

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. **FINANCIAL RESULTS OF THE COMPANY**
The net profit for the financial year ended 31st March, 2001, after deducting all charges and expenses and providing for taxation amounts to
Rs. 98,57,108/-
to which profit brought forward from last year is added
Rs. 77,37,195/-
making a balance of
Rs. 1,75,94,303/-
which the Directors recommend be carried forward.
3. **DIRECTORS**
Mr. Sudip Bandyopadhyay was appointed by the Board of Directors as Additional Director of the Company with effect from 29th May, 2000. By virtue of the provisions of Section 260 of the Companies Act, 1956, Mr. Bandyopadhyay will vacate office at the forthcoming Annual General Meeting of the Company and has filed his consent to act as Director of the Company, if appointed. Notice has been received for his appointment as Director from a Member of the Company under Section 257 of the Companies Act, 1956.
In accordance with Section 256 of the Companies Act, 1956, Mr. Sanjay Virendra Shah will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.
4. **MANAGER**
Mr. Thengumkudiyil Varkey Wilson ceased to be Manager of the Company from 31st October, 2000, on completion of his tenure of appointment on the said date. The Directors would like to record their appreciation of the services rendered by Mr. Wilson during his tenure.
Ms. Jhuma Guha was appointed as Manager of the Company by the Board of Directors for a period of two years with effect from 12th December, 2000, in terms of the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII thereto, subject to the approval of the Members of the Company at the next General Meeting.
5. **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.
 6. **STATUS OF THE COMPANY**
The Company is a Deemed Public Company by virtue of Section 43A of the Companies Act, 1956. Consequent upon the enactment of the Companies (Amendment) Act, 2000, the provisions relating to deemed public companies have been deleted from Section 43A, and Section 3(1)(iv) has been amended, by virtue of which a subsidiary of a Public Company would itself become a Public Company. Accordingly, necessary steps are being taken for conversion of the Company into a Public Company.
 7. **AUDIT COMMITTEE**
In accordance with the provisions of Section 292A of the Companies Act, 1956, an Audit Committee was constituted during the year under review, comprising of M/s. R. S. Naware, S. Bandyopadhyay and S. V. Shah, Directors of the Company, as its Members.
 8. **PARTICULARS OF EMPLOYEES**
None of the employees are covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.
 9. **AUDITORS**
The Auditors, M/s. Basu, Chatterjee & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.
 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. Chatterjee *Chairman*
S. Bandyopadhyay *Director*
- Kolkata, 16th April, 2001

AUDITORS' REPORT TO THE MEMBERS OF ALL INDIA TOBACCO COMPANY LIMITED

We have audited the attached Balance Sheet of All India Tobacco Company 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 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. 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 the 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 (Auditor's 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 :

- a) 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.
- b) None of the fixed assets of the Company has been revalued during the year.
- c) The Company does not have any stock-in-trade.
- d) 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.

- e) 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.
 - f) In respect of loans given by the Company where stipulations have been made, the parties have repaid the principal amount and interest as stipulated during the year.
 - g) In our opinion and in accordance with 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 goods and assets and for the sale of goods.
 - h) There were no transactions during the year of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.
 - i) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
 - j) There were no amounts outstanding as at 31st March, 2001 in respect of undisputed Income Tax, Sales Tax, Customs Duty and Excise Duty which were due for more than six months from the date they became payable.
 - k) 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 and Loss Account.
 - l) 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.
 - m) The other items of the aforesaid Order are, in our opinion, not applicable in the case of this Company.
- For Basu, Chatterjee & Co.
Chartered Accountants
Sourabh Chakravarti, Partner
- Kolkata, 16th April, 2001

BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedule	(Figures for the previous year have been rearranged to conform with revised presentation)			
		31st March, 2001		31st March, 2000	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1		15,99,83,850		15,99,83,850
b) Reserves and Surplus					
General Reserve		14,06,035		14,06,035	
Profit and Loss Account		1,75,94,303	1,90,00,338	77,37,195	91,43,230
			17,89,84,188		16,91,27,080
II. APPLICATION OF FUNDS					
1. Fixed Assets	2				
Gross Block		40,85,943		40,85,943	
Less: Depreciation		40,68,811		40,57,920	
Net Block			17,132		28,023
2. Investments at Cost	3		4,12,81,875		16,78,28,288
3. Current Assets, Loans and Advances					
Cash and Bank Balances	4	3,84,96,931		2,37,890	
Other Current Assets	5	10,03,22,446		5,000	
Loans and Advances	6			13,08,218	
		13,88,19,377		15,51,108	
Less:					
4. Current Liabilities and Provisions	7	12,72,196		4,72,339	
		12,72,196	13,75,47,181	4,72,339	10,78,769
5. Miscellaneous Expenditure					
Preliminary Expenses		1,92,000		2,46,000	
Less: Written Off during the year		54,000	1,38,000	54,000	1,92,000
Total			17,89,84,188		16,91,27,080

