

ITC Limited

REPORT

AND

ACCOUNTS

2013

CONTENTS

ITC: Creating World-Class Brands that Put India First

Board of Directors and Committees.....	01
Report on Corporate Governance.....	12
Shareholder Information.....	26
Report of the Directors & Management Discussion and Analysis	38
Certificate of Compliance from Auditors	84
CEO and CFO Certification	85
Balance Sheet	86
Statement of Profit and Loss	87
Cash Flow Statement	88
Notes to the Financial Statements.....	90
Report of the Auditors	130
Guide to Subsidiaries/Joint Ventures/Associates.....	133
Consolidated Financial Statements.....	135
Ten Years at a Glance	184
Financial Highlights	
Business Responsibility Report	I-XVI
Thought Leadership in Sustainability	
Business Update : ITC Infotech	
Awards & Accolades	

ITC: Creating World-Class Brands that Put India First

“ A country's brands are a reflection of its competitive strengths and a manifestation of its innovation and intellectual capacity. I strongly believe that a country's economic capacity is significantly enriched when its institutions build and own internationally competitive brands. Winning brands serve as market anchors to support the competitiveness of the entire value chains of which they are a part. Strong domestic brands create much larger value since they create, capture and retain value within the country. Your Company takes justifiable pride in creating world-class Indian brands that have demonstrated immense vitality in the global Indian market place. ”

Y C Deveshwar,
Chairman, ITC Limited
Speech at the ITC AGM, 2012



ITC's Brands: Powering Economic Growth

Great brands are not just about delighting the consumer, they are also about powering national economic growth. Brands capture value for the nation in numerous ways – creating intellectual capital, boosting R&D and innovation, and creating large-scale livelihoods by empowering value chains, investing in physical infrastructure and expanding markets.

Brands are the badge of a country's competitiveness. Powerful domestic brands compete effectively with international brands within the country and outside. They create such a popular franchise that some nations are identified with the attributes of great brands that they have produced.

ITC is today proud to have created over 50 energetic and popular brands across categories that delight nearly 140 million households. Within a relatively short span of time, ITC has established vital brands with significant salience among consumers like Aashirvaad, Sunfeast, Bingo!, Yippee!, Candyman, mint-o and Kitchens of India in the Branded Foods space and Essenza Di Wills, Fiama Di Wills, Vivel and Superia in the Personal Care products segment. In addition, brands like Classmate and Paperkraft in Education & Stationery products; Wills Lifestyle and John Players in the Lifestyle Apparel business; Mangaldeep in Agarbattis as well as Aim in Matches have established significant market standing and continue to delight consumers with superior offerings.

ITC Hotels, with its credo of "Responsible Luxury", stands apart not only for its exquisite signature properties, cuisine and service excellence but also for being the greenest luxury hotel chain in the world. ITC's hotels business also contributes to the country's tourism landscape and livelihood creation through its other high quality offerings embodied in the WelcomHotels, Fortune and WelcomHeritage brands. ITC's hotels have pioneered the concept of branded cuisine in India with globally acclaimed restaurants including Bukhara, Dum Pukht and Dakshin. ITC has also set new benchmarks in wellness with its Kaya Kalp Spa brand that offers a new dimension in luxury and an enriching experience.



ITC's Brands: Delighting Millions of Households

Foods



Offering nothing but the best for the Indian household, ingredients for Aashirvaad products are carefully hand-picked and processed with love and care. Aashirvaad offers superior products in the categories of Atta, Salt, Spices, Instant Mixes and Ready Meals.



Sunfeast straddles all segments in the biscuit category and offers high quality products in exciting and innovative formats, which reinforces ITC's commitment to delivering a world-class product experience to the discerning consumer.





Sunfeast Yippee! continues to wow consumers across the country. Its unique round block and long, slurpy & non-sticky noodles have created consumer delight. The range is available in 3 flavours of Magic, Classic and the newly launched Chinese Masala. Sunfeast Pasta Treat continues to offer a delicious and nutritious range of Pasta products in 6 different flavours.



Kitchens of India offers authentic, gourmet Indian dishes from across the country crafted by the Master Chefs of ITC Hotels which enable consumers to recreate an exclusive fine-dining experience in their own homes. The delectable range spans vegetarian and non-vegetarian ready-to-eat dishes, masala mixes, chutneys and conserves. The entire range is made with 100% natural ingredients and is free of preservatives.



Associated with youth, fun and excitement, Bingo! offers multiple variants of Potato Chips and Finger snacks to fulfil the consumer's need for variety and novelty with innovative formats and 'irresistible combinations' in flavours.



Candyman and mint-o offer a mouth-watering range of confectionery products in a variety of flavours and formats which delight consumers across age groups.

Personal Care Products



EsSENZA Di Wills personifies innate style with its exclusive range of fine fragrances and personal care products. The brand unites distinct craftsmanship and passion and is an embodiment of fine living.



FiamA Di Wills offers a range of expert solutions designed to make consumers look & feel young. With innovation at its core, FiamA Di Wills offers an enviable portfolio of products developed through years of scientific research at Laboratoire Naturel.



Vivel

Adjudged as one of the most exciting brands in the Personal Care segment in India, Vivel has built a strong consumer franchise with its portfolio of bath care and skin care products. With a range of innovative products that offers differentiated benefits, Vivel instils confidence in consumers to fulfil their dreams.



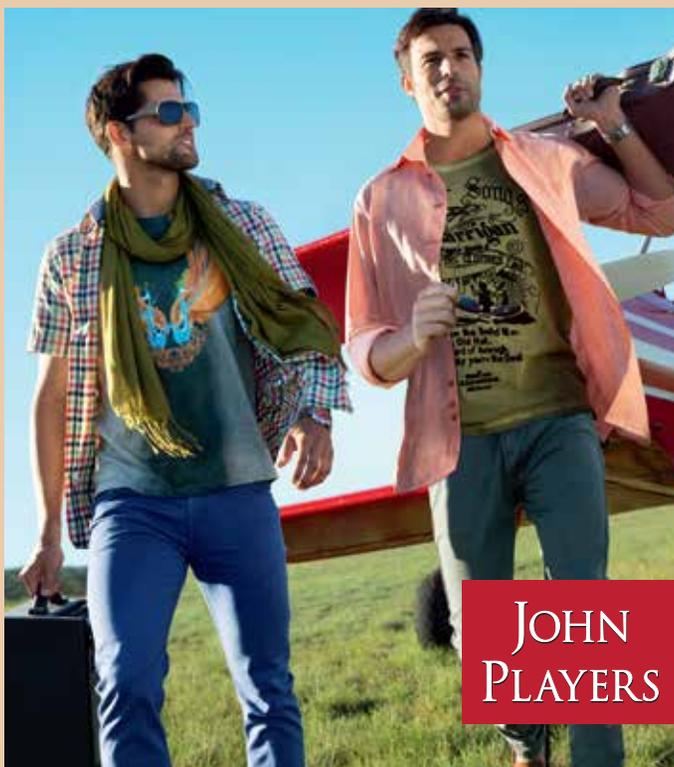
ENGAGE DEO SPRAY

ITC's latest addition in Personal Care Products, Engage is one of India's first range of couple deodorants. This range of paired deodorants for men and women is crafted to enhance personal grooming and confidence with 24-hour freshness.

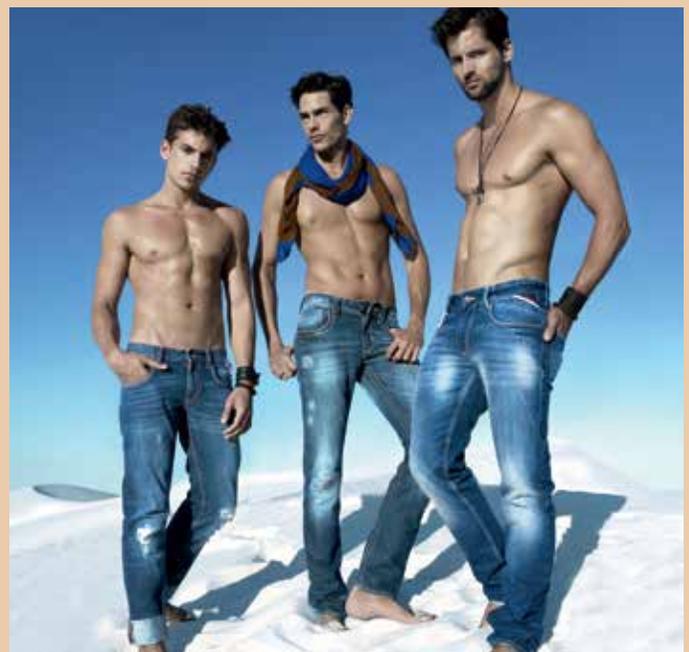
Lifestyle Apparel

WILLS LIFESTYLE

Synonymous with elegance and style that is effortless and chic, Wills Lifestyle presents a premium fashion wardrobe for men and women. With a tempting choice of Wills Classic formal wear, Wills Sport relaxed wear, Wills Clublife evening wear and Wills Signature designer wear, Wills Lifestyle offers a truly delightful shopping experience for the discerning customer.



johnplayers.jeans is the new language for the fashion-forward youth, featuring an innovative collection of denims and casual wear in edgy styling, bold patterns and contemporary fits.



John Players embodies the spirit of the modern youth that is playful, fashionable and cool. John Players presents a complete wardrobe incorporating the most contemporary trends in an exciting mix of colours, styling and fits.

Education & Stationery Products



India's No. 1 notebooks brand built on a meticulous understanding of consumer needs, Classmate's expanding portfolio today also includes pens, wood-cased & mechanical pencils, geometry box sets, erasers, sharpeners and scales.

Colour Crew: The new brand of art stationery from Classmate that offers an exciting range of superior quality student art materials which includes non-toxic colour pencils, wax crayons and sketch pens.



Paperkraft is the leading provider of premium executive & office paper stationery including notebook ranges of Green Impression & Signature Series as well as an assortment of premium pens.

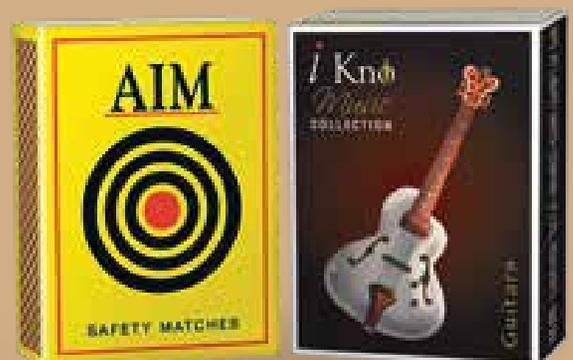
Incense Sticks



With a diverse range of enchanting fragrances, Mangaldeep agarbattis are sourced from small-scale and cottage units, thereby providing livelihood opportunities for more than 14,000 rural women.

Matches

ITC's range of safety matches includes popular brands like Aim, Aim Special, Aim Premium and i Kno to effectively address the needs of different consumer segments. The Safety Matches are sourced from small-scale units.



ITC's Brands: Innovating for India

ITC's strong portfolio of brands and products are supported by well-defined research and development strategies executed by the dedicated state-of-the-art 'ITC Life Sciences and Technology Centre' in Bengaluru. This Centre, an integral part of ITC's future-ready capabilities, is set to drive game-changing innovations for its businesses of tomorrow. The core of this strategy is to design and provide customised superior solutions that address the unique needs of the Indian consumer. A large pool of highly qualified scientists with global exposure relentlessly drives innovation that helps create world-class winning brands and growing value for the consumer.



A slew of innovative products are already in the market and there is a continuous pipeline of such products that are being readied for launch. Such innovation finds articulation in brand variants such as Aashirvaad Atta with Multigrains which is designed as a healthier nourishment option, smooth non-sticky Sunfeast Yippee! Noodles in a unique round block and Sunfeast Yippee! Chinese Masala – a unique combination of flavours which gives the consumer tasty Chinese noodles in minutes.

This spirit of innovation is also visible in a range of products developed for the Biscuits segment. This includes Sunfeast Dream Cream Butterscotch Zing that offers an innovative combination of sweet butterscotch and tangy Zing and Sunfeast Dark Fantasy Choco Meltz – a delightful triple layer structure of chocolate coating on the outside, crisp cookie in the middle and a luscious chocolate filling inside. Innovative products in the confectionery segment include mint-o Ultra mintz –

India's most premium, sugarfree power mints packed in a stylish black case and Candyman Crème Lacto which is made with the goodness of milk and caramel with a rich, delicious crème filling.

In the personal care products category, ITC has developed Liquid Crystal Freezing Technology for its Fiama Di Wills brand, a revolutionary method to freeze the goodness of shower gels in soap. Equally unique in their value propositions are the Fiama Di Wills Men Aqua Pulse De-stressing and brightening Face Wash, enriched with unique revitalising beads, the Fiama Di Wills Men Moisture Guard Instant Foam Wash with triple skin conditioners that hydrate deeply to combat rough and dry skin, the Vivel Cell Renew skincare range that repairs and fortifies skin at a cellular level with the power of Vitamin E and Vivel Perfect Glow which is a unique multi-layer skin tone perfecter that works at every layer of the skin to lighten dark spots.



ITC's Brands: Empowering Value Chains



A conscious strategy to drive the competitiveness of value chains linked to its businesses enables ITC to make a more enduring contribution to national economic development. ITC's winning brands drive synergies to make these value chains sustainable and inclusive. At the same time, by nurturing and strengthening these value chains, ITC adds a unique source of competitive strength to its brands. A very successful example of value chain augmentation is the ITC e-Choupal initiative that empowers over 4 million farmers, while at the same time providing significant competitive advantage in procuring raw material for ITC's Foods business – be it for Aashirvaad atta produced from handpicked whole wheat, quality-assured Aashirvaad spices or superior chipstock potatoes for Bingo! snack foods.



ITC's Social and Farm Forestry initiative is another example of such sustainable value chains. Renewable plantations cultivated under this initiative enable ITC to offer the greenest paper and paperboards products manifest in stationery brands such as Classmate and Paperkraft. The bedrock of this initiative is the development and greening of more than 1,42,000 hectares including wastelands, which has also provided over 64 million person days of employment to poor tribal communities and marginal farmers.



The linkage of ITC's Women Empowerment Programmes to ITC's Agarbattis Business with the brand Mangaldeep is yet another unique example of livelihood creation through competitive value chains. These programmes have also provided gainful employment to over 14,000 rural women.

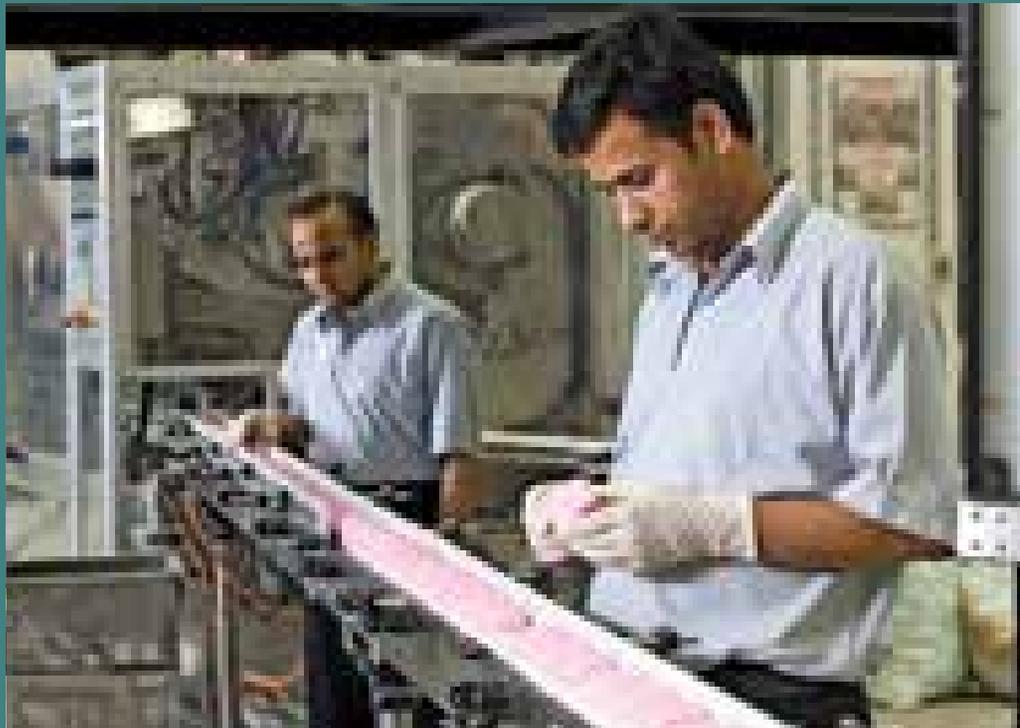
ITC's Livestock Development programme, a CSR initiative to promote off-farm livelihood options for farmers, has been scaled up to provide animal husbandry services to more than 8,00,000 milch animals. In the future, the increasing milk yields will not only provide significant livelihood opportunities but also support a competitive and sustainable dairy value chain.



ITC: Investing in World-Class Infrastructure for the Nation

An aspect central to ITC's capability to constantly craft and deliver best-in-class brands and products is creating top-notch physical infrastructure in the form of state-of-the-art manufacturing facilities. Significant investments made in creating world-class manufacturing infrastructure across India provide ITC's brands the much required competitive edge in terms of scale, quality and time-to-market whilst ensuring rigorous standards of safety and hygiene. As a manifestation of ITC's exemplary efforts towards sustainable growth, several of ITC's factories have also received the Platinum Green Factory Building Rating from the Indian Green Building Council.

ITC's investment-led business growth strategy includes over 60 ongoing infrastructure projects in the country, spanning luxury hotels, globally benchmarked factories, warehouses, R&D, office and residential complexes.





ITC's Brands: Creating Sustainable Livelihoods through a Robust Distribution Network



Continued focus on supply chain improvements at ITC not only enhances market servicing but also generates significant livelihood opportunities. Substantial investments have been made in augmenting distribution infrastructure to support a larger scale of operations in the wake of growing volumes and to ensure the competitiveness of ITC's brands in the market place. Leveraging its unmatched distribution infrastructure and reaching consumers even in the remotest of areas, ITC has today enhanced the market standing and consumer franchise of all its brands.



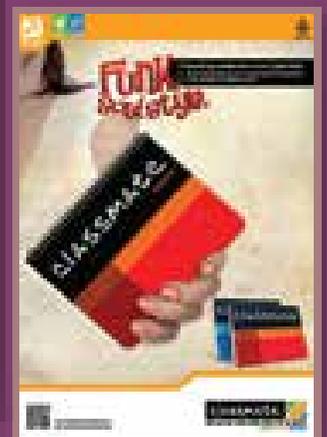
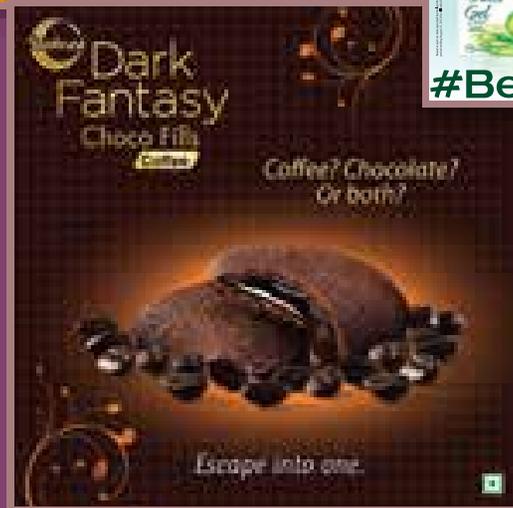
This supply chain infrastructure has reinforced its competitive capability significantly to ensure visibility, availability and freshness. ITC's brands are today available in more than 1000 Stock Keeping Units (SKUs) at nearly 6 million retail outlets in the country. ITC's formidable distribution organisation directly services more than 2 million of these retail outlets. This elaborate network provides significant sustainable livelihoods.



ITC's Brands: An Asset for the Nation

The consumer needs and aspirations they fulfil, the benefit they generate for millions across ITC's value chains, the future-ready capabilities that support them, and the value that they create for the country, have made ITC's brands national assets, adding to India's competitiveness.

It is ITC's aspiration to be the No 1 FMCG player in the country, driven by its new FMCG businesses. A recent Nielsen report has highlighted that ITC's new FMCG businesses are the fastest growing among the top consumer goods companies operating in India. ITC takes justifiable pride that, along with generating economic value, these celebrated Indian brands also drive the creation of larger societal capital through the virtuous cycle of sustainable and inclusive growth.



Board of Directors

Chairman

Yogesh Chander Deveshwar

Executive Directors

Nakul Anand
Pradeep Vasant Dhobale
Kurush Noshir Grant

Non-Executive Directors

Anil Baijal	Pillappakkam Bahukutumbi Ramanujam
Shilabhadra Banerjee	Anthony Ruys
Angara Venkata Girija Kumar	Sahibzada Syed Habib-ur-Rehman
Serajul Haq Khan	Basudeb Sen
Sunil Behari Mathur	Meera Shankar
Dinesh Kumar Mehrotra	Krishnamoorthy Vaidyanath
Hugo Geoffrey Powell	Balakrishnan Vijayaraghavan

Board Committees

Audit Committee

S B Mathur	Chairman
A Baijal	Member
A V Girija Kumar	Member
P B Ramanujam	Member
K Vaidyanath	Member
B Vijayaraghavan	Member
P V Dhobale	Invitee
R Tandon	Invitee
S Basu (Head of Internal Audit)	Invitee
Representative of the Statutory Auditors	Invitee
B B Chatterjee	Secretary

Compensation Committee

S H Khan	Chairman
A Baijal	Member
S B Mathur	Member
H G Powell	Member
S S H Rehman	Member
B Sen	Member

Nominations Committee

Y C Deveshwar	Chairman
A Baijal	Member
S Banerjee	Member
A V Girija Kumar	Member
S H Khan	Member
S B Mathur	Member
D K Mehrotra	Member
P B Ramanujam	Member
S S H Rehman	Member
M Shankar	Member
K Vaidyanath	Member

Investor Services Committee

A V Girija Kumar	Chairman
K N Grant	Member
P B Ramanujam	Member
B Sen	Member
B Vijayaraghavan	Member
B B Chatterjee	Secretary

Sustainability Committee

Y C Deveshwar	Chairman
S Banerjee	Member
H G Powell	Member
A Ruys	Member
B Sen	Member
M Shankar	Member
B Vijayaraghavan	Member
B B Chatterjee	Secretary

Corporate Management Committee

Executive Directors

Y C Deveshwar	Chairman
N Anand	Member
P V Dhobale	Member
K N Grant	Member

Executives

A Nayak	Member
T V Ramaswamy	Member
S Sivakumar	Member
K S Suresh	Member
R Tandon	Member
B B Chatterjee	Member & Secretary

Chief Financial Officer

Rajiv Tandon

Executive Vice President & Company Secretary

Biswa Behari Chatterjee

General Counsel

Kannadiputhur Sundararaman Suresh

Investor Service Centre

37 Jawaharlal Nehru Road, Kolkata 700 071, India
Phone : 033-2288 6426/2288 0034
Fax : 033-2288 2358
e-mail : isc@itc.in

Auditors

Deloitte Haskins & Sells
Chartered Accountants, Kolkata

Registered Office

Virginia House
37 Jawaharlal Nehru Road, Kolkata 700 071, India
Phone : 033-2288 9371

ITC Corporate Website : www.itcportal.com

Your Directors

Y. C. Deveshwar

Y. C. Deveshwar (66) joined ITC in 1968 and is an alumnus of the Indian Institute of Technology, Delhi and Harvard Business School. He was appointed as a Director on the Board of the Company in 1984 and became the Chief Executive and Chairman of the Board on January 1, 1996. Between 1991 and 1994, he led Air India as Chairman and Managing Director.

Under his leadership, ITC's Sustainability initiatives were given shape by fashioning corporate strategies that not only enhance shareholder value but add significantly to the development of natural and social capital. ITC is a global exemplar in sustainable business practices and is the only company in the world, of comparable dimensions to be 'carbon positive', 'water positive' and 'solid waste recycling positive'. The Company's businesses generate livelihoods for over 5 million people, many of whom represent the poorest in Rural India. The pioneering farmer empowerment initiative, ITC e-Choupal, is today the world's largest rural digital infrastructure and is a case study at the Harvard Business School besides receiving several global awards including the inaugural World Business Award instituted by the United Nations Development Programme (UNDP), International Chamber of Commerce (ICC) and the HRH Prince of Wales International Business Leaders Forum. ITC was also conferred the World Business and Development Award 2012 at the Rio+20 United Nations Summit by the UNDP, ICC and the International Business Leaders Forum for its Social and Farm Forestry Programmes.

Deveshwar is a Director on the Central Board of the Reserve Bank of India. He is a Member of the National Integration Council, the Board of Trade, the National Manufacturing Competitiveness Council and the Committee for Reforming the Regulatory Environment for Doing Business in India constituted by the Government of India. He is also a Member of the Board of Governors of the Indian School of Business and the former Chairman of

the Society and Board of Governors of the Indian Institute of Management, Calcutta. He serves on the National Executive Committees of some of India's premier trade and industry bodies, and is a Member of the UK-India CEOs Forum instituted by the Governments of India and the United Kingdom. Deveshwar is a past President of the Confederation of Indian Industry.

In 2011, Deveshwar was conferred the Padma Bhushan, one of the highest civilian awards in the country, by the Government of India in recognition of his distinguished service of a high order to the Nation. He has been ranked by the Harvard Business Review as the 7th Best Performing CEO in the world. Amongst several other awards and recognitions during his distinguished career, Deveshwar has been honoured with the Global Leadership Award by the US-India Business Council of the US Chamber of Commerce in 2010, the Business Leader of the Year Award from All India Management Association in 2012, Business Person of the Year Award 2006 by the UK Trade & Investment and the Sustainability Leadership Award 2007 conferred at Zurich at the International Sustainability Leadership Symposium. He was inducted to the prestigious Hall of Pride at the Indian Science Congress in 2006. Earlier, he was also named Manager Entrepreneur of the Year 2001 by Ernst & Young.

Other Directorships

Name of the Company	Position
ITC Infotech India Limited	Chairman & Non-Executive Director
ITC Infotech Limited, UK*	Chairman & Non-Executive Director
ITC Infotech (USA), Inc.*	Chairman & Non-Executive Director
Surya Nepal Private Limited*	Chairman & Non-Executive Director

Committee Membership of other Companies: Nil

N. Anand

Nakul Anand (56) was appointed a Director on the Board of ITC effective January 3, 2011. He holds responsibility for the Hospitality, Travel & Tourism businesses of ITC. An Economics Honours graduate from Delhi University with an AMP degree from Bond University, Australia, he joined ITC Hotels' Management Training Programme in 1978 and also served as the Managing Director of erstwhile ITC Hotels Limited during the period 2003-05.

In a career that spans over three decades, Anand has been acknowledged for his vision and commitment. Leveraging the significant learning of sustainable excellence within ITC, he led the team at ITC Hotels to pioneer the concept of 'Responsible Luxury' in the hospitality industry, securing LEED Platinum certifications for all ITC super premium luxury hotels, making it the 'Greenest Luxury Hotel Chain in the world'. He has formulated value-based strategies to create a unique quality control model. He is presently the President of the Hotel Association of India. He is also the Chairman of the CII National Tourism Committee as well as of the Federation of Associations in Indian Tourism & Hospitality.

Other Directorships

Name of the Company	Position
International Travel House Limited	Chairman & Non-Executive Director
Gujarat Hotels Limited	Chairman & Non-Executive Director
Landbase India Limited	Chairman & Non-Executive Director
Fortune Park Hotels Limited	Chairman & Non-Executive Director
Srinivasa Resorts Limited	Vice-Chairman & Non-Executive Director
Bay Islands Hotels Limited	Non-Executive Director
Maharaja Heritage Resorts Limited	Non-Executive Director
Adyar Gate Hotels Limited	Non-Executive Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Landbase India Limited	Audit Committee	Member

P. V. Dhobale

P. V. Dhobale (57) was appointed a Director on the Board of ITC effective January 3, 2011. He holds responsibility for Paperboards & Specialty Papers and Packaging businesses of ITC and also represents the Finance and IT functions on the Board. A Chemical Engineer from the Indian Institute of Technology, Mumbai, he joined erstwhile ITC Bhadrachalam Paperboards Limited (ITC Bhadrachalam) as a Management Trainee in 1977 and became its Managing Director in 2000. Following the amalgamation of ITC Bhadrachalam with ITC in March 2002, and subsequent integration of Bhadrachalam Paperboards Division with Tribeni Tissues Division, Dhobale took charge of the Paperboards & Specialty Papers Business as its Divisional Chief Executive.

Dhobale is credited with the successful turnaround of ITC Bhadrachalam in 2001, and exponential growth thereafter. He spearheaded the growth involving capital infusion of over US\$ 500 million through brownfield organic growth as well as acquisitions. Under his leadership, ITC's Bhadrachalam Mill has emerged as the largest single-location paper mill in the country producing more than half a million tonnes of papers & boards. Under his stewardship, and in line with ITC's sustainability strategy, over 142,000 hectares of plantations were developed, the pioneering ECF and Ozone Bleaching Technology were introduced, ITC became a member of the Global Forest and Trade Network and successfully implemented a number of 'Clean Development Mechanism' Projects.

Dhobale is an active member of several industry bodies. He is the past President of Indian Paper Manufacturers Association, past Chairman of the Andhra Pradesh State Council of CII, and is the Co-Chairman, Environment Panel of CII National Council. Dhobale is also the Founder President of Indian School of Business - Centre for Executive Education Alumni Association, Hyderabad

Your Directors

Chapter. Amongst others, he is a Member of the Development Council for Pulp, Paper & Allied Industries.

Dhobale does not hold directorship of any other company.

K. N. Grant

Kurush N. Grant (55) was appointed a Director on the Board of ITC effective March 20, 2010. He holds responsibility for ITC's FMCG businesses. After completing his MBA in 1979, he worked with DCM as a Management Trainee before joining ITC in 1980 in the Marketing function. During his tenure in the Company, he has handled a wide range of responsibilities in Sales, Brand Management and Product Development. He was Executive Vice President - Marketing of the Tobacco Division before becoming Divisional Chief Executive in 1999. He has been involved in the incubation and development of ITC's new initiatives in the FMCG sector.

Grant is a past Chairman, CII - Eastern Region, and is also a Member of the Executive Committee of the Indian Chamber of Commerce Calcutta. He is the Chairman of the Indian Society of Advertisers and Chairman of the FMCG Committees of some of India's premier trade & industry bodies. He has been a past Chairman of the National Readership Studies Council as well as the Audit Bureau of Circulations, India.

Other Directorships

Name of the Company	Position
Wimco Limited	Chairman & Non-Executive Director
Surya Nepal Private Limited*	Non-Executive Director
King Maker Marketing, Inc., USA*	Non-Executive Director
The Tollygunge Club Limited	Member, General Committee

Committee Membership of other Companies

Name of the Company	Committee	Position
Wimco Limited	Audit Committee	Member

Anil Bajjal

Anil Bajjal (66) joined the ITC Board as a Non-Executive Independent Director on January 22, 2010. Prior to this, he represented the Specified Undertaking of the Unit Trust of India on the ITC Board from July 2007 to August 2009.

Bajjal joined the Indian Administrative Service in 1969 from the Union Territories Cadre. In a career spanning over 37 years, he held various important responsibilities including that of the Union Home Secretary, Chairman & Managing Director - Indian Airlines, Chief Executive Officer - Prasar Bharti Corporation, Vice-Chairman - Delhi Development Authority, Development Commissioner, Goa, and Counsellor in-charge of the Indian Aid Programme in Nepal. He retired in October 2006 as Secretary, Ministry of Urban Development, Government of India. He piloted the flagship programme - Jawaharlal Nehru Urban Renewal Mission - for improving infrastructure and basic services in the country. Currently, Bajjal is a Senior Advisor to IDFC Limited.

