

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001

1. The Directors hereby submit their Report and Accounts for the financial year ended 31st March, 2001.

2. **PERFORMANCE OF THE COMPANY**
There was no change in the strategic direction of the business of the Company during the year under review.
The financial results, summarised, are as under :
The net profit for the financial year ended 31st March, 2001, after deducting all charges and expenses and providing for taxation amounts to Rs. 7,12,86,963/-
to which profit brought forward from last year is added Rs. 18,75,18,823/-
making a balance of Rs. 25,88,05,786/- which the Directors recommend be carried forward in view of the current business plans of the Company.

3. **DIRECTORS**
Mr. Davangere Prahladarao Naganand resigned as Director of the Company with effect from 30th April, 2000. Mr. Biswadev Mitter resigned as Chairman and Director of the Company with effect from 16th February, 2001, in view of his imminent retirement from I.T.C. Limited, the Holding Company. The Directors would like to record their appreciation of the services rendered by the aforesaid Directors.
Mr. Rajiv Tandon was appointed by the Board of Directors as Additional Director of the Company with effect from 18th September, 2000. Mr. Krishnamoorthy Vaidyanath was appointed by the Board of Directors as Additional Director of the Company with effect from 14th February, 2001, and Chairman of the Board of Directors with effect from 22nd February, 2001. By virtue of the provisions of Section 260 of the Companies Act, 1956, M/s Rajiv Tandon and Krishnamoorthy Vaidyanath will vacate office at the forthcoming Annual General Meeting of the Company and have filed their consent to act as Directors of the Company, if appointed. Notices have been received for their appointment as Directors from the Members of the Company under Section 257 of the Companies Act, 1956.
In accordance with the provisions of Section 256 of the Companies Act, 1956, Mr. Proddipoti Banerjee will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

4. **DIRECTORS' RESPONSIBILITY STATEMENT**
As per the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors state :-
i) that in the preparation of the Annual Accounts for the year ended 31st March, 2001, the applicable Accounting Standards have been followed and there are no material departures;
ii) that the Directors have 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 ended 31st March, 2001, and the profit of the Company for that period;

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv) that the Directors have prepared the Annual Accounts for the year ended 31st March, 2001, on a going concern basis.

5. **COUNTER OFFER TO THE SHAREHOLDERS OF VST INDUSTRIES LIMITED**
In line with the Company's objective of making strategic investments in specific sectors, the Company made a Counter Offer @ Rs. 115/- per equity share payable fully in cash for acquiring 30,88,384 equity shares of Rs. 10/- each representing 20% of the ordinary equity share capital of VST Industries Limited, in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. This Counter Offer was made as a competitive bid pursuant to a Public Offer made by an Acquirer for a similar number of shares @ Rs. 112/- per equity share payable fully in cash.

6. **AUDIT COMMITTEE**
In accordance with the provisions of Section 292A of the Companies Act, 1956, an Audit Committee was constituted, comprising of M/s K. Vaidyanath, B.B. Chatterjee and S. Bandyopadhyay, Directors of the Company as Members and Ms. J. Guha, Manager and Secretary of the Company as Permanent Invitee and Secretary of the Committee.

7. **SUBSIDIARY**
Particulars as required under Section 212 of the Companies Act, 1956, in respect of Greenacre Holdings Limited, a wholly owned subsidiary of the Company, has been annexed to the accounts of the Company.

8. **PARTICULARS OF EMPLOYEES**
None of the employees are covered by the provisions contained in Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

9. **AUDITORS**
The existing Auditors, M/s Basu, Chatterjee & Co., Chartered Accountants, who retire at the forthcoming Annual General Meeting, have expressed their inability to offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company.
It is proposed that M/s S.B. Billmorla & Co., Chartered Accountants, who have confirmed their eligibility under Section 224 of the Companies Act, 1956, be appointed as Auditors of the Company at the forthcoming Annual General Meeting.

10. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**
Considering the nature of business of the Company, no comment is made on conservation of energy and technology absorption. There has been no foreign exchange income or outflow during the year under review.

On behalf of the Board
P. Banerjee Director
S. Bandyopadhyay Director

Kolkata, 17th April, 2001

AUDITORS' REPORT TO THE MEMBERS OF RUSSELL CREDIT LIMITED

We have audited the attached Balance Sheet of Russell Credit Limited as at 31st March, 2001 and also the relative Profit and Loss Account for the year ended on that date, which are in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the Schedules, give in the prescribed manner, the information required by the Companies Act, 1956 and also give respectively a true and fair view of the state of the Company's affairs as at 31st March, 2001 and its profit for the year ended on that date. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit and in our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books.

In our opinion, the Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.

On the basis of the written representations received from the Directors as on 31st March, 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 and on the basis of such examination of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of our audit, we further report that:

- The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company including leased assets have been physically verified by the management at reasonable intervals and no discrepancies were noticed during the verification.
- None of the fixed assets of the Company have been revalued during the year.
- The stock-in-trade i.e., stock of shares, debentures and other securities have been physically verified by the Management at reasonable intervals and no discrepancies have been noticed on such verification. In our opinion, the valuation of such stock-in-trade has been fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- 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. The provisions of Section 370 of the Companies Act, 1956 are not applicable to a company on and from 31st October, 1998.
- 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. The provisions of

Section 370 of the Companies Act, 1956 are not applicable to a company on and from 31st October, 1998.

- In respect of loans and advances in the nature of loans given by the Company, the parties are generally repaying the principal amounts stipulated and have also been regular in the payment of interest where applicable.
- The Company is dealing in shares and securities and proper records have been maintained and timely entries have been made therein of the transactions and contracts entered into during the year. The Company is holding the securities in its own name.
- There is adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of assets.
- The Company has an internal audit system commensurate with its size and the nature of its business.
- There were no undisputed amounts outstanding as at 31st March, 2001 in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
- According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to the Profit & Loss Account.
- The Company is not an industrial company and hence the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to the Company.
- The other items of the aforesaid Order are, in our opinion, not applicable in the case of this Company. As required by the 'Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998', we further state that we have submitted a Report to the Board of Directors of the Company containing a statement on the matters of supervisory concern to the Reserve Bank of India as specified in the said Directions, namely the following :-
i. The Company, incorporated prior to January 9, 1997, had applied for registration as provided in Section 45IA of the Reserve Bank of India Act, 1934 (2 of 1934), and has not received any communication from the Reserve Bank of India, about the grant of or refusal of Certificate of Registration, as on date.
ii. The Board of Directors of the Company has passed a Resolution for non-acceptance of any public deposits.
iii. The Company has not accepted any public deposits during the year under reference.
iv. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning of bad and doubtful debts as applicable to it.

For Basu, Chatterjee & Co.,
Chartered Accountants
Sourabh Chakravarti
Partner

Kolkata, 17th April, 2001

BALANCE SHEET AS AT 31ST MARCH, 2001

(Figures for the previous year have been rearranged to conform with revised presentation)

SCHEDULE	31st March, 2001		31st March, 2000	
	(Rs.)	(Rs.)	(Rs.)	(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	28,75,73,231	21,62,86,268	6,68,10,73,638
2. Loan Funds				
Unsecured Loans	3	74,12,00,000		56,07,25,000
TOTAL		7,49,35,60,601		7,24,17,98,638
II. APPLICATION OF FUNDS				
1. Fixed Assets	4	2,21,54,694	2,21,54,694	
Less : Depreciation		2,21,51,273	3,421	38,96,984
2. Investments at Cost	5		6,46,21,25,045	1,82,57,710
3. Current Assets, Loans and Advances	6			6,23,65,66,475
a) Current Assets		46,81,84,626		42,55,05,444
b) Loans and Advances (Unsecured-Considered Good)				
Loans		48,09,00,000		90,50,00,000
Advances		11,00,000		—
Advance Payment of Income Tax (net of provision)		8,48,78,223		7,64,70,604
Less : Current Liabilities & Provisions	7	1,03,50,62,849		1,40,69,76,048
Net Current Assets		1,04,58,157		41,33,33,201
4. Miscellaneous Expenditure			1,02,46,04,692	99,36,42,847
As per last Accounts		76,92,332		5,93,821
Add: Expenses during the year				79,63,400
		76,92,332		85,57,221
Less : Written Off		8,64,889		8,64,889
TOTAL		7,49,35,60,601		7,24,17,98,638

