

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2012**

1. Your Directors hereby submit their Report and Accounts for the financial year ended 31st March, 2012.

**2. COMPANY PERFORMANCE**

Your Company has earned a total revenue of ₹ 80.83 lakhs in the year under review. The temporary surplus funds of the Company have been invested in debt mutual funds and bank fixed deposits. The Board of Directors of your Company continues to explore business opportunities for growth and sustainability.

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

	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
a. Profit Before Tax	67,07,971	44,20,739
Less : Tax Expense	<u>1,80,000</u>	<u>1,33,419</u>
b. Profit After Tax	65,27,971	42,87,320
c. Add : Profit brought forward from previous years	2,78,01,188	2,35,13,868
d. Balance carried forward to the following year	<u>3,43,29,159</u>	<u>2,78,01,188</u>

**3. DIRECTORS**

In accordance with the provisions of Article 92 of the Articles of Association of the Company, Mr. B. B. Chatterjee 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 your 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 Company's Auditors, Messrs. L. B. Jha & 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 your 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.

2nd May, 2012

Registered Office:  
Virginia House  
37 J. L. Nehru Road  
Kolkata 700 071

On behalf of the Board

R. Tandon *Director*  
S. Dutta *Director*

**AUDITORS' REPORT TO THE MEMBERS OF WILLS CORPORATION LIMITED**

- 1 We have audited the attached Balance Sheet of Wills Corporation Limited, as at 31st March 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, collectively hereinafter referred to as financial statements, 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, collectively referred to as 'Order', issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India ('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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion the Balance Sheet, Statement of Profit and Loss 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2012, 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 also 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 2012;
- (ii) in the case of the Statement of Profit and Loss, 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..

Kolkata  
2nd May, 2012

For L. B. Jha & Co.  
Chartered Accountants  
(Registration No. 301088E)  
Kamal Kumar Bhanja  
Partner  
Membership No. 14722

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF WILLS CORPORATION LIMITED**

(Referred to in paragraph 3 of the Auditors' Report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets 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, no substantial part of fixed assets has been disposed of by the Company during the year.
2. The Company does not have any inventory.
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 fixed assets and for the sale of 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. (a) 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.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
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. (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, wealth tax, service tax, 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, sales tax, wealth tax, service tax, and cess which have not been deposited on account of any dispute.
9. According to the records of the Company examined by us and the information and explanation given to us, the Company has neither borrowed moneys from any financial institution or bank nor has issued any debentures during the year.
10. 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.
11. The Company has not obtained any term loans.
12. 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.
13. According to the records of the Company examined by us and the information and explanation given to us, 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.
14. In our opinion clauses vii, xii to xiv, xix and xx of paragraph 4 of the Order are not applicable to the Company for the current year.
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.

For L. B. Jha & Co.  
Chartered Accountants  
(Registration No. 301088E)

Kamal Kumar Bhanja  
Partner  
Membership No. 14722

Kolkata  
2nd May, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note		31st March, 2012		31st March, 2011	
		(₹)	(₹)	(₹)	(₹)	(₹)
<b>I. EQUITY AND LIABILITIES</b>						
<b>(1) Shareholder's Funds</b>						
(a) Share Capital	2	4,88,56,260		4,88,56,260		
(b) Reserves and Surplus	3	3,54,44,360	8,43,00,620	2,89,16,389	7,77,72,649	
<b>(2) Non-Current Liabilities</b>						
(a) Long-Term Liabilities	4	20,00,000		20,00,000		
(b) Long-Term Provisions	5	2,28,134	22,28,134	1,97,252	21,97,252	
<b>(3) Current Liabilities</b>						
(a) Other Current Liabilities	6	67,024	67,024	82,019	82,019	
<b>Total</b>			<b>8,65,95,778</b>		<b>8,00,51,920</b>	
<b>II. ASSETS</b>						
<b>(1) Non-Current Assets</b>						
(a) Fixed Assets						
Tangible Assets	7	43,80,557		44,73,712		
(b) Other Non-Current Assets	8	56,563	44,37,120	56,563	45,30,275	
<b>(2) Current Assets</b>						
(a) Current Investments	9	—		7,43,79,207		
(b) Cash and Cash Equivalents	10	8,19,98,231		6,31,864		
(c) Short-Term Loans and Advances	11	69,633		1,07,937		
(d) Other Current Assets	12	90,794	8,21,58,658	4,02,637	7,55,21,645	
<b>Total</b>			<b>8,65,95,778</b>		<b>8,00,51,920</b>	

