.9
Less ending inventory	**(4,247,918)**	**(215,454,401)**	**(8.30)**	(5,240,561)	(210,251,307)	(12.6)
	30,987,398	**1,357,158,678**	**60.8**	26,760,699	1,136,288,972	64.3

OPERATING EXPENSES

	Year ended 31st March, 2009 $	Year ended 31st March, 2009 (Rs.)	%	Year ended 31st March, 2008 $	Year ended 31st March, 2008 (Rs.)	%
Marketing and promotion	**1,480,090**	**67,225,688**	2.9	1,083,016	45,270,069	2.6
Professional fees	**338,718**	**15,384,572**	0.7	278,966	11,660,779	0.7
Shipping and handling	**1,297,162**	**58,917,098**	2.5	957,763	40,034,493	2.3
Salaries	**1,085,953**	**49,323,985**	2.1	802,101	33,527,822	1.9
Travel	**255,735**	**11,615,484**	0.5	243,328	10,171,110	0.6
Pension	**150,220**	**6,822,992**	0.3	125,000	5,225,000	0.3
General insurance	**92,364**	**4,195,173**	0.2	87,222	3,645,880	0.2
Rent	**120,861**	**5,489,507**	0.2	76,238	3,186,748	0.2
Payroll tax	**93,653**	**4,253,719**	0.2	67,858	2,836,464	0.2
Group insurance	**141,226**	**6,414,485**	0.3	114,926	4,803,907	0.3
Auto	**38,371**	**1,742,811**	0.1	55,576	2,323,077	0.1
Office supplies and expense	**102,220**	**4,642,832**	0.2	59,963	2,506,453	0.1
Training and placement fees	**68,125**	**3,094,238**	0.1	10,000	418,000	0.0
Telephone/communication	**37,410**	**1,699,162**	0.1	30,302	1,266,624	0.1
Dues and subscriptions	**67,493**	**3,065,532**	0.1	43,462	1,816,712	0.1
Depreciation	**21,819**	**991,019**	0.0	30,338	1,268,128	0.1
Miscellaneous/other expenses	**152,581**	**6,930,229**	0.3	89,133	3,725,759	0.2
	5,544,001	**251,808,525**	**10.9**	**4,155,192**	173,687,026	**10.0**