Notes to Accounts (Schedule - 14)

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

For Basu, Chatterjee & Co.,
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 17th April, 2001

On behalf of the Board
P. Banerjee Director
S. Bandyopadhyay Director
J. Guha Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001
(Figures for the previous year have been rearranged to conform with revised presentation)

	Schedule 31st March, 2001	(Rs.)	For the year ended 31st March, 2000	(Rs.)	For the year ended	(Rs.)
I. INCOME						
Profit/(Loss) on Stock-in-trade	8	1,82,15,110		31,51,788		25,14,50,811
Lease Rentals		35,48,371		69,07,035		25,14,50,811
Interest Income		17,72,63,184		2,43,90,152		
Dividend Income		76,55,842		1,24,74,074		
Discount Charges on Bills (Received)		28,69,696		64,54,087		
Non-Recurring Income and Expenses (Net)	9	1,63,75,331		19,64,39,887		
Other Income	10	14,53,664	22,73,81,198	16,33,788		
			22,73,81,198			
II. EXPENDITURE						
Financial Charges and Operating Expenses	11		12,29,46,225			1,82,81,907
Payments to and Provisions for Employees			12,09,646			11,60,551
Establishment Expenses			18,42,412			28,78,977
Auditors' Remuneration - Audit Fees	12	25,000		25,000		
- Other Services		12,500		33,075		58,075
Depreciation			37,500			1,79,29,351
Preliminary Expenses Written Off			38,93,563			8,64,889
			8,64,889			4,11,73,750
			13,07,94,235			21,02,77,061
III. PROFIT BEFORE TAXATION			9,65,86,963			2,29,00,000
Provision for Taxation			2,53,00,000			7,12,86,963
IV. PROFIT AFTER TAXATION			7,12,86,963			18,73,77,061
Balance Brought Forward From Last Year			18,75,18,823			1,41,762
V. BALANCE CARRIED FORWARD			25,88,05,786			18,75,18,823

Notes to Accounts (Schedule - 14)

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

For Basu, Chatterjee & Co.,
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 17th April, 2001

On behalf of the Board

P. Banerjee
S. Bandyopadhyay
J. Guha
Director
Director
Secretary

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 – SHARE CAPITAL	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)	SCHEDULE 2 – RESERVES AND SURPLUS	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
Authorised : 70,00,00,000 (31-3-2000 - 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	Capital Reserve	2,87,67,445	2,87,67,445
Issued , Subscribed and Paid Up: 59,74,54,177 (31-3-2000 - 59,74,54,177) Equity Shares of Rs. 10/- each, fully paid up (Of the above 59,74,04,170 Equity Shares issued for consideration other than cash pursuant to Scheme of Amalgamation sanctioned by High Court at Kolkata)	5,97,45,41,770	5,97,45,41,770	Profit and Loss Account	25,88,05,786 28,75,73,231	18,75,18,823 21,62,86,268
7,54,22,400 (31-3-2000 - 7,54,22,400) Equity Shares of Rs.10/- each, Rs. 6.50 per share called and paid up on application and allotment (Equity Shares issued for consideration other than cash pursuant to Scheme of Amalgamation sanctioned by High Court at Kolkata)	49,02,45,600 6,46,47,87,370	49,02,45,600 6,46,47,87,370	SCHEDULE 3 – UNSECURED LOANS	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
			Short Term Loan		
			- From Financial Institution (Guaranteed by the Holding Company, M/s. I.T.C. Limited)	—	49,07,25,000
			- From Others	74,12,00,000 74,12,00,000	7,00,00,000 56,07,25,000