The accompanying Notes 1 to 17 are an integral part of the Financial Statements  
In terms of our report of even date

For L. B. Jha & Co.  
Chartered Accountants  
Kamal Kumar Bhanja  
Partner  
Kolkata, 2nd May, 2012

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

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
<b>Revenue</b>			
Other Income	13	80,83,264	56,35,695
<b>Total Revenue</b>		<u>80,83,264</u>	<u>56,35,695</u>
<b>Expenses</b>			
Employee Benefits Expense	14	11,82,344	10,07,316
Depreciation and Amortisation Expense	7	93,155	93,155
Other Expenses	15	99,794	1,14,485
<b>Total Expenses</b>		<u>13,75,293</u>	<u>12,14,956</u>
<b>Profit before Tax</b>		<u>67,07,971</u>	<u>44,20,739</u>
Tax Expense:			
Current Tax	16	1,80,000	1,33,419
<b>Profit for the year</b>		<u>65,27,971</u>	<u>42,87,320</u>
Earning per equity share (Face Value of ₹ 10/- each) (Basic & Diluted)	17(2)	1.34	0.88

The accompanying Notes 1 to 17 are an integral part of the Financial Statements  
In terms of our report of even date

For L. B. Jha & Co.  
Chartered Accountants

Kamal Kumar Bhanja  
Partner

Kolkata, 2nd May, 2012

On behalf of the Board

R. Tandon Director  
S. Dutta Director

T. Ghosal Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
<b>A. NET PROFIT BEFORE TAX</b>	67,07,971	44,20,739
ADJUSTMENTS FOR:		
Depreciation	93,155	93,155
Dividend Income	(60,83,930)	(40,87,622)
Interest on Income Tax	(8,729)	332
Profit on Sale of Current Investments	(601)	(624)
Liability no longer required written back	(19,374)	—
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>6,88,492</u>	<u>4,25,980</u>
ADJUSTMENTS FOR:		
Current Assets, Loans and Advances	3,11,843	(4,01,309)
Current Liabilities and Provisions	35,261	1,17,845
<b>CASH GENERATED FROM OPERATIONS</b>	<u>10,35,596</u>	<u>1,42,516</u>
Income Tax Refund / (Payment)	(1,41,698)	(2,01,962)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>8,93,898</u>	<u>(59,446)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Income from Current Investments	37,78,800	9,32,535
Purchase of Current Investments	(76,55,60,000)	(108,26,49,132)
Sale of Current Investments	84,22,44,940	108,19,93,924
Interest on Income Tax	8,729	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>8,04,72,469</u>	<u>2,77,327</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest on Income Tax	—	(332)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>—</u>	<u>(332)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>8,13,66,367</u>	<u>2,17,549</u>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	6,31,864	4,14,315
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>8,19,98,231</u>	<u>6,31,864</u>

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statements

2 CASH AND CASH EQUIVALENTS:

Fixed Deposit with Banks	8,11,00,000	—
Balance with Scheduled Banks - On Current Account	8,97,861	3,19,632
Cash in Hand	370	—
Cheques on Hand	—	3,12,232
Cash and Bank Balances (Note 10)	8,19,98,231	6,31,864

The accompanying Notes 1 to 17 are an integral part of the Financial Statement.  
In terms of our report of even date

For L. B. Jha & Co.  
Chartered Accountants

Kamal Kumar Bhanja  
Partner

Kolkata, 2nd May, 2012

On behalf of the Board

R. Tandon Director  
S. Dutta Director

T. Ghosal Secretary

## NOTES TO THE FINANCIAL STATEMENTS

## Note 1. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**

The financial statements are prepared on accrual basis under the historical cost convention.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956 based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

**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**

It is corporate policy that Current Investments are stated at lower of cost and fair value; and Long Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

**Inventories**

The inventories are valued at cost or below. The 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 Statement of Profit and Loss 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 accounted for on 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**

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

Deferred Tax is provided on timing differences between taxable income and accounting income subject to consideration of prudence.

Deferred tax assets is not recognised 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.