Other Directorships

Name of the Company	Position
IDFC Foundation	Chairman & Non-Executive Director
International Travel House Limited	Non-Executive Director
DLF Pramerica Life Insurance Company Limited	Non-Executive Director
IDFC PPP Trusteeship Company Limited	Non-Executive Director

Committee Membership of other Companies

Name of the Company	Committee	Position
DLF Pramerica Life Insurance Company Limited	Audit & Compliance Committee	Chairman

S. Banerjee

Shilabhadra Banerjee (64) joined the ITC Board as a representative of the Specified Undertaking of the Unit Trust of India on February 4, 2010.

Banerjee, a Masters in History from St. Stephen's College, Delhi, began his career in the Indian Administrative Service in 1971 from the Andhra Pradesh Cadre. In a career spanning over 37 years, he has held several eminent positions including that of Joint Secretary in the Ministries of Petroleum & Natural Gas and Urban Development. Banerjee was Director General (Acquisition) in the Ministry of Defence and retired as Secretary, Ministry of Tourism in October 2008. Banerjee spearheaded the infrastructure upgradation at important tourist destinations in India and played a key role in articulating India's response to climate change issues relating to the tourism sector.

Banerjee received a Post Graduate Diploma in Public Administration from the Indian Institute of Public Administration, New Delhi in 1992 and an M. Phil degree in Social Sciences from the University of Panjab the same year. Banerjee has been a Visiting Fellow at the Queen Elizabeth House, University of Oxford, UK and the National Institute of Urban Affairs, New Delhi.

Banerjee does not hold directorship of any other company.

A. V. Girija Kumar

A. V. Girija Kumar (52) joined the ITC Board as a representative of the General Insurers' (Public Sector) Association of India on March 19, 2010. He holds a Masters degree in Business Administration from Jawaharlal Nehru Technological University.

In a career spanning over 31 years, Girija Kumar was with The New India Assurance Company Limited (New India). In New India, he worked at many centres across India, holding various positions including that of Divisional Manager, Senior Divisional Manager and Regional Chief before moving to the Corporate Office in Mumbai as

Deputy General Manager overseeing Techno-marketing, foreign business development and investments.

On secondment, Girija Kumar was posted as General Manager (Non-Life) - Saudi Indian Company for Cooperative Insurance in Saudi Arabia. His responsibilities included facilitating an IPO to raise capital and completing the legal formation of the company in the Kingdom of Saudi Arabia. He joined National Insurance Company Limited (NIC) as a General Manager in 2009 and is currently an Executive Director of NIC. He does not hold committee membership of any other company.

S. H. Khan

S. H. Khan (74) joined the ITC Board as a Non-Executive Independent Director on October 30, 2006. Khan is a former Chairman and Managing Director of Industrial Development Bank of India (IDBI). He holds a Masters degree in Commerce and is a University gold medalist.

The professional career of Khan, spanning over 35 years, includes initial 5 years as an Officer in RBI in the Department of Banking Operations and Development. He thereafter joined IDBI soon after its formation. He served IDBI in various capacities for over three decades and retired after a five-year tenure as its Chairman and Managing Director in 1998. During his tenure, IDBI witnessed unprecedented growth in its operations. He was instrumental in setting up IDBI Bank as commercial bank, which later got merged with IDBI. He was instrumental in setting up three important capital market entities viz. NSE, NSDL and CARE and guided their initial operations as Chairman of the Board of Directors. He has served as a member of a number of Committees set up by Government / RBI on matters connected with Indian industry and finance. He also served on the Boards of several important institutions including LIC, UTI, GIC, Exim Bank, Air India and Indian Airlines.

Currently, Khan is on the Boards of several companies as Independent Director.

Your Directors

Other Directorships

Name of the Company	Position
IDFC Limited	Non-Executive Director
Bajaj Allianz Life Insurance Company Limited	Non-Executive Director
Bajaj Allianz General Insurance Company Limited	Non-Executive Director
Bajaj Auto Limited	Non-Executive Director
Bajaj Finserv Limited	Non-Executive Director
Bajaj Holdings & Investment Limited	Non-Executive Director

Committee Membership of other Companies

Name of the Company	Committee	Position
IDFC Limited	Audit Committee	Chairman
	Investors' Grievance Committee	Chairman
Bajaj Allianz Life Insurance Company Limited	Audit Committee	Chairman
Bajaj Allianz General Insurance Company Limited	Audit Committee	Chairman
Bajaj Auto Limited	Audit Committee	Member
	Shareholders' / Investors' Grievance Committee	Member
Bajaj Finserv Limited	Audit Committee	Member
Bajaj Holdings & Investment Limited	Audit Committee	Member
	Shareholders' / Investors' Grievance Committee	Member

S. B. Mathur

S. B. Mathur (68) has been on the ITC Board since July 29, 2005, first as a representative of LIC and then in his individual capacity as a Non-Executive Independent Director.

A qualified Chartered Accountant, Mathur retired from LIC in October 2004 as its Chairman. Subsequently, the Government of India appointed him the Administrator of the Specified Undertaking of the Unit Trust of India in December 2004, up to December 2007.

Mathur took over as Chairman of LIC at a time when the insurance sector had just opened up. Under his leadership, LIC successfully rose to the challenges of a competitive environment by enhancing product offerings. He joined LIC in 1967 as a Direct Recruit Officer and rose to the rank of Chairman. He held various positions in LIC including Senior Divisional Manager of Gwalior Division, Chief of Corporate Planning, General Manager of LIC (International) E.C., Zonal Manager in-charge of Western Zone and Executive Director.

Other Directorships

Name of the Company	Position
National Stock Exchange of India Limited	Chairman & Non-Executive Director
IDFC Trustee Company Limited	Chairman & Non-Executive Director
Cholamandalam MS General Insurance Company Limited	Chairman & Non-Executive Director
Axis Bank Limited	Non-Executive Director
Havells India Limited	Non-Executive Director
UltraTech Cement Limited	Non-Executive Director
Hindustan Oil Exploration Company Limited	Non-Executive Director
National Collateral Management Services Limited	Non-Executive Director
DCM Shriram Industries Limited	Non-Executive Director
Infrastructure Leasing and Financial Services Limited	Non-Executive Director
Housing Development and Infrastructure Limited	Non-Executive Director
Minda Corporation Limited	Non-Executive Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Axis Bank Limited	Audit Committee	Chairman
	Investor	Member
	Grievance Committee	
Havells India Limited	Audit Committee	Member
Cholamandalam MS General Insurance Company Limited	Audit Committee	Member
Hindustan Oil Exploration Company Limited	Audit Committee	Member
DCM Shriram Industries Limited	Audit Committee	Member
Minda Corporation Limited	Audit Committee	Member

D. K. Mehrotra

D. K. Mehrotra (60) has been on the ITC Board since May 26, 2006, first as a representative of the Specified Undertaking of the Unit Trust of India and then as a representative of LIC. He is presently the Chairman of LIC. He joined LIC as a Direct Recruit Officer in 1977.

Mehrotra is an Honours Graduate in Science from the Patna University. In an illustrious career spanning over 35 years, Mehrotra has held various important positions spanning three Zones and the Corporate Office of LIC. He was Executive Director (International Operations) before being appointed Managing Director of LIC.

Mehrotra has attended several important knowledge forums in India and abroad. He is associated with the apex training institutes of insurance in India, like the National Insurance Academy and the Insurance Institute of India.

Other Directorships

Name of the Company	Position
LIC Housing Finance Limited	Chairman & Non-Executive Director
LIC Cards Services Limited	Chairman & Non-Executive Director
LIC Nomura Mutual Fund Asset Management Company Limited	Chairman & Non-Executive Director
LICHFL Asset Management Company Limited	Chairman & Non-Executive Director
LIC Pension Fund Limited	Chairman & Non-Executive Director
Life Insurance Corporation (Lanka) Limited*	Chairman & Non-Executive Director
Life Insurance Corporation (Nepal) Limited*	Chairman & Non-Executive Director
Tata Steel Limited	Non-Executive Director
Infrastructure Leasing and Financial Services Limited	Non-Executive Director
Kenindia Assurance Company Limited, Nairobi*	Non-Executive Director
LIC (International) B.S.C., Bahrain*	Non-Executive Director
LIC Singapore Pte. Limited*	Non-Executive Director

Committee Membership of other Companies: Nil

H. G. Powell

H. G. Powell (68) joined the ITC Board as a representative of BAT on May 7, 2008. Powell's career spanning almost 40 years began in 1963 when he joined Unilever in its Management Development Scheme. He trained with Lever Brothers for 5 years in the Marketing and Sales functions. In 1968, he joined Warner-Lambert Inc. as Brand Manager and became General Manager, Consumer Products,

Your Directors

in 1975. A year later, he moved over to Standard Brands in Canada and assumed charge as President of Lowney's Confectionery. Two years later, Powell joined Jacobs Suchard as President of Nabob Foods. He later shifted to Germany to head Jacobs Suchard's coffee and chocolate unit.

In 1984, Powell joined John Labatt Limited in Canada, and was President of a number of its businesses, including McGavin's Bakeries, Everfresh Juice Company in Chicago, Ontario Breweries and Labatt Brewing Company. In 1995, he took over as Chief Executive Officer of Interbrew Americas and then of Interbrew SA in 1999. Powell retired from Interbrew SA in 2002.

Other Directorships

Name of the Company	Position
Reynolds American Inc.*	Non-Executive Director

Committee Membership of other Companies: Nil

P. B. Ramanujam

P. B. Ramanujam (68) has been on the Board of ITC since October 30, 1998, first as a representative of GIC and its erstwhile subsidiaries and then in his individual capacity as a Non-Executive Independent Director. A qualified Chartered Accountant, Ramanujam has held several responsibilities in GIC covering finance, accounts, investments, reinsurance, information technology etc. He was General Manager and Director with NIC, and the Managing Director of GIC till July 31, 2004.

Ramanujam has served as a faculty member at the National Insurance Academy, Pune. He was also the Chairman of the Committee appointed by the interim Insurance Regulatory Authority (IRA) for prescribing norms, rules and regulations in the area of finance. He has also been a member of three other IRA

Committees on technical issues, investment matters and insurance regulatory information system. He was a member of FICCI's Reinsurance Sub-Committee, the Insurance Tariff Advisory Committee and the Advisory Committee on Finance of the Insurance Regulatory and Development Authority (IRDA). Currently he is a member of IRDA's Committee for recommending regulatory changes with regard to capital structure, IPOs, mergers & acquisitions etc. of insurance companies.

Ramanujam does not hold directorship of any other company.

S. S. H. Rehman

S. S. H. Rehman (69) was appointed as an Additional Non-Executive Independent Director on the Board of ITC effective July 27, 2012. His illustrious career began with a tenure in the Indian Army after he graduated from the Indian Military Academy in Dehradun. He moved to the hospitality industry in 1975 and joined ITC in 1979, beginning a three decade association with the Company.

Rehman was appointed Managing Director of erstwhile ITC Hotels Limited in 1994. Subsequently, he joined the Board of ITC as an Executive Director in 1997, and over the next 12 years was responsible for several businesses - Hotels, Travel & Tourism and Foods. During this period, he ably led ITC's Hotels business in consolidating its position as one of India's leading hospitality chains.

Rehman was the Founder President of the Hotel Association of India, and a member of the World Travel & Tourism Council, Experience India / Incredible India and has headed several industry associations including tourism committees of FICCI, ASSOCHAM and CII. Rehman has been a recipient of several awards and honours, recognising his vast contribution to Indian hospitality industry.

Other Directorships

Name of the Company	Position
Max Healthcare Institute Limited	Non-Executive Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Max Healthcare Institute Limited	Audit Committee	Member

Anthony Ruys

Anthony Ruys (65) joined the ITC Board as a representative of BAT on January 20, 2009. He holds a degree in commercial law from the University of Utrecht and a Masters degree from the Harvard Business School.

Ruys commenced his career with Unilever in 1974. During his long tenure with Unilever, he served at various senior positions, including that of marketing director and chairman of various subsidiary companies in Netherlands, Colombia and Italy. In 1993, he joined Heineken as a member of its Executive Board, became Vice-Chairman in 1996 & Chairman in 2002 and remained in that position till 2005. In March 2006, he was appointed to the Board of BAT as a Non-Executive Director. Currently, Ruys also serves as Chairman on the Board of Trustees of Aids Foundation and Madurodam (Miniature City).

Other Directorships

Name of the Company	Position
Schiphol Group NV, Netherlands (Int. Airport)*	Chairman & Non-Executive Director
British American Tobacco p.l.c., UK*	Non-Executive Director
Janivo Holdings BV, Netherlands*	Non-Executive Director

Committee Membership of other Companies: Nil

Basudeb Sen

Basudeb Sen (64) has been on the Board of ITC since March 23, 1995, first as a nominee and then as a representative of UTI, and from July 28, 2000 in his individual capacity as a Non-Executive Independent Director. Sen has over 32 years of management experience in different areas of commercial banking, coal mining, development banking and investment management. He is an M.A. in Economics from the University of Calcutta and a Ph.D. from the Indian Statistical Institute, besides being an alumnus of the Harvard Business School.

Sen has been associated with management education as director / visiting faculty of various business schools and as course director in executive development programmes. He has contributed several articles in academic / professional journals and financial papers on a wide range of issues related to management, economics, banking, financial markets, energy, corporate governance and corporate social responsibility.

Sen has served as Chairman and Managing Director of the Industrial Investment Bank of India Limited and Executive Director of UTI. His special interest / expertise areas include corporate governance, sustainability, strategic planning, risk management, investment portfolio management and fund marketing & credit / project appraisal. He has also served as chairman and / or member of various working groups / committees set up by SEBI, RBI and Indian financial institutions and industry associations on issues such as consortium lending, corporate governance, institutional disinvestment, overseas investment by mutual funds, money markets and corporate debt restructuring. During the last three decades, he has served on the Boards of several companies in sectors like infrastructure, engineering, petrochemicals, electronics, tea, consumer goods, jute and financial services.

Your Directors

Other Directorships

Name of the Company	Position
Mahanagar Gas Limited	Non-Executive Director
Gujarat NRE Coke Limited	Non-Executive Director
Srei Venture Capital Limited	Non-Executive Director
Sumedha Fiscal Services Limited	Non-Executive Director
Himadri Chemicals & Industries Limited	Non-Executive Director
Dhunseri Petrochem & Tea Limited	Non-Executive Director
AI Champdany Industries Limited	Non-Executive Director

Committee Membership of other Companies

Name of the Company	Committee	Position
Mahanagar Gas Limited	Audit Committee	Chairman
Gujarat NRE Coke Limited	Audit Committee	Member
	Investor Grievance Committee	Member
Dhunseri Petrochem & Tea Limited	Audit Committee	Member
	Shareholders' Grievance Committee	Member

Meera Shankar

Meera Shankar (62) was appointed as an Additional Non-Executive Independent Director on the Board of ITC effective September 6, 2012.

A Post Graduate in English Literature, she joined the Indian Foreign Service in 1973 and had an illustrious career spanning 38 years. She served in the Prime Minister's Office for six years, from 1985 to 1991 working on foreign policy and security matters. Thereafter,

she led the Commercial Wing in the Indian Embassy in Washington as Minister (Commerce) till 1995. She returned as Director General of the Indian Council of Cultural Relations overseeing India's cultural diplomacy. She has had extensive experience in South Asia having worked on Bangladesh, Sri Lanka and Maldives as Under Secretary and Deputy Secretary in the Ministry of External Affairs. Later, as Joint Secretary she headed divisions dealing with neighbours, Nepal and Bhutan, and the South Asian Association of Regional Cooperation (SAARC). As Additional Secretary, she handled the UN and international security issues.

She served as Ambassador of India to Germany from 2005 to 2009 and then to the United States from 2009 to 2011. She does not hold directorship of any other company.

K. Vaidyanath

K. Vaidyanath (63) was appointed as a Non-Executive Director on the Board of ITC effective January 3, 2011. Prior to this appointment, he was an Executive Director on the ITC Board for 10 years from January 2001, responsible for the Company's Finance, IT, Internal Audit and Corporate Communication functions, its investment subsidiary, its Paperboards & Specialty Papers, Packaging and Information Technology businesses.

Before his elevation to the Board as an Executive Director, Vaidyanath was the Company's Chief Financial Officer. An MBA from XLRI, Jamshedpur, in his 35-year tenure with ITC, he held various positions in the Company's Finance function. He has been a recipient of the 'Best CFO' Award from Business Today and the 'Best CFO in the FMCG category' Award from CNBC-TV18.

Vaidyanath does not hold directorship of any other company.

B. Vijayaraghavan

B. Vijayaraghavan (78) joined the ITC Board as a Non-Executive Independent Director on November 25, 1996. Vijayaraghavan was in the Indian Administrative Service from 1957 to 1993, when he retired in the rank of Chief Secretary to the Government of Tamil Nadu. He has served as Secretary to the Tamil Nadu Government in the Public Works, Forests & Fisheries, Prohibition & Excise and Home departments. He has been the Chairman of the Tamil Nadu Electricity Board, Member - Board of Revenue and Commissioner of Commercial Taxes, Tamil Nadu, Chairman & President - Tuticorin Alkali Chemicals and Fertilizers Limited, Chairman & Managing Director - State Industries Promotion Corporation of Tamil Nadu and Vigilance Commissioner & Commissioner for Administrative Reforms, Tamil Nadu. During this period, he had also chaired various

Government committees concerning forests, wildlife, environment and reform of sales tax laws and administration.

After his retirement from Government service, Vijayaraghavan was a Member of the Syndicates of Alagappa University and Bharathidasan University, Member of the Governing Council, Salim Ali Centre for Ornithology and Natural History, Chairman, Madras Naturalists Society, Member of the Committee for Economic Reforms, Jammu and Kashmir, Member of the Board of Trustees of the Indian Bank Mutual Fund and arbitrator for disputes between the public sector coal companies and the State Electricity Boards of Maharashtra, Gujarat, Madhya Pradesh and Chhattisgarh. He is currently Chairman, Chennai Snake Park Trust. He does not hold directorship of any other company.

Notes:

1. Other Directorships and Committee Memberships of Directors are as on 31st March, 2013.
 2. Other Directorships exclude Directorship in Indian Private Limited Companies and Membership of Managing Committees of Chambers of Commerce/ Professional Bodies.
 3. Committee Memberships are in respect of Audit Committee and / or Investors Grievance Committee of Indian Public Limited Companies.
- * Denotes Foreign Company

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance.

ITC Limited has been one of the frontrunners in India to have put in place a formalised system of Corporate Governance. Its governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

THE COMPANY'S GOVERNANCE PHILOSOPHY

ITC defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Since large corporations employ a vast quantum of societal resources, ITC believes that the governance process should ensure that these resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. This belief is reflected in the Company's deep commitment to contribute to the "triple bottom line", namely the conservation and development of the nation's economic, social and environmental capital.

ITC's Corporate Governance structure, systems and processes are based on two core principles:

- (i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- (ii) This freedom of management should be exercised within a framework of effective accountability.

ITC believes that any meaningful policy on Corporate Governance must empower the executive management of the Company. At the same time, Governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC's governance philosophy, namely trusteeship, transparency, empowerment & accountability, control and ethical corporate citizenship. ITC believes that the practice of each of these creates the right corporate

culture that fulfils the true purpose of Corporate Governance.

Trusteeship recognises that large corporations, which represent a coalition of interests, namely those of the shareholders, other providers of capital, business associates and employees, have both an economic and a social purpose, thereby casting the responsibility on the Board of Directors to protect and enhance shareholder value, as well as fulfil obligations to other stakeholders. Inherent in the concept of trusteeship is the responsibility to ensure equity, namely, that the rights of all shareholders, large or small, are protected.

Transparency means explaining the Company's policies and actions to those to whom it has responsibilities. Externally, this means maximum appropriate disclosures without jeopardising the Company's strategic interests and internally, this means openness in the Company's relationship with its employees and in the conduct of its business. ITC believes transparency enhances accountability.

Empowerment is a process of unleashing creativity and innovation throughout the organisation by truly vesting decision-making powers at the most appropriate levels and as close to the scene of action as feasible, thereby helping actualise the potential of its employees. Empowerment is an essential concomitant of ITC's first core principle of governance that management must have the freedom to drive the enterprise forward. ITC believes that empowerment combined with accountability provides an impetus to performance and improves effectiveness, thereby enhancing shareholder value.

Control ensures that freedom of management is exercised within a framework of checks and balances and is designed to prevent misuse of power, facilitate timely management of change and ensure effective management of risks. ITC believes that control is a necessary concomitant of its second core principle of governance that the freedom of management should be exercised within a framework of appropriate checks and balances.

Ethical Corporate Citizenship means setting exemplary standards of ethical behaviour, both internally within the

The cornerstones of ITC's governance philosophy are trusteeship, transparency, empowerment & accountability, control and ethical corporate citizenship.

organisation, as well as in external relationships. ITC believes that unethical behaviour corrupts organisational culture and undermines stakeholder value. Governance processes in ITC continuously reinforce and help realise the Company's belief in ethical corporate citizenship.

THE GOVERNANCE STRUCTURE

The practice of Corporate Governance in ITC takes place at three interlinked levels:

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee
Executive management	by the Divisional / Strategic Business Unit (SBU) Chief Executive assisted by the respective Divisional / SBU Management Committee

The three-tier governance structure ensures that:

- Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board with objectivity, thereby sharpening accountability of management;
- Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
- Executive management of a Division or Business, free from collective strategic responsibilities for ITC as a whole, focuses on enhancing the quality, efficiency and effectiveness of the business.

The core roles of the key entities flow from this structure. The core roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Governance Document that sets out the structure, policies and practices of governance within the organisation is available on the Company's corporate website www.itcportal.com for general information.

ROLES OF VARIOUS ENTITIES

Board of Directors (Board): The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of ITC,

its wholly owned subsidiaries and their wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board, as part and parcel of its functioning, also periodically reviews its role.

Corporate Management Committee (CMC): The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework. The CMC operates under the strategic supervision and control of the Board.

Chairman: The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC. His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and for ensuring that all Directors and CMC members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for the balance of membership of the Board, subject to Board and Shareholder approvals. He presides over General Meetings of Shareholders.

Divisional Management Committee (DMC) / SBU Management Committee (SBU MC): The primary role of the DMC / SBU MC is executive management of the Divisional / SBU business to realise tactical and strategic objectives in accordance with Board approved plan.

Executive Director: The Executive Directors, as members of the CMC, contribute to the strategic management of the Company's businesses within Board approved direction / framework. Executive Directors assume overall responsibility for the strategic management including governance processes and top management effectiveness for businesses / functions reporting to them. In the context of the multi-business character of the Company, an Executive Director is in the nature of a Managing Director for those businesses and functions reporting to him. As an Executive Director accountable to the Board for a wholly owned subsidiary or its wholly owned subsidiary, he acts as the custodian of ITC's interests and is responsible for its governance in accordance with the charter approved by the Board.

Report on Corporate Governance

Non-Executive Director: Non-Executive Directors, including Independent Directors, play a critical role in imparting balance to the Board processes by bringing an independent judgement on issues of strategy, performance, resources, standards of Company conduct etc.

Divisional / SBU Chief Executive Officer (CEO): The Divisional / SBU CEO for a business has the overall executive responsibility for its day-to-day operations and provides leadership to the DMC / SBU MC in its task of executive management of the business.

BOARD OF DIRECTORS

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

Composition

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. Executive Directors, including the Chairman, do not generally exceed one-third of the total strength of the Board.

The Governance Policy requires that the Non-Executive Directors, including Independent Directors, be drawn from amongst eminent professionals with experience in business / finance / law / public enterprises. Directors are appointed / re-appointed with the approval of the Shareholders for a period of three to five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. The initial appointment of Executive Directors is normally for a period of three years. All Directors are liable to retire by rotation unless otherwise approved by the Shareholders. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election. In terms of the Articles of Association of the Company, the strength of the Board shall not be fewer than five nor more than eighteen. The present strength of the Board is eighteen, of which four are Executive Directors.

Composition of the Board as on 31st March, 2013:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	22
Non-Executive Independent Directors	11	61
Other Non-Executive Directors	3	17
Total	18	100

Director	Category	No. of other Directorship(s) ¹	No. of Membership(s) [including Chairmanship(s)] of Board Committees of other companies ²
----------	----------	---	--

Executive Directors

Y. C. Deveshwar	Chairman	1	Nil
N. Anand		8	1
P. V. Dhobale		Nil	Nil
K. N. Grant		2	1

Non-Executive Directors

A. Bajjal	Independent Director	4	1 [as Chairman]
S. H. Khan	Independent Director	6	9 [including 4 as Chairman]
S. B. Mathur	Independent Director	12	7 [including 1 as Chairman]
P. B. Ramanujam	Independent Director	Nil	Nil
S. S. H. Rehman ³	Independent Director	1	1
B. Sen	Independent Director	7	5 [including 1 as Chairman]
M. Shankar ⁴	Independent Director	Nil	Nil
B. Vijayaraghavan	Independent Director	Nil	Nil
S. Banerjee	Independent Director - Representative of Specified Undertaking of the Unit Trust of India as Investor	Nil	Nil
A. V. Girija Kumar	Independent Director - Representative of General Insurers' (Public Sector) Association of India as Investor	1	Nil
D. K. Mehrotra	Independent Director - Representative of Life Insurance Corporation of India as Investor	7	Nil
H. G. Powell		Nil	Nil
A. Ruys		Nil	Nil
K. Vaidyanath		Nil	Nil

1. Excludes Directorship in Indian Private Limited Companies & Foreign Companies and Membership of Managing Committees of Chambers of Commerce / Professional Bodies.
2. Denotes Membership / Chairmanship of Audit Committee and / or Investors Grievance Committee of Indian Public Limited Companies.
3. Appointed Non-Executive Director w.e.f. 27th July, 2012.
4. Appointed Non-Executive Director w.e.f. 6th September, 2012.

Meetings and Attendance

The Company's Governance Policy requires the Board to meet at least six times in a year. The intervening period between two Board meetings was well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement with Stock Exchanges. The annual calendar of meetings is broadly determined at the beginning of each year.

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are circulated at least seven working days prior to the Board meeting.

Information placed before the Board

In addition to matters required to be placed before the Board under the Governance Policy of the Company, the following are also tabled for the Board's periodic review / information / approval:

- Internal Audit findings and External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Risk management processes.
- Succession to senior management (through the Nominations Committee).
- Show Cause, demand, prosecution and adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company's net worth, and their outcome.
- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company's image.

- Product liability claims of a substantial nature, if any.
- Default, if any, in payment of dues to any major creditor.
- Write-offs / disposals (fixed assets, inventories, receivables, advances etc.) on a half-yearly basis.
- Half-yearly summary of bank guarantees issued.
- All other matters required to be placed before the Board for its review / information / approval under the statutes, including Clause 49 of the Listing Agreement with Stock Exchanges.

Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board, the Board Committees, the CMC and the Divisional / SBU Management Committees.

Details of Board Meetings during the financial year

During the financial year ended 31st March, 2013, seven meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	6th April, 2012	16	14
2	25th May, 2012	16	14
3	26th July, 2012	16	14
4	27th July, 2012	16	16
5	19th October, 2012	18	13
6	18th January, 2013	18	17
7	29th March, 2013	18	16

Inherent in the concept of trusteeship is the responsibility to ensure equity, namely, that the rights of all shareholders, large or small, are protected.

Report on Corporate Governance

Attendance at Board Meetings and at Annual General Meeting (AGM) during the financial year

Director	No. of Board meetings attended	Attendance at last AGM
Y. C. Deveshwar	7	Yes
N. Anand	7	Yes
P. V. Dhobale	7	Yes
K. N. Grant	7	Yes
A. Baijal	7	Yes
S. Banerjee	6	Yes
A. V. Girija Kumar	2	Yes
S. H. Khan	5	Yes
S. B. Mathur	7	Yes
D. K. Mehrotra	2	Yes
H. G. Powell	7	Yes
P. B. Ramanujam	7	Yes
S. S. H. Rehman [@]	3	NA
A. Ruys	6	Yes
B. Sen	7	Yes
M. Shankar [#]	3	NA
K. Vaidyanath	7	Yes
B. Vijayaraghavan	7	Yes

[@] Appointed Non-Executive Director w.e.f. 27th July, 2012.

[#] Appointed Non-Executive Director w.e.f. 6th September, 2012.

COMMITTEES OF THE BOARD

Currently, there are five Board Committees – the Audit Committee, the Compensation Committee, the Investor Services Committee, the Nominations Committee and the Sustainability Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman.

Matters requiring the Board's attention / approval, as emanating from the Board Committee meetings, are placed before the Board by the respective Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. AUDIT COMMITTEE

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations, both domestic and overseas;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- investigate any activity within its terms of reference and to seek any information it requires from any employee;
- obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee includes the following:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- (c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - The going concern assumption
 - Major accounting entries based on exercise of judgement by management

- Significant adjustments, if any, arising out of audit
 - Compliance with Accounting Standards
 - Compliance with Stock Exchange and legal requirements concerning financial statements
 - Related party transactions
 - Qualifications, if any, in draft audit report
 - Report of the Directors & Management Discussion and Analysis;
- (d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;
- (e) Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- (f) Reviewing reports of internal audit, including that of wholly owned subsidiaries, and discussion with internal auditors on any significant findings and follow-up thereon;
- (g) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- (h) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- (i) Reviewing the Company's financial and risk management policies;
- (j) Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;
- (k) Considering such other matters as may be required by the Board;
- (l) Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

Composition

The Audit Committee presently comprises six Non-Executive Directors, five of whom are Independent Directors. The Chairman of the Committee is an Independent Director. The Executive Director representing the Finance function, the Chief Financial Officer, the Head of Internal Audit and the representative of the Statutory Auditors are Invitees to the Audit Committee. The Head of Internal Audit is the Co-ordinator and the Company Secretary is the Secretary to the Committee. The representatives of the Cost Auditors are invited to meetings of the Audit Committee whenever matters relating to cost audit are considered. All members of the Committee are financially literate; three members, including the Chairman of the Committee, have accounting and financial management expertise.

The names of the members of the Audit Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Audit Committee Meetings during the financial year

During the financial year ended 31st March, 2013, nine meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	5th April, 2012	6	6
2	16th May, 2012	6	5
3	25th May, 2012	6	5
4	9th July, 2012	6	6
5	26th July, 2012	6	5
6	19th October, 2012	6	6
7	19th November, 2012	6	5
8	17th January, 2013	6	6
9	18th January, 2013	6	5

Report on Corporate Governance

Attendance at Audit Committee Meetings during the financial year

Director	No. of meetings attended
S. B. Mathur	9
A. Bajjal	9
A. V. Girija Kumar	5
P. B. Ramanujam	9
K. Vaidyanath	8
B. Vijayaraghavan	9

II. REMUNERATION COMMITTEE

The Remuneration Committee of the Board, under the nomenclature 'Compensation Committee', inter alia, recommends to the Board the compensation terms of Executive Directors and the seniormost level of management immediately below the Executive Directors. This Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.

Composition

The Compensation Committee presently comprises six Non-Executive Directors, five of whom are Independent Directors. The Chairman of the Committee is an Independent Director.

The names of the members of the Compensation Committee, including its Chairman, are provided under

the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Compensation Committee Meetings during the financial year

During the financial year ended 31st March, 2013, three meetings of the Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	26th July, 2012	5	5
2	27th July, 2012	5	5
3	17th January, 2013	5	4

Attendance at Compensation Committee Meetings during the financial year

Director	No. of meetings attended
S. H. Khan	3
A. Bajjal	3
S. B. Mathur	2
H. G. Powell	3
S. S. H. Rehman [@]	NA
B. Sen	3

[@] Appointed Member w.e.f. 18th January, 2013.

ITC believes that the governance process should ensure that resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. This belief is reflected in the Company's deep commitment to contribute to the "triple bottom line", namely the conservation and development of the nation's economic, social and environmental capital.

Remuneration Policy

ITC's remuneration strategy aims at attracting and retaining high calibre talent. The remuneration policy, therefore, is market-led and takes into account the competitive circumstance of each business so as to attract and retain quality talent and leverage performance significantly.

Remuneration of Directors

Remuneration of the Chairman and other Executive Directors is determined by the Board, on the recommendation of the Compensation Committee comprising only Non-Executive Directors; remuneration of the Directors is subject to the approval of the Shareholders. The Chairman and Executive Directors are entitled to performance bonus for each financial year up to a maximum of 200% and 150% of their consolidated salary, respectively, and as may be determined by the Board on the recommendation of the Compensation Committee. Such remuneration is linked to the performance of the Company inasmuch as the performance bonus is based on various qualitative and quantitative performance criteria.