(All shares are held by the Holding Company I.T.C. Limited)

SCHEDULE 4 – FIXED ASSETS

	Original Cost as at 31st March, 2000 (Rs.)	Additions During the year (Rs.)	Withdrawals During the year (Rs.)	Original Cost as at 31st March, 2001 (Rs.)	Depreciation up to 31st March, 2001 (Rs.)	Net Book Value as at 31st March, 2001 (Rs.)
Plant and Machinery	2,21,54,694	—	—	2,21,54,694	2,21,51,273	3,421
Previous Year	2,21,54,694	—	—	2,21,54,694	2,21,51,273	3,421
	2,21,54,694	—	—	2,21,54,694	1,82,57,710	38,96,984

Notes :

- Plant and Machinery include Rs. 7,140/- (2000 - Rs. 7,140/-) for plant and machinery being used for own purposes.
- In order to comply with the requirements of true and fair disclosure under Section 211 of the Companies Act, 1956, read with Schedule VI thereof and as recommended by the Institute of Chartered Accountants of India, the Company has provided depreciation on Leased Fixed Assets at rates which are different from but not lower than, the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended till date. The depreciation rates applied by the Company ensure that depreciation is provided over the period of the primary lease which corresponds to the useful life of the Leased Fixed Assets to the Company.
- In respect of own asset, depreciation has been charged under Straight Line Method at the rate of 25% per annum.
- As depreciation has been charged at rates higher than the rates prescribed under Schedule XIV to the Companies Act, 1956 as amended till date, the charge for the year is higher by Rs. 34,06,752/- (2000 - Rs. 1,66,69,202/-) and consequently the Profit Before Tax is lower by the same amount.

SCHEDULE 5 – INVESTMENTS AT COST (LONG TERM)

A. UNQUOTED Subsidiary Company	Number	As at 31st March, 2001 Value (Rs.)	Number	As at 31st March, 2000 Value (Rs.)
1. Equity Shares of Rs.10/- each, of Greenacre Holdings Ltd., fully paid up	3,30,60,166	33,10,33,674	3,30,60,166	33,10,33,674
Others				
2. Equity Shares of Rs.10/- each, of Triveni Handlooms Ltd., fully paid up	—	—	34,800	3,48,000
3. Equity Shares of Rs.10/- each, of Russell Investments Ltd., fully paid up	42,75,435	4,27,56,850	42,75,435	4,27,56,850
4. Equity Shares of Rs.10/- each, of Peninsular Investments Ltd., fully paid up	40,64,875	4,06,51,738	40,64,875	4,06,51,738
5. Equity Shares of Rs.10/- each, of Minota Aquatech Ltd., fully paid up	14,80,000	14,80,000	14,80,000	14,80,000