## 2. Share Capital

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Authorised		
50,00,000 (2011-50,00,000) Equity Shares of ₹ 10 each	<u>5,00,00,000</u>	5,00,00,000
	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed and Paid-up		
48,85,626 (2011-48,85,626) Equity Shares of ₹ 10 each, fully paid	<u>4,88,56,260</u>	4,88,56,260
	<u>4,88,56,260</u>	<u>4,88,56,260</u>

## (i) Reconciliation of number of shares and amounts outstanding

Particulars	(Number)	As at 31st March, 2012 Equity Shares (₹)	(Number)	As at 31st March, 2011 Equity Shares (₹)
Equity Shares of ₹ 10/- each, outstanding at the beginning and end of the year	<u>48,85,626</u>	<u>4,88,56,260</u>	<u>48,85,626</u>	<u>4,88,56,260</u>
	<u>48,85,626</u>	<u>4,88,56,260</u>	<u>48,85,626</u>	<u>4,88,56,260</u>

## (ii) Details of the Shareholders holding more than 5% of Equity Shares of the Company

Name of the Shareholder	(%)	As at 31st March, 2012 No. of Shares held (Number)	(%)	As at 31st March, 2011 No. of Shares held (Number)
ITC Limited - Holding Company	100%	48,85,626	100%	48,85,626

## (iii) Other disclosures

No shares were either issued otherwise than for payment being received in cash or bought back or allotted fully paid up bonus shares in the preceding five years from the date of this Balance Sheet.

Equity Shares of the Company, having a par value of ₹ 10/- per share, rank pari passu in all respects including voting rights and entitlement to dividend.

## 3. Reserves and Surplus

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
General Reserve		
Balance at the beginning and at the end of the year	11,15,201	11,15,201
Surplus in Statement of Profit and Loss		
At the beginning of the year	2,78,01,188	2,35,13,868
Add: From Statement of Profit and Loss	<u>65,27,971</u>	<u>42,87,320</u>
At the end of the year	<u>3,43,29,159</u>	<u>2,78,01,188</u>
	<u>3,54,44,360</u>	<u>2,89,16,389</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

## 4. Long-Term Liabilities

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Security Deposits (from Holding Company)	20,00,000	20,00,000
	<u>20,00,000</u>	<u>20,00,000</u>

## 5. Long-Term Provisions

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Provision for Employee Benefits:		
Provision for Gratuity	1,11,862	96,256
Provision for Compensated Absences	1,16,272	1,00,996
	<u>2,28,134</u>	<u>1,97,252</u>

## 7. Fixed Assets

## Tangible Assets

Particulars	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As at commencement of the year (₹)	As at the end of the year (₹)	Upto 31st March, 2011 (₹)	For the year (₹)	Upto 31st March, 2012 (₹)	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Plant and Machinery	3,42,348	3,42,348	3,42,348	—	3,42,348	—	—
Building (*) Given on operating lease	57,15,053	57,15,053	12,41,341	93,155	13,34,496	43,80,557	44,73,712
T O T A L	60,57,401	60,57,401	15,83,689	93,155	16,76,844	43,80,557	44,73,712
Previous Year	60,57,401	60,57,401	14,90,534	93,155	15,83,689	44,73,712	45,66,867

\* Operating lease with respect to the building is for three years and is non-cancellable and renewable on mutually agreeable terms.

## 8. Other Non-Current Assets

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Sundry Deposits	56,563	56,563
	<u>56,563</u>	<u>56,563</u>

## 9. Current Investments

(at lower of cost and fair value)

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	—	7,43,79,207
Nil (2011 - 74,356 ) Units of ₹ 1,000 each	—	7,43,79,207
Aggregate value of unquoted investments	—	7,43,79,207

## 10. Cash and Cash Equivalents

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Balances with Banks		
Balances in Current Account	8,97,861	3,19,632
Deposit Accounts	8,11,00,000	—
Cheques on Hand	—	3,12,232
Cash on Hand	370	—
	<u>8,19,98,231</u>	<u>6,31,864</u>

## 11. Short-Term Loans and Advances

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Unsecured, Considered Good		
Advance Income Tax (net of provisions)	69,633	1,07,339
Advance Fringe Benefit Tax (net of provisions)	—	598
	<u>69,633</u>	<u>1,07,937</u>

## 6. Other Current Liabilities

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Liability towards Expenses	20,224	45,304
Other Payables		
Statutory Remittances (TDS Payable)	46,800	36,715
	<u>67,024</u>	<u>82,019</u>