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, 16th April, 2001

On behalf of the Board
P. Chatterjee *Director*
S. Bandyopadhyay *Director*
T.K. Ghosal *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	For the year ended 31st March, 2001		For the year ended 31st March, 2000	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
I. INCOME				
Profit on Sale of Investments	69,80,793		4,73,576	
Interest Income	38,00,929		96,31,794	
Dividend Income	33,07,487		83,09,361	
Miscellaneous Income	99,836	1,41,89,045	1,79,771	1,85,94,502
		<u>1,41,89,045</u>		<u>1,85,94,502</u>
II. EXPENDITURE				
Salaries, Bonus and Gratuity				67,198
Interest				90,743
Auditors' Remuneration				
- Audit Fees	8,000		8,000	
- Other Services	2,500		2,500	
- Out of Pocket Expenses	400	10,900	125	10,625
Operating and Establishment Expenses	8	1,56,146		6,94,615
Depreciation		10,891		27,355
Preliminary Expenses Written Off		54,000		54,000
		<u>2,31,937</u>		<u>9,44,536</u>
III. PROFIT BEFORE TAXATION		1,39,57,108		1,76,49,966
Provision for Taxation		41,00,000		35,89,620
IV. PROFIT AFTER TAXATION		98,57,108		1,40,60,346
Balance Brought Forward From Last Year		77,37,195		5,19,09,148
V. PROFIT AVAILABLE FOR APPROPRIATION		1,75,94,303		6,59,69,494
VI. APPROPRIATIONS				
General Reserve				14,06,035
Dividend - Interim				5,11,94,832
Income Tax on Interim Dividend				56,31,432
VII. BALANCE CARRIED FORWARD		<u>1,75,94,303</u>		<u>77,37,195</u>

Notes to Accounts (Schedule-9)

Significant Accounting Policies (Schedule-10)

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, 16th April, 2001

On behalf of the Board

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

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 - SHARE CAPITAL

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
Authorised		
2,00,00,000 Ordinary Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
Issued, Subscribed and Paid up:-		
1,59,98,385 (31.3.2000 - 1,59,98,385) Equity Shares of Rs. 10/- each, fully paid up	15,99,83,850	15,99,83,850
	<u>15,99,83,850</u>	<u>15,99,83,850</u>

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

SCHEDULE 2 - 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 for the year (Rs.)	Depreciation up to 31st March, 2001 (Rs.)	Net Book Value as at 31st March, 2001 (Rs.)
Plant and Machinery	40,80,853	—	—	40,80,853	10,628	40,64,910	15,943
Furniture and Fixtures	5,090	—	—	5,090	263	3,901	1,189
Total	40,85,943	—	—	40,85,943	10,891	40,68,811	17,132
Previous Year	49,37,692	—	8,51,749	40,85,943	27,355	40,57,920	28,023

SCHEDULE 3 - INVESTMENTS AT COST

	As at 31st March, 2001 Value (Rs.)	As at 31st March, 2000 Value (Rs.)
UNQUOTED		
A. Long Term		
Trade Investments		
I.T.C. Filtrona Limited		
22,50,000 (2000 - 22,50,000) Equity Shares of Rs.10/- each, fully paid up	2,25,00,000	2,25,00,000
Asia Tobacco Company Limited		
55,650 (2000 - 55,650) Equity Shares of Rs.100/- each, fully paid up	83,47,500	83,47,500
1,39,125 (2000 - 1,39,125) Equity Shares of Rs.100/- each, partly paid up	1,04,34,375	1,04,34,375
	<u>4,12,81,875</u>	<u>4,12,81,875</u>
B. Current		
Other Investments		
(All of face value at Rs.10/-each)		
Prudential ICICI Mutual Fund - Prudential ICICI Gilt Plan		
Nil (2000 - 32,01,000) units @ Rs.10.00 each, fully paid up	—	3,20,10,000
Nil (2000 - 73,103.641) units @ Rs.10.034 each, fully paid up	—	7,33,500
Nil (2000 - 94,219.715) units @ Rs.10.259 each, fully paid up	—	9,66,600
Zurich India Mutual Fund - Zurich India High Interest Fund		
Nil (2000 - 1,98,609.732) units @ Rs.10.07 each, fully paid up	—	20,00,000
Nil (2000 - 4,867.885) units @ Rs.10.20 each, fully paid up	—	49,652
Nil (2000 - 3,985.849) units @ Rs.10.21 each, fully paid up	—	40,696
Templeton Funds - Templeton India Income Fund		
Nil (2000 - 3,47,490.347) units @ Rs.10.36 each, fully paid up	—	36,00,000
Nil (2000 - 29,44,550.669) units @ Rs.10.46 each, fully paid up	—	3,08,00,000
Nil (2000 - 79,826.407) units @ Rs.10.31 each, fully paid up	—	8,23,010
Nil (2000 - 88,395.001) units @ Rs.10.49 each, fully paid up	—	9,27,264

SCHEDULES TO THE ACCOUNTS (Contd.)

Templeton Funds - Templeton India Government Securities Fund

Nil (2000 - 49,58,837.772) units @ Rs.10.325 each, fully paid up
 Nil (2000 - 58,077.630) units @ Rs.10.331 each, fully paid up
 Nil (2000 - 1,11,962.504) units @ Rs.10.082 each, fully paid up
 Nil (2000 - 1,62,211.494) units @ Rs.10.276 each, fully paid up

Total (A+B)

SCHEDULE 4 - CASH AND BANK BALANCES

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
Balance with Scheduled Banks		
- On Current Account	96,931	2,37,890
- On Deposit Account	3,84,00,000	—
Total	3,84,96,931	2,37,890

SCHEDULE 5 - OTHER CURRENT ASSETS

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
(Unsecured - considered good)		
Deposit with ICICI Limited	9,97,00,000	—
Deposit with Others	5,000	5,000
Interest Receivable	6,17,446	—
Total	10,03,22,446	5,000

SCHEDULE 6 - LOANS AND ADVANCES

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
(Unsecured - considered good)		
Advance Payment of Income Tax (Net of Provision)	—	13,08,218
Total	—	13,08,218

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2001 (Rs.)	As at 31st March, 2000 (Rs.)
Current Liabilities		
Sundry Creditors	12,622	8,135
Sundry Deposits	4,64,204	4,64,204
Total	4,76,826	4,72,339
Provisions		
Provision for Income Tax (Net of Advance Payment of Income Tax)	7,95,370	—
Total	12,72,196	4,72,339

SCHEDULE 8 - OPERATING AND ESTABLISHMENT EXPENSES

	For the Year ended 31st March, 2001 (Rs.)	For the Year ended 31st March, 2000 (Rs.)
Filing Fees	5,000	840
Insurance	384	58
Rates and Taxes	3,025	8,360
Postage, Telephone, Telex, etc.	2,721	17,486
Rent	—	79,600
Repairs and Maintenance	45,829	16,971

As at 31st March, 2001 Value (Rs.)	As at 31st March, 2000 Value (Rs.)
—	5,12,00,000
—	6,00,000
—	11,28,806
—	16,66,885
—	12,65,46,413
4,12,81,875	16,78,28,288

For the Year ended 31st March, 2001 Rs.	For the Year ended 31st March, 2000 Rs.
Travelling and Conveyance	—
Payment for Contractual Services	1,81,580
Fixed Assets Written Off	2,48,416
Professional Fees	83,400
Miscellaneous Expenses	41,258
Printing and Stationery	16,646
Total	6,94,615

SCHEDULE 9 - NOTES TO THE ACCOUNTS

- a) Uncalled liability in respect of partly paid shares : Rs. 3,13,03,125/- (2000 - Rs. 3,13,03,125/-)
- b) Interest income is stated gross, the amount of Income Tax deducted at source is Rs. 7,04,942/- (2000 - Rs. 20,91,493/-)
- c) Other additional information : Not applicable.

SCHEDULE 10 - SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

FIXED ASSETS

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties, taxes and incidental expenses related to acquisition.

DEPRECIATION

Depreciation on Fixed Assets is provided on "written down value" basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

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.

INVENTORIES

The inventories are normally valued at cost or below, the average cost being computed on the basis of weighted average method.

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 intended use or sale are in progress.

MISCELLANEOUS EXPENDITURE

Miscellaneous Expenditure have been amortised over a period of ten years.

For Basu, Chatterjee & Co.

Chartered Accountants
 Sourabh Chakravarti, Partner
 Kolkata, 16th April, 2001

On behalf of the Board

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

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. 0083114 State Code 21

Balance Sheet Date 31/03/2001
 Date Month 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 178984 Total Assets 178984

Sources of Funds

Paid up Capital 159984 Reserves & Surplus 19000

Secured Loans NIL Unsecured Loans NIL

Application of Funds

Net Fixed Assets 17 Investments 41282

Net Current Assets 137547 Misc. Expenditure 138

Accumulated Losses NIL

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

Turnover (Net) 14189 Total Expenditure 232

Profit/Loss before Tax 13957 Profit/Loss after Tax 9857
 (Please tick the appropriate box + for Profit, - for Loss)

Earning per Share in Rs. 0.62 Dividend Rate % NIL

V. Generic Names of Principal Products/Services of Company

Item Code No. (ITC Code) 240110.01

Product Description FLUENCED
 VIRGINIA TOBACCO

Item Code No. (ITC Code) 240110.04

Product Description BURLEY TOBACCO