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31st March, 2001		As at 31st March, 2000	
	Number	Value (Rs.)	Number	Value (Rs.)
6. Equity Shares of Rs.10/- each, of Newdeal Finance and Investment Ltd., fully paid up	28,81,200	2,88,13,440	28,81,200	2,88,13,440
7. Equity Shares of Rs.10/- each, of Megatop Financial Services and Leasing Ltd., fully paid up	31,16,400	3,11,65,440	31,16,400	3,11,65,440
8. Class 'G' Shares of Rs. 48,000/- each, of Lotus Court Pvt. Ltd., fully paid up	2	2,34,00,000	2	2,34,00,000
9. Equity Shares of Rs. 100/- each, of Adyar Property Holding Co. Ltd., partly paid up	311	43,86,50,000	311	43,86,50,000
10. 7% Unsecured Debentures of Rs. 100/- each, in Royal Calcutta Golf Club, fully paid up	1,000	1,01,000	1,000	1,01,000
11. Equity Shares of Rs.10/- each, of Classic Infrastructure & Development Ltd., fully paid up	37,50,000	3,76,88,280	37,50,000	3,76,88,280
12. Equity Shares of Rs.10/- each, of ITC Threadneedle Trustees Ltd., fully paid up	—	—	1,00,000	10,05,000
13. Non Cumulative, Non Participating Non Voting Preference Shares of Rs. 1,00,00,000/- each, of ICICI Ltd., fully paid up	350	<u>3,50,00,00,000</u>	350	<u>3,50,00,00,000</u>
		<u>4,47,57,40,422</u>		<u>4,47,70,93,422</u>
B. QUOTED				
1. Equity Shares of Rs.10/- each, of ITC Hotels Ltd., fully paid up.	2,32,752	1,86,66,969	—	—
2. Equity Shares of Rs.10/- each, of Agro-Tech Foods Ltd., fully paid up.	40,85,800	53,72,82,700	40,85,800	53,72,82,700
3. Equity Shares of Rs.10/- each, of International Travel House Ltd., fully paid up.	36,26,633	21,21,58,031	36,26,633	21,21,58,031
4. Equity Shares of Rs.10/- each, of ITC Bhadrachalam Paperboards Ltd., fully paid up.	1,66,81,703	<u>1,21,82,76,923</u>	1,29,50,236	<u>1,01,00,32,322</u>
		<u>1,98,63,84,623</u>		<u>1,75,94,73,053</u>
		<u>6,46,21,25,045</u>		<u>6,23,65,66,475</u>
Total (A+B)				
Market Value : Quoted - (31-03-2001 - Rs. 1,16,49,95,096/-)				
(31-03-2000 - Rs. 88,19,32,374/-)				

SCHEDULE 6 – CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2001		As at 31st March, 2000	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
CURRENT ASSETS				
a) Inventories (Closing Stock-in-Trade) (Schedule - 13)		29,24,382		38,18,013
b) Sundry Debtors (Unsecured - Considered Good) Over six months old	—	—	—	—
Others	—	—	750	750
c) Cash and Bank Balances				
i. Cheques in Hand	—	—	2,24,00,000	—
ii. Balance with Scheduled Banks				
- On Current Account	14,17,625	—	4,87,178	—
- On Deposit Account	<u>36,83,00,000</u>	<u>36,97,17,625</u>	<u>33,90,00,000</u>	<u>36,18,87,178</u>
d) Other Current Assets (Unsecured - Considered Good)				
i. Fixed Deposit with ICICI Limited	8,95,00,000	—	5,00,00,000	—
ii. Deposit with Others	37,53,000	—	37,53,000	—
iii. Interest Accrued	<u>20,47,821</u>	<u>—</u>	<u>56,72,965</u>	<u>—</u>
iv. Others	2,41,798	9,55,42,619	3,73,538	5,97,99,503
Total		<u>46,81,84,626</u>		<u>42,55,05,444</u>
LOANS (See Note D)				
a) Loans to Subsidiary		2,00,00,000		2,00,00,000
b) Loans to Others		<u>46,09,00,000</u>		<u>88,50,00,000</u>
Total		<u>48,09,00,000</u>		<u>90,50,00,000</u>

SCHEDULE 7 – CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
CURRENT LIABILITIES		
a) Sundry Creditors	44,63,998	38,86,147
b) Lease Rentals received in advance	2,11,250	3,70,363
c) Security Deposits	42,12,641	42,12,641
d) Temporary Overdraft in Current Accounts	—	40,22,79,484
e) Interest Accrued but not due	—	1,92,310
f) Others	<u>12,46,151</u>	<u>22,00,473</u>
	<u>1,01,34,040</u>	<u>41,31,41,418</u>
PROVISIONS		
a) Provision for Gratuity	2,24,117	1,91,783
b) Provision for Leave Encashment	<u>1,00,000</u>	<u>—</u>
	<u>3,24,117</u>	<u>1,91,783</u>
	<u>1,04,58,157</u>	<u>41,33,33,201</u>