## 12. Other Current Assets

	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
Unsecured, Considered Good		
Lease Rent Receivable (due from holding company ITC Limited)	—	4,00,000
Interest Accrued and Not Due on Fixed Deposits	89,461	—
Prepaid Expense	1,333	2,637
	<u>90,794</u>	<u>4,02,637</u>

## 13. Other Income

	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
Dividend Income		
From Current Investments	60,83,930	40,87,622
Rental Income	9,60,000	8,20,000
Profit on Sale of Current Investments	601	624
Interest On Fixed Deposit	89,461	—
Interest On Income Tax Refund	8,729	—
Liability no longer required written back	19,374	—
Other Non Operating Income	9,21,169	7,27,449
	<u>80,83,264</u>	<u>56,35,695</u>

## 14. Employee Benefits Expense

	For the year ended 31st March, 2012 (₹)	For the year ended 31st March, 2011 (₹)
Salaries and Wages	11,14,196	8,79,656
Retirement Benefits	30,882	89,854
Staff Welfare Expense	37,266	37,806
	<u>11,82,344</u>	<u>10,07,316</u>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

## 15. Other Expenses

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(₹)	(₹)
Rates and Taxes	41,278	43,278
Insurance	3,299	1,971
Professional Fees	5,465	12,500
Filing Fees	1,010	2,040
Payment to Auditor		
As auditors- statutory audit	18,000	18,000
For taxation matters (*)	5,000	10,000
For other matters (*)	7,500	7,500
Travelling and Conveyance	730	1,866
Postage, Telephone, Telex, etc.	1,376	2,839
Miscellaneous Expense	16,136	14,491
	<u>99,794</u>	<u>1,14,485</u>

\* Paid to erstwhile auditors

## 16. Current Tax

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(₹)	(₹)
Income Tax for the year		
- Current Tax	1,80,000	1,00,000
	<u>1,80,000</u>	<u>1,00,000</u>
Adjustments relating to previous years		
- Current Tax	—	33,472
- Fringe Benefit Tax	—	(53)
Net Current Tax Liability	<u>1,80,000</u>	<u>1,33,419</u>

## 17. Additional Notes to the Financial Statements

17.1. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

## 17.6. Employee Benefits :

Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2012 and recognised in the financial statements in respect of Employee Benefit Schemes:

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	(₹)		(₹)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Unfunded	Unfunded	Unfunded	Unfunded
<b>I Components of Employer Expense</b>				
1 Current Service Cost	17,709	9,964	16,232	9,166
2 Interest Cost	7,941	8,332	3,645	4,426
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	12,411	Nil
7 Actuarial Losses/(Gains)	(10,044)	(3,020)	11,892	32,082
<b>8 Total expense recognised in the Statement of Profit &amp; Loss Account</b>	<b>15,606</b>	<b>15,276</b>	<b>44,180</b>	<b>45,674</b>

The Gratuity Expenses and Leave Encashment have been recognised in Employee Cost.

II Actual Returns	Nil	Nil	Nil	Nil
<b>III Net Asset/(Liability) recognised in Balance Sheet</b>				
1 Present Value of Defined Benefit Obligation	1,11,862	(1,16,272)	(96,256)	(1,00,996)
2 Fair Value on Plan Assets	Nil	Nil	Nil	Nil
3 Status [Surplus/(Deficit)]	(1,11,862)	(1,16,272)	(96,256)	(1,00,996)
4 Unrecognised Past Service Cost	Nil	Nil	Nil	Nil
<b>5 Net Asset/(Liability) recognised in Balance Sheet</b>	<b>(1,11,862)</b>	<b>(1,16,272)</b>	<b>(96,256)</b>	<b>(1,00,996)</b>

## 17.2. Earnings per Share

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Profit after Taxation (₹)	65,27,971	42,87,320
Weighted average number of Equity Shares outstanding	48,85,626	48,85,626
Basic and Diluted Earnings Per Share (Face Value - ₹ 10/- per share)	₹ 1.34	₹ 0.88

17.3. The incidence of Deferred Tax being insignificant, is not considered.

## 17.4 Related Party Disclosures :

## (a) Relationships :

Holding Company ITC Limited

## Key Management Personnel

Mr. R. Tandon Non-Executive Chairman  
Mr. B. B. Chatterjee Non-Executive Director  
Mr. S. Dutta Non-Executive Director  
Mr. T. Ghosal Company Secretary