Non-Executive Directors were entitled to remuneration by way of commission for each financial year, up to a maximum of ₹ 6,00,000/- individually, as approved by the Shareholders. Non-Executive Directors' commission is determined by the Board based, inter alia, on Company performance and regulatory provisions and is payable on a uniform basis to reinforce the principle of collective responsibility. Non-Executive Directors are also entitled to sitting fees for attending meetings of the Board and Committees thereof, the quantum of which is determined by the Board, within the limit approved by the Shareholders. The sitting fees, as determined by the Board, are presently ₹ 20,000/- for attending each meeting of the Board, Audit Committee, Compensation Committee, Nominations Committee and Sustainability Committee and ₹ 5,000/- for each meeting of the Investor Services Committee. Non-Executive Directors are also entitled to coverage under Personal Accident Insurance.

Details of Remuneration paid to the Directors during the financial year ended 31st March, 2013

(₹ in Lakhs)

Director	Consolidated Salary	Perquisites and other Benefits	Performance Bonus / Commission	Sitting Fees	Total
Y. C. Deveshwar	312.00	57.25	624.00	-	993.25
N. Anand	62.40	45.78	93.60	-	201.78
P. V. Dhobale	62.40	18.32	93.60	-	174.32
K. N. Grant	62.40	17.19	93.60	-	173.19 [^]
A. Baijal	-	-	6.00	4.20	10.20
S. Banerjee	-	-	6.00*	2.20	8.20
A. V. Girija Kumar	-	-	6.00*	3.70*	9.70
S. H. Khan	-	-	6.00	2.00	8.00
S. B. Mathur	-	-	6.00	3.80	9.80
D. K. Mehrotra	-	-	6.00*	0.40*	6.40
H. G. Powell	-	-	6.00	2.60	8.60
P. B. Ramanujam	-	-	6.00	4.00	10.00
S. S. H. Rehman [@]	-	-	-	0.60	0.60
A. Ruys	-	-	6.00	1.80	7.80
B. Sen	-	-	6.00	4.30	10.30
M. Shankar [#]	-	-	-	0.80	0.80
K. Vaidyanath	-	-	6.00	3.40	9.40
B. Vijayaraghavan	-	-	6.00	4.20	10.20

* Paid to the Institution the Director represents.

[^] Includes ₹ 5.69 lakhs which is subject to the approval of the Shareholders.

[@] Appointed Non-Executive Director w.e.f. 27th July, 2012.

[#] Appointed Non-Executive Director w.e.f. 6th September, 2012.

Note: Disclosure with respect to Non-Executive Directors - Pecuniary relationship: None.

Employee Stock Option Schemes

The Company granted 64,94,970 Options during the financial year to the eligible employees of the Company and some of its subsidiary companies.

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary shares of the Company of ₹ 1/- each upon payment of the exercise price during the exercise period. The exercise period commences from

Report on Corporate Governance

the date of vesting of the Options and expires at the end of five years from the date of such vesting.

The vesting period for conversion of Options is as follows:

On completion of 12 months from the date of grant of the Options	: 30% vests
On completion of 24 months from the date of grant of the Options	: 30% vests
On completion of 36 months from the date of grant of the Options	: 40% vests

Shares and Options of Directors

Director	No. of Ordinary shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2013	No. of Options granted during the financial year
Y. C. Deveshwar	24,26,435	2,70,000
N. Anand	14,000	1,35,000
P. V. Dhobale	2,31,930	1,35,000
K. N. Grant	3,03,230	1,35,000
A. Bajjal	1,20,000	10,000
S. Banerjee	Nil	Nil
A. V. Girija Kumar	Nil	Nil
S. H. Khan	3,58,000	10,000
S. B. Mathur	2,91,000	10,000
D. K. Mehrotra	Nil	Nil
H. G. Powell	Nil	10,000
P. B. Ramanujam	2,62,856	10,000
S. S. H. Rehman	1,67,751	NA
A. Ruys	Nil	10,000
B. Sen	5,30,540	Nil
M. Shankar	Nil	NA
K. Vaidyanath	23,93,480	10,000
B. Vijayaraghavan	4,92,520	Nil

Note : The Options were granted at the 'market price' as defined under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Service Contracts, Severance Fee and Notice Period

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with those elevated to the Board from the management cadre, since they already have a Service Contract with the Company.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors who have all been drawn from amongst the management cadre. The statutory provisions will however apply. In terms of the Articles of Association of the Company, a notice of one month is required to be given by a Director seeking to vacate office and the resignation takes effect upon the expiration of such notice or its earlier acceptance by the Board.

III. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee of the Board, under the nomenclature 'Investor Services Committee', oversees redressal of shareholder and investor grievances, and, inter alia, approves sub-division / consolidation / issue of duplicate share certificates, transmission of shares and issue & allotment of shares upon exercise of Options by employees under the Company's Employee Stock Option Schemes.

Composition

The Investor Services Committee presently comprises five Directors, four of whom are Independent Directors. The Chairman of the Committee is an Independent Director.

The names of the members of the Investor Services Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Investor Services Committee Meetings during the financial year

During the financial year ended 31st March, 2013, forty meetings of the Investor Services Committee

were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	5th April, 2012	5	5
2	13th April, 2012	5	3
3	27th April, 2012	5	3
4	9th May, 2012	5	3
5	16th May, 2012	5	5
6	24th May, 2012	5	5
7	28th May, 2012	5	3
8	4th June, 2012	5	3
9	18th June, 2012	5	3
10	28th June, 2012	5	3
11	10th July, 2012	5	3
12	17th July, 2012	5	3
13	26th July, 2012	5	5
14	3rd August, 2012	5	3
15	14th August, 2012	5	3
16	17th August, 2012	5	3
17	28th August, 2012	5	3
18	10th September, 2012	5	3
19	17th September, 2012	5	3
20	29th September, 2012	5	3
21	8th October, 2012	5	3
22	19th October, 2012	5	5
23	31st October, 2012	5	2
24	7th November, 2012	5	3
25	12th November, 2012	5	3
26	19th November, 2012	5	3
27	30th November, 2012	5	2
28	3rd December, 2012	5	2
29	13th December, 2012	5	2
30	18th December, 2012	5	2
31	24th December, 2012	5	2
32	8th January, 2013	5	3
33	17th January, 2013	5	5
34	30th January, 2013	5	3
35	7th February, 2013	5	3
36	14th February, 2013	5	2
37	22nd February, 2013	5	3
38	26th February, 2013	5	3
39	7th March, 2013	5	3
40	28th March, 2013	5	5

Attendance at Investor Services Committee Meetings during the financial year

Director	No. of meetings attended
A. V. Girija Kumar	38
K. N. Grant	39
P. B. Ramanujam	8
B. Sen	34
B. Vijayaraghavan	8

IV. NOMINATIONS COMMITTEE

The primary role of the Nominations Committee of the Board is to make recommendations on Executive Directors' appointment to the Board, appointment to the Corporate Management Committee and the seniormost level of executive management below the Executive Directors.

Composition

The Nominations Committee presently comprises the Chairman of the Company and ten Non-Executive Directors, nine of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee.

The names of the members of the Nominations Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Nominations Committee Meetings during the financial year

During the financial year ended 31st March, 2013, two meetings of the Nominations Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	26th July, 2012	9	8
2	17th January, 2013	9	7

Report on Corporate Governance

Attendance at Nominations Committee Meetings during the financial year

Director	No. of meetings attended
Y. C. Deveshwar	2
A. Bajjal	2
S. Banerjee	2
A. V. Girija Kumar	2
S. H. Khan	2
S. B. Mathur	1
D. K. Mehrotra	Nil
P. B. Ramanujam	2
S. S. H. Rehman [@]	NA
M. Shankar [@]	NA
K. Vaidyanath	2

[@] Appointed Member w.e.f. 18th January, 2013.

V. SUSTAINABILITY COMMITTEE

The role of the Sustainability Committee is to review, monitor and provide strategic direction to the Company's sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies.

Composition

The Sustainability Committee presently comprises the Chairman of the Company and six Non-Executive Directors, four of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee.

The names of the members of the Sustainability Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

During the financial year ended 31st March, 2013, three meetings of the Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	5th April, 2012	6	6
2	24th May, 2012	6	6
3	28th March, 2013	7	7

Attendance at Sustainability Committee Meetings during the financial year

Director	No. of meetings attended
Y. C. Deveshwar	3
S. Banerjee	3
H. G. Powell	3
A. Ruys	3
B. Sen	3
M. Shankar [@]	1
B. Vijayaraghavan	3

[@] Appointed Member w.e.f. 18th January, 2013.

CORPORATE MANAGEMENT COMMITTEE

The primary role of the Corporate Management Committee is strategic management of the Company's businesses within Board approved direction / framework.

Composition

The Corporate Management Committee presently comprises all the Executive Directors and six senior members of management. The Chairman of the Company is the Chairman of the Committee. The composition of the Corporate Management Committee is determined by the Board based on the recommendation of the Nominations Committee.

The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.

The names of the members of the Corporate Management Committee, including its Chairman, are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

The meetings of the Corporate Management Committee are chaired by the Chairman of the Company. Minutes of Corporate Management Committee meetings are placed before the Board for its information. Moreover, matters requiring the Board's attention / approval are placed in the form of notes from the relevant Executive Director / Corporate Management Committee Member, backed by comprehensive background information, alongwith Divisional / SBU Management Committee's recommendation / approval, where applicable. Agenda papers are generally circulated at least three days prior to the meeting.

Details of Corporate Management Committee Meetings during the financial year

During the financial year ended 31st March, 2013, forty meetings of the Corporate Management Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	11th & 12th April, 2012	10	9
2	18th May, 2012	10	10
3	29th June, 2012	10	8
4	2nd July, 2012	10	10
5	12th July, 2012	10	10
6	31st July, 2012	10	10
7	21st August, 2012	10	10
8	24th & 25th September, 2012	10	8
9	12th October, 2012	10	10
10	15th & 16th November, 2012	10	10
11	17th December, 2012	10	8
12	21st December, 2012	10	10
13	11th January, 2013	10	6
14	5th February, 2013	10	10
15	5th February, 2013	10	10

Sl. No.	Date	Committee Strength	No. of Members present
16	9th February, 2013	10	10
17	9th February, 2013	10	10
18	11th February, 2013	10	10
19	11th February, 2013	10	10
20	13th February, 2013	10	10
21	15th February, 2013	10	10
22	18th February, 2013	10	10
23	18th February, 2013	10	10
24	20th February, 2013	10	10
25	20th February, 2013	10	10
26	22nd February, 2013	10	10
27	25th February, 2013	10	10
28	25th February, 2013	10	10
29	4th March, 2013	10	10
30	4th March, 2013	10	10
31	6th March, 2013	10	10
32	11th March, 2013	10	10
33	11th March, 2013	10	10
34	12th March, 2013	10	10
35	12th March, 2013	10	10
36	13th March, 2013	10	8
37	13th March, 2013	10	8
38	13th March, 2013	10	8
39	20th March, 2013	10	9
40	20th March, 2013	10	9

Attendance at Corporate Management Committee Meetings during the financial year

Member	No. of meetings attended
Y. C. Deveshwar	40
N. Anand	35
P. V. Dhobale	38
K. N. Grant	39
B. B. Chatterjee	38
A. Nayak	40
T. V. Ramaswamy	38
S. Sivakumar	37
K. S. Suresh	36
R. Tandon	40

Report on Corporate Governance

DISCLOSURES

- Materially significant related party transactions which may have potential conflict with the interests of the Company at large:

None

- Details of non-compliances, penalties, strictures by Stock Exchanges / SEBI / Statutory Authorities on any matter related to capital markets during the last three years:

None

- Material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement with Stock Exchanges:

None

- Inter-se relationships between Directors of the Company:

None

- Material financial and commercial transactions of senior management, where they may have had personal interest, and which had potential conflict with the interests of the Company at large:

None

- The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end -

- The quarterly results of the Company were announced within a month of completion of the quarter. Audited annual results along with the results for the fourth quarter were announced within two months of the end of the financial year. These results were published, inter alia, in 'The Times of India' and 'Bartaman' from Kolkata, and on an all India basis in major newspapers, and also in Luxemburger Wort, Luxembourg. As in the past, the Company will publish its quarterly, half-yearly and annual financial results.
- The Company's corporate website www.itcportal.com provides comprehensive information on ITC's portfolio of businesses, including sustainability initiatives

comprising CSR activities, EHS performance, shareholding pattern, information on compliance with corporate governance norms and contact details of Company's employees responsible for assisting & handling investor grievances. The website has entire sections dedicated to ITC's profile, history and evolution, its core values, corporate governance and leadership. An exclusive section on 'Shareholder Value' serves to inform and service Shareholders, enabling them to access information at their convenience. The entire Report and Accounts as well as quarterly and half-yearly financial results are available in downloadable formats under the section 'Shareholder Value' on the Company's website as a measure of added convenience to investors. The 'Media Centre' section includes all major media releases from the Company and relevant media reports. Clarifications as and when provided to institutional investors and analysts, including presentations made to them, are also posted on the Company's website.

- The Report of the Directors, forming part of the Report and Accounts, includes all aspects of the Management Discussion and Analysis Report.

ITC CODE OF CONDUCT

The ITC Code of Conduct, as adopted by the Board of Directors, is applicable to Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company's business. The Code covers ITC's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by personal example. The Code is available on the Company's corporate website.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2013.

Kolkata, 17th May, 2013.

Y. C. Deveshwar
Chairman

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

ITC Code of Conduct for Prevention of Insider Trading, as approved by the Board of Directors, inter alia, prohibits purchase / sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The said Code is available on the Company's corporate website.

NON - MANDATORY RECOMMENDATIONS UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The status of compliance with the non-mandatory recommendations of Clause 49 of the Listing Agreement with Stock Exchanges is provided below:

1. **Non-Executive Chairman's Office:** The Chairman of the Company is the Executive Chairman and hence this provision is not applicable.
2. **Tenure of Independent Directors:** In terms of the Governance Policy of the Company, all Directors, including Independent Directors, are appointed / re-appointed for a period of three to five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. No maximum tenure for Independent Directors has been specifically determined by the Board.
3. **Remuneration Committee:** The Company has a Remuneration Committee under the nomenclature 'Compensation Committee', the details of which are provided in this Report under the section 'Committees of the Board - Remuneration Committee'.
4. **Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's corporate website. Significant events are also posted on this website under the 'Media Centre' section. The complete Annual Report is sent to every Shareholder of the Company.
5. **Audit Qualifications:** It has always been the Company's endeavour to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended 31st March, 2013.
6. **Training of Board members:** The Board is equipped to perform its role of business assessment through

inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimisation procedures, and new initiatives proposed by the Company. Directors are also updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic environment.

7. **Mechanism for evaluation of Non-Executive Directors:** The role of the Board of Directors is to provide direction and exercise overall supervision to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board has so far evaluated Non-Executive Directors collectively to reinforce the principle of collective responsibility.
8. **Whistle-Blower Policy:** The Company encourages an open door policy where employees have access to the Head of the Business / Function. In terms of the ITC Code of Conduct, any instance of non-adherence to the Code or any other observed unethical behaviour is to be brought to the attention of the immediate reporting authority, who is required to report the same to the Head of Corporate Human Resources.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

As a frontrunner in Corporate Governance in India, the Company's policies and practices embrace most of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs.

GENERAL SHAREHOLDER INFORMATION

Provided in the 'Shareholder Information' section of the Report and Accounts.

COMPLIANCE CERTIFICATE OF THE AUDITORS

In terms of Clause 49 of the Listing Agreement with Stock Exchanges, the Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance is annexed to the Report of the Directors & Management Discussion and Analysis.

This Certificate will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

Shareholder Information

AGM Details

Date	Friday, 26th July, 2013
Venue	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046
Time	10.00 a.m.
Book Closure Dates	Tuesday, 4th June, 2013 to Friday, 7th June, 2013 (both days inclusive)
Dividend Payment Date	Monday, 29th July, 2013

Registrar & Share Transfer Agents

The in-house Investor Service Centre of the Company (ISC), accredited with ISO 9001 : 2008 certification for investor servicing, provides share registration and other related services. The Company is registered with SEBI as Category II Share Transfer Agent.

Share and Debenture Transfer Committee

The Share and Debenture Transfer Committee of the Company generally approves share transfers on a weekly basis. The processing activities with respect to requests received for share transfers are generally completed within three working days from the date of receipt of request. There were no share transfers pending as on 31st March, 2013. The Committee met forty-nine times during the financial year.

The Committee comprises the following:

K.N. Grant, Executive Director	- Chairman
B.B. Chatterjee, Executive Vice President & Company Secretary	- Member
K.S. Suresh, General Counsel	- Member

A. Bose, Deputy Secretary and Head of ISC, is the Secretary to the Committee and is also the Compliance Officer under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Shareholder / Investor Complaints

The Company attends to Shareholder / Investor complaints, queries and other correspondence generally within a period of five working days except where constrained by disputes or legal impediments. There are some pending cases relating to disputes over title to shares in which the

Company has been made a party. These cases however are not material in nature.

In terms of the Complaint Identification Policy approved by the Investor Services Committee of the Board, the Company received two complaints during the financial year ended 31st March, 2013, one relating to dividend and the other on change of resident status. Both the complaints have been promptly resolved.

National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange have confirmed that there were no investor complaints pending against the Company at the end of each quarter, as also on 31st March, 2013. Similar was the position on SCORES, the web based complaint redressal system of SEBI.

The e-mail ID earmarked for investor complaints is **isc@itc.in**

Dematerialisation of Shares and Liquidity

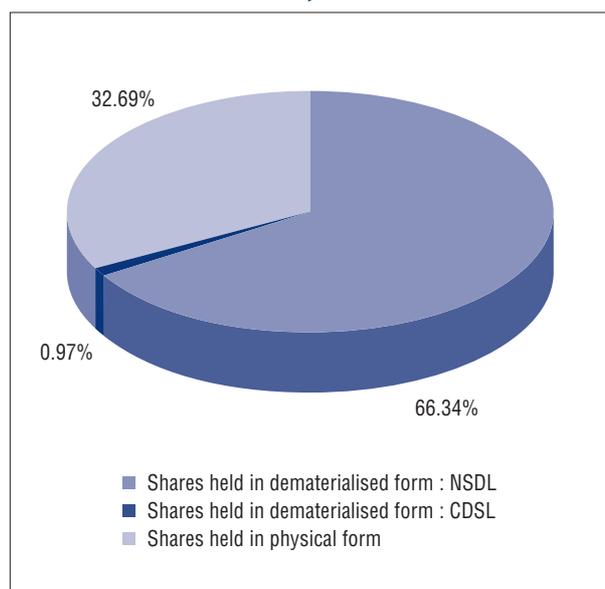
The shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE154A01025. The annual custody fees for the financial year 2013-14 have been paid to NSDL and CDSL, the Depositories.

During the year, 2,38,26,191 shares of the Company, covered in 2,727 requests and constituting 0.3% of the issued and subscribed Share Capital of the Company, were dematerialised. 5,31,87,55,002 shares of the Company constituting 67.31% of the issued and subscribed Share Capital stand dematerialised as on 31st March, 2013. The processing activities with respect to requests received for dematerialisation are generally completed within one to four working days.

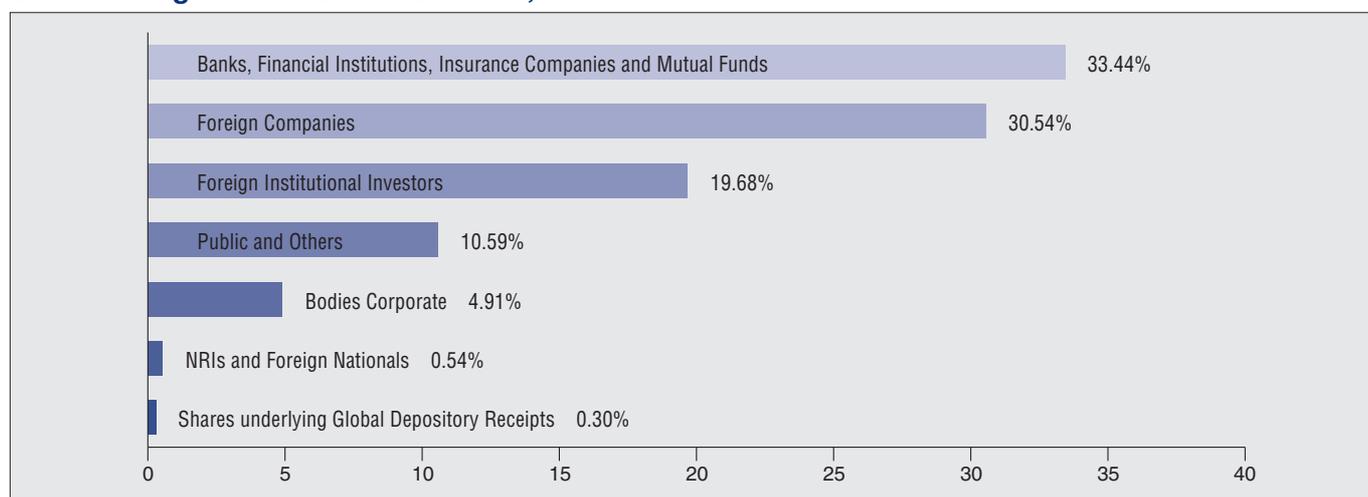
The Company's shares are among the most liquid and actively traded shares on the Indian Stock Exchanges and consistently rank among the top frequently traded shares, both in terms of number of shares traded as well as in terms of value. The Company's market capitalisation stood at ₹ 2,44,522 crores (US\$ 45.04 billion) on 31st March, 2013 as compared to ₹ 1,77,400 crores (US\$ 34.87 billion) on 31st March, 2012.

Distribution of Shareholding as on 31st March, 2013

No. of Shares Slab	No. of Shareholders				No. of Shares					
	Physical	Demat	Total	%	Physical	%	Demat	%	Total	%
1 – 5000	28,633	3,44,322	3,72,955	90.99	3,23,48,669	0.41	14,67,09,976	1.86	17,90,58,645	2.27
5001 – 10000	4,795	12,829	17,624	4.30	3,34,46,578	0.42	9,17,69,535	1.16	12,52,16,113	1.58
10001 – 20000	2,126	7,597	9,723	2.37	3,11,19,945	0.39	11,03,43,287	1.40	14,14,63,232	1.79
20001 – 30000	603	2,763	3,366	0.82	1,45,57,776	0.19	6,81,84,569	0.86	8,27,42,345	1.05
30001 – 40000	283	1,369	1,652	0.40	98,33,785	0.13	4,76,61,692	0.60	5,74,95,477	0.73
40001 – 50000	241	827	1,068	0.26	1,11,04,450	0.14	3,75,61,810	0.48	4,86,66,260	0.62
50001 – 100000	269	1,518	1,787	0.44	1,84,26,305	0.23	10,58,83,462	1.34	12,43,09,767	1.57
100001 and above	99	1,598	1,697	0.42	2,43,22,40,600	30.78	4,71,06,40,671	59.61	7,14,28,81,271	90.39
Total	37,049	3,72,823	4,09,872	100.00	2,58,30,78,108	32.69	5,31,87,55,002	67.31	7,90,18,33,110	100.00

Shares held in Physical and Dematerialised form as on 31st March, 2013

Categories of Shareholders as on 31st March, 2013

Category	No. of Shares held	%
(A) Institutional Shareholding		
Banks, Financial Institutions, Insurance Companies and Mutual Funds	2,64,27,46,913	33.44
Foreign Institutional Investors	1,55,51,45,441	19.68
Qualified Foreign Investors	8,098	...
Sub-Total (A)	4,19,79,00,452	53.12
(B) Non-Institutional Shareholding		
Foreign Companies	2,41,31,15,039	30.54
NRIs and Foreign Nationals	4,25,40,308	0.54
Bodies Corporate	38,82,61,712	4.91
Public and Others	83,65,21,506	10.59
Sub-Total (B)	3,68,04,38,565	46.58
Public Shareholding (A + B)	7,87,83,39,017	99.70
Shares underlying Global Depository Receipts	2,34,94,093	0.30
Total	7,90,18,33,110	100.00

Shareholding Pattern as on 31st March, 2013


Shareholder Information

Top Ten Shareholders as on 31st March, 2013

Sl. No.	Name of the Shareholder	No. of Shares held	%
1	Tobacco Manufacturers (India) Limited	1,98,55,64,880	25.13
2	Life Insurance Corporation of India	96,18,42,593	12.17
3	Specified Undertaking of the Unit Trust of India	89,67,24,540	11.35
4	Myddleton Investment Company Limited	32,42,07,960	4.10
5	The New India Assurance Company Limited	16,02,77,033	2.03
6	General Insurance Corporation of India	14,40,00,540	1.82
7	The Oriental Insurance Company Limited	12,84,67,513	1.63
8	National Insurance Company Limited	11,95,62,220	1.51
9	Rothmans International Enterprises Limited	10,33,03,260	1.31
10	ICICI Prudential Life Insurance Company Limited	8,38,78,495	1.06

Global Depository Receipts

Pursuant to the offer of Global Depository Receipts (GDRs) made in 1993 by the Company, 2,34,94,093 GDRs, representing 2,34,94,093 underlying shares of the Company i.e. 0.3% of the issued and subscribed Share Capital, were outstanding as on 31st March, 2013.

The Company's GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919) at Societe de la Bourse de Luxembourg, 11, av de la Porte-Neuve, L-2227 Luxembourg. The Listing Fee for the calendar year 2013 has been paid to the said Exchange.

Listing of Shares on Stock Exchanges with Stock Code

Stock Exchange	Stock Code
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100-14 Facsimile no. : 022-2659 8120 e-mail : ignse@nse.co.in website : www.nseindia.com	ITC
BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Telephone nos. : 022-2272 1233/34 Facsimile no. : 022-2272 1919 e-mail : is@bseindia.com website : www.bseindia.com	500875
The Calcutta Stock Exchange Ltd. (CSE) 7, Lyons Range Kolkata 700 001 Telephone nos. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : cseisc@cse-india.com website : www.cse-india.com	10000018

The Listing Fees for the financial year 2013-14 have been paid to the aforesaid Stock Exchanges.

Stock Exchange	Reuters Code	Bloomberg
NSE	ITC.NS	ITC IS
BSE	ITC.BO	ITC IB

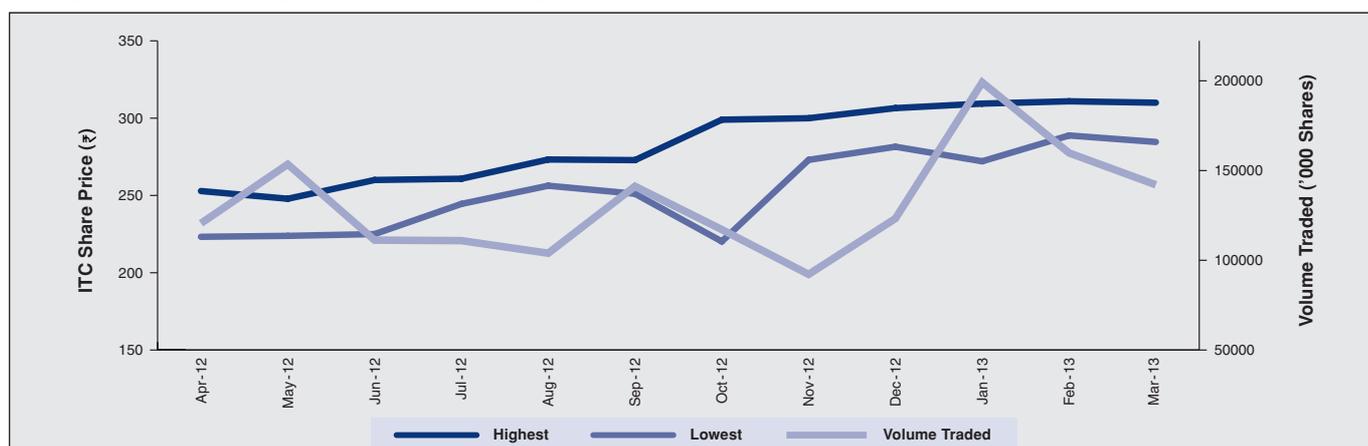
Monthly High and Low Quotes and Volume of Shares traded on NSE, BSE, CSE and GDRs on Luxembourg Stock Exchange (LSE)

Year & Month	NSE			BSE			CSE			LSE		
	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (US\$)	Low (US\$)	Volume in 000's (Nos.)
2012 APRIL	252.85	223.25	120608	252.80	223.30	8169	Nil	Nil	Nil	4.78	4.45	51
MAY	247.85	223.85	153494	247.85	224.25	9050	240.00	225.00	4	4.65	4.11	36
JUNE	260.00	225.00	111243	259.95	225.00	6033	Nil	Nil	Nil	4.66	4.07	Nil
JULY	260.80	244.50	110963	260.90	244.60	6248	Nil	Nil	Nil	4.70	4.46	7
AUGUST	273.25	256.30	103947	271.50	256.50	9018	Nil	Nil	Nil	4.85	4.55	20
SEPTEMBER	272.85	251.10	141228	272.50	251.10	6383	Nil	Nil	Nil	5.15	4.69	7
OCTOBER	299.00	220.25	117119	299.20	267.70	7820	Nil	Nil	Nil	5.53	5.18	55
NOVEMBER	299.95	273.00	92178	299.00	273.05	4893	Nil	Nil	Nil	5.50	4.98	2
DECEMBER	306.50	281.50	123289	306.50	282.00	10085	Nil	Nil	Nil	5.63	5.22	8
2013 JANUARY	309.40	272.10	199148	308.75	272.20	10530	Nil	Nil	Nil	5.77	5.00	Nil
FEBRUARY	310.90	288.80	159824	310.75	288.40	5555	Nil	Nil	Nil	5.85	5.37	58
MARCH	310.00	284.60	142088	310.00	285.20	6534	Nil	Nil	Nil	5.69	5.25	142

ITC Share Price vis-à-vis CNX Nifty


Note – Indicates monthly closing positions.

During the financial year 2012-13, the Company's shares have outperformed the market. While the CNX Nifty has risen by over 7%, the Company's share price has risen by over 36%.

ITC Share Price & Volume traded on NSE


Note – Indicates monthly high & low price and monthly volume.

Shareholder Information

Dividend History (Last 10 Years)

As one of India's foremost private sector companies, the Company has performed consistently for over a century now and has rewarded Shareholders since inception with uninterrupted dividends.

Financial Year	Dividend per Share (₹)	Dividend (₹ in Crores)	Dividend Distribution Tax (₹ in Crores)	Total Dividend including Dividend Distribution Tax (₹ in Crores)
2012-13	5.25 *	4148.46	705.03	4853.49
2011-12	4.50	3518.29	570.75	4089.04
2010-11	4.45 @	3443.48 @	558.62	4002.10
2009-10	10.00 \$	3818.18 \$	634.15	4452.33
2008-09	3.70	1396.53	237.34	1633.87
2007-08	3.50	1319.02	224.17	1543.19
2006-07	3.10	1166.29	198.21	1364.50
2005-06	2.65 ^	995.13 ^	139.57	1134.70
2004-05	3.10 #	773.25	108.45	881.70
2003-04	2.00 #	495.36	64.74	560.10

* Subject to approval of Shareholders.

@ On expanded Share Capital arising out of Bonus shares issued in the ratio of 1:1 and includes special dividend of ₹ 1.65 per share.

\$ Includes special Centenary dividend of ₹ 5.50 per share.

^ On expanded Share Capital arising out of Bonus shares issued in the ratio of 1:2.

Adjusted to reflect Sub-Division of shares from ₹ 10/- to ₹ 1/- per share in 2005-06.

Financial Calendar

Financial Year 2013-14		
1	First Quarter Results	July 2013
2	Second Quarter and Half-Year Results	October 2013
3	Third Quarter Results	January 2014
4	Fourth Quarter and Annual Results	May 2014

Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
101st	2011-12	Science City	27/07/2012	10.00 a.m.	● Appointment of Auditors.
100th	2010-11	Main Auditorium JBS Haldane	29/07/2011	10.30 a.m.	● Appointment of Auditors.
99th	2009-10	Avenue Kolkata 700 046	23/07/2010	10.30 a.m.	<ul style="list-style-type: none"> ● Appointment of Auditors. ● Amendment of Articles of Association to reflect increase in the Authorised Share Capital. ● Issue of shares under new Employee Stock Option Scheme.