SCHEDULE 8 – PROFIT/(LOSS) ON STOCK-IN-TRADE

	For the year ended 31st March, 2001 (Rs.)	For the year ended 31st March, 2000 (Rs.)
Sale of Stock-in-Trade	88,66,67,261	1,76,07,33,940
Less : Purchases	<u>86,75,58,520</u>	<u>1,56,54,41,915</u>
	<u>1,91,08,741</u>	<u>19,52,92,025</u>
Add/Less : Increase/(Decrease) in Closing Stock-in-Trade	<u>(8,93,631)</u>	<u>(19,21,40,237)</u>
Profit/(Loss) on Stock-in-Trade	<u>1,82,15,110</u>	<u>31,51,788</u>

SCHEDULE 9 – NON-RECURRING INCOME AND EXPENSES (NET)

	For the year ended 31st March, 2001 (Rs.)	For the year ended 31st March, 2000 (Rs.)
Profit/(Loss) on Sale of Investments	1,38,12,331	22,49,12,769
Recovery of Bad Debts Written Off Earlier	<u>25,63,000</u>	<u>—</u>
	<u>1,63,75,331</u>	<u>22,49,12,769</u>
Less : Bad Debts and Other Write Offs	<u>—</u>	<u>2,84,72,882</u>
	<u>1,63,75,331</u>	<u>19,64,39,887</u>

SCHEDULE 10 – OTHER INCOME

Profit/(Loss) on Disposal of Fixed Assets	—	4,90,809
Miscellaneous Income	<u>14,53,664</u>	<u>11,42,979</u>
	<u>14,53,664</u>	<u>16,33,788</u>

SCHEDULE 11 – FINANCIAL CHARGES AND OPERATING EXPENSES

Interest	12,19,65,615	1,22,48,951
Loss/(Gain) on Foreign Currency Loan	—	1,68,750
Bank, Custodial and Depository Charges	2,75,708	4,50,819
Professional Fees	7,04,902	53,85,370
Brokerage	—	1,667
Stamp Duty	—	26,350
	<u>12,29,46,225</u>	<u>1,82,81,907</u>

SCHEDULE 12 – ESTABLISHMENT EXPENSES

Rent and Maintenance	83,574	81,158
Travelling and Conveyance	6,71,575	8,64,019
Filing Fees	8,000	14,240
Rates and Taxes	2,59,384	7,19,011
Communication Expenses	1,78,934	3,22,630
Printing, Stationery and Periodicals	54,111	1,15,037
Miscellaneous	<u>5,86,834</u>	<u>7,62,882</u>
	<u>18,42,412</u>	<u>28,78,977</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

SCHEDULE 13 – DETAILS OF CLOSING STOCK OF SECURITIES HELD AS STOCK-IN-TRADE

COMPANY	As at 31st March, 2001		As at 31st March, 2000	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Equity Shares of Rs. 10/- each, fully paid up				
Anusuya Spinners Ltd.	—	—	44,500	44,500
Mark Auto India Ltd.	40,000	40,000	40,000	40,000
Pioneer Investcorp Ltd.	—	—	53,800	53,800
SMIFS Capital Markets Ltd.	—	—	25,000	25,000
Ambika Cotton Mills Ltd.	—	—	1,65,833	1,65,833
Khemka Containers Ltd.	1,17,400	4,34,380	1,17,400	4,34,380
Pathoja Brothers Forgings And Stampings Ltd.	50,000	1	50,000	50,000
Jind Textiles Ltd.	5,00,000	1	5,00,000	5,00,000
Taib Capital Corporation Ltd.	2,45,000	24,50,000	2,45,000	24,50,000
Paam Drugs & Pharmaceuticals Ltd.	—	—	1,00,000	35,000
Orient Beverages Ltd.	—	—	19,500	19,500
Total	<u>9,52,400</u>	<u>29,24,382</u>	<u>13,61,033</u>	<u>38,18,013</u>