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

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	(₹)	(₹)
<b>Holding Company</b>		
Postage, Telephone, Telex etc.	1,376	2,839
Miscellaneous Expenses	Nil	11,030
Rental Income	9,60,000	8,20,000
Miscellaneous Income	9,21,169	7,27,674
<b>Balance as at</b>	<b>31st March, 2012</b>	<b>31st March, 2011</b>
	(₹)	(₹)
<b>Holding Company</b>		
Receivables	Nil	4,00,000
Security Deposit Received	20,00,000	20,00,000
<b>Key Management Personnel</b>		
Remuneration paid	11,41,562	9,17,462

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

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2012 (₹)		For the year ended 31st March, 2011 (₹)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Unfunded	Unfunded	Unfunded	Unfunded
<b>IV Change in Defined Benefit Obligations (DBO)</b>				
1 Present Value of DBO at Beginning of Period	96,256	1,00,996	52,076	55,322
2 Current Service Cost	17,709	9,964	16,232	9,166
3 Interest Cost	7,941	8,332	3,645	4,426
4 Past Service Cost	Nil	Nil	12,411	Nil
5 Curtailment Cost/(Credit)	Nil	Nil	Nil	Nil
6 Settlement Cost/(Credit)	Nil	Nil	Nil	Nil
7 Plan Amendments	Nil	Nil	Nil	Nil
8 Acquisitions	Nil	Nil	Nil	Nil
9 Actuarial (Gains)/Losses	(10,044)	(3,020)	11,892	32,082
10 Benefits Paid	Nil	Nil	Nil	Nil
<b>11 Present Value of DBO at the End of Period</b>	<b>1,11,862</b>	<b>1,16,272</b>	<b>96,256</b>	<b>1,00,996</b>
<b>V Change in Fair Value of Assets</b>				
1 Plan Assets at Beginning of Period	N.A.	N.A.	N.A.	N.A.
2 Acquisition Adjustment	N.A.	N.A.	N.A.	N.A.
3 Expected Return on Plan Assets	N.A.	N.A.	N.A.	N.A.
4 Actuarial Gains/(Losses)	N.A.	N.A.	N.A.	N.A.
5 Actual Company Contributions	N.A.	N.A.	N.A.	N.A.
6 Benefits Paid	N.A.	N.A.	N.A.	N.A.
<b>7 Plan Assets at the End of Period</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>
<b>VI Actuarial Assumptions</b>				
1 Discount Rate (%)	8.25	8.25	8.00	8.00
2 Expected Return on Plan Assets (%)	Nil	Nil	Nil	Nil

The estimates of 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.

	As at 31st March, 2012	As at 31st March, 2011
<b>VII Major Category of Plan Assets as a % of the Total Plan Assets</b>		
1 Government Securities/Special Deposit with RBI	N. A.	N. A.
2 High Quality Corporate Bonds	N. A.	N. A.
3 Insurance Companies	N. A.	N. A.
4 Mutual Funds	N. A.	N. A.
5 Cash and Cash Equivalents	N. A.	N. A.

**VIII Basis used to determine the Expected Rate of Return on Plan Assets**

The expected rates of return on plan assets are based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

	For the year ended 31st March, 2012 (₹)		For the year ended 31st March, 2011 (₹)		For the year ended 31st March, 2010 (₹)		For the year ended 31st March, 2009 (₹)		For the year ended 31st March, 2008 (₹)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
<b>IX Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)</b>										
1 Present Value of Defined Benefit Obligation	1,11,862	1,16,272	96,256	1,00,996	52,076	55,322	62,516	69,134	47,897	54,062
2 Fair Value on Plan Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3 Status [Surplus/(Deficit)]	(1,11,862)	(1,16,272)	(96,256)	(1,00,996)	(52,076)	(55,322)	(62,516)	(69,134)	(47,897)	(54,062)
4 Experience Adjustment of Plan Assets [ Gain / (Loss) ]	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5 Experience Adjustment of Obligation [ (Gain) / Loss ]	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

17.7 There are no Micro and Small Enterprises, to whom the Company owes any dues, as at 31st March 2012. 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.

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

Kolkata, 2nd May, 2012