Postal Ballot

No special resolution requiring a postal ballot was proposed last year. No special resolution requiring a postal ballot is being proposed for the ensuing AGM.

Plant Locations

CIGARETTE FACTORIES

Bengaluru

1. Meenakunte Village
Jallahobli
Bengaluru
Karnataka 562 157

Kolkata

2. 93/1 Karl Marx Sarani
Kolkata
West Bengal 700 043

Munger

3. Basdeopur P.O.
District Munger
Bihar 811 202

Ranjangaon

4. Plot No. B-27, MIDC
Ranjangaon, Taluka Shirur
District Pune
Maharashtra 412 220

Saharanpur

5. Sardar Patel Marg
Saharanpur
Uttar Pradesh 247 001

HOTELS

Owned Hotels

Agra

1. ITC Mughal*
Taj Ganj
Agra 282 001

Bengaluru

2. ITC Gardenia*
1, Residency Road
Bengaluru 560 025
3. ITC Windsor*
25, Windsor Square
Golf Course Road
Bengaluru 560 052

Chennai

4. ITC Grand Chola*
63, Mount Road, Guindy
Chennai 600 032
5. My Fortune, Chennai
Cathedral Road
Chennai 600 086

Jaipur

6. ITC Rajputana*
Palace Road
Jaipur 302 006

Kolkata

7. ITC Sonar*
1, JBS Haldane Avenue
Kolkata 700 046

Mumbai

8. ITC Maratha*
Sahar
Mumbai 400 099
9. ITC Grand Central*
287, Dr. B. Ambedkar Road
Parel
Mumbai 400 012

New Delhi

10. ITC Maurya*
Sardar Patel Marg
Diplomatic Enclave
New Delhi 110 021
11. Sheraton New Delhi Hotel
District Centre, Saket
New Delhi 110 017

Licensed Hotels

Kota

12. WelcomHeritage
Umed Bhawan Palace
Palace Road
Kota 324 001

Port Blair

13. Fortune Resort Bay Island
Marine Hill
Port Blair 744 101

Vadodara

14. WelcomHotel Vadodara
R. C. Dutt Road, Alkapuri
Vadodara 390 007

Hotels Under Operating Services

Aurangabad

15. WelcomHotel Rama International
R-3, Chikalthana
Aurangabad 431 210

Chennai

16. Sheraton Park Hotel & Towers
132, T. T. K. Road
Chennai 600 018

Hyderabad

17. ITC Kakatiya*
6-3-1187, Begumpet
Hyderabad 500 016

Visakhapatnam

18. WelcomHotel Grand Bay
Beach Road
Visakhapatnam 530 002

GREEN LEAF THRESHING PLANTS

Anaparti

1. Anaparti
East Godavari District
Andhra Pradesh 533 342

Chirala

2. Chirala
Prakasam District
Andhra Pradesh 523 157

Nanjangud

3. Immavu & Adakanahalli Village
Nanjangud Taluk, District Mysore
Karnataka 571 302

PACKAGING & PRINTING FACTORIES

Chennai

1. Tiruvottiyur
Chennai
Tamil Nadu 600 019

Haridwar

2. Plot No.1, Sector 11
Integrated Industrial Estate
Haridwar
Uttarakhand 249 403

Munger

3. Basdeopur P.O.
District Munger
Bihar 811 202

PAPER & PAPERBOARD MILLS

Bollaram

1. Anrich Industrial Estate
Bollaram Village
District Medak
Andhra Pradesh 502 325

Sarapaka

2. Sarapaka Village
District Khammam
Andhra Pradesh 507 128

Thekkampatty

3. Thekkampatty Village
Vivekanandapuram Post
Mettupalayam Taluk
District Coimbatore
Tamil Nadu 641 113

Tribeni

4. Village & Post Chandrahati
District Hooghly
West Bengal 712 504

FOODS FACTORIES

Haridwar

1. Plot No.1, Sector 11
Integrated Industrial Estate
Haridwar
Uttarakhand 249 403

Ranjangaon

2. Plot No. D-1, MIDC
Ranjangaon
Taluka Shirur
District Pune
Maharashtra 412 220

PERSONAL CARE PRODUCTS FACTORIES

Haridwar

1. Plot No.1, Sector 11
Integrated Industrial Estate
Haridwar
Uttarakhand 249 403

Manpura

2. Village Manpura
Tehsil Baddi
District Solan
Himachal Pradesh 174 101

CHOUPAL SAAGARS - RURAL SERVICES CENTRES

Amravati

1. Old Survey No. 12/5A, 12/6 & 12/7
Gat No. 19
Patwari Halka No. 48
Mouza Degaon
Pargana Nandgaon Peth
Taluka & District Amravati
Maharashtra 444 901

Badaun

2. Arazi No. 10 & 12/3 (Part)
Village Khunak
Tehsil & District Badaun
Uttar Pradesh 243 601

Bahraich

3. Khasra No. 475-476, 477 (Part),
496-kha (Part), 497, 498 (Part),
500-Mi, 501-505, 507 & 509
Village Mohammad Nagar
Tehsil, Pargana & District Bahraich
Uttar Pradesh 271 801

Chandouli

4. Khasra No. 57-62 & 641
Village Muhatapur, Ganj Khwaja
Pargana Dhoos
Tehsil Sakaldeeha
District Chandouli
Uttar Pradesh 232 104

* Operating under 'The Luxury Collection' brand under Licence from Sheraton International, LLC.

Shareholder Information

Chindwara

5. Survey No. 16/1-16/2 & 16/4-16/7 Settlement No. 7 Patwari Halka No. 34, R.I. Circle Village Imaliya Bohata, Chindwara - I Tehsil & District Chindwara Madhya Pradesh 480 001

Dewas

6. Survey No. 294/2 & 295 Patwari Halka No. 26 Village Lohar Pipliya Tehsil & District Dewas Madhya Pradesh 455 001

Dhar

7. Survey No. 438, Patwari Halka No. 13 Village Jaitpura Tehsil & District Dhar Madhya Pradesh 454 001

Gonda

8. Arazi No. 420 (Part), 421-424, 427-428, 431, 433-434, 442-446, 447 (Part), 448 (Part), 450-456, 456 (kha) & 457 (Part) Village Haripur Tehsil & District Gonda Uttar Pradesh 271 001

Hardoi

9. Arazi No. 658 & 659 Village Korriyan, Pargana Gopamau Tehsil & District Hardoi Uttar Pradesh 241 001

Hathras

10. Khasra No. 21, Village Srinagar Tehsil Sasni District Hathras Uttar Pradesh 204 216

Itarsi

11. Survey No. 309/1, 310/2 & 310/3 Patwari Halka No. 11 Village Raisalpur Tehsil Itarsi, District Hoshangabad Madhya Pradesh 461 111

Jagdishpur

12. Khasra No. 2377-2380 Village Kathura, Pargana Jagdishpur Tehsil Musafirkhana District Amethi Uttar Pradesh 227 817

Mandsaur

13. Survey No. 30, 31, 32 & 33 Patwari Halka No. 14, Village Azizkhedi Tehsil & District Mandsaur Madhya Pradesh 458 001

Mhow

14. Survey No. 188/2, 189/1, 189/2, 189/4, 190/1, 191 & 192/2 Patwari Halka No. 20 Village Gawli Palasia Vikaskhand Mhow Tehsil Mhow, District Indore Madhya Pradesh 453 441

Nagda

15. Khasra No. 1393 (Part)-1394 (Part), 1396/1 & 1397/1 Patwari Halka No. 18 Village Padliya Kala Tehsil Nagda, District Ujjain Madhya Pradesh 456 335

Parbhani

16. Gat No. 803 Village Asola Tehsil & District Parbhani Maharashtra 431 401

Pilibhit

17. Khasra No. 261 Village Sandiya Mustakil Tehsil, Pargana & District Pilibhit Uttar Pradesh 262 001

Ratlam

18. Survey No.107/1- 107/3 R.I. Circle No. 5, Moondri Patwari Halka No. 31 Village Kharakhedi Tehsil & District Ratlam Madhya Pradesh 457 001

Sehore

19. Khasra No. 208 - 209 Patwari Halka No. 36 Village Rafiqganj Tehsil & District Sehore Madhya Pradesh 466 001

Ujjain

20. Survey No. 433/3, 456 & 458 R.I. Circle No. 2 Patwari Halka No. 19 Village Kamed Tehsil Ghattia, District Ujjain Madhya Pradesh 456 001

Vidisha

21. New Revenue Survey No. 18 & 18/2 Patwari Halka No. 35 & 45 Village Bais Tehsil & District Vidisha Madhya Pradesh 464 001

Wardha

22. Survey No. 151/1 & 151/4 Mouza No. 17, Mouza Inzapur Tehsil & District Wardha Maharashtra 442 001

Washim

23. Survey No. 104 Patwari Halka No. 10 Mouza Zakalwadi Taluka & District Washim Maharashtra 444 505

Yavatmal

24. Bhumapan Kramank 15 Bhumapan Kramank Upvibhag 2A Village Parwa Taluka & District Yavatmal Maharashtra 445 001

LIFESTYLE RETAILING

Design & Technology Centre

Manesar

- Plot No. 3, Sector 5
IMT Manesar, Gurgaon
Haryana 122 050

Wills Lifestyle Stores

Agra

1. ITC Mughal Taj Ganj Agra 282 001
Tel No: 0562-4021836
2. Shop No. 2/216 A Swadeshi Bima Nagar M. G. Road Agra 282 001
Tel No: 0562-2520552

Ahmedabad

3. Shop No. 3, Time Square Building C. G. Road, Navrangpura Ahmedabad 380 006
Tel No: 079-26402303
4. Shop Nos. 231-232 Iscon Mega Mall Near Iscon Temple Sarkhej National Highway Ahmedabad 380 054
Tel No: 079-40026304

5. G-29, Alpha One Near Vastrapur Lake, Vastrapur Ahmedabad 380 054
Tel No: 079-40062323

Belgaum

6. CTS No. 4831/1 Dr. Ambedkar Road Belgaum 590 001
Tel No: 0831-4201422

Bengaluru

7. No. 6, Brigade Road Bengaluru 560 001
Tel No: 080-41123662
8. 664, Binnamangala First Stage, 100 Ft. Road Indiranagar Bengaluru 560 038
Tel No: 080-41715665
9. ITC Gardenia No. 1, Residency Road Bengaluru 560 025
Tel No: 080-43455301
10. 11th Main, Sri Arcade No.16 (Old No.17) III Block East, Jayanagar Bengaluru 560 011
Tel No: 080-41211435
11. Shop No. 222, 2nd Floor Garuda Mall, Magarath Road Bengaluru 560 025
Tel No: 080-40937784
12. Shop No. 67, Commercial Street Bengaluru 560 001
Tel No: 080-41513477
13. Shop Nos. 03 & 04, Orion Mall Brigade Gateway, Dr. Rajkumar Road Malleswaram Bengaluru 560 055
Tel No: 080-22682022

Bhopal

14. GF-41, DB City, M. P. Nagar Bhopal 462 011
Tel No: 0755-6644244

Bhubaneshwar

15. No. 1, Janpath, Shiryra Square Bhubaneshwar 751 001
Tel No: 0674-2380831

Chandigarh

16. SCO 14, Sector 17E Chandigarh 160 017
Tel No: 0172-6549856

Chennai

17. Shop No. 19, Ground Floor Quaiser Tower Khader Nawaz Khan Road Nungambakkam Chennai 600 034
Tel No: 044-28332513
18. Shop No. 6, Ground Floor Chennai Citi Centre 10 & 11, Dr. Radhakrishna Salai Chennai 600 004
Tel No: 044-43536214
19. Shop No. 23, Ampa Skyline Mall N. M. Road, Aminjikarai Chennai 600 029
Tel No: 044-42082522
20. Shop No. S 109, Express Avenue 49, 50L, Whites Road, Royapettah Chennai 600 014
Tel No: 044-28464431
21. Shop No. S 114, Express Avenue 49, 50L, Whites Road, Royapettah Chennai 600 014
Tel No: 044-28464236

Shareholder Information

22. ITC Grand Chola
63, Mount Road, Guindy
Chennai 600 032
Tel No: 044-22301206
23. Shop No. F-23, Phoenix Market City Mall
Velachery Main Road
Chennai 600 042
Tel No: 044-30083322
- Coimbatore**
24. G-24, Brooke Fields Mall
67-71, Krishnasamy Road
Coimbatore 641 001
Tel No: 0422-2255544
- Dehradun**
25. 52/A, Rajpur Road
Dehradun 248 001
Tel No: 0135-2749941
- Ernakulam**
26. No. 40/7182, Ground Floor
M. G. Road
Ernakulam 682 035
Tel No: 0484-4028883
- Ghaziabad**
27. Shop No. G-37, Mahagun Metro Mall
Plot No. VC-3, Vaishali
Ghaziabad 201 010
Tel No: 0120-6492890
- Gurgaon**
28. Shop Nos. 17-20, The Metropolitan
Mehrauli-Gurgaon Road
Gurgaon 122 002
Tel No: 0124-4104444
29. Shop Nos. G 64 & 65
Ambi Mall, Ambience Island
National Highway No. 8
Gurgaon 122 001
Tel No: 0124-6460667
- Guwahati**
30. Shop Nos. A, B, C, E, P
Adam's Plaza, G. S. Road
Christian Basti
Guwahati 781 005
Tel No: 0361-2349922
- Hyderabad**
31. Shop Nos. G 4 & 5
G. S. Chambers
Nagarjuna Circle
Hyderabad 500 082
Tel No: 040-66369200
32. Shop Nos. 1 & 2
H. No. 3-6-108/2, Kuchkulla House
Himayat Nagar
Hyderabad 500 029
Tel No: 040-64255160
33. Shop Nos. 11 & 12, Lower Ground Floor
Road No. 1, GVK Mall
Banjara Hills
Hyderabad 500 034
Tel No: 040-67497660
- Indore**
34. Shop No. 11, Ground Floor, C-21 Mall
Plot No. 94-104 & 300-303
Scheme No. 54
A.B. Road
Indore 452 010
Tel No: 0731-4095717
35. Shop No. F-12, First Floor
Treasure Island
M. G. Road
Indore 452 001
Tel No: 0731-4206614
- Jaipur**
36. Shop No. 41, Gulab Niwas
M. I. Road
Jaipur 302 001
Tel No: 0141-2365017
37. Shop Nos. G23-25
Triton The Mega Mall
Jhotwara Road, Near Chomu Pulia
Jaipur 302 012
Tel No: 0141-5156731
38. Shop No. 1
Plot No. 236 & 237, SDC Monarch
Amrapali Marg, Vaishali Nagar
Jaipur 302 021
Tel No: 0141-4020312
- Jalandhar**
39. GF-18, Viva Collage Mall
G. T. Road
Jalandhar 144 005
Tel No: 0181-3053222
- Jammu**
40. 5 & 6 Residency Road
Jammu 180 001
Tel No: 0191-2573153
- Kanpur**
41. Shop No. 8, 1st Floor, Zsquare Mall
16/113, M. G. Marg
Bada Choraha
Kanpur 208 001
Tel No: 0512-2302975
- Kolkata**
42. 19B, Shakespeare Sarani
Kolkata 700 071
Tel No: 033-22826102
43. C-008 & C-010, City Centre 1
Block-DC, Sector 1
Salt Lake City
Kolkata 700 064
Tel No: 033-23589152
44. Shop No. S026
South City Mall
375, Prince Anwar Shah Road
Kolkata 700 068
Tel No: 033-40072206
- Lucknow**
45. Shop No. 2108
B-1, First Floor, Fun Republic Mall
Gomti Nagar
Lucknow 226 010
Tel No: 0522-4060666
46. Shop No. 25, Sahara Ganj
Hazrat Ganj, Shah Nazaf Road
Lucknow 226 001
Tel No: 0522-3062555
47. F-08, First Floor
Phoenix United Mall
Alambagh
Lucknow 226 005
Tel No: 0522-3295388
- Ludhiana**
48. 85/4A, The Mall
Ludhiana 141 001
Tel No: 0161-2441423
49. Shop Nos. 44-45 & 50-51
First Floor, The Westend Mall
Ferozpur Road
Ludhiana 141 001
Tel No: 0161-4644436
- Mumbai / Thane**
50. Shop Nos. 2, 3 & 32
Ruki Mahal Co-operative
Housing Society Ltd.
Colaba
Mumbai 400 005
Tel No: 022-22818261
51. F-8 & 9, Inorbit Mall
MindSpace, Malad Link Road
Malad (West)
Mumbai 400 064
Tel No: 022-40032086
52. Unit No. 10, SSP Building
Nirmal Lifestyle
L.B.S. Marg, Mulund (West)
Mumbai 400 080
Tel No: 022-66490407
53. Unit Nos. 4 & 5, Skyzone Level 1
Block 2, Phoenix Mills Compound
462, Senapati Bapat Marg
Lower Parel
Mumbai 400 013
Tel No: 022-40040603
54. Shop No. F 34
Oberoi Mall, Goregaon (East)
Mumbai 400 063
Tel No: 022-28432127
55. Shop No. 124, Infinity Mall
Link Road, Malad (West)
Mumbai 400 064
Tel No: 022-67709125
56. Shop No. G6
Phoenix Market City Mall
L.B.S. Marg, Kurla (West)
Mumbai 400 070
Tel No: 022-61801415
57. Shop No. F 134
Neptune Magnet Mall
L.B.S. Marg, Lower Powai
Bhandup (West)
Mumbai 400 078
Tel No: 022-67250772
58. ITC Grand Central
287, Dr. B. Ambedkar Road
Parel
Mumbai 400 012
Tel No: 022-67045301
59. G-24, Inorbit Mall
Plot No. 39/1, Sector 30 A
Vashi
Navi Mumbai 400 705
Tel No: 022-65251162
60. F 21 & 22, Korum Mall
Mangal Pandey Road
Eastern Express Highway
District Thane (West) 400 606
Tel No: 022-25417474
- Nagpur**
61. Jagat Millennium
Amravati Road, Dharampeth
Nagpur 440 014
Tel No: 0712-6647195
- Nashik**
62. UG-Shop No. 7, City Centre Mall
Lawate Nagar, Untwadi
Nashik 422 002
Tel No: 0253-2232172
- New Delhi**
63. F-41, South Extension - I
New Delhi 110 049
Tel No: 011-41648523
64. Plot No. 1B3, Citi Centre Mall
Sector 10, Twin District Centre 1
Rohini
New Delhi 110 085
Tel No: 011-64640766
65. Shop No. 033, First Floor
Pacific Mall, Subhash Nagar
New Delhi 110 018
Tel No: 011-64707471
66. E-2, Inner Circle
Connaught Place
New Delhi 110 001
Tel No: 011-64717773
67. M-12, Greater Kailash - I
New Delhi 110 048
Tel No: 011-29232555

Shareholder Information

68. ITC Maurya
Sardar Patel Marg
Diplomatic Enclave
New Delhi 110 021
Tel No: 011-46215365

69. Shop Nos. GF 10 & 11
TDI Mall, Plot No.11
Shivaji Place, Rajouri Garden
New Delhi 110 027
Tel No: 011-64643239

70. Select Citywalk, G 3 & 4
Ground Floor
District Centre, Saket
New Delhi 110 017
Tel No: 011-42658267

71. Shop No. 227, First Floor
DLF Promenade Mall
Vasant Kunj
New Delhi 110 070
Tel No: 011-41551355

Noida

72. Shop No. G 32, Unitech Mall
Noida Amusement Park
Sector 38A, Great India Place
Noida 201 301
Tel No: 0120-6492889

73. F-14, Sector 18
Noida 201 301
Tel No: 0120-6491802

Panjim

74. 3293, M. G. Road
Panjim 403 001
Tel No: 0832-6641222

Patiala

75. Bhupindra Road
Next to Sigma Laboratory
Patiala 147 001
Tel No: 0175-5011777

Patna

76. Shop Nos. G 06 & 07, P & M Mall
Patliputra Industrial Area, Kurji
Patna 800 014
Tel No: 0612-2270710

77. D'Lal Building
Fraser Road
Patna 800 001
Tel No: 09234364382

Pune

78. 1204/22, Ground Floor, Shivaji Nagar
Junglee Maharaj Road
Pune 411 004
Tel No: 020-66019401

79. 11, Moledina Road
Pune 411 001
Tel No: 020-26121222

80. Shop No. FF 3B, Kumar Pacific Mall
Shankar Seth Road
Gultekdi
Pune 411 042
Tel No: 020-66095775

81. G-32, Koregaon Park Plaza Mall
Koregaon Park
North Main Road
Pune 411 001
Tel No: 020-30530195

82. WB-GF 13, Amanora Town Centre
Amanora Park Township
Hadapsar, Taluka Haveli
Pune 411 028
Tel No: 020-67267847

Raipur

83. Unit No. 12, City Mall 36
G. E. Road, NH 06
Raipur 492 001
Tel No: 0771-6454545

84. Shop No. G19/20, Ground Floor
Chattisgarh City Centre Mall, Pandri
Raipur 492 001
Tel No: 0771-2582943

Siliguri

85. Shop Nos. 20 & 21
Lower Ground Floor
Cosmos Mall, Sevoke Road
Siliguri 734 001
Tel No: 0353-2545254

86. Unit No. E 0007, City Centre
The Uttarayan Township
NH 31, Matigara
Siliguri 734 010
Tel No: 0353-6502370

Surat

87. Shop Nos. 312 & 313, Second Floor
Iscon Prozone Mall, Domas Road
Surat 395 007
Tel No: 0261-6454599

Vadodara

88. Shop Nos. 42-44, Siddharth Complex
R. C. Dutt Road, Alkapuri
Vadodara 390 005
Tel No: 0265-2325756

89. Centre Square Mall, Near Genda Circle
Sarabhai Road, Wadi-Wadi
Vadodara 390 007
Tel No: 0265-6453740

Visakhapatnam

90. The Landmark, Shop No. G-4
Block No. 9, Waltair Road
Waltair Uplands
Visakhapatnam 530 019
Tel No: 0891-6645672

John Players Stores*

Bengaluru

91. No. 12/29, Gentry Plaza
11th Main, 4th Block
Jayanagar
Bengaluru 560 011
Tel No: 080-41103337

92. Shop Nos. 8-9, Total Mall
Madiwala
Bengaluru 560 068
Tel No: 080-41730902

93. 174, Brigade Road
Bengaluru 560 001
Tel No: 080-41512823

94. Shop No. 383, 2nd Main Road
Sampige Road
Malleswaram
Bengaluru 560 003
Tel No: 080-42199528

95. Shop No. 18
Shri Krishna Arcade
New Bel Road
Bengaluru 560 054
Tel No: 080-42108787

96. Shop No. 52, Chaitanya Plaza
Dr. D.V. Gundappa Road
Basavanagudi
Bengaluru 560 004
Tel No: 080-41709510

97. Shop No. 491/4, MCE Layout
Sahakara Nagar
Bengaluru 560 092
Tel No: 080-41125346

Chennai

98. Shop No. 68 (Old No. 89)
Sir Thygaraya Road
Pondy Bazaar, T. Nagar
Chennai 600 017
Tel No: 044-43502651

99. Shop No. F-129A
Spencer Plaza, Phase III
First Floor, 769, Anna Salai
Chennai 600 002
Tel No: 044-28492449

100. Shop No. 145, AA Block
Third Avenue, Anna Nagar
Chennai 600 040
Tel No: 044-42668000

101. Shop No. 141, Plot No. 616
LB Road, Adyar, Thiruvamyur
Chennai 600 020
Tel No: 044-42117806

102. Shop No. 82, Arcot Road
Kodambakkam
Chennai 600 024
Tel No: 044-42046060

103. Shop Nos. 2, 3 & 11, Vijaya Nagar
Sarathy Nagar, Velachery
Chennai 600 042
Tel No: 044-22433299

104. Shop No. G 31, Phoenix Mall
Velachery Main Road
Chennai 600 042
Tel No: 044-30083402

Hyderabad

105. Shop No. 211, Third Floor
City Centre, Banjara Hills
Hyderabad 500 034
Tel No: 040-66662221

106. Shop No. 16-11-704/5/A/9 & 10
Main Road, Dilshukhnagar
Hyderabad 500 060
Tel No: 040-66562102

107. Shop No.1, MIG No. 329
Main Road, Dr. A. S. Rao Nagar
Hyderabad 500 062
Tel No: 09247070250

Kolkata

108. Shop No. 221, Mani Square Mall
164/1, Maniktala Main Road
Kolkata 700 054
Tel No: 033-40083015

109. 6/1, Lindsay Street
Kolkata 700 087
Tel No: 033-22497887

110. 200/2C, Rashbehari Avenue
Gariahat
Kolkata 700 029
Tel No: 033-24664928

111. 8, Brahma Samaj Road
Behala
Kolkata 700 034
Tel No: 033-24989752

112. Shop No. A-232, 2nd Floor
City Centre 1, Salt Lake, Sector 1
Kolkata 700 064
Tel No: 08584033422

113. Shop No. C001, Ground Floor
City Center 1, Salt Lake, Sector 1
Kolkata 700 064
Tel No: 08584033421

114. Shop No. B 104, City Center 2
Rajarhat, New Town
Kolkata 700 157
Tel No: 08584033426

115. P-12, New Howrah Bridge
Approach Road
Kolkata 700 001
Tel No: 033-22343779

116. P/157/1, CIT Road
Scheme-VII-M, Ultadanga Crossing
Kolkata 700 054
Tel No: 033-65295719

Shareholder Information

117. Shop No. 46, 1st Floor
Avani River Side Mall
32, Jagat Banerjee Ghat Road
Howrah 711 102
Tel No: 033-26780367
- Mumbai / Thane**
118. Shop No. 20
Shahid Bhagat Singh Road
Colaba
Mumbai 400 001
Tel No: 022-22876454
119. Unit Nos. 21, 22, 23 & 24
Nakshatra Mall
Ranade Road, Dadar (West)
Mumbai 400 028
Tel No: 022-24360794
120. Shop Nos. 2 & 2A, First Floor
Akshay Plaza Co-operative Society
Chembur
Mumbai 400 071
Tel No: 022-25290004
121. Shop Nos. 1-4, Nadiadwala Chawl
SV Road
Andheri (West)
Mumbai 400 058
Tel No: 022-26203990
122. Shop No. F21, 1st Floor
R City Mall, Phase 1
L.B.S. Marg, Ghatkopar (West)
Mumbai 400 086
Tel No: 022-25175968
123. Shop No. G-68
Phoenix Market City Mall
Kurla (West)
Mumbai 400 070
Tel No: 022-61801574
124. Shop No. F09, 1st Floor
Growel Mall, Akurli Road
Kandivali (East)
Mumbai 400 101
Tel No: 022-67416370
125. Shop No. 9, Pratik Avenue
Nehru Road, Vile Parle (East)
Mumbai 400 057
Tel No: 022-26136111
126. Gala No. 3, 265-A, N.C. Kelkar Road
Shivaji Park, Dadar (West)
Mumbai 400 018
Tel No: 022-24313618
127. Shop No. F-23, Centre One Mall
Sector No. 30-A
Near Vashi Railway Station
Navi Mumbai 400 705
Tel No: 022-64481500
128. Shop No. 10, Sector 42, Plot No. 43
Lalkrupa Co-operative Housing Society
Navi Mumbai 400 706
Tel No: 022-27719901
129. Shop Nos. 107/108, First Floor
Little World Mall, Sector 2
Kharga
Navi Mumbai 410 210
Tel No: 022-27745036
130. Shop Nos. 11-12
Plot No. 123
Shri Samartha Gurukripa Housing Society
Panvel
Navi Mumbai 400 706
Tel No: 022-27458666
131. Shop Nos. 21 & 25, Ground Floor
Kasturi Plaza Shopping Centre
Manpada Road
Dombivli (East)
Thane 421 201
Tel No: 0251-2863932
132. Shop No. 18, 1st Floor
R-Mall, Ghodbunder Road
Thane (West)
Thane 400 606
Tel No: 09223694777
- New Delhi / NCR**
133. D-35, Lajpat Nagar
Central Market-II
New Delhi 110 024
Tel No: 011-29830440
134. E-149, Kamla Nagar
New Delhi 110 007
Tel No: 011-47036020
135. Shop No. 7/2, West Patel Nagar
New Delhi 110 008
Tel No: 011-25889043
136. F-16, District Centre
Janak Place, Janakpuri
New Delhi 110 058
Tel No: 011-25618031
137. G-54, Laxmi Nagar
Vikas Marg
New Delhi 110 092
Tel No: 011-22542495
138. Shop Nos. FF 101 & 102
V3S Mall, East Centre
Vikas Marg, Laxmi Nagar
New Delhi 110 092
Tel No: 011-22446327
139. G 123-125, Ground Floor
V3S Mall, East Centre
Vikas Marg, Laxmi Nagar
New Delhi 110 092
Tel No: 011-42808120
140. 13/29-30, Rachna Building
Ajmal Khan Road
Karol Bagh
New Delhi 110 005
Tel No: 011-25810440
141. Shop No. 188
Sarojini Nagar Market
New Delhi 110 023
Tel No: 011-24676188
142. 154, Sarojini Nagar Market
New Delhi 110 023
Tel No: 011-24670783
143. G-4, Bhagwati Plaza
Plot No.12, Sector 5
Dwarka
New Delhi 110 075
Tel No: 011-45700996
144. Shop No. FF 12, 2nd Floor
MGF City Square, Rajouri Garden
New Delhi 110 027
Tel No: 011-47131809
145. 6/12, Roshan Garden, Shivaji Park
Najafgarh
New Delhi 110 043
Tel No: 011-25323270
146. D-12/201, Sector 8
Rohini
New Delhi 110 085
Tel No: 011-27941274
147. D-89, Main Road
Malviya Nagar
New Delhi 110 019
Tel No: 011-26675189
148. Shop No. 1056, Rani Bagh Market
New Delhi 110 034
Tel No: 011-42466315
149. G-17, City Centre Mall
Plot No. 1B3
Sector 10, Rohini
New Delhi 110 085
Tel No: 011-27932901
150. UG-15, 1st Floor, West Gate Mall
Rajouri Garden
New Delhi 110 027
Tel No: 08800298071
151. B-45/47, Connaught Place
New Delhi 110 001
Tel No: 09873355366
152. Shop No. 4-UB
Bungalow Road, Jawahar Nagar
New Delhi 110 023
Tel No: 011-23851929
153. G - 04 & 05
Plot No. 15, Sector 5, Dwarka
New Delhi 110 075
Tel No: 011-45511690
154. P-16, Pandav Nagar
Mayur Vihar Phase-1
New Delhi 110 091
Tel No: 011-22759456
155. Shop No. E561, Palam Ext. Part 1
Rampal Chowk, Main Market
Sector 7, Dwarka
New Delhi 110 023
Tel No: 011-47046684
156. Shop No. 2, Chinki Plaza
Old Delhi Road, Sector 14
Gurgaon 122 001
Tel No: 0124-4304367
157. UG 03, Upper Ground Floor
DT Mega Mall, Golf Course Road
DLF Phase 1
Gurgaon 122 002
Tel No: 0124-4246065
158. UG 08, Upper Ground Floor
Ansal Mall, Palam Vihar
Gurgaon 122 001
Tel No: 0124-4037031
159. Shop Nos. 4-6, Arjun Plaza
Jagat Farm, Gamma-1
Greater Noida 201 308
Tel No: 0120-2322563
160. Shop No. AG-84, Etan Floor
Ansal Plaza
Greater Noida 201 308
Tel No: 0120-4237981
161. Shop No. G-35, Sector 18
Noida 201 301
Tel No: 0120-4131686
162. Shop No. 118, Ground Floor
Spice Mall, Sector 25A
Noida 201 301
Tel No: 0120-4205884
163. Shop No. GB09, Ground Floor
Ansal Crown Plaza, Sector 15A
Faridabad 121 002
Tel No: 0129-4013013
164. Shop No. 3, SRS Multiplex
Sector 12, Main Mathura Road
Faridabad 121 007
Tel No: 0129-4090100
165. Shop No. 30, Mahagun Metro Mall
Plot No. VC-3, Vaishali
Ghaziabad 201 010
Tel No: 0120-4287684
166. 17, New Gandhi Nagar
Ghaziabad 201 001
Tel No: 0120-4316713
167. Shop Nos. 16, 17, 46 & 47
Shipra Mall, Plot No. 9
Vaibhav Khand
Indirapuram
Ghaziabad 201 012
Tel No: 0120-4310466

* In addition to the above, there are over 310 John Players Stores spread across the country in other cities/towns.

Shareholder Referencer

Unclaimed Dividend

Unclaimed dividend for the years prior to and including the financial year 2004-05 has been transferred to the General Revenue Account of the Central Government / the Investor Education and Protection Fund established by the Central Government (IEPF), as applicable.

Shareholders who have not encashed their dividend warrants relating to financial year(s) up to and including 1993-94 may claim such dividend (transferred to the General Revenue Account) from the Registrar of Companies, West Bengal, Government of India, Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4 A.J.C. Bose Road, Kolkata 700 020, by applying in the prescribed Form. This Form can be downloaded from the Company's corporate website www.itcportal.com under the section 'Investor Relations' or can be furnished by the Investor Service Centre of the Company (ISC) on request.

The dividend for the undernoted years, if remaining unclaimed for 7 years, will be statutorily transferred by the Company to IEPF in accordance with the schedule given below. Communication has been sent by the Company to the concerned Shareholders advising them to write to ISC with respect to their unclaimed dividend. Details of such unclaimed dividend are available on the Company's corporate website under the section 'Investor Relations'. Attention is drawn that the unclaimed dividend for the financial year 2005-06 is due for transfer to IEPF on 26th August, 2013.

Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

Financial Year	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2013		Due for transfer to IEPF on
				(₹)	%	
2005-06	76th	21st July, 2006	9,95,12,91,267.00	5,01,44,721.00	0.50	26th August, 2013*
2006-07	77th	27th July, 2007	11,66,29,29,029.00	6,70,68,983.00	0.58	1st September, 2014
2007-08	78th	30th July, 2008	13,19,01,73,540.00	7,07,44,509.00	0.54	4th September, 2015
2008-09	79th	24th July, 2009	13,96,53,10,312.00	7,79,67,868.00	0.56	29th August, 2016
2009-10	80th	23rd July, 2010	38,18,17,67,900.00	20,91,59,740.00	0.55	29th August, 2017
2010-11	81st	29th July, 2011	34,43,47,81,921.00	20,46,20,333.00	0.59	4th September, 2018
2011-12	82nd	27th July, 2012	35,18,29,33,284.00	21,36,51,983.00	0.61	2nd September, 2019

* It will not be possible to entertain any claim received by ISC after 23rd August, 2013.

Unclaimed Shares

As required under Clause 5A(II) of the Listing Agreement with Stock Exchanges, the Company, on 28th March, 2012, transferred 91,61,791 unclaimed shares held in the physical form in 4,234 accounts to a demat account 'ITC Limited - Unclaimed Suspense Account'. The status of the aforesaid unclaimed shares, as on 31st March, 2013, is given below:

	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 1st April, 2012	4,234	91,61,791
Number of Shareholders / legal heirs who approached the Company for transfer of shares from the Unclaimed Suspense Account	141	3,34,745
Number of Shareholders / legal heirs to whom the shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	46*	1,09,935
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2013	4,188	90,51,856

* 95 requests, in respect of 2,24,810 shares, were pending for want of necessary documents from the Shareholders / legal heirs.

Voting rights in respect of the aforesaid 90,51,856 shares held in the Unclaimed Suspense Account will remain frozen till the time such shares are claimed by the concerned Shareholders.

Service of documents through Electronic Mode

In furtherance of the Green Initiative in Corporate Governance, over 56,000 Shareholders have registered their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode. Shareholders who are yet to register their e-mail addresses are requested to register the same with the Company. The Form for such registration, which has been sent twice to Shareholders, is once again being sent. This Form can also be downloaded from the Company's corporate website under the section 'Investor Relations' or can be furnished by ISC on request.

Remittance of Dividend through Electronic Mode

The Company provides the facility for remittance of dividend to Shareholders through NECS (National Electronic Clearing Service) / RTGS (Real Time Gross Settlement) / NEFT (National Electronic Funds Transfer).

Shareholders who have not yet availed the NECS / RTGS / NEFT facility and wish to avail the same may have their bank details, including MICR (Magnetic Ink Character Recognition) and IFSC (Indian Financial System Code) number updated with their respective Depository Participants (DPs) or ISC where shares are held in the dematerialised form and in the physical form, respectively.

Bank Details

Shareholders holding shares in the physical form are requested to advise ISC of change in their address / mandate / bank details to facilitate better servicing.

Shareholders are advised that bank details as furnished by NSDL / CDSL or by them to the Company, for shares held in the dematerialised form and in the physical form respectively, will be printed on the dividend warrants as a measure of protection against fraudulent encashment.

Permanent Account Number (PAN)

Shareholders holding shares in the physical form are advised that it is mandatory to furnish copy of PAN Card in the following cases:

- i) Transferees' PAN Cards for transfer of shares,
- ii) Legal heirs' PAN Cards for transmission of shares,
- iii) Surviving joint holders' PAN Cards for deletion of name of deceased Shareholder, and
- iv) Joint holders' PAN Cards for transposition of shares.

Nomination Facility

Shareholders who hold shares in the physical form and wish to make any nomination / change nomination made earlier in respect of their shareholding in the Company, should submit to ISC the prescribed Form 2B. The Form can be downloaded from the Company's corporate website under the section 'Investor Relations' or can be furnished by ISC on request.

Shareholder Satisfaction Survey

Shareholders are requested to provide feedback in the Shareholder Satisfaction Survey Questionnaire on their experience with respect to investor services provided by ISC. The Questionnaire is being sent to the Shareholders and can also be accessed from the Company's corporate website under the section 'Investor Relations' and can be submitted online.

Depository Services

Shareholders may write to the respective Depository or to ISC for guidance on depository services.

Address for Correspondence with Depositories

National Securities Depository Limited
 Trade World, 'A' Wing, 4th & 5th Floors
 Kamala Mills Compound
 Senapati Bapat Marg, Lower Parel
 Mumbai 400 013

Telephone no. : 022-2499 4200
 Facsimile no. : 022-2497 6351
 e-mail : info@nsdl.co.in
 website : www.nsdl.co.in

Central Depository Services (India) Limited
 Phiroze Jeejeebhoy Towers, 17th Floor
 Dalal Street
 Fort
 Mumbai 400 001

Telephone no. : 022-2272 3333
 Facsimile no. : 022-2272 3199
 e-mail : helpdesk@cdslindia.com
 website : www.cdslindia.com

Address for Correspondence with ISC

Investor Service Centre
 ITC Limited
 37 Jawaharlal Nehru Road
 Kolkata 700 071
 India

Telephone nos. : 033-2288 6426 / 2288 0034
 Facsimile no. : 033-2288 2358
 e-mail : isc@itc.in
 website : www.itcportal.com

Shareholders holding shares in the dematerialised form should address their correspondence to their respective DPs, other than for dividend and Report and Accounts, which should be addressed to ISC.

In all correspondence with ISC, account numbers / DP ID & Client ID numbers should be furnished to facilitate prompt response. Shareholders are requested to also provide their e-mail addresses and contact numbers.

Report of the Directors

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2013

Your Directors submit their Report for the financial year ended 31st March, 2013.

SOCIO-ECONOMIC ENVIRONMENT

Growth in global economic output remained weak and below trend during 2012. According to the International Monetary Fund's April 2013 report, global output is estimated to have grown by only 3.2% in 2012 - significantly lower than the 4% growth recorded in 2011. The Advanced Economies remained on a declining growth trajectory recording only a 1.2% growth in 2012 against 1.6% in 2011. Such weak performance is largely attributable to the euro area which contracted by 0.6% during the year partially offset by a better showing by the US which grew by 2.2% against 1.8% in 2011 and Japan which got back to growth territory. The Emerging Market & Developing Economies, as a group, saw a marked decline in growth rates - from 6.4% in 2011 to 5.1% in 2012 - with the major constituent countries viz. China, India, Brazil, Russia all recording significant deceleration.

Optimism around better economic prospects gathered steam in recent months on the back of the temporary resolution of the 'fiscal cliff' and debt ceiling related issues in the US, increased central bank activism such as the European Central Bank promising unlimited bond buying to support the euro and the region's economy in general and the Federal Reserve's pledge to hold interest rates down until unemployment rate falls below 6.5%, and improved quality of economic data especially from China and US evidencing that growth may be accelerating. Consequently, key stock markets have rallied to multi-year highs in recent months and capital flows to developing markets have picked up reflecting a 'risk on' sentiment.

That said, the world economy remains in a difficult phase with global output projected to grow at 3.3% in 2013 which is expected to be a year of transition with both Advanced Economies and Emerging Market &

Developing Economies gradually approaching pre-crisis trend rates of growth. As per IMF estimates, Emerging Market & Developing Economies are estimated to grow at 5.3% in 2013 and 5.7% in 2014 while the US is forecast to grow at 1.9% in 2013 (after factoring the impact of fiscal consolidation accounting for 1.8% of GDP) and 3% in 2014. Growth in the euro area, in contrast, is estimated at (-)0.3% and 1.1% in 2013 and 2014 respectively. With Germany expected to record a sub 1% growth for the second year in succession and French economy forecast to contract in 2013, weakness in the euro area is no longer confined to the peripheral countries like Italy and Spain which remain in recession, and poses the single biggest risk to global recovery. A clear and long-term roadmap for fiscal consolidation in the US and EU, the need to further strengthen the banking system without weakening the sovereign in the EU, and bringing down the relatively high levels of unemployment are some of the key challenges facing the Advanced Economies. Emerging Market & Developing Economies, on the other hand, will need to deal with the growth-inflation dynamic by aligning fiscal & monetary policy, raise productivity through structural reforms, and rebuild social, fiscal and monetary buffers that were largely consumed in the aftermath of the global financial crisis so that if some of the risks prevailing in the world economy were to materialise, they are once again in a position to respond effectively and protect their economies from any large scale disruptions.

As aforementioned, the Indian economy slowed down considerably during the year with Real GDP growth estimated at 5% for 2012-13 - a 10 year low. The slowdown in the pace of growth is largely attributable to weakness in Industry which grew by only 3.1% during the year. The Manufacturing sector, which accounts for 55% of Industry, recorded a dismal 1.9% growth during the year. Growth in the Agricultural sector has also been weak partly due to the sub-normal rainfall in the initial phases of the south-west monsoon. The pace of growth in the Services sector - the key driver of economic growth

Emerging Market & Developing Economies will need to deal with the growth-inflation dynamic by aligning fiscal & monetary policy, raise productivity through structural reforms, and rebuild social, fiscal and monetary buffers that were largely consumed in the aftermath of the global financial crisis.

over the last few years - also decelerated to 6.6%, well below the trend growth levels. From a demand side perspective, growth in Private Final Consumption Expenditure (PFCE), the largest component of aggregate demand, moderated to 4.1% in 2012-13 Vs. the preceding 5 year average of 8.1% while Investment growth decelerated from the last 5 years average of 9.2% and 4.4% in 2011-12 to 2.5% in 2012-13. The key causes for this sharp downturn include the cumulative impact of persistently high and sticky inflation levels in the economy which led to the RBI adopting a tight monetary policy, lack of political consensus on policy reforms, a marked slowdown in the rate of capital formation and weak investor sentiments under the backdrop of a sluggish global economy as discussed earlier.

India's 'twin deficit' challenge also came under the spotlight during the year. The Current Account Deficit widened to an all-time high at 5.4% of GDP during the first 9 months of 2012-13 Vs. 4.1% during the same period last year, mainly contributed by high oil prices, subdued merchandise exports coupled with a marginal decline in net services exports. On the other hand, the Fiscal Deficit, which seemed like heading towards 6% of GDP in the middle of the year, was reined in by the Government to 5.2% of GDP (Budget 2013 Estimates) through aggressive compression in expenditure.

Several policy measures were announced by the Government during the year. Some of the key interventions include the setting up of the 'Cabinet Committee on Investments' to ensure expeditious clearance and implementation of big-ticket infrastructure projects, direct cash transfers of subsidies, Diesel and LPG subsidy restructuring. Several regulatory reforms including the new Companies Bill, Land Acquisition Bill, FDI in pension and insurance, the Direct Tax Code are on the anvil. Headline WPI inflation levels (especially in non-food manufactured goods) have also softened in recent months fuelling expectations of further rate cuts by the RBI in the ensuing months. This, coupled with the policy interventions as stated above, augurs well for a pick-up in growth in 2013-14.

As per RBI estimates, the Indian economy is expected to grow by 5.7% during 2013-14 representing only a modest improvement over the previous year. While

agricultural growth is expected to return to trend levels on the assumption of normal monsoons, the outlook for industrial activity remains subdued given the slow pace of investments and structural bottlenecks such as shortage of power, coal, natural gas and disruptions in mining activity in some States. Growth in services and exports is also likely to be sub-par in the backdrop of a sluggish world economy. WPI inflation during the year is expected to be range-bound around 5.5% on the expectation of higher agricultural output and benign commodity prices - a key positive. The Government's expenditure restructuring initiatives including capping of subsidies and improved revenue growth are expected to bring down the Fiscal Deficit to around 4.8% of GDP in 2013-14 (2013 Budget Estimates) as compared to 5.2% in 2012-13. The Current Account Deficit, which touched an all-time high during 2012-13, is estimated at around 5% of GDP in 2013-14, representing twice the sustainable level.

The true potential of the Indian economy was amply demonstrated during the period 2004-05 to 2007-08 when it grew at an average of appx. 9% per annum. The global economic turmoil that unfolded in 2008 led to a slowdown in growth rates in 2008-09 followed by a sharp recovery in 2009-10 and 2010-11 based on the Government's pro-active measures to stimulate the economy. While India remains one of the fastest growing major economies in the world, the slowdown in economic growth in 2011-12 and 2012-13 is a cause of concern, being far below the desired levels and the country's potential. Given the low levels of per capita income and the fact that a significant proportion of our population lives in poverty, it is imperative that the economy reverts to its 8% to 9% growth trajectory sooner than later.

Domestic Consumption remains one of the key growth engines of the Indian economy. With a large and growing population, significant additions to the working age population over the medium to long-term, rising disposable incomes including in rural areas and the Government's increasing spends on the social sector to foster inclusive growth - the structural drivers for rapid growth in consumption are in place. Even so, the marked slowdown in private consumption in 2012-13 is a cause of concern. Such deceleration of growth is mainly attributable to the elevated levels of inflation in the

Given the low levels of per capita income and the fact that a significant proportion of our population lives in poverty, it is imperative that the economy reverts to its 8% to 9% growth trajectory sooner than later.

Report of the Directors

economy especially for food items due to the inadequate supply side response by the agricultural sector in the face of growing demand for value-added items. The need of the hour is to boost agricultural productivity and value addition by encouraging investments and adoption of best practices in the agricultural value chains while simultaneously improving market linkages. Besides, the recent slowdown in the manufacturing sector needs to be reversed at the earliest since robust industrial growth is essential for creation of sustainable livelihoods and absorption of the increasing working age population of the country. A fillip to industrial growth would be a critical boosting factor for domestic consumption as well.

The importance of capital formation remains paramount in economic development, more so for a developing country like India. The strong Real GDP growth of appx. 9% p.a. witnessed by the economy during the period 2004-05 to 2007-08 was driven by a surge in Gross Fixed Capital Formation which grew at an average rate of 17.5% p.a. during that period. However, growth in investments has slowed down considerably in recent years and the rising trend of projects stalled and the lack of new project announcements is alarming and needs to be reversed at the very earliest. In this context, the Government's recent actions to fast-track implementation of large infrastructure projects is particularly laudable and will go a long way in addressing the infrastructure deficit of the country.

Capital productivity has remained low and stagnant in India and there is an urgent need to focus on enhancing productivity to match international standards across all sectors of the economy. This calls for higher levels of investment and induction of world-class technology and R&D to spur innovation.

An emerging economy like India needs a huge amount of financial resources to realise its growth potential. However, India's 'Tax-to-GDP' ratio remains sub-optimal and well below the world average. It is a well established principle of fiscal policy that a moderate tax regime coupled with widening of the tax base leads to increase in tax revenues. While the tax net has been progressively expanded to include a wider range of services, service taxes constitute a mere 12.8% of Gross Tax Revenue (2012-13) - disproportionately lower than the 60% share

of GDP that the services sector constitutes. The recent move to the 'Negative List' regime to widen the range of services under the ambit of Service Tax and the Government's efforts to introduce tax reforms by implementing a uniform Goods & Services Tax and the Direct Tax Code at an early date, would facilitate achieving the requisite buoyancy in revenues to the exchequer. The Government's concerted efforts to embark on a fiscal consolidation roadmap is another step in the right direction. Subsidy reforms announced recently will ensure that the Government's resources are channelised more effectively towards increasing the productivity of the economy.

With India accounting for over 17% of the world's population but only 2.4% of global land mass, 4% of the world's freshwater resources and 1% of global forest resources, the pressure of economic growth on the country's natural capital will be enormous. For a country like India with millions living below the poverty line, and nearly 12 million people entering the job market every year, the focus both at the national and corporate level should be on fashioning strategies that foster sustainable, equitable and inclusive growth. It would be imperative to align policies and regulations to encourage the conduct of business in a manner that results in achievement of a positive carbon footprint and supports the creation of sustainable livelihoods and societal capital. Differentiated and preferential incentives, in the form of fiscal or financial benefits to companies that adopt sustainable business practices would act as a force multiplier towards achieving this critical national goal. It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital with enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely ensuring uni-dimensional 'shareholder value', is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company's exemplary initiatives in the area of sustainable development have won global recognition and have combined to make it the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental

For a country like India with millions living below the poverty line, and nearly 12 million people entering the job market every year, the focus both at the national and corporate level should be on fashioning strategies that foster sustainable, equitable and inclusive growth.

sustainability of being 'water positive' (for 11 years), 'carbon positive' (for 8 years), and 'solid waste recycling positive' (for 6 years). In this context, your Company was recently awarded the prestigious 'World Business and Development Award 2012' at the historic Rio+20 UN Summit 2012 for its transformational rural initiatives in social and farm forestry programmes in India.

The following sections outline your Company's progress in pursuit of the 'Triple Bottom Line'.

FINANCIAL PERFORMANCE

Your Company posted another year of strong performance across all financial parameters, leveraging its corporate strategy of creating multiple drivers of growth. This performance is even more encouraging when viewed against the backdrop of the extremely challenging business context in which it was achieved, namely, the continued economic slowdown, steep increase in taxes /duties on Cigarettes, gestation costs relating to the new FMCG businesses and recent investments in the Paperboards, Paper and Packaging and Hotels businesses.

Gross Revenue for the year grew by 19.9% to ₹ 41809.82 crores. Net Revenue at ₹ 29605.58 crores grew by 19.4% primarily driven by a 26.4% growth in the non-cigarette FMCG segment, 26.4% growth in Agri business segment and 13.4% growth in the Cigarettes segment. Profit before tax increased by 20.1% to ₹ 10684.18 crores while Net Profits at ₹ 7418.39 crores registered a growth of 20.4%. Earnings Per Share for the year stands at ₹ 9.45 (previous year ₹ 7.93). Cash flows from Operations aggregated ₹ 9596.24 crores compared to ₹ 8333.56 crores in the previous year.

Continuing with your Company's chosen strategy of creating multiple drivers of growth, your Company is today, the leading FMCG marketer in India, a trailblazer in 'green hoteliering' and the second largest Hotel chain in India, the clear market leader in the Indian Paperboard and Packaging industry and the country's foremost Agri business player. Your Company's wholly-owned subsidiary, ITC Infotech India Limited, is one of India's fast growing Information Technology companies in the mid-tier segment. Your Company is one of India's most admired and valuable corporations with a current market

capitalisation of over ₹ 260000 crores and has consistently featured amongst the top 10 private sector companies in terms of market capitalisation and profits.

Additionally, over the last 17 years, your Company's Net Revenue and Net Profit recorded an impressive compound growth of 15.6% and 21.8% per annum respectively. During this period, Return on Capital Employed improved substantially from 28.4% to 45.7% while Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, grew at a compound annual growth rate of over 26%, placing your Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

Such an impressive performance track record, delivered consistently over a long period of time, won global recognition during the year with the Harvard Business Review ranking your Company's Chairman Mr. Y.C.Deveshwar - under whose stewardship this was achieved - as the 7th best performing CEO in the world.

Your Directors are pleased to recommend a Dividend of ₹ 5.25 per share (previous year ₹ 4.50 per share) for the year ended 31st March, 2013. Total cash outflow in this regard will be ₹ 4853.49 crores (previous year ₹ 4089.04 crores) including Dividend Distribution Tax of ₹ 705.03 crores (previous year ₹ 570.75 crores).

Your Board further recommends a transfer to General Reserve of ₹ 750.00 crores (previous year ₹ 650.00 crores). Consequently, your Board recommends leaving a surplus in Statement of Profit and Loss of ₹ 3788.10 crores (previous year ₹ 1972.59 crores).

FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All businesses in the ITC portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. The ITC group's contribution to foreign exchange earnings over the last ten years amounted to nearly US\$ 5.4 billion, of which agri exports constituted 56%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

Your Company's exemplary initiatives in the area of sustainable development make it the only enterprise in the world of comparable dimensions to be 'carbon positive' (for 8 years), 'water positive' (for 11 years), and 'solid waste recycling positive' (for 6 years).

Report of the Directors

During the financial year 2012-13, your Company and its subsidiaries earned ₹ 4388 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 3807 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1966 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1345 crores and import of capital goods at ₹ 621 crores. Details of foreign exchange earnings and outgo are provided in Note 31 to the Financial Statements.

PROFITS, DIVIDENDS AND SURPLUS

(₹ in Crores)

PROFITS	2013	2012
a) Profit Before Tax	10684.18	8897.53
b) Tax Expense		
– Current Tax	2934.79	2664.29
– Deferred Tax	331.00	70.87
c) Profit for the year	7418.39	6162.37
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
a) At the beginning of the year	1972.59	548.67
b) Add : Profit for the year	7418.39	6162.37
c) Less:		
– Transfer to General Reserve	750.00	650.00
– Proposed Dividend for the financial year		
• Ordinary Dividend of ₹ 5.25 per ordinary share of ₹ 1/- each (previous year ₹ 4.50 per share)	4148.46	3518.29
– Income Tax on Proposed Dividends		
• Current Year	705.03	570.75
• Earlier year's provision no longer required	(0.61)	(0.59)
d) At the end of the year	3788.10	1972.59

BUSINESS SEGMENTS

A. FAST MOVING CONSUMER GOODS

FMCG – Cigarettes

Discriminatory and punitive taxation coupled with a growing incidence of smuggling and illegal manufacture are the biggest challenges confronted by the domestic cigarette industry. These challenges were further compounded during the year by the steep increase

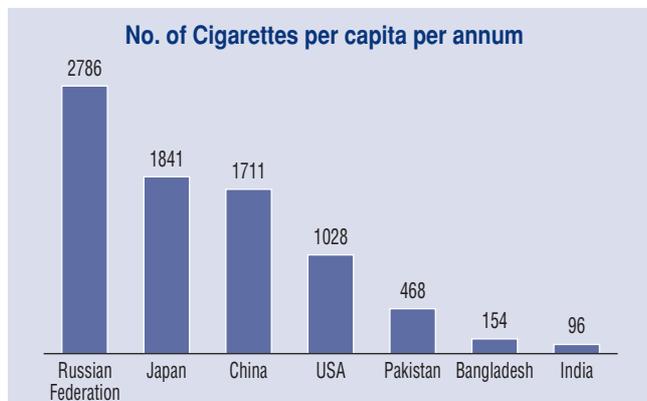
of 22% in cigarette Excise Duty rates announced in the Union Budget 2012 and the arbitrary increases in Value Added Tax (VAT) on cigarettes by some States. Such increases not only undermine the legal domestic cigarette industry and sub-optimize revenue potential from this sector but also fail to achieve the objective of tobacco control in the country.

The pattern of tobacco consumption in India is unique and is dominated by non-cigarette products which are not only cheaper but also revenue inefficient. With over 17% of the world population, India has a miniscule share of only 1.8% of global cigarette consumption but accounts for about 90% of the global consumption of smokeless tobacco. According to the Global Adult Tobacco Survey, 2010 conducted by Ministry of Health and Family Welfare, Government of India, while 34.6% of all adults in India use tobacco in some form, only 5.7% of the adult population consume cigarettes. It is also pertinent to note that while cigarettes account for less than 15% of the overall tobacco consumption (by weight) in the country, they contribute about 75% of the total tax revenue from the tobacco sector accruing to the exchequer. In contrast, other forms of tobacco are lightly taxed in India, and in some cases are even tax exempt, leading to a high degree of potential tax loss.

According to various independent reports, there is a high degree of dual consumption with an estimated 60% of cigarette consumers in India also consuming other forms of tobacco. The high incidence of taxation on cigarettes coupled with a large differential in Excise Duty rates between cigarettes and other tobacco products has rendered the demand for cigarettes highly price elastic and are driving consumers to shift to cheaper and revenue-inefficient forms of tobacco leading to sub-optimal revenue collections. The fact that cigarette consumption is price elastic, while consumption of tobacco per se is not, is borne out by the fact that the total tobacco consumption in the country increased from 406 million kg in 1981-82 to 475 million kg in 2010-11 even as the tobacco consumption in the form of cigarettes declined from 86 million kg to 72 million kg during the same period. Thus, while overall tobacco consumption is increasing in India, the share of cigarettes in overall tobacco consumption has declined from 21% to 15%.

Your Company is the leading FMCG marketer in India, a trailblazer in 'green hoteliering' and the second largest Hotel chain in India, the clear market leader in the Indian Paperboard and Packaging industry and the country's foremost Agri business player. ITC Infotech India Limited is one of India's fast growing Information Technology companies in the mid-tier segment.

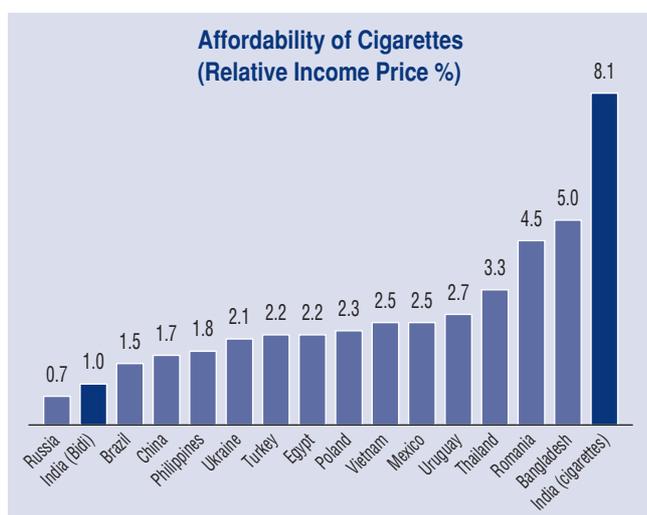
In fact, India's annual per capita consumption of cigarettes is amongst the lowest in the world.



Source: *The Tobacco Atlas – 4th Edition (American Cancer Society), 2012*

The requirement therefore is an India-centric tax and policy framework for tobacco that cognises for the unique consumption pattern in the country.

A cross-country study of cigarette prices and affordability based on evidence from the Global Adult Tobacco Survey, and published in Tobacco Control (British Medical Journal), found that the price of cigarettes was the highest in India relative to its income (in terms of Purchasing Power Parity).



Source: *Tobacco Control (British Medical Journal), August 5, 2012*
 Relative Income Price is the ratio of the median price paid for 2000 cigarettes to per capita gross domestic income in PPP. Lower Relative Income Price implies higher affordability and vice versa.

Interestingly, the Study also established the fact that bidis in India were extremely affordable with a large price differential of more than 8 times as compared to cigarettes on account of the high levels of taxation on cigarettes. At 2.25% of per capita GDP, cigarette taxes (per 1000 cigarettes in most popular price category) in India are the highest in the world. In comparison, tax incidence on cigarettes (per 1000 cigarettes in most popular price category) as a percentage of per capita GDP in other countries such as Japan (0.37%), Germany (0.62%), China (0.81%), Pakistan (0.85%), Thailand (1.20%) is much lower. Such high taxes make cigarettes unaffordable to a large number of consumers.

The policy of high taxation narrowly focused on cigarettes has also led to the rapid growth of the illegal cigarettes segment. This segment has grown exponentially from 11 billion sticks in 2004 to 22 billion sticks in 2012, of which, 2 billion sticks have been added in the last one year alone. The illegal segment now accounts for 18% of cigarette trade and India is now the 5th largest market in the world for illegal cigarettes comprising smuggled foreign as well as domestic duty-evaded cigarettes. Most of these illegal regular sized filter cigarettes are offered to consumers at a convenient and low price of ₹ 1 per stick. Such low consumer prices are feasible only if taxes are evaded, as the Excise Duty component alone on a regular size filter cigarette is significantly higher than the price point.

Increasing volumes of smuggled foreign cigarettes also result in the decline in demand for Indian tobaccos since these cigarettes do not use any tobacco grown by Indian farmers. On the other hand, illegal cigarettes produced in India, use tobacco of dubious and inferior quality. Consequently, the proliferation of duty-evaded cigarettes leads to a drop in demand for high quality Indian tobaccos thereby adversely impacting the incomes of farmers engaged in the cultivation of tobacco in the country.

In addition, various media reports have highlighted the link between cigarette smuggling and organised criminal syndicates as well as terrorist organisations, which utilise the funds for anti-social and unlawful activities. If not reined in quickly, illegal cigarette trade has the potential of destroying the country's social fabric.

The policy of high taxation narrowly focused on cigarettes has also led to the rapid growth of the illegal cigarettes segment which now accounts for 18% of cigarette trade. India is now the 5th largest market in the world for illegal cigarettes

Report of the Directors

The introduction of a new segment of filter cigarettes of length not exceeding 65 mm announced in the Union Budget 2012, was a positive step towards arresting the growth of illegal cigarette trade. The industry has responded swiftly making significant investments and launched several offerings in the new segment. While initial response from the market has been encouraging, the high central Excise Duty rate of ₹ 689 per thousand cigarettes applicable to this segment coupled with a steep increase in the rate and incidence of VAT, have made it difficult for the legitimate industry to fully counter the menace of illegal cigarettes.

An appropriate policy framework will enable the domestic legal cigarette industry to offer viable products at competitive price points to consumers. It is a well-established principle of fiscal policy that moderate taxes enable widening of the tax base and higher compliance leading to enhanced buoyancy in tax collection. Your Company along with other stakeholders and industry bodies will continue to engage with relevant authorities to ensure the implementation of a pragmatic and equitable tax policy for the tobacco industry.

The imposition of discriminatory and punitive VAT rates by some States provides an attractive tax arbitrage opportunity resulting in illegal inter-State diversion of stocks by criminal elements thus depriving the State Governments of their legitimate revenue share. Punitive tax rates on cigarettes have proved detrimental to revenue collection and have led to multi-fold increase in illegal trade of cigarettes without any visible decrease in overall tobacco consumption.

Till the introduction of VAT in 2007, cigarettes were subject to single point taxation by the Central Government. As per the provisions of Additional Excise Duty (Goods of Special Importance) Act, 1957, apart from Basic Excise Duty, tobacco products were subject to an Additional Excise Duty (AED) in lieu of State level taxation. The proceeds from this component were exclusively distributed among States.

For a revenue sensitive product like cigarettes, a revenue efficient single point taxation system would provide the highest levels of certainty in tax collection. In addition, it would help in removing inter-State trade distortions and barriers and is aligned to the principles of the

proposed National Competition Policy which seeks to create a single unified national market. Several expert committees such as the Taxation Reform Committee headed by Dr. Raja Chelliah and Indirect Tax Reform Committee headed by Dr. Vijay Kelkar have recommended the single point taxation model for cigarettes.

If State level taxation of cigarettes needs to continue, it would be appropriate to implement and adhere to the original principle enunciated by the Empowered Committee of State Finance Ministers on VAT where all goods (other than goods that were exempt or subjected to concessional rate) were to be taxed at a common Revenue Neutral Rate. Going forward, the implementation of the proposed Goods and Service Tax (GST) should ensure that revenue sensitive goods like cigarettes are subjected to uniform standard rate of tax applicable to general category of goods. The combined incidence of Excise Duty and GST should be revenue neutral i.e. maintained at current levels.

Despite such a challenging business scenario, your Company has successfully enhanced its market standing through robust strategies and excellence in execution. Your Company will continue to invest in development of products that are 'best-in-class' and offer superior and differentiated value propositions to consumers.

As part of its efforts to continuously ensure product integrity and consistently deliver superior quality, your Company has deployed advanced tools like 'Six Sigma' and template based quality predictor systems. Modernisation of the factory in Kolkata is also at an advanced stage and is expected to be completed during 2013-14.

With the long-term objective of enhancing skill availability, your Company has established an in-house technical training centre in collaboration with experts in the field of technical education. The first batch of trainees has commenced training at the centre during the year. This intervention is expected to create a ready pool of technical talent for your Company's operations in the years to come.

In line with your Company's pursuit of proactive employee relations management, Long Term Agreements were

The new FMCG businesses comprising Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Lifestyle Retailing, Incense Sticks (Agarbattis) and Safety Matches have grown at an impressive pace over the past several years, crossing ₹ 7000 crores mark during the year.

successfully concluded at the Bengaluru and Kolkata factories during the year. Systemic improvements were made in the areas such as grievance resolution and better work practices were introduced in the factories to ensure harmonious and efficient operations.

Your Company's relentless focus on Safety, Health and Sustainability in its operations led to several recognitions during the year. Your Company's Bengaluru, Saharanpur, Kolkata and Ranjangaon factories have received the British Safety Council's 'Sword of Honour' award. The Munger factory received the 'Shreshta Suraksha Puraskar' from the National Safety Council of India, Mumbai. The Bengaluru factory was conferred the award for 'Industrial Water Efficiency' at the prestigious Federation of Indian Chambers of Commerce and Industry (FICCI) Water Awards. The Munger factory also received the 'Energy Efficient Unit' award for excellence in energy management from the Confederation of Indian Industry (CII).

Your Company is committed to the socio-economic upliftment of the farming community through various Social Investments / Corporate Social Responsibility programmes primarily in the economic vicinity of its operations towards making a meaningful contribution to sustainable and inclusive growth. Fragmented land holding, poor infrastructure, restricted access to scientific knowledge and endemic inefficiencies of the market have engulfed the farmers in a vicious cycle of low risk taking ability, low productivity and low margins. To address some of these challenges confronted by the farming community, your Company has been involved in the creation of on and off-farm sustainable livelihood opportunities which empower stakeholder communities to conserve and manage their resources. A recent initiative in this direction has been the dairy development programme in Munger, Bihar. This initiative focuses on enhancing milk production in the area, increasing productivity by adopting scientific techniques and ensuring remunerative prices to farmers by creating marketing opportunities for milk and milk products. A total of 87 Milk Producer Groups (MPGs) with over 2,800 members were involved in the initiative during the year. The dairy development programme also delivers a comprehensive package of extension services such as veterinary care, breeding, supply of quality cattle feed and feed supplement, fodder propagation and training to farmers.

The pilot has been well received by the community in Munger. In order to scale-up the Dairy initiative, your Company is in the process of setting up a state-of-the-art Milk Processing Plant at Munger with a capacity to handle upto 2 lakh litres of milk per day.

With steep Excise Duty hikes, discriminatory VAT taxes by various States, rising illegal trade and heightened competitive intensity, the year ahead will indeed be challenging. To serve the interests of all stakeholders, your Company, will continue to engage with policy makers for a balanced regulatory and fiscal framework for tobacco, equitable and harmonious VAT rates across States and implementation of a uniform GST rate. Your Company remains confident that despite the severe pressures, its robust product portfolio, world-class quality, innovation in processes and investments in cutting-edge technology and superior execution of competitive strategies will enable it to sustain and reinforce its market standing in the years to come.

FMCG - Others

The size of the Indian FMCG industry is estimated at around ₹ 250000 crores representing nearly 2.5% of the country's GDP. The industry has tripled in size over the last 10 years and has grown at approximately 17% CAGR in the last 5 years driven by rising income levels, increasing urbanisation, strong rural demand and favourable demographic trends. These growth drivers, coupled with the low levels of penetration and per capita usage in India, are expected to result in robust industry growth in excess of 15% per annum over the medium-term.

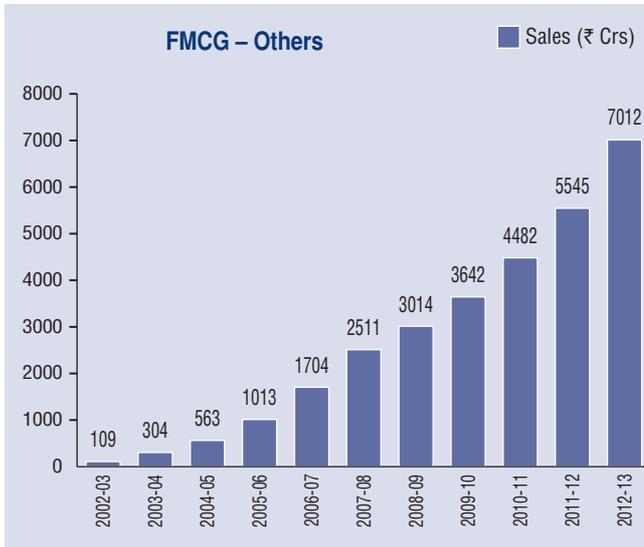
Your Company continues to rapidly scale up its new FMCG businesses leveraging its institutional strengths viz. deep consumer insight, proven brand building capability, a deep & wide distribution network, strong rural & agri-sourcing linkages, paper and packaging expertise and cuisine knowledge.

The new FMCG businesses comprising Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Lifestyle Retailing, Incense Sticks (Agarbattis) and Safety Matches have grown at an impressive pace over the past several years, crossing ₹ 7000 crores mark during the year. Your Company's new FMCG businesses have been rated to be the fastest

In terms of annualised consumer spend,
Aashirvaad and Sunfeast are today over ₹ 2000 crores each,
Classmate at around ₹ 1000 crores while
Bingo!, Candyman and Vivel are more than ₹ 500 crores each.

Report of the Directors

growing among top consumer goods companies operating in India as per a recent Nielsen report.



Within a relatively short span of time, your Company has established several vibrant consumer brands such as 'Aashirvaad', 'Sunfeast', 'Bingo!', 'Yippee!', 'Candyman', 'mint-o', 'Kitchens of India' in the Branded Packaged Foods space; 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel' and 'Superia' in the Personal Care products segment; 'Classmate' and 'Paperkraft' in Education & Stationery products market; 'Wills Lifestyle' and 'John Players' in the Lifestyle Retailing business; 'Mangaldeep' in Agarbattis, 'Aim' in Matches and so on. In terms of annualised consumer spend, Aashirvaad and Sunfeast are today over ₹ 2000 crores each, Classmate at around ₹ 1000 crores while Bingo!, Candyman and Vivel are more than ₹ 500 crores each. These world-class Indian brands, which continue to gain increasing consumer franchise, support the competitiveness of domestic value chains of which they are a part and create and retain value within the country.

The year under review saw a 26.5% growth in Segment Revenues and a significant improvement in profitability as reflected by the positive swing of ₹ 114 crores at the PBIT level. Segment Results reflect the gestation costs of these businesses largely comprising costs associated with brand building, product development, R&D and infrastructure creation.

Your Company's relentless focus on quality, innovation and differentiation backed by deep consumer insights, world-class R&D and an efficient and responsive supply chain will further strengthen its leadership position in the Indian FMCG industry.

Highlights of progress in each category are set out below.

Branded Packaged Foods Businesses

Your Company's Branded Packaged Foods businesses continued on a high growth trajectory recording impressive growth in market shares and enhanced market standing across segments. The businesses accelerated investments in distributed capacities and capabilities to meet anticipated growth and develop a differentiated and distinctive range of products. Significant investments in R&D and product development coupled with deep consumer insight have enabled launch of successful innovative products catering to the varied regional tastes and preferences of consumers across the country. Your Company's products continue to be 'best-in-class' in terms of product quality.

During the year, the Branded Packaged Foods businesses had to contend with high levels of input costs. Global demand-supply dynamics, policy uncertainties and adverse currency movement led to steep hike in prices of key commodities such as wheat, maida, edible oils, packaging material and industrial fuels particularly during the first half of the year. These cost pressures were however mitigated through a combination of improvements in product and process efficiencies, smart sourcing and supply chain initiatives.

In the **Bakery and Confectionery Foods business**, the Biscuits and Confectionery categories gained significant scale and market standing during the year. 'Sunfeast' biscuits sustained its robust growth trajectory, especially at the value-added and premium end. Product range stood significantly augmented with the launch of several 'first-to-market' variants including 'Dark Fantasy Choco Fills – Coffee', 'Dark Fantasy Choco Meltz', 'Butterscotch Zing', 'Kaju Badam Cookies'. During the year, the brand emerged as the clear market leader in the highly competitive premium cream biscuits segment. In the Confectionery category, 'Candyman' and 'mint-o' continued to register strong growth during

ITC's Branded Packaged Foods businesses continued on a high growth trajectory recording impressive growth in market shares and enhanced market standing across segments.

the year. The business launched 'Creme Lacto' and 'mint-o Ultramintz' – a sugar-free extra-strong mint in select markets. These products have met with encouraging consumer response.

In the **Snack Foods business**, your Company continued to enhance market standing and expand scale in the fast growing Savoury Snacks, Noodles and Pasta categories. In the Savoury Snacks category, the market standing of your Company's 'Bingo!' brand has significantly improved, leveraging an innovative product range, enhanced brand building efforts, use of digital media to spur word-of-mouth and clutter-breaking advertising campaigns. Your Company's 'new-to-market' format of Snacks, 'Bingo! Tangles', has been well received in target markets and is gaining impressive consumer traction. In the Instant Noodles and Pasta category, your Company's brand 'Sunfeast Yippee!' has been well received by consumers and is the second largest brand in the market. Focused market research, deep consumer insights and innovative product formats under the 'Sunfeast Yippee!' brand are expected to further strengthen consumer franchise in this fast growing and highly competitive category.

In the **Staples, Spices and Ready to Eat Foods business**, your Company's Staples and Ready to Eat categories continued to grow rapidly. In the Staples category, 'Aashirvaad' atta consolidated its leadership position aided by the strong performance of Aashirvaad 'Multi-grain' atta. The premium 'Multi-grain' and 'Select' variants continued to grow rapidly with an increasing proportion of consumers shifting to these value-added offerings.

The Branded Packaged Foods businesses continue to invest in manufacturing and distribution infrastructure to support larger scale in view of the growing demand for their products and maximise the benefits of distributed manufacture for efficient servicing of proximal markets.

Buoyed by increasing consumer franchise for your Company's brands, it is expected that the accelerated growth of the Branded Packaged Foods businesses will be sustained in the years ahead. Your Company will continue to rapidly scale-up the Branded Packaged Foods businesses drawing upon the agri-sourcing strength of the e-Choupals, in-house cuisine knowledge,

product development capabilities, packaging expertise and branding, sales & distribution competencies to establish itself as the 'most trusted provider of food products in the Indian market'.

Personal Care Products

Your Company's Personal Care Products business continued to gain consumer franchise during the year aided by a slew of new product launches in the Personal Wash, Skin Care, Face Wash and Deodorants categories. The business continues to leverage the umbrella brands, namely, 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel' and 'Superia' and is focused on addressing various consumer benefits with the introduction of new variants.

The launch of the 'Couture Spa' range of soaps under the 'Fiama Di Wills' brand was one of the key interventions during the year. The signature series, created in alliance with fashion guru Wendell Rodricks, provides consumers an invigorating bathing experience. The business also launched a 'Collector's Edition' soap series in association with the Lonely Planet Magazine under the Fiama Di Wills Men's range. The six exciting Collector's Edition packs are inspired by various water sports and destinations renowned for rejuvenating and revitalizing experiences, in line with the brand's value proposition of 'rejuvenation'. The year also marked your Company's foray into the high growth Deodorants market with the launch of 'Aqua Pulse Deodorant Spray' under the 'Fiama Di Wills Men' franchise. The Skin Care range was also expanded during the year with the launch of 'Vivel Cell Renew' Body Lotion, Hand Crème / Moisturizer and 'Vivel Perfect Glow' Skin Toner in target markets. The new product launches have received encouraging consumer response.

The business continues to increasingly leverage 'Laboratoire Naturel' - the state-of-the-art consumer and product interaction centre located in Bengaluru - to connect the R&D and brand teams to the Indian consumer with a view to launching products with unique and differentiated benefits. As in previous years, in recognition of excellence in product quality and innovation, two of your Company's products - 'Fiama Di Wills Men Aqua Pulse De-Stressing & Brightening Face Wash', and 'Vivel Cell Renew Fortify & Repair Moisturiser' - were voted 'Product of the Year' in their respective categories.

Your Company's Personal Care Products business continued to grow at a fast clip achieved through a combination of innovative and differentiated offers and by leveraging the distribution network of your Company to reach target consumers.

Report of the Directors

Innovative consumer engagement continues to be at the centre of your Company's personal care strategy. Several new initiatives such as launch of the Couture Spa gel bathing bar, and a unique consumer engagement programme - christened 'The Fabulous Hair Show' - were undertaken during the year. Your Company is at the forefront of leveraging new age media for enhanced consumer engagement pioneering campaigns such as 'Fiama Di Wills Men' website launch via Google+ Hangout and 'Fiama Di Wills Men - Face of the Year' campaign, to name a few. A greater presence of your Company's brands on traditional as well as digital media, direct consumer interaction initiatives, and improved market presence contributed to your Company's products being tried by over 7 crore households during the year (as per IMRB Household Panel survey - January 2013). In addition, 'Vivel' was voted as one of the 'Top 5 Most Exciting Brands' in Personal Care in India by Brand Equity and Nielsen's Annual Survey for 'Most Exciting Brands'.

Your Company's Personal Care Products business continued to grow at a fast clip, distinctly ahead of industry despite competitive pressures from entrenched players. This was achieved through a combination of innovative and differentiated offers and by leveraging the distribution network of your Company to reach target consumers.

Input materials, especially palm oil, witnessed significant levels of price volatility during the year. The depreciation of the Indian Rupee against the US Dollar added to inflationary pressure on other input materials for a major part of the year. The business managed its raw material costs effectively by adopting a proactive sourcing strategy based on deep understanding of market trends, developing alternate sources of supply, leveraging enhanced scale of operations and prudent inventory management.

The Personal Care industry in India continues to be on a long-term growth path driven by rising disposable incomes and changing consumer preference for enhanced personal grooming. Your Company is well poised to seize the emerging opportunities in this rapidly evolving industry and continues to invest in creation of vibrant brands, cutting-edge products, flexible and responsive manufacturing and supply chain operations, and development of high quality human capital to build sustainable competitive advantage.

Education & Stationery Products

The Stationery business recorded robust growth in revenues during the year, consolidating your Company's position as the leading and fastest growing player in the Indian Stationery market. Your Company's flagship brands - 'Classmate' for the student community and 'Paperkraft' for office and executive requirements - continue to gain increasing consumer franchise.

Continuing investments in a superior product range, effective consumer engagement and an efficient and responsive supply chain network has enabled Classmate gain significant market share. During the year, brand Classmate was strengthened through a series of interventions resulting in improvement in brand health and market standing. A new television commercial backed by on-ground activation and social media inputs, repositioned Classmate as a brand that celebrates the uniqueness in every child. The business also made good progress during the year in the non-paper categories comprising pens, wood-cased & mechanical pens, mathematical instruments, art stationery & scholastic products. Such complementary products are helping position Classmate as a complete student stationery brand.

Your Company's Social Investments Programme in primary education, that has cumulatively benefited over 300,000 children, is showcased on the back cover of every Classmate notebook. The Classmate notebook is itself an embodiment of the environmental capital built by your Company in its paper business. While the cover is made from recycled board sourced from your Company's Forest Stewardship Council (FSC) certified Kovai mill, the inner pages are made from virgin pulp sourced from your Company's social & farm forestry programme that has greened over 142,000 hectares - including substantial tracts of private waste lands belonging to poor tribals and marginal farmers - and provided 64 million person days of employment. Further, used notebooks are collected from schools in the catchment areas of your Company's paper mill under the 'Wealth Out of Waste' (WOW) programme where they are converted to recycled board. This sets in motion a virtuous cycle that continuously re-generates environmental capital. Additionally, the collaborative supply chain established by the business comprising

ITC with its collaborative linkages with small & medium enterprises and a strong product portfolio of notebooks & writing instruments, is well poised to strengthen its leadership position in the Indian stationery market.

800 customers and 30 outsourced manufacturers provides indirect employment to over 5,000 people. The small-scale manufacturers, with support from your Company, have built impressive quality and delivery capability, resulting in a majority of them being certified to ISO 9001:2008 standards.

The education & stationery products industry is poised for exponential growth driven by large investments in the education sector, growing literacy and the increasing scale of government initiatives in education. Your Company with its collaborative linkages with small & medium enterprises and a strong product portfolio of notebooks & writing instruments, is well poised to strengthen its leadership position in the Indian stationery market.

Lifestyle Retailing

During the year, your Company's Lifestyle Retailing business posted high growth in revenues and continued to strengthen its position in the branded apparel market. While revenue growth was impacted in the initial part of the year due to weak consumer sentiment, there was a marked improvement as the year progressed. The restoration of exemption of excise duty on branded readymade garments as announced in the Union Budget 2013, is expected to provide the much needed impetus for the industry.

In the Premium segment, 'Wills Lifestyle' further strengthened its consumer franchise on the back of significant improvements in product variety, enhanced availability and impactful visibility. The retail footprint of the brand was expanded to 90 Exclusive stores across 40 cities and more than 500 'shop-in-shops' in leading departmental stores and multi-brand outlets. During the year, the premium imagery of the brand was reinforced through the association with 'Wills Lifestyle India Fashion Week', the country's most prestigious fashion & lifestyle event.

With the addition of a boutique store at the ITC Grand Chola, the brand is now available in five 'ITC Hotels', thereby enhancing brand availability to high-end business and leisure travellers. The 'Club ITC' loyalty program, with over 1 lakh members, leveraged synergies between Wills Lifestyle and ITC Hotels to target and strengthen bonding with the premium consumer.

Product appeal was enhanced through the introduction of differentiated offerings across several premium product platforms. The Wills Classic formal range now offers 'Wonderpress' wrinkle-free shirts, 'Regalia' superfine fabrics, premium 'Ecostyle' organic collection and 'Crème de Cotton' supersoft cottons. The 'Luxuria' range of high-end formals with luxurious fabrics and superior craftsmanship continued to receive positive consumer response. The Wills Sport range, with its vibrant and fashionable portfolio, strengthened its appeal amongst the youth segment, widening the consumer franchise. The Women's offering witnessed strong growth energised by an extensive high-end range, stylised formals, trendy silhouettes and premium accessories. The exclusive designer-wear offering, Wills Signature, co-created with India's leading designers, was strengthened with the launch of 'Ritu Kumar' creations, adding to the product equity.

In the Youth segment, 'John Players' has established a strong pan-India presence with availability in over 350 stores and 1,400 multi-brand outlets and departmental stores. Brand reach was further augmented during the year with the launch of nearly 100 stores, penetrating more markets and acquiring new franchise. The casual portfolio registered strong growth as a result of an enhanced range, premium differentiated washes and contemporary fits. The John Players Jeans brand strengthened its positioning as a vibrant and fashionable denim offering with impactful communication and the launch of exclusive John Players Jeans stores and improved availability through shop-in-shops. Social media and e-commerce platforms were activated to engage with the youth and expand reach to new consumers seeking affordable fashion.

Product portfolio was strengthened with new designs in the core range and region-specific collections, robust replenishment infrastructure and processes. During the year, the business operationalised its new state-of-the-art product development facility in Manesar, Haryana. Initiatives were undertaken to enhance range vitality, supply chain responsiveness and superior customer service for a delightful shopping experience.

The business continued to receive industry recognition during the year. While Wills Lifestyle was accorded

Wills Lifestyle was accorded the 'Superbrand' status
and John Players was rated amongst the top 10 'Most Trusted
Apparel Brands 2012' by The Economic Times.

Report of the Directors

'Superbrand' status, John Players was rated amongst the top 10 'Most Trusted Apparel Brands 2012' by The Economic Times.

The business continues to focus on enhancing the premium quotient of its offerings and strengthen processes for creation of winning designs and enhancing supply chain responsiveness on the basis of a deep understanding of consumer preferences.

Safety Matches and Incense sticks (Agarbattis)

The Agarbatti category recorded an impressive growth in revenues well ahead of the industry, driven by increasing consumer franchise for the 'Mangaldeep' brand and enhanced distribution reach. Product portfolio was augmented during the year with the launch of variants such as 'Fragrance of Temple' series and 'Dhoop 4-in-1', under the umbrella brand 'Mangaldeep'. The business maintained its market leadership in the Safety Matches category aided by continued consumer preference for its strong brand portfolio across all market segments.

The Matches & Agarbatti business continues to contribute to your Company's commitment to the 'Triple Bottom Line' supporting over 18,000 livelihoods, mainly amongst rural women. The business sources its products from over 50 small-scale and cottage sector units as well as women's self-help groups. It continues to provide support to such units through the introduction of scientific methods to enhance productivity and product quality. Business initiatives of introducing enabling tools and technology in the rural communities continue to enhance product quality and increase the earning potential of agarbatti rollers. These initiatives, along with the continuing association with various State Governments for setting up sourcing centres, are creating sustainable livelihood opportunities for rural women through agarbatti rolling. Your Company continues to partner the small-scale sector by sourcing a significant portion of its Safety Matches requirement from multiple units in this sector. Your Company is helping improve the competitive ability of these units by providing technical inputs towards strengthening systems and processes.

While the manufacture of Agarbattis is reserved for the small-scale & cottage sector in India considering its

importance in employment generation, imports of raw battis (the principal raw material) are freely allowed at low Customs Duty rates. This is resulting in bulk of the raw batti consumption in India being of imported origin leading to a loss of livelihood creation opportunities. Suitable policy changes in arresting this trend would go a long way in creating sustainable livelihoods especially among rural Indian women and tribals in the North-East.

B. HOTELS

The domestic tourism industry remained sluggish during the year in the backdrop of a weak global and domestic economic environment. While growth in foreign tourist arrivals slowed down to 2.8% during the year versus 9.9% in 2011-12, domestic air travel recorded de-growth. Industry performance was also affected due to the significant increase in room inventory in some of the key domestic markets.

Such a challenging business environment adversely impacted business performance leading to a muted growth in Segment Revenues during the year. While your Company's Hotels business maintained its leadership position in terms of operating margins, Segment Results were adversely impacted largely by the relatively weak pricing scenario and the gestation costs relating to ITC Grand Chola, which commenced operations in September 2012.

Your Company's Hotels business continues to be rated amongst the fastest growing hospitality chains with 93 properties at 64 locations in India operating under 4 brands – 'ITC Hotel' at the luxury end, 'WelcomHotel' in the 5 star segment, 'Fortune' in the mid market to upscale segment and 'WelcomHeritage' in the heritage leisure segment. In addition, the business has licensing and franchising agreements for two brands – 'The Luxury Collection' and 'Sheraton' with the Starwood Hotels & Resorts.

During the year, your Company unveiled its latest offering in the super premium segment - ITC Grand Chola in Chennai. The hotel is part of the 'ITC Hotel' brand and has 522 plush hotel rooms and suites, 78 service apartments, 60,000 sq. ft. of conference & banqueting facilities, 10 Food & Beverage outlets and the award winning spa 'Kaya Kalp'. The hotel has achieved the

ITC's latest offering in the super premium segment -
ITC Grand Chola in Chennai has 522 plush hotel rooms and suites,
78 service apartments, 60,000 sq ft of conference & banqueting facilities,
10 Food & Beverage outlets and the award winning spa 'Kaya Kalp'.

distinction of being the world's largest 'Leadership in Energy and Environmental Design' (LEED) Platinum rated hotel under the New Construction category and India's first 5 Star 'Green Rating for Integrated Habitat Assessment' (GRIHA) rated luxury hotel by the Ministry of New and Renewable Energy, thereby bolstering the unique positioning of 'ITC Hotels' as the greenest luxury hotel chain in the world. The Food & Beverage segment remains a major strength of your Company and its iconic brands 'Bukhara', 'Dum Pukht' and 'Dakshin' continue to garner coveted international awards and accolades. Other signature F&B brands viz. 'West View', 'Kebabs & Kurries', 'Edo' and 'Pan Asian' have firmly established themselves and continue to sustain leadership position in their respective cities. During the year, the business launched 2 new signature F&B offerings – 'Ottimo' and 'Royal Vega' – focusing on exquisite Italian cuisine and delectable vegetarian food from the magnificent royal kitchens of India, respectively.

In line with your Company's commitment to the 'Triple Bottom Line', investments have been made in renewable energy to provide clean power to your Company's hotels in Bengaluru (ITC Windsor and ITC Gardenia), Chennai (ITC Grand Chola), Mumbai (ITC Maratha) and Jaipur (ITC Rajputana). With these investments, your Company's Hotels business met over half of its energy requirements from clean and renewable sources.

During the year, the business leveraged the recently launched pan-ITC consumer loyalty programme – 'Club ITC' to enhance revenues. The business seeks to position 'Club ITC' - targeted at the premium clientele of 'Wills Lifestyle' and 'ITC Hotels' - as the greenest and most admired customer loyalty programme over the next few years.

In view of the positive long-term outlook for the Indian Hotel industry, your Company continues to sustain its investment-led growth strategy. Construction activity of two new luxury properties at Kolkata and at Classic Golf Resort near Gurgaon is progressing satisfactorily. During the year, your Company invested in a newly formed wholly-owned subsidiary incorporated in Sri Lanka which acquired a prime plot of land in Colombo on a 99-year lease from the Government of Sri Lanka, for developing a mixed-use project including a 5-star luxury hotel. Further, several new projects, including joint ventures

and management contracts, are on the anvil to rapidly scale up the business across all brands.

The 'Fortune' brand which caters to the 'mid-market to upscale' segment continued its expansion by forging new alliances, taking the total number of hotels in its fold to 69 with an aggregate inventory of over 5,000 rooms. Of these, 30 properties are under various stages of development with 3 hotels slated for commissioning in the coming year. The 'WelcomHeritage' brand continues to be the country's most successful and largest chain of heritage hotels with 39 operating properties, spread across 13 States in India.

Your Company's Hotels business, with its globally benchmarked levels of product and service excellence and customer centricity, is well positioned not only to sustain its leadership status in the industry, but also emerge as the largest hotel chain in the country over the next few years.

C. PAPERBOARDS, PAPER AND PACKAGING

During the year, the Paperboards, Paper and Packaging segment recorded a growth of 9% in revenues aided by higher volumes and product mix enrichment. The relatively lower growth in Segment Results during the year, reflects the steep hike in input prices particularly of wood, coal and chemicals.

Paperboards & Specialty Papers

Global demand for paper & paperboard de-grew by 0.5% in 2012 primarily due to the continuing weak economic environment prevailing in Western Europe and the US. The domestic market also recorded a slowdown with demand decelerating to around 5.9% during 2012-13 against 6.1% in the previous year.

The global paper market continues to witness a structural shift with emerging economies, particularly in Asia such as China and India, driving the demand growth. While such structural shift in demand and the relatively low levels of per capita consumption in India offers attractive opportunities going forward, the Indian market is also getting increasingly competitive drawing large investments especially from global players. Though growth in demand is expected to absorb the additional capacity, increasing market share and sustaining margins will be a challenge in the short-term.

Your Company successfully commissioned a paper machine with an installed capacity of over 1 lakh tonnes per annum at the Bhadrachalam plant during the year. The total capacity of the Bhadrachalam plant now stands at over 5.5 lakh tonnes per annum.

Report of the Directors

Further, reduction of import duties under various Regional Free Trade Agreements especially with ASEAN is impacting the profitability of the domestic paper industry and the economic viability of the small paper mills. With the US and EU imposing anti-dumping duties against import of paper / paperboards from China / Indonesia to protect their domestic industries, the additional capacities created in these countries are increasingly finding their way into India given the lower levels of import duty. Clearly, there is a need to ensure that the current duty structures are, at the very least, kept unchanged.

The domestic paperboard industry is expected to grow at around 7.5% per annum over the medium-term. During the year, your Company consolidated its pre-eminent position in the industry through new product launches like 'Carte Lumina' with 'best-in-class' whiteness suited for high-end FMCG and over-the-counter products and 'Nanobev' for the small paper cups segment. Paperboards developed for high-end cigarette packaging needs are running seamlessly on the high speed packaging machines at your Company's cigarette factories. The business also strengthened its distribution network with the addition of new distributors, authorised stockists and market development partners for improved market servicing.

Your Company continues to focus on the value-added product segment in which it is a clear market leader. The market for value-added paperboard is expected to grow faster at a compound annual growth rate of 12% driven by higher demand for branded packaged products in the FMCG and Pharma sectors, increasing number of product categories catering to aspirational lifestyles, higher rural demand, higher penetration of organized retail and increasing salience of packaging in driving brand awareness. Towards this end, your Company successfully commissioned a state-of-the-art and highly energy efficient paper machine with an installed capacity of over 1 lakh tonnes per annum at the Bhadrachalam plant during the year. With this, the total capacity of the Bhadrachalam plant stands at over 5.5 lakh tonnes per annum, thereby sustaining its position as the single largest integrated pulp and paperboard/paper unit in the Indian industry. Your Company has also invested in a new 25 MW Turbine Generator and 130 tonnes per hour

(TPH) Boiler to meet the energy requirements of this expansion.

The 'Writing and Printing' paper segment, currently estimated at 3.8 million tonnes per annum, is projected to grow at a compound annual growth rate of around 7% over the medium term. Growth in the value-added writing and printing paper segment will continue to be fuelled by initiatives like Sarva Shiksha Abhiyan and Right of Children to Free and Compulsory Education as well as by rising literacy levels, changing demographic profiles and GDP growth. The business, with its strong forward linkages with your Company's Education and Stationery Products, has emerged as a leading player in this segment.

Your Company continues with its strategy of promoting social forestry plantations for pulpwood as access to adequate supplies of pulpwood at competitive prices remains a major challenge for the paper industry. The industry is currently facing an acute shortage of pulpwood especially in Andhra Pradesh, which is largely attributable to the enhanced demand from new pulp capacities that have been set up without adequate investments in pulpwood plantations and diversion of supplies for alternative usage such as commercial poles, bio-fuel etc. With demand far exceeding supplies, pulpwood procurement prices witnessed steep hikes during the year, adversely impacting industry margins.

Your Company expects the current demand-supply skew to be corrected over the next couple of years on the back of additional plantations by farmers due to the prevailing remunerative price levels and renewed efforts by pulp mills in promoting plantations in their core areas. In the short to medium term, the business is exploring several options including procurement of wood from other states, use of bamboo in a limited scale etc. with a view to mitigating the cost pressure.

Your Company remains focused on promoting pulpwood plantations in its core area of operations. During the year, the business sold / distributed high quality saplings/ seeds to farmers that enabled planting of over 110 million saplings in 17500 hectares of plantations. With this, your Company's bio-technology based research initiatives have cumulatively resulted in the planting of about 656 million saplings leading to significant wasteland

Your Company's bio-technology based research initiatives have cumulatively resulted in the planting of about 656 million saplings leading to significant wasteland development and greening of over 142,000 hectares and generation of over 64 million person days of employment for poor tribals and marginal farmers.

development and greening of over 142,000 hectares and generation of over 64 million person days of employment for poor tribals and marginal farmers. With a view to accelerating the pace of plantation activity, the business commissioned a state-of-the-art clonal sapling production facility during the year. The facility has a capacity to produce 25 million saplings with improved survival rates and higher productivity and will go a long way in supporting your Company's endeavour to augment pulpwood availability.

Your Company's research on clonal development has resulted in the introduction of high yielding and disease resistant clones which are adaptable to a wide variety of agro-climatic conditions. Besides securing the long-term supply of fibre at competitive costs, this initiative also assists in generating farm incomes by utilisation of marginal wastelands. Your Company's continued focus on clonal plantations in core areas is expected to yield significant competitive advantage in the years to come. Your Company's Life Sciences & Technology team is actively collaborating with several expert agencies to further leverage bio-technology for enhancing farm productivity, wood yields and improving fibre and pulp properties.

Your Company continues to promote agro-forestry in pulpwood plantations on wasteland as well as on land where mono-cropping is practised. In Andhra Pradesh, mono-cropping is currently practised in cultivation of cotton, tobacco, maize and pulses in more than 30 lakh hectares. During the year under review, your Company facilitated the introduction of agro-forestry models, in about 1,800 hectares, incorporating inter-cropping practices where eucalyptus trees are grown adjacent to agricultural crops. By integrating tree growing with crop production, the problems of poor agricultural production, worsening wood shortages and environmental degradation can be simultaneously addressed. Furthermore, inter-cropping technologies / practices also help in reducing the pressure on the remaining natural forests and increases the diversity of vegetation on existing farms. Your Company's initiatives under this model currently extend to nearly 2,500 hectares assuring wood and food security to the farmer from the same unit of land addressing long-term sustainability. The area

covered under this model is proposed to be substantially increased in the years to come.

Hitherto, in India, the subject domain of Biodiversity has remained with the Ministry of Environment and Forests. For the first time in the Indian paper industry, your Company has proactively attempted a biodiversity conservation project on private lands. On a pilot basis, 11.52 hectares of farmer lands in Andhra Pradesh were selected and afforestation, reforestation, reclamation, rehabilitation, protection and conservation of biological resources were attempted. Further, your Company promoted natural regeneration, enrichment planting with native species and conserved threatened and endemic species. In order to sustain these efforts, your Company is promoting local stewardship for biodiversity through awareness programmes which will go a long way in reversing the impact created by anthropogenic pressures, integrating it with agriculture, pulpwood plantations, fishery, apiculture, medicinal plants and creating sustainable livelihood to the tribal farmers. As a responsible Corporate Citizen, your Company is willing to participate in initiatives of this nature towards preserving biodiversity on an ongoing basis.

In India only 25% of the paper consumed is recovered for recycling as against about 70% in the western countries. Your Company's collaborative initiative, christened 'Wealth Out of Waste' (WOW), continues to promote and facilitate waste paper recycling, with a view to conserving scarce natural resources. The waste paper industry is largely unorganised and a lot of effort has gone into establishing processes and systems in the operational areas of collection, sorting and grading of waste paper as well as on accounting, compliances and controls. It is expected that such efforts would assist in the availability of quality fibre on a sustainable basis at competitive prices. About 48,000 tonnes of waste paper were collected during the year and with continued focus on building capability it is expected that the entire waste paper requirements of the business would be sourced through this initiative within the next few years. In this context, the second anniversary of National Recycling Day was celebrated in Chennai on 1st July 2012 with widespread participation of the general public and 14,000 school children. This initiative won CII's 'Best

Your Company's collaborative initiative, christened
 'Wealth Out of Waste' (WOW), continues to promote and facilitate
 waste paper recycling, with a view to conserving scarce natural resources.

Report of the Directors

environmental project of the year 2012' and 'Most Useful Environmental Project' awards.

Your Company has the distinction of being the first paper company in India to have obtained the Forest Stewardship Council - Forest Management (FSC-FM) certification covering 8,000 hectares of social forestry plantations involving about 9,000 farmers with another 14,000 hectares awaiting certification. FSC-FM certifies that the plantation activities of an organisation are economically, socially and environmentally viable. To the extent of pulp produced from such certified plantations, your Company will be able to commit to its customers, FSC certified paper & paperboard. Environmentally conscious customers are already beginning to show keenness to source such 'green' products which in turn will further increase the competitiveness of the business. Plans are afoot to steadily increase coverage over the next few years. All four manufacturing units of your Company have obtained the FSC Chain of Custody certification.

Your Company has made significant investments in contemporary technologies including environment-friendly Elemental Chlorine-Free (ECF) and Ozone bleaching for pulp thereby improving the environmental standards of its manufacturing operations. Such investments are expected to provide customers with sophisticated products, way ahead of legislation, thereby creating new benchmarks in environmental stewardship. The Industry would welcome policies that lay down environmental benchmarks in tune with other industries such as automotives etc. and suitably reward those who achieve or exceed such parameters.

Your Company continues to focus on recycling initiatives including solid waste recycling. While all manufacturing units have already achieved near 100% solid waste recycling by its usage for making products like lime, fly ash bricks, grey boards, egg trays etc., the procurement and recycling of about 120,000 tonnes of waste paper during the year has further consolidated the business's overall positive solid waste recycling footprint. The Bhadrachalam unit is the first in India to have been awarded the 'GreenCo Gold certificate' by CII in June 2012. The unit also won the 'Excellent Energy Efficient', 'Excellent Water Efficient' and 'Appreciation prize – State Energy Conservation' awards. The Bollaram unit won 'Silver for FICCI Safety System Excellence' award in manufacturing while the Kovai unit won 'Best Water Efficient' award at 9th National Water Management meet. The business also won 'IPMA Environmental' award for Cleaner Technologies.

The above have been made possible as a result of continuous focus on various safety initiatives including induction of safety stewards, strengthening systems, spreading awareness and integrating environment, health and safety (EHS) as part of the overall Total Productive Maintenance (TPM) initiative. With regard to energy consumption, strategies to contain usage across units continue to be pursued. Further, the business is also investing in a new high pressure fuel efficient boiler in its Tribeni unit, which will enable significant reduction in coal consumption and usage of lower grades of coal.

The 7.5 MW wind energy farm in Coimbatore, continues to operate at optimum levels providing clean energy to the Kovai unit. It is expected that energy efficiency coupled with greater use of renewable sources of energy will enable your Company to derive benefits from sale of Renewable Energy Certificates (RECs) under the Electricity Act 2003 as well as obtain benefits from newer initiatives like Perform, Achieve and Trade (PAT) under the Energy Conservation Act 2001.

The year under review witnessed steep hikes in the cost of chemicals and coal as well as curtailment in supplies of coal by the Government through the reduction of allocations, forcing the industry to buy high cost coal in the open market. These factors, together with the sharp depreciation of the Indian Rupee, adversely impacted the industry. However, your Company with its integrated operations and strategic cost management actions was able to minimise the adverse impact of such cost escalations.

The integrated nature of the business model - access to high-quality fibre from the economic vicinity of the Bhadrachalam mill, in-house pulp mill and state-of-the-art manufacturing facilities, focus on value-added paperboards and a robust forward linkage with the Education and Stationery Products business - strategically positions your Company to further consolidate and enhance its leadership status in the Indian paperboard and paper industry.

Packaging and Printing

Your Company's Packaging and Printing business continues to provide contemporary and superior packaging solutions facilitated by its state-of-the-art technology and processes. The business provides strategic support to your Company's FMCG businesses through innovative packaging solutions, faster speed-to-market for new launches and security of supplies in addition to delivering benchmarked international quality at competitive costs.

The business continued to leverage its multiple packaging platforms to offer a wide range of packaging solutions and expand business both in domestic and export markets. Your Company continues to be a leading supplier of value-added packaging in cartons and flexibles.

During the year, the business augmented the capacity and capability of its Haridwar plant with the successful commissioning of a new state-of-the-art line for cigarette packaging, expansion of carton line capacity and other downstream conversion facilities towards meeting the growing demand from the northern markets. The business also made investments in backward integration for key raw materials in the flexibles segment, thereby enhancing competitiveness. These in-house capabilities have enabled quicker turnaround of designs, pack changes and reduced product launch timelines for your Company's FMCG businesses, thereby providing a source of competitive advantage in the market place.

The business won several awards during the year for operational excellence, innovation and creativity. These include three 'World Star Awards' from the World Packaging Organisation, several 'India Star Awards' from the Indian Institute of Packaging and 'Golden Peacock Award' instituted by Institute of Directors for innovative product / services.

The 14.1 MW wind energy farm in Tamil Nadu, set up in 2008, continues to operate at optimum levels providing clean energy to the Chennai unit. This initiative is a certified project under the Clean Development Mechanism of the Kyoto Protocol and is in line with your Company's commitment to reduce the carbon footprint of its operations.

The factories at Chennai, Haridwar and Munger continued to maintain the highest standards in Environment, Health and Safety (EHS). The Chennai unit was certified for BRC IoP (British Retail Consortium, Institute of Packaging, global food packaging standard), SA 8000 (Social Accountability Certification), and FSC (Forest Stewardship Council Certification - Sustainable Forestry Practices). The Haridwar unit was accredited with ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 for the new plant within six months of commissioning and also received the '13th Annual Greentech Environment Award'

in the Silver category. The Munger unit won the 'Suraksha Puraskar' at the National level from National Safety Council and 'International Safety Award with Merit' from British Safety Council.

With substantial investments in world-class technology & quality systems, and distributed & diversified manufacturing capability, the business is well poised to sustain its position as one of the foremost packaging houses in the country.

D. AGRI BUSINESS

Leaf Tobacco

While overall global leaf tobacco crop output saw a decline in 2012, the prevalent high levels of uncommitted inventory continued to limit demand for the fresh crop. Global cigarette demand remained muted due to the weak global economic scenario, regulatory pressures, enhanced levels of taxation and growth in illegal trade. Cigarette-type tobacco crop production in India was lower during 2012 mainly on account of the severe drought that adversely impacted Mysore crop output and quality. Your Company's focused crop development efforts at the farm level towards ensuring adequate availability of seedlings, educating the farmers on crop management and post harvest product management techniques helped revive the crop substantially thereby improving livelihoods particularly in the drought affected areas in rural Karnataka.

Notwithstanding a sluggish global demand scenario, your Company recorded robust growth in export volumes and revenues by servicing customers based on their specific needs and leveraging strengths in crop development, superior sourcing and processing capabilities. The business not only strengthened its presence in existing markets but also accessed customers in new markets. The business also made progress during the year in growing the smokeless tobacco segment through customized offerings. The business continued to provide strategic sourcing support to your Company's cigarette business.

Achieving enhanced productivity continues to be a focus area of research and crop development initiatives of the business. Substantial progress has been made in

The Packaging and Printing business provides strategic support to your Company's FMCG businesses through innovative packaging solutions, faster speed-to-market for new launches in addition to delivering benchmarked international quality at competitive costs.

Report of the Directors

strengthening the pipeline of new hybrid combinations for deployment in growth zones.

Your Company continues to engage in a pioneering role in promoting sustainable agriculture practices in the tobacco growing regions in Andhra Pradesh and Karnataka. Key interventions such as farm mechanisation, soil health management, water conservation and seedling production technologies through well researched dissemination models continue to support the farmer towards enhancing quality of produce and optimising costs. Your Company's efforts in this area have been recognised in a number of international forums. The approach on dissemination models of farm mechanisation has been published in the International Journal of Sustainability Japan, while the float seedling production initiative has been recognised by the World Academy of Science, Engineering & Technology (WASET), Amsterdam for its sustainability features & economic suitability to the farming community. These efforts are not only helping secure global demand for Indian leaf tobacco by providing enhanced value to global customers but also in improving the socio-economic status of the small / tribal farmer. Capitalising on your Company's R&D efforts on varietal improvement, the area under coverage of flue-cured virginia hybrids was substantially increased in collaboration with the Central Tobacco Research Institute and the Tobacco Board of India.

Your Company's newly commissioned Green Leaf Threshing plant in Mysore has stabilized and exceeded benchmarks on all operating parameters of throughput, processing yield and quality. This investment has enhanced the processing capability of the business and reduced transportation costs given the factory's proximity to the tobacco growing areas in Karnataka. The business is also actively engaged in augmenting its warehousing capacities and re-engineering its supply chain towards driving operational efficiencies and reducing costs.

Further, in line with your Company's commitment to sustainable business practices, the business is investing in wind energy in Karnataka to increase usage of renewable sources of energy. With this, 100% of the energy requirements of the newly commissioned plant at Mysore will be met through renewable energy sources.

Your Company with its unmatched R&D capability, state-of-the-art facilities, unique crop development and extension expertise, deep understanding of customer and farmer needs, is well poised to leverage emerging opportunities for Indian leaf tobacco and sustain its position as a world-class leaf tobacco organisation.

Other Agri Commodities

Food grain production in India is estimated to have declined by around 1.5% to about 255 million tonnes during 2012-13 as compared to the record 259 million tonnes in 2011-12. Output of major food grain items such as rice and wheat are expected to be lower in 2012-13. While wheat output is estimated to be lower by 1% at 94 million tonnes, rice output at about 104 million tonnes represents a decline of 1% over the previous year. While overall oilseed production during 2012-13 is expected to remain at about 31 million tonnes, soya production is expected to be higher at 14 million tonnes vis-a-vis 12 million tonnes in 2011-12.

Adverse weather conditions in the major global wheat producing regions of Black Sea (Ukraine, Russia), South America (Brazil, Argentina) and Australia led to a dip in world production by about 40 million tonnes to about 656 million tonnes. Given the shortage in global markets as aforementioned, the business successfully leveraged the wheat export opportunity recording robust growth in revenues and asset turns. On the domestic front, the business continued to expand its presence with brand owners, private labels, food processors and millers.

Global soya bean production, estimated at 270 million tonnes during the current season, represents an increase of 12.5% over the previous season. The increase is mainly attributable to higher output in South American origins offset by a reduction in output in the United States. Such a global oversupply situation coupled with higher domestic crop production led to a steep correction in domestic soya prices. Consequently, market arrivals of the domestic crop remained weak with farmers holding back sale of soya bean in anticipation of improved realisations.

Your Company's uniquely structured commodity sourcing business model with strong competencies in multi-location sourcing, logistics and supply chain management enabled achieving enhanced scale and value capture in the wheat and soya market.

ITC's uniquely structured Agri commodity sourcing business model with strong competencies in multi-location sourcing, logistics and supply chain management enabled achieving enhanced scale and value capture.

The business continued to source identity preserved and special varieties of wheat through its e-Choupal network for your Company's Branded Packaged Foods businesses. The continuous focus on cost-quality optimisation through varietal and geographical arbitrage and driving supply chain and logistics efficiencies provided a competitive advantage to your Company's Aashirvaad Atta brand.

In the area of potato sourcing, the business continued to support your Company's Bingo! brand of potato chips by procuring the highest quality chip stock potatoes at competitive prices. The endeavour of partnering with farmers to source locally grown potatoes in close proximity to manufacturing units helped minimise logistics costs. The business continued to engage with the farming community towards enhancing the quality and variety of chip stock seed usage, adoption of best farming practices and improving yields.

India is the world's largest producer, consumer and exporter of spices. The growing concerns around food safety and product integrity have resulted in the increased demand for suppliers with 'end-to-end' capabilities having complete custody of the supply chain, supported by appropriate technology, quality assurance and traceability management systems. Your Company is well poised to garner an increasing share of the fast growing domestic and export spices market leveraging its processing unit which is certified to the highest grade of global food safety standards under the BRC (British Retail Consortium) Food certification regime and an embedded IT enabled 'farm to fork' traceability system. The business continues to provide support to your Company's Aashirvaad range of spices.

An integrated and holistic view of the agricultural value chain is essential towards providing the necessary fillip to stagnating agricultural growth in the country. This requires a joint participatory approach from all stakeholders such as farmers, input vendors, traders, processors and the government agencies. Your Company plays a critical role as a catalyst in integrating farmers, input vendors and government agencies besides facilitating the necessary market linkages. Through its 'Choupal Pradarshan Khet' initiative, the business works with various government and private bodies to promote new seed varieties, adoption of farm technologies and practices among farmers towards improving productivity of crops (food grains, oilseeds, cereals etc.) while deepening relationship with the farming community. During the year, new soya seed varieties with high yield, high protein and high oleic acid were identified by your Company's Life Sciences & Technology Centre in

association with the Directorate of Soybean Research, India. A number of farmer training programmes along with farm field demonstration of new technology (seed varieties and process) were conducted in more than 730 villages covering over 22,000 farmers towards yield enhancement in soybean, barley and wheat. Promotion of sustainability practices through the use of bio-fertilizers in paddy and bajra in western UP were also taken up.

Your Company will continue to leverage the unique e-Choupal platform towards achieving the superordinate goal of enhancing agricultural growth and productivity in the country enmeshed with a strong socio-economic model for rural development and sustainability even as it provides structural and sustainable competitive advantage to the Branded Packaged Foods businesses.

NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements enclosed with the Accounts, prepared in accordance with Accounting Standard 21. In view of the general exemption granted by the Ministry of Corporate Affairs, the report and accounts of subsidiary companies are not required to be attached to your Company's Accounts. Shareholders desirous of obtaining the report and accounts of your Company's subsidiaries may obtain the same upon request. The report and accounts of the subsidiary companies will be kept for inspection at your Company's registered office and those of the subsidiary companies. Further, the report and accounts of the subsidiary companies will also be available under the 'Shareholder Value' section of your Company's website, www.itcportal.com, in a downloadable format.

ITC Global Holdings Pte. Limited, Singapore ('Global'), a subsidiary of your Company, is under winding up in terms of the Order of the High Court of the Republic of Singapore dated 30th November, 2007. Consequently, your Company is not in a position to consolidate the accounts of Global for the financial year ended 31st December, 2012 or to make available copy of the same for inspection by shareholders.

Surya Nepal Private Limited

During the year the operating environment in Nepal continued to remain uncertain with the Constituent Assembly being dissolved in May 2012. The caretaker Government has since made way for a new Council of Ministers headed by the Chief Justice of Nepal, entrusted with the mandate of conducting the Constituent Assembly elections.

Report of the Directors

On the economic front, the GDP for the year ended 15th July '12 grew by 4.6% against 3.8% in the previous year on the strength of increased agricultural production and growth in the services sector. However, there was a marked slowdown in industrial production which decelerated to 1.6% from 2.9% in the previous year. The company continues to engage with policy makers for a pragmatic and purposeful policy and regulatory framework that will fuel long-term investment and growth in the country's industrial sector including the operating segments of the company.

Despite these challenging circumstances, the company continued to make good progress and deliver superior performance. In the twelve-month period ended 13th March 2013 (30th Falgun 2069), the company recorded a 15% growth in sales with Gross Turnover (net of VAT) increasing to Nepalese Rupees (NRs.) 1665 crores from NRs. 1443 crores in the previous year. Profit after Tax at NRs 370 crores increased by 29% over the previous year. The company continues to be one of the largest contributors to the exchequer accounting for about 16% of excise collections and 3.3% of the total revenues of the Government of Nepal.

The company further consolidated its leadership position in the cigarette market through continued investment in product quality and value addition to its product portfolio. Its focus on remaining contemporary through the induction of new generation technology platforms and the enhancement of internal capabilities has strengthened the competitiveness of the business and reinforced market standing. A Long Term Agreement with employees of the Simara factory, premised on the company's philosophy of harmonious employee relations management, was concluded during the year. The second cigarette factory near Pokhara is in an advanced stage of construction and will improve market servicing in the long-term.

In the branded apparels business, the company focused on enhancing its market standing, distribution infrastructure and supply chain of 'John Players' and 'Springwood'. In the safety matches business, the company's brand 'Tir' continued to gain consumer franchise.

The company remains committed to supporting and investing in endeavours that augment social and economic capital in alignment with the stated priorities of the Government of Nepal. Consistent with such commitment, several initiatives that are expected to provide long-term multiplier benefits have been initiated and sustained during the year. Accordingly, the company:

- (a) Continued to partner with Tobacco farmers in Nepal to ensure higher productivity and quality enhancement at the farm level through the induction of agricultural best practices. The adoption of such practices and other inputs provided by the company has led to a consistent improvement in quality of domestic grades of tobacco thereby improving marketability of the crop and farmer returns.
- (b) Initiated a programme to assist village farmers, proximate to the Simara factory, in the plantation of high quality Poplar saplings to improve farmer earnings.
- (c) Supported an initiative in the animal husbandry sector by providing extension services that will drive yield improvement and higher returns for underprivileged farmers.
- (d) Partnered with Nepal Tourism Board in hosting Nepal's premier professional golf tournament - the 'Surya Nepal Private Limited Masters', with the objective of promoting Nepal as an attractive golfing destination.
- (e) Continued to sponsor the 'Surya Nepal Private Limited Asha Social Entrepreneurship Awards', to recognize entrepreneurs who have created employment opportunities amongst local communities.

The company declared a dividend of NRs. 139/- per equity share of NRs. 100/- each for the year ended 15th July 2012 (31st Ashad 2069).

ITC Infotech India Limited

A weak global economic scenario, particularly in the US and Europe, continued to impact technology spends during the year. Although growth of the Indian IT industry has slowed down in recent years given the economic uncertainties, favourable exchange rates and market share gains during the year enabled it to grow ahead of earlier estimates.

The company's consolidated Total Revenue grew well above the industry average, clocking a growth of 23% to ₹ 1017.80 crores while its Net Profit grew by 33% to ₹ 66.93 crores. This robust performance is an outcome of the successful strategies adopted by the company in (i) building world-class capabilities in each of its service lines, (ii) investing in new technologies, (iii) building solutions and capabilities around the products of global software vendors and partnering with them to take the products to the market, and (iv) rapidly growing the high

potential accounts by putting in place geographical and technological expansion plans.

For the year under review:

- (a) ITC Infotech India Limited registered a Total Revenue of ₹ 706.65 crores (previous year ₹ 566.23 crores) and a Net Profit of ₹ 68.73 crores (previous year ₹ 28.69 crores);
- (b) ITC Infotech Limited, UK, (I2B) a wholly owned subsidiary of the company, registered a Total Revenue of GBP 25.03 million (previous year GBP 24.35 million) and a Net Profit of GBP 1.86 million (previous year GBP 2.13 million). During the year, I2B paid an Interim Dividend of GBP 3 (previous year : Nil) per Ordinary Share of GBP 1 each on 685,815 shares, amounting to GBP 2,057,445 (previous year: Nil) to the company;
- (c) ITC Infotech (USA), Inc., (I2A) a wholly owned subsidiary of the company, together with its wholly owned subsidiary Pyxis Solutions LLC, registered Total Revenues of US\$ 63.20 million (previous year US\$ 49.85 million) and a Net Profit of US\$ 0.91 million (previous year US\$ 0.30 million).

During the year, the company achieved an all-time high and 'best-in-class' Customer Satisfaction Score based on a survey conducted by a reputed external agency. Such a rating validates the company's world-class quality of service and stands testimony to its commitment to continuously raise the levels of service to meet growing market expectations.

Apart from expanding the company's existing in-house domain solution capabilities, specific development programmes were implemented to embrace disruptive technologies such as cloud computing, social media and mobile computing.

The company continued to enhance and strengthen its partnerships with leading Independent Software Vendors (ISVs) by building niche solutions to address white spaces and joint go-to-market initiatives. In this regard, a number of initiatives were progressed during the year including the launch of operations in new geographies, offering of turnkey services - from licence sales to implementation, becoming Authorised Training Partner in India and a consortium partner in Customer Experience and Comprehensive Trade Management area.

During the year the company's renewed focus on Middle-East, Africa, India and the larger Asia-Pacific region resulted in significant traction in new customer acquisition, particularly in India and Middle-East. The company has

set up a branch office in Dubai to increase market penetration in the region. The company is also extending its service lines to specific markets in Western Europe.

In addition, as an important milestone in the evolution of its delivery capability, the company commissioned a new Development Centre at Trivandrum during the year.

The service delivery capability of the company continued to earn global recognition. The company has featured for the 7th consecutive year amongst the Leaders Category in the '2012 Global Outsourcing Top 100' by the International Association of Outsourcing Professionals (IAOP). The company also featured for the 8th consecutive year in the Global Services 100 survey, conducted by Global Services and Neo Advisory. The company achieved ISO 9001:2008 re-certification for all its locations with its Pune centre getting certified within six months of its commissioning.

On the talent management front, the approach and strategy were continuously refined, realigned and revitalised in line with changing business dynamics and the enhanced global operating footprint of the company. Employee engagement, in particular, continues to receive the necessary thrust and impetus to enable an interactive and knowledge pooling environment. The company also embarked on development of new centres in the country with a view to accessing specific skills and talent and driving efficiencies in service delivery.

Going forward, the company will continue to review and reinforce its strategies and action plans to rapidly scale up its global footprint. Building additional technology niches remains a key focus area, and SMAC (Social media, Mobility, Analytics and Cloud computing) is currently at the forefront of this technology ecosystem. The company, accordingly, continues to invest in SMAC technologies and in a new industry leading Testing Framework.

While the outlook for the IT industry remains soft in the near term, the company is poised for significantly superior growth in the coming years aided by its strategies to expand to new markets, offer a portfolio of differentiated solutions, provide superior customer experience and deliver through strong project management capabilities, knowledge management, solution accelerators and a robust quality system.

Russell Credit Limited

During the year, the company registered a Total Revenue of ₹ 69.66 crores (previous year ₹ 40.58 crores) and a Net Profit of ₹ 58.96 crores (previous year ₹ 31.43 crores).

Report of the Directors

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 to a Public Offer made by an Acquirer in 2001.

During the year, the High Court at Calcutta, vide Order dated 22nd June, 2012, dismissed the aforesaid petition. Similar petitions filed 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.

The company, post dismissal of the aforesaid petition by the High Court at Calcutta, sold its entire holding in VST Industries Limited to your Company.

Wimco Limited

The company achieved a Net Revenue of ₹ 165.62 crores during the year (previous year ₹ 169.70 crores) and posted a Net Profit for the year of ₹ 1.90 crores against ₹ 45.99 crores loss in the previous year which included a one-time cost of ₹ 36.87 crores primarily towards restructuring its operations. During the year, the company allotted to Russell Credit Limited the unsubscribed portion of the Rights Issue of shares made in the previous year, thereby raising ₹ 1.69 crores.

Margins in the Safety Matches business continued to remain under pressure mainly due to escalation in prices of raw materials like wood, splints, paperboard, key chemicals and the continuing high tax differential between the mechanised and non-mechanised sector. The company continues to focus on cost rationalisation and margin improvement.

During the year, the Agri (Forestry) business revenues grew by around 25%. Availability of critical raw materials like wood at competitive prices remain crucial for the success of the Safety Matches business. Towards this end, the Agri (Forestry) business supplied high quality poplar ETPs (Entire Transplants) and eucalyptus saplings to farmers in northern India to enhance availability at competitive prices. Apart from creating a long-term sustainable supply of a critical raw material, the company's initiative is helping create employment and livelihood opportunities while improving the green cover in the region.

The Engineering business revenues grew by 6% during the year driven mainly by improved value capture through

continuous product development in packaging machinery. The company plans to leverage new and improved product design to offer superior packaging solutions to its customers.

The initiatives taken by the company during the past few years to restructure its operations are expected to enhance operating performance in the years to come.

Srinivasa Resorts Limited

During the financial year ended 31st March, 2013, the company recorded a Total Revenue of ₹ 50.62 crores (previous year ₹ 57.66 crores) and a Profit Before Tax of ₹ 5.54 crores (previous year ₹ 11.89 crores). Net Profit for the year stood at ₹ 4.44 crores (previous year ₹ 9.40 crores).

The challenging environment in the State of Andhra Pradesh continues to have an adverse impact on the performance of the company's hotel ITC Kakatiya, Hyderabad. The hotel continued to focus on superior guest experience and strategic cost management to sustain market standing and protect margins.

For the fourth time in a row, the hotel received the 'Times Food Guide' awards for 'Kebabs & Kurries' (Best North Indian) and 'Dakshin' (Best South Indian) – with both being rated as the best restaurants in their respective categories. During the year, the hotel also received the 'Best Landscaping Management Award' from the Department of Horticulture, Andhra Pradesh.

The Board of Directors of the company has recommended a dividend of ₹ 1.00 per equity share of ₹ 10/- each for the year ended 31st March, 2013.

Fortune Park Hotels Limited

During the financial year ended 31st March, 2013, the company recorded a Total Revenue of ₹ 23.22 crores (previous year ₹ 20.78 crores) and earned a Net Profit of ₹ 5.97 crores (previous year ₹ 4.96 crores).

The company's Fortune hotel chain that caters to the 'mid-market to upscale' segment continued its expansion by forging new alliances, taking the total number of hotels in its fold to 69 with an aggregate room inventory of over 5,000. The 'Fortune' brand now has 39 operating hotels and another 3 hotels are slated to be commissioned in the next financial year. The remaining 27 hotel projects are under various stages of development. The brand remains a frontrunner in its operating segment and is well positioned to sustain its leadership position in the industry.

The company is well known for providing quality products and services which have helped position 'Fortune' as the premier 'value' brand in the Indian hospitality sector. The 'My Fortune' brand, representing a 'stylish lifestyle with efficient personalised service', is the latest addition to the bouquet of brands offered by Fortune Hotels.

During the year, the company bagged the 'Best First Class Business Hotel Chain' award at the Today's Traveller Awards 2012, SATTE Award for leading 'Mid Market Hotel Chain' and 'Best First Class Full Service Business Hotel Chain in India' by PATWA, ITB Berlin.

The Board of Directors of the company has recommended a dividend of ₹ 12.50 per equity share of ₹ 10/- each for the year ended 31st March, 2013.

Bay Islands Hotels Limited

During the financial year ended 31st March, 2013, the company recorded a Total Revenue of ₹ 1.52 crores (previous year ₹ 1.37 crores) and Net Profit of ₹ 0.97 crores (previous year ₹ 0.92 crores).

The company's hotel, Fortune Resort Bay Island in Port Blair, commands patronage in the city primarily due to its fabulous location, excellent architectural design and superior service quality. The company is in the process of undertaking a comprehensive renovation and expansion programme with a view to enhancing the market standing of the hotel.

The Board of Directors of the company has recommended a dividend of ₹ 70.00 per equity share of ₹ 100/- each for the year ended 31st March, 2013.

Landbase India Limited

The company owns and operates the Classic Golf Resort, a Jack Nicklaus Signature Course, near Gurgaon. As reported in the previous years, golf based resorts present attractive long-term prospects in view of their growing popularity all over the world. The work towards creating a destination luxury resort hotel at the Classic Golf Resort is now underway and the project is progressing satisfactorily.

During the financial year ended 31st March, 2013, the company recorded a Total Revenue of ₹ 11.82 crores (previous year ₹ 10.57 crores) and Net Loss of ₹ 3.81 crores (previous year ₹ 3.22 crores). During the year, the company issued and allotted to your Company, 30,00,000 Redeemable Preference Shares of ₹ 100/- each for cash at par, aggregating ₹ 30 crores. The proceeds from the Preference Share issue are being

utilised by the company for the construction of the destination luxury resort.

WelcomHotels Lanka (Private) Limited

During the year, WelcomHotels Lanka (Private) Limited ('WLPL') was incorporated in Sri Lanka as a wholly-owned subsidiary of your Company with the objective of constructing, building and operating a mixed-use development project ('Project') including a luxury hotel at Colombo. The Board of Investment of Sri Lanka provided about 5.86 acres of prime sea facing land in Colombo to the company on a 99-year lease for this purpose. The Project has been declared as a Strategic Development Project under the Strategic Development Projects Act No. 14 of 2008 of Sri Lanka.

Your Company has invested about US\$ 75 million in WLPL by way of equity and loan and WLPL is in the process of finalizing the design and product configuration of the proposed Project.

Technico Pty Limited

The company continued to focus on upgradation and commercialisation of TECHNITUBER® Technology and field multiplication through its wholly owned subsidiaries in different geographies. The company is also engaged in the marketing of TECHNITUBER® seeds to global customers from the production facilities of its subsidiaries in India, China and Canada.

The company's leadership in the production of early generation seed potatoes and strength in agronomy continue to be leveraged by your Company not only for sourcing chip stock for the 'Bingo!' brand of your Company's Branded Packaged Foods businesses but also for servicing the seed potato requirements of the farmer base of your Company's Other Agri Commodities business.

For the year under review:

- a) Technico Pty Limited, Australia registered a Turnover of Australian Dollar (A\$) 1.39 million (previous year A\$ 1.13 million) and a Net Profit of A\$ 0.14 million (previous year A\$ 0.11 million). Turnover and Net Profit have improved due to higher TECHNITUBER® seed volumes and better price realization.
- b) Technico Agri Sciences Limited, India registered a Net Revenue of ₹ 64.04 crores (previous year ₹ 48.20 crores) and a Net Profit of ₹ 17.48 crores (previous year ₹ 7.83 crores). Strong demand and

Report of the Directors

firm prices coupled with the strength of the company's brand, product quality, on field performance and trade and customer relationships drove a 33% increase in Net Revenue and 75% improvement in Profit Before Tax. The company has taken credit for deferred tax assets of ₹ 3.80 crores in the year under review (previous year: Nil).

- c) Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China – There were no significant events to report with respect to the above companies.

King Maker Marketing, Inc.

King Maker Marketing Inc. (KMM) is a wholly owned subsidiary of your Company registered in the State of New Jersey, USA. It is engaged in the distribution of your Company's tobacco products in the US market.

During the year, the cigarette industry in the US continued to witness persistent volume decline compounded by tax increases and the continuing growth of Other Tobacco Products, several of which are as yet unregulated by the US Food and Drug Administration (FDA). A larger thrust by major cigarette manufacturers into the value segment coupled with increase in illicit sales driven by tax differentials between the States, contributed further to an extremely challenging business environment for the company. During the year, the company maintained steady volumes through enhanced sales and marketing inputs while Revenue declined by 2% due to pricing pressure. The resultant higher costs of sales and marketing were offset by lower contributions under the Master Settlement Agreement (MSA). Further, a favourable Arbitral Award, memorializing a Partial Settlement between certain states and the Participating Manufacturers to the MSA, on payments disputed in previous years, increased the company's earnings during this year.

As a result, the company recorded Net Sales of US\$ 26.37 million (previous year US\$ 26.95 million) and earned a Net Income of US\$ 1.20 million (previous year US\$ 0.48 million) during the financial year ended 31st March 2013. During the year, KMM paid a Dividend of US\$ 1.0 million to your Company.

Government regulations in the tobacco sector continue to take shape and it is expected that the industry will consolidate further as US Food and Drug Administration regulations evolve, including in the Other Tobacco Product categories like Pipe Tobaccos and Cigars.

The company will continue to customise its strategies based on emerging regulations in the market.

ITC Global Holdings Pte. Limited

The Judicial Managers had been conducting the affairs of ITC Global Holdings Pte. Limited ('Global') since 8th November, 1996 under the authority of the High Court of Singapore. Pursuant to the application of the Judicial Managers, the Singapore Court on 30th November, 2007 ordered the winding up of Global, appointed a Liquidator and discharged the Judicial Managers.

As stated in the previous years' Reports, the Judicial Managers of Global had filed a Writ against your Company in November 2002 before the Singapore High Court claiming approximately US\$ 18.10 million. Based on legal advice, your Company filed an appropriate application for setting aside the said Writ. On 2nd March, 2006 the Assistant Registrar of the Singapore High Court set aside the service of Writ of Summons on your Company and some individuals. Subsequently in November 2006, your Company received a set of papers purportedly sent by Global including what appeared to be a copy of the earlier Writ of Summons. Your Company filed a fresh Motion in the Singapore High Court praying for setting aside the said Writ of Summons, which was upheld by the Assistant Registrar of the Singapore Court on 13th August, 2007. Global filed an Appeal against this Order before the High Court of Singapore, which on 30th January, 2009, set aside the order giving leave to Global to serve the Writ out of Singapore against your Company and also dismissed the said appeal. Thereafter on 14th December, 2009, your Company received a binder purportedly sent by Global including what appeared to be a copy of the same old Writ of Summons. Based on legal advice, your Company again filed a Motion in the Singapore High Court praying for setting aside the said Writ of Summons. On 18th November, 2010, the Assistant Registrar of the Singapore High Court passed an order dismissing your Company's motion to set aside the Writ of Summons. Your Company filed an appeal against the Assistant Registrar's decision which appeal was dismissed by the Singapore High Court. Pursuant to legal advice, your Company has since filed its defence in the trial proceedings.

BFIL Finance Limited

The company continues to focus its efforts on recoveries through negotiated settlements including property settlements and pursuit of legal cases against various defaulters. The company has no external liabilities outside

the ITC group. The company will examine options for further business opportunities at the appropriate time.

Gold Flake Corporation Limited, Wills Corporation Limited, Greenacre Holdings Limited, ITC Investments & Holdings Limited and MRR Trading & Investment Company Limited

There were no major events to report with respect to the above companies.

NOTES ON JOINT VENTURES

ITC Filtrona Limited

For the year ended 31st December 2012, ITC Filtrona Limited recorded a Gross Revenue of ₹ 229.40 crores (₹ 180.99 crores in 2011) and Pre-tax profits of ₹ 19.39 crores (₹ 15.63 crores in 2011). While the Cigarette Filter industry had to contend with a steep hike in raw material prices and adverse foreign exchange rates, the company saw an overall improvement in sales volume along with a better product mix. Continuous investment in filter making technology has enabled the company maintain its leadership position, enhance its technological edge over competition and cater to growth both in terms of product mix and volumes.

In continuation with its philosophy of balancing the need to scale up capacity and capability to service the growing demand and the return expectation of shareholders, the Directors of the company have recommended a dividend of ₹ 9.00 per ordinary share of ₹ 10/- each for the year ended 31st December, 2012.

The company strives to be the quality benchmark in cigarette filters, offer superior filter solutions to its customers and be the most preferred supplier to its customers. With excellent product and market development support from its joint venture partners, the company is well positioned for the future.

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 39 heritage properties across 13 States in India. The company's brand portfolio comprising 'Legend', 'WelcomHeritage Hotels' and 'Nature Resorts', provides uniquely differentiated propositions to guests in the cultural, heritage and adventure tourism segments respectively.

During the financial year ended 31st March, 2013, the company recorded a Total Revenue of ₹ 3.86 crores (previous year ₹ 3.36 crores) and Net Profit of ₹ 0.44 crores (previous year Net Loss ₹ 0.26 crores).

The company has 9 properties under the upmarket 'Legend' brand which has carved a niche for itself on the basis of superior service delivery and brand standards. The company also has 11 properties under the 'Nature Resorts' brand and 19 properties under the 'WelcomHeritage Hotels' brand which was recently awarded the 'Best Heritage Hotel Chain' by Today's Traveller Awards 2012.

Espirit Hotels Private Limited

In July 2010, your Company had entered into a joint venture for developing a luxury hotel complex at Begumpet, Hyderabad. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity stake in the joint venture company, Espirit Hotels Private Ltd. (EHPL) and will, inter-alia, provide hotel operating services to EHPL under an Operating Services Agreement upon commissioning of the hotel. Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2013.

While the site preparatory activity is underway, the company is in the process of finalising the design and product configuration of the proposed development.

Logix Developers Private Limited

In September 2011, your Company entered into a joint venture for developing a luxury hotel-cum-service apartment complex at Sector 105 in NOIDA. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity stake in the joint venture company, Logix Developers Private Ltd. (LDPL) at an initial investment of ₹ 36.84 crores. Your Company will, inter-alia, provide hotel operating services to LDPL under an Operating Services Agreement, upon commissioning of the hotel.

The company is in the process of finalising the design and product configuration of the proposed development.

RISK MANAGEMENT

As a diversified enterprise, your Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

- The Corporate Governance Policy clearly lays down the roles and responsibilities of the various entities in relation to risk management. A range of responsibilities, from the strategic to the

Report of the Directors

- operational, is specified in the Governance Policy. These role definitions, inter-alia, are aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.
- The Corporate Risk Management Cell works with the businesses to establish and monitor the specific profiles including both strategic risks and operational risks. The process includes the prioritisation of risks, selection of appropriate mitigation strategies and periodic reviews of the progress on the management of risks.
 - A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.
 - Appropriate structures have been put in place to proactively monitor and manage the inherent risks in businesses with unique / relatively high risk profiles.
 - A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. The Audit Compliance and Review Committee closely monitors the internal control environment within your Company and ensures that Internal Audit recommendations are effectively implemented.
 - At the business level, Divisional Auditors continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures for new areas of operations.
 - A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountability. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with your Company's businesses. The senior management of your Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

AUDIT AND SYSTEMS

Your Company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

Well established and robust internal audit processes, both at business and corporate levels, continuously monitor the adequacy and effectiveness of the internal control environment across your Company and the status of compliance with operating systems, internal policies and regulatory requirements. In the networked IT environment of your Company, validation of IT security continues to receive focused attention of the internal audit team which includes IT specialists.

The Internal Audit function consisting of professionally qualified accountants, engineers and IT specialists reviews the quality of planning and execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate to yield 'value for money'.

Your Company's Internal Audit function is certified as complying with ISO 9001:2008 quality standards in its processes.

The Audit Committee of your Board met nine times during the year. It reviewed, inter-alia, the adequacy and effectiveness of the internal control environment and monitored implementation of internal audit recommendations including those relating to strengthening of your Company's risk management policies and systems. It also engaged in overseeing financial disclosures.

HUMAN RESOURCE DEVELOPMENT

Your Company's unique talent brand – Building Winning Businesses. Building Business Leaders. Creating Value for India – backed by its strong corporate equity, has enabled the attraction and retention of high quality talent. This talent pool and its strong alignment with your

Company's Vision, has contributed to enhancing your Company's standing as one of India's most valuable corporations. The innovative engagement initiatives with premier campuses and effective use of social media has enabled your Company showcase the career and leadership opportunities available and has attracted both high quality entry-level talent from premier technology and management institutes as well as talent from the market for middle and senior-level opportunities. Your Company's unique Management Trainee programme has over the years, developed a robust talent and leadership pipeline that has enabled rapid growth of existing businesses and entry into new businesses as well. In addition, your Company's comprehensive talent development strategy has enabled the enhancement of the competitive capability of each business.

Your Company believes that the achievement of its growth objectives will depend largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value. Towards this end, your Company has assiduously built a culture of continuous learning, innovation and collaboration across the organisation by providing cutting-edge learning and development inputs to its employees, along with a judicious blend of coaching, mentoring and on the job training. Your Company has been able to galvanise its human resource to become more agile, leverage change, stay ahead of competition and win in the market.

Your Company's human resource management systems and processes are designed to empower employees and enable them adopt innovative approaches to creating enduring value. These processes aim to create a responsive, customer-centric and market-focused culture that enhances organisational capability and vitality, so that each business is internationally competitive and equipped to exploit emerging market opportunities. The strategy of organisation lays great emphasis on developing and supporting distributed leadership and this has ensured that each of your Company's businesses is managed by a team of competent, passionate and inspiring leaders, capable of building an organisation anchored in a culture of learning, innovation and world-class execution. Your Company's performance management system has been instrumental in creating a strong performance culture.

Your Company firmly believes that alignment of all employees to a shared vision and purpose is vital to win in the market. Your Company also recognizes the mutuality of interests of key stakeholders and is committed

to building harmonious employee relations. During the year under review, your Company successfully concluded long-term agreements at several of its manufacturing units and hotel properties and also ensured smooth commencement of operations at greenfield locations. The collaborative spirit across all sections of employees has resulted in significant enhancement in quality and productivity, further bolstered by continuous investment in contemporary management practices and manufacturing systems.

Your Company's human resource believes that the drive for progress is in being never satisfied with the status quo. Your Company is confident that every one of its over 25,900 employees will relentlessly strive to deliver world-class performance, innovate newer and better ways of doing things, uphold human dignity and foster team spirit and discharge their role as 'trustees' of all stakeholders with true faith and allegiance. Your Company is committed to perpetuate this vitality of ITC – its growth in physical terms and also its growth as a great institution – so that your Company will continue to grow and succeed in its never-ending pursuit of value creation.

SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

Your Company's Vision to subserve larger national priorities and create enduring societal value is the inspiration for its multi-dimensional sustainability initiatives that are today acknowledged as global exemplars. Your Company's sustainability strategy aims to significantly enhance national wealth through superior 'Triple Bottom Line' performance that builds and enriches the country's economic, environmental and societal capital. It is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise. Your Company's 'Triple Bottom Line' contribution is manifest in the creation of innovative business models that not only generate new sources of competitive advantage for its businesses, but also in the process enables the replenishment of natural capital and augmentation of sustainable livelihoods.

It is a matter of humble pride that your Company's sustainable business models and value chains have supported the creation of 5 million sustainable livelihoods, a majority of them for the weakest in society. It has sustained its position as the only company in the world to have achieved the global environmental distinctions of being carbon positive (for 8 consecutive years), water positive (for 11 years in a row) and solid waste recycling

Report of the Directors

positive (for 6 years successively). Your Company's renewable energy portfolio enables over 41% of its power requirements to be met from such clean sources - a significant achievement given the large manufacturing base of your Company. Further, all the premium luxury hotels and several factories of your Company are LEED (Leadership in Energy & Environmental Design) certified at the highest Platinum level by the US Green Building Council / Indian Green Building Council.

Your Company published its 9th consecutive Sustainability Report during the year that detailed the progress made across all dimensions of the 'Triple Bottom Line' for the year 2011-12. The report which is independently assured by Ernst & Young, is in accordance with the G3 Guidelines of the Global Reporting Initiative (GRI) and is validated by GRI at the highest 'A+' level. The 10th Sustainability Report covering the sustainability performance of your Company for the year 2012-13 is in an advanced stage of finalisation and will be available to you shortly. This report also supports your Company's first Securities Exchange Board of India (SEBI) mandated Business Responsibility Report, which forms part of this Report and Accounts.

Social Investments/Corporate Social Responsibility (CSR)

Your Company believes that Corporate Social Responsibility delivered in the context of its businesses makes it more effective, impactful, scalable and sustainable. Your Company's overarching aspiration to create meaningful societal value is manifest in your Company's strategy to enhance the competitiveness of value chains of which it is a part. It is therefore a conscious strategy to design and implement Social Investments / CSR programmes in the context of your Company's businesses, by enriching value chains that encompass the most disadvantaged sections of society, especially those residing in rural India, through economic empowerment based on grass-roots capacity building.

It is your Company's policy:

- To pursue a corporate strategy that enables realisation of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
- To align and integrate Social Investments / CSR programmes with the business value chains of your Company and make them outcome oriented. To support creation of on and off-farm sustainable livelihood sources thereby empowering

stakeholder communities to conserve and manage their resources.

- To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long-term sustainability of such interventions.
- To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.
- To collaborate with communities and institutions to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through agricultural research and knowledge sharing, superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programmes and such other initiatives.
- To align your Company's operations with the national objective of inclusive growth and employment generation by leveraging your Company's diversified portfolio, manufacturing bases, supply chains and distribution channels, to infuse an appropriate mix of capital and technology to further social business initiatives such as e-Choupal, animal husbandry, agarbatti rolling etc. and support organisations / institutions engaged in building linkages with local, regional and urban communities and markets.
- To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world-class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.
- To encourage the development of human capital of the Nation by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.

In the social sector, the two most important stakeholders for your Company are: (a) the rural communities with

whom your Company's agri-businesses have forged a long and enduring partnership through their crop development and procurement activities. These households operate in rain-fed conditions in some of the most moisture-stressed regions of the country; and (b) the communities residing in close proximity of your Company's production units, who are unable to realise their full potential due to poor social infrastructure in the areas of education and health.

In line with the stakeholder needs, the thrust of your Company's social sector investment is on the following:

- (a) Diversification of farming systems of the rural communities by broad-basing the farm and off-farm based livelihoods portfolio of the poor through an integrated approach that includes the development of wastelands, watersheds, agriculture and animal husbandry, and
- (b) In the catchment habitations of manufacturing units, the focus is on the economic empowerment of women and developing social capital to prepare the beneficiaries for relevant and contemporary skills.

The footprints of your Company's Social Investments Programme now extends to 60 districts in the States of Andhra Pradesh, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal.

Your Company's pioneering initiative of wasteland development through the Social Forestry Programme currently covers 33,448 hectares in 1,717 villages, impacting nearly 40,000 poor households. This is an integral part of your Company's overall Social & Farm Forestry initiative that covers a total of over 142,000 hectares today. This initiative is aligned to the pulpwood supply chain to create a sustainable source of raw material for your Company and also to meet the energy requirements of rural households. The highlight of this year was the incorporation of bio-diversity conservation as an integral part of the Social Forestry programme, which aims for in situ conservation of the local flora and fauna by protecting and improving production conditions in the selected plots.

The coverage of your Company's Soil and Moisture Conservation programme, designed to assist farmers in identified moisture-stressed districts, increased by an additional 26,637 hectares. 470 water-bodies were created during the year. The total area covered under the watershed programme cumulatively stands at 116,127 hectares. Your Company signed three new MOUs with

the Government of Rajasthan for promoting sustainable livelihoods through watershed development in the districts of Bundi, Jhalawar and Pratapgarh under the government's Integrated Watershed Management Programme. With this, the total area to be brought under soil and moisture conservation through public-private-partnership projects has increased to over 144,000 hectares.

With the objective of providing a major thrust to creating a sustainable agricultural base, the year saw significant increases in all major interventions in this area. The number of Farmer Field Schools increased from 37 to 162. There was an almost three-fold increase in the number of farmers (5,129) and the demonstration plots (4,733) covered. The number of compost units increased nearly four-fold (503 in 2012-13) during the year. 18 new Agri Business Centres were formed during the year, taking the total to 51, to provide extension services to farmers. These centres provided agri-inputs worth ₹ 85.61 lakhs to nearly 3,211 farmers during the year.

Your Company gave equal emphasis to milch animals, the other important asset of rural households. The programme for genetic improvements of cattle through artificial insemination to produce high-yielding crossbred progenies is implemented through 303 Cattle Development Centres (CDCs) covering nearly 5,000 villages. These CDCs provided 2.75 lakh artificial inseminations during the year, thus taking the total to 10.82 lakh artificial inseminations performed till date.

Taking the next step in the development of a viable livestock economy, Dairy Development in Munger was a major focus area this year. Project Gomukh was launched in Munger to cater to the needs of veterinary services and to provide comprehensive techno-management support to dairy farmers. The overarching objectives of the Project are to achieve significant improvement in milk productivity and quality, thereby raising farm incomes. The milk procurement network was increased to 87 Milk Producer Groups (MPGs) with over 2,800 members. The average procurement in Munger was nearly 10,000 litres per day (lpd) with a peak of over 17,000 lpd. Dairy development in Saharanpur was initiated in two hubs. Comprehensive milk mapping studies have been completed at two other locations to enable planning for expansion of the dairy-led CSR in other locations.

The Women's Empowerment Programme covered over 18,791 women through 1,557 self-help groups (SHG) with total savings of ₹ 340 lakhs. Cumulatively, over 40,000 women were gainfully employed either through

Report of the Directors

micro-enterprises or assisted with loans to pursue income generating activities. Agarbatti production received further impetus during the year with the introduction of 1,326 pedal machines in the states of Bihar, Uttar Pradesh, Tamil Nadu, Rajasthan, Andhra Pradesh, Madhya Pradesh and Maharashtra. This has led to high productivity gains, translating into significant increase in incomes for poor rural women. As a result, raw agarbatti production more than doubled from the previous year to 834 tonnes during 2012-13, and helped create livelihoods for more than 3,300 women. The agarbatti scenting unit located at Munger, owned and managed by women, also saw a significant increase in dispatches - up from 235 million sticks in 2011-12 to 367 million sticks in 2012-13 - thus enabling women to capture even greater value from this micro-enterprise.

Over 40,000 new students were covered through Supplementary Learning Centres and Anganwadis. Of these, 264 first generation learners were enrolled into formal schools for the first time in their lives. 964 government primary schools have so far been provided infrastructure support, which includes benches, classrooms, toilets, electrical fixtures, compound walls and gates. 627 youths were covered this year by the skills development initiative. In the area of sanitation, a total of 3,847 low cost sanitary units have been constructed cumulatively by the end of 2012-13.

The advances made towards contributing to India's sustainable development goals have been possible, in large measure, due to your Company's partnerships with some globally renowned NGOs like BAIF, Dhan, FES, MYRADA, Pratham, SEWA, SRIJAN, DSC and WOTR amongst others. These partnerships, which bring together the 'best-in-class' management practices of your Company and the development experience and mobilisation skills of NGOs, will continue to provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

Environment, Health & Safety

The strategic objective of your Company's Environment, Health & Safety programmes is to move towards greenest and safest operations across all ITC Units, optimisation of natural resource usage, sustainability measurement and monitoring as well as safety of all its people and assets. Towards this, significant efforts are targeted towards ensuring resource security through optimisation of resource-use and replenishment of natural resources, aligning strategy with the National Action Plan on Climate

Change to help create sustainable livelihoods, enable adaptation and mitigation in agriculture whilst safeguarding operations and assets. Your Company's proactive processes for inculcating a safe and green culture are supported by regular audits based on EHS Audit guidelines that incorporate the latest standards and regulatory requirements.

Your Company is committed to ensuring a safe and healthy workplace for all employees, guests and visitors, by maintaining the highest levels of safety and occupational health standards. All units of your Company have 'best-in-class' infrastructure, competent resources, management systems based on international standards as well as state-of-the-art fire and life safety measures, which are regularly monitored through rigorous audits. Your Company's approach entails consideration of safety as a value-led concept which drives behaviour change and supports the creation of a safety culture fully integrated with business improvement processes. In line with this philosophy, Behavioural Safety Culture Programs have been initiated in several of your Company's units which have already brought about tangible change in behaviour and perceptions on safety. Accordingly, this initiative will be rolled out across other business units in a progressive manner. The progress and commitment made by your Company in this vital area to protect its valued human resources have been reaffirmed by numerous national and international safety awards and certifications.

Your Company has addressed the critical area of climate change mitigation and adaptation through several innovative and pioneering initiatives. These include continuous improvement in energy conservation and efficiency, enhanced usage of renewable energy, creating a green built environment, waste reduction, maximising its reuse and recycling and increasing use of post consumer waste as raw material. Extensive integrated watershed development programmes, promotion of sustainable agricultural practices, and carbon sequestration through large-scale forestry initiatives extend these efforts down the value chain.

Several projects of your Company earn carbon credits leveraging the market-based mechanism for mitigating climate change, namely, the Clean Development Mechanism developed by United Nations Framework Convention on Climate Change (UNFCCC). Your Company is also well positioned to benefit from India specific schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India.

In line with your Company's commitment to reduce dependence on fossil fuel based energy, significant progress has been made in enhancing the renewable energy portfolio. Improved utilisation of biomass and additional wind mills have led to over 41% of your Company's total energy requirements being met from renewable sources, compared to 38.5% during the year 2011-12. A systemic approach is being developed to ensure that your Company progressively moves towards a benchmark of utilising at least 50% of its total energy requirements from renewable sources in the near future.

Recognising that water resources will increasingly become an area of serious concern, your Company has made significant investments in water conservation and harvesting initiatives to enhance its positive water footprint. These include adopting best available technologies and benchmarked practices to achieve zero effluent discharges, providing treated wastewater for irrigation as an alternative for farmers in water stressed areas and enhancing rainwater harvesting both within units and across watershed catchment areas. All these initiatives have resulted in the creation of rainwater harvesting potential that is over two times the net water consumption of your Company's operations. Sustained efforts are made to ensure that your Company achieves the best international practices in this critical area as well as aligns itself with the National Water Policy that is presently under finalization.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all luxury Hotels of your Company are LEED Platinum certified making it the 'greenest luxury hotel chain' in the world. ITC Grand Chola, the newly launched premium luxury hotel in Chennai, has secured a 5 Star Green Rating for Integrated Habitat Assessment (GRIHA) - the highest national rating for Green Buildings in India. The ITC Grand Chola is also the world's largest LEED Platinum certified (Indian Green Building Council) green Hotel. All new constructions by your Company incorporate green / sustainability standards and existing buildings are also progressively implementing validated green attributes.

The Bombay Stock Exchange recently instituted 2 indices titled 'GREENEX' & 'CARBONEX' evaluating several green operational parameters as well as carbon performance. It is a matter of immense pride that your Company has been assigned the highest weightage in both the indices. Further, during the year, a detailed computation of greenhouse gas (GHG) inventory was carried out as per ISO 14064 standards, which was then assured at the highest 'Reasonable Level' by Lloyd's

Register Quality Assurance Ltd. – a unique achievement considering the scale and spread of your Company's operations.

All units of your Company have made significant progress in achieving total recycling of waste generated by their operations, making your Company attain over 99.8% of waste recycling in 2012-13. The Paperboards and Specialty Papers business, which accounts for nearly 91% of the total waste generated in your Company, recycled 99.9% of the total waste generated by its operations. This business also recycled an additional 118,462 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Your Company's 'Wealth Out of Waste' (WOW) programme continues to create significant awareness amongst the public on the benefits of the 'Reduce-Reuse-Recycle' paradigm. This initiative, which also contributes to the protection of environment, improvement in civic amenities, public health and hygiene, has received rich accolades from the Government, NGOs, commercial institutions and the public at large. Your Company thereby supports the generation of sustainable raw material inputs for its processes, whilst generating considerable livelihood opportunities for the underprivileged.

During the year, an Integrated Sustainability Data Management System was implemented for effective monitoring & review of business specific 'Key Performance Indicators' whilst providing a single platform across your Company for all reporting requirements such as Global Reporting Initiative, SEBI Business Responsibility Report and Carbon Disclosure Project. This System will improve management of sustainability issues and drive increasing efficiencies across your Company's business units.

Creating Thought Leadership in Sustainability

The 'CII – ITC Centre of Excellence for Sustainable Development', set up by your Company jointly with the apex national chamber Confederation of Indian Industry (CII) in 2006, continues its endeavours to promote sustainable business practices amongst corporates across the country. During the year, the Centre trained and raised awareness of over 2,000 business managers on various sustainability issues. It has expanded its gamut of activities to meet the core objectives of creating awareness, promoting thought leadership and building capacity amongst Indian enterprises in their quest for sustainable growth and business solutions. The 7th Sustainability Summit, held in October 2012, continued

Report of the Directors

its legacy of bringing together thought provoking leaders to share the challenges, long-term strategies and best practices for sustainable and inclusive development. It featured senior politicians, bureaucrats, best brains of Indian industry and MNCs around the globe. The Summit and Exhibition were attended by over 300 participants. The 'CII – ITC Sustainability Awards', instituted to recognise excellence in sustainability performance, have honoured a large number of leading Indian companies and provided encouragement to many others. The winners of the Sustainability Awards 2012 were announced at an imposing function in Vigyan Bhawan, New Delhi on January 14, 2013 amongst an audience of 1,500 people. The occasion was graced by the Hon'ble President of India Shri Pranab Mukherjee as the Chief Guest.

The Centre is today playing a major role in engaging with policy makers to create an environment that encourages the adoption of sustainable business practices. The Centre has been engaged with various stakeholders for advocacy on Clause 135 of the new Companies Bill 2012, which refers to the CSR activities of a company. The Centre is a consulting partner in several policy interventions such as Green Guidelines for Public Procurement, Low Carbon Expert Group of the Planning Commission, National Innovation Council, Ministry of Corporate Affairs on CSR Policy, National Awards for Prevention of Pollution, Rajiv Gandhi Environment Awards for Clean Technology and Technology and Finance Committee under the Montreal Protocol. It is also represented on the Board of the Central Pollution Control Board and other bodies.

Societal Capacity Enhancement

In line with its core value of 'trusteeship', your Company supports various initiatives that build the capability of India's rich human resource pool thereby empowering the nation's fast growing working-age population. It also helps preserve India's rich cultural heritage, enhancing the spirit embodied in its credo of 'Let's Put India First.'

To cater to the need for professionally trained human resources in the fast growing hospitality industry, your Company contributed to setting up the Welcomgroup Graduate School of Hotel Administration (WGSHA) together with the Dr. TMA Pai Foundation in 1987. WGSHA's training and development activities are recognised by the International Hotel Association, Paris. The college has been ranked amongst the top educational institutions in the sector over the years. Graduates of the college are today part of several leading hotel chains of the world. WGSHA's mission is to mould young men and women into competent and responsible professionals

with the potential to emerge as future leaders in the hospitality industry. As part of its efforts to remain contemporary, WGSHA faculty members are positioned in ITC Hotels to understand 'Best Practices' employed at the hotels. A significant number of WGSHA students are sent for 6-month internships to various ITC Hotels. The college started with an annual intake of 30 students which has increased to 100 students over the years.

The ITC Sangeet Research Academy (ITC SRA) is a true embodiment of sustained corporate commitment to a priceless national heritage. It is a unique institution recognised for being the finest repository of Hindustani classical music. With a commitment that has remained consistent for over 35 years, ITC SRA is the world's first and only professionally managed modern Gurukul, blending modern day research methods with the purity of the age old "Guru-Shishya" tradition. ITC SRA has as its mission the preservation and propagation of Hindustani Classical Music. With a galaxy of 9 pre-eminent Gurus and 50 scholars, the Academy is presently engaged in carrying the message of Hindustani Classical Music across our country from the metros to rural India. Recent forays into neighbouring Bangladesh have brought home another dimension of the shared sub-continental heritage.

Your Company also supports a number of initiatives for vocational training within the catchment areas of its operations that have proven to be effective in empowering youth with requisite skills to increase their employability in the market. Employment opportunities have also been created for differently-abled people suited to their capabilities.

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company continues to invest in a comprehensive Research & Development programme leveraging its world-class infrastructure, benchmarked processes, state-of-the-art technology and a business-focused R&D strategy.

As your Company moves into its second century, your Company seeks not only to create world-class products but also improve the quality of life and deliver care and wellness to consumers. In order to reflect this change your Company's erstwhile ITC R&D Centre has been transformed into ITC Life Sciences & Technology Centre.

ITC Life Sciences & Technology Centre (LSTC) has a mandate to develop unique sources of competitive advantage and build future readiness by harnessing contemporary advances in several relevant areas of science and technology and blending the same with

classical concepts of product development and leveraging cross business synergies. This challenging task of driving science-led product innovation has been carefully addressed by appropriately identifying the required set of core competency areas of science such as Plant Breeding and Genetics, Agronomy, Microbiology, Cell Biology, Genomics, Proteomics, Silviculture and several disciplines of Chemistry. Presently, the LSTC team has evolved with over 250 world-class scientists and is creating Centres of Excellence in these areas. LSTC is carrying out research and securing proprietary technologies for your Company's businesses.

The Agrisciences R&D team has continued its efforts in evaluating and introducing several germplasm lines of identified crops including Casuarina and Eucalyptus to increase the genetic and trait diversities in these species, towards developing new varieties with higher yields, better quality and other relevant traits for your Company's businesses. LSTC has initiated several research collaborations with globally recognized Centres of Excellence to remain contemporary and fast track its journey towards demonstrating multiple 'proofs of concept'. These collaborations, covering identified species, are designed in a manner that enables your Company in gaining fundamental insights into several technical aspects of plant breeding and genetics and the influence of agro-climatic conditions on the growth of these species. Such interventions will accelerate LSTC's efforts in creating future generations of these crops with greater genetic and trait diversities and leading to significant benefits for your Company's businesses. Further, these outcomes have a strong potential to contribute towards augmenting the nation's ecological capital as well.

Recognising the unique construct of your Company in terms of its strong presence in agriculture, food and personal care businesses, a convergence of R&D capabilities is being leveraged to deliver future products aimed at nutrition, health and well-being. Advances in biosciences are creating a 'convergence' of these areas and it is likely that several future developments in these businesses and their products are heavily influenced by 'convergence'. In this context, LSTC has created a Biosciences R&D team to design and develop several long-term research platforms evolving multi-generation product concepts and associated claims that are fully backed by scientific evidence for the Foods and Personal Care businesses. In addition, LSTC has evolved a strategy in building a new value chain called, 'Nutrition' with a special focus on 'Indianness' and 'health and well-being' founded on the basis of value added agriculture (VAA). The initial activities related to VAA have already commenced with a focus on Soya.

LSTC has a clear vision and a road map for long-term R&D, to ensure an outstanding journey in to the next century backed by a well-crafted Intellectual Property Strategy. With scale, speed, science