SCHEDULE 14 – NOTES TO ACCOUNTS

A. PARTICULARS IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK OF SECURITIES HELD AS STOCK-IN-TRADE

	31st March, 2001		Value (Rs.) 31st March, 2000	
	Number	31st March, 2001	Number	31st March, 2000
OPENING STOCK				
Equity Shares (Face Value of Rs. 10/- each, fully paid up)	13,61,033	22,38,209	38,18,013	2,49,86,621
Units (Face Value of Rs. 10/- each, fully paid up)	—	1,50,000	—	9,40,500
Unsecured Bonds in the nature of Debentures (Face Value of Rs. 1,00,000/- each, fully paid up)	—	1,500	—	15,02,27,000
Bonds (Face Value of Rs. 1,00,000/- each, fully paid up)	—	200	—	1,98,04,129
			<u>38,18,013</u>	<u>19,59,58,250</u>
PURCHASES				
Equity Shares (Face Value of Rs. 10/- each, fully paid up)	—	6,700	—	82,68,105
Units (Face Value of Rs. 10/- each, fully paid up)	—	13,07,200	—	2,00,00,160
Secured Non-convertible Debentures (Face Value of Rs. 1,00,00,000/- each, fully paid up)	—	12	—	12,01,30,000
Others (Face Value of Rs. 1,00,00,000/- each, fully paid up)	—	—	86,75,58,520	1,41,70,43,650
			<u>86,75,58,520</u>	<u>1,56,54,41,915</u>
SALES				
Equity Shares (Face Value of Rs. 10/- each, fully paid up)	4,08,633	8,83,876	55,67,261	2,33,83,490
Units (Face Value of Rs. 10/- each, fully paid up)	—	14,57,200	—	1,84,26,540
Unsecured Bonds in the nature of Debentures (Face Value of Rs. 1,00,000/- each, fully paid up)	—	1,500	—	15,00,00,000
Secured Non-convertible Debentures (Face Value of Rs. 1,00,00,000/- each, fully paid up)	—	12	—	12,00,00,000
Bonds (Face Value of Rs. 1,00,000/- each, fully paid up)	—	200	—	1,98,04,120
Others (Face Value of Rs. 1,00,00,000/- each, fully paid up)	—	—	88,11,00,000	1,42,91,19,790
			<u>88,66,67,261</u>	<u>1,76,07,33,940</u>
CLOSING STOCK				
Equity Shares (Face Value of Rs. 10/- each, fully paid up)	9,52,400	13,61,033	29,24,382	38,18,013
			<u>29,24,382</u>	<u>38,18,013</u>

- B. The Company has made a Counter Offer @ Rs. 115/- per equity share payable fully in cash for acquiring 30,88,384 equity shares of Rs. 10/- each representing 20% of the outstanding equity share capital of VST Industries Limited, in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, ("Regulations") as a competitive bid pursuant to a Public Offer made by an Acquirer for a similar number of shares @ Rs. 112/- per equity share, payable fully in cash. The Company has deposited in an Escrow Account with ABN Amro Bank, N.V., a sum of Rs. 9,00,00,000/- in accordance with the Regulations in this regard.
- C. Uncalled liability on account of investments in partly paid up shares of Adyar Property Holding Co. Ltd., is Rs. 10,885/- (2000 - Rs. 10,885/-).
- D. Loans include Rs. Nil (2000 - Rs. 88,50,00,000/-) to M/s. ITC Bhadrachalam Paperboards Limited and Rs. 2,00,00,000/- (2000 - Rs. 2,00,00,000/-) to M/s Greenacre Holdings Limited. The maximum amount due during the year from M/s. ITC Bhadrachalam Paperboards Limited was Rs. 2,38,50,00,000/- (2000 - Rs. 88,50,00,000/-) and from Greenacre Holdings Limited was Rs. 2,00,00,000/- (2000 - Rs. 2,00,00,000/-).
- E. The income from interest and other income are stated gross. The amount of income tax deducted thereon is Rs. 3,91,13,779/- (2000 - Rs. 43,83,142/-).

Managerial Remuneration:	31/03/2001 (Rs.)	31/03/2000 (Rs.)
Salaries	6,04,120/-	2,53,518/-
Other Benefits	<u>1,254/-</u>	<u>514/-</u>
	<u>6,05,374/-</u>	<u>2,54,032/-</u>

G. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting - The Financial Statements are prepared on Accrual Basis under the Historic Cost Convention.
2. Fixed Assets - Fixed Assets are stated at cost including any incidental acquisition expenses. Depreciation is provided on Capital Recovery Method for Leased Assets as recommended by the Institute of Chartered Accountants of India and on own assets at appropriate rates so as to amortise the cost of the asset over their estimated useful life.
3. Investments - Investments are stated at cost. However, suitable provisions are considered for permanent diminution in value of investments, if any. Income from Investments is included together with the related tax credit in the Profit and Loss Account.
4. Stock-in-Trade - To comply with the Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies, stock-in-trade has been valued at cost or at available market quotation or their fair values, whichever is lower, scrip wise.
5. 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.
6. Borrowing Costs - Interest and other costs incurred by the Company in connection with the borrowing of funds are recognised as an expense in the period in which they are incurred unless activities that are necessary to prepare the qualifying asset for its

SCHEDULES TO THE ACCOUNTS (Contd.)

- intended use or sale are in progress.
7. Gratuity is provided for employees based on half month's salary for every year of service or part thereof.
 8. Lease Rentals - Lease Rentals are being accounted for on an accrual basis except in case of Lessees in default where accrual is guided by RBI Prudential Norms.
 9. Miscellaneous Expenditure - Miscellaneous Expenditure have been amortised over a period of ten years.
- H. Other Additional Information : Not Applicable.

For Basu, Chatterjea & Co.,
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 17th April, 2001

On behalf of the Board

P. Banerjea Director
S. Bandyopadhyay Director
J. Guha Secretary

STATEMENT REGARDING SUBSIDIARY COMPANY

Pursuant to Section 212 (1) and (3) of the Companies Act, 1956
GREENCARE HOLDINGS LIMITED

- (a) Holding Company's Interest :
Entire issued share capital of 3,30,60,166 Equity Shares of Rs. 10/- each, fully paid up
- (b) Net aggregate amount of Subsidiary's profits/(losses) not dealt with in the Holding Company's Accounts :
- | | |
|---|---------------|
| | Rs. |
| i) For the subsidiary's financial year ended 31st March, 2001 | 20,93,382/- |
| ii) For its previous financial years | 1,82,37,620/- |
| | 2,03,31,002/- |
- (c) Net aggregate amount of Subsidiary's profits/(losses) dealt with in the Holding Company's Accounts
- | | |
|---|-----|
| i) For the subsidiary's financial year ended 31st March, 2001 | Nil |
| ii) For its previous financial years | Nil |

On behalf of the Board

P. Banerjea Director
S. Bandyopadhyay Director
J. Guha Secretary

Kolkata, 17th April, 2001

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. 61684 of 1994 State Code 21

Balance Sheet Date 31 03 01
Date Month 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 Liabilities Total Assets
7493560 7493560

Sources of Funds

Paid up Capital Reserves & Surplus
6464787 # 287573

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 Amalgamation.

Secured Loans Unsecured Loans
NIL 741200

Application of Funds

Net Fixed Assets Investments
3 6462125

Net Current Assets Misc. Expenditure
1024605 6827

Accumulated Losses
NIL

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

Turnover (Net)* Total Expenditure
227381 130794

*Includes Other Income

Profit/Loss before Tax Profit/Loss after Tax
+ - 96587 + - 71287

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

Earning per Share in Rs. Dividend Rate %
0.11 NIL

V. Generic Names of Three Principal Services of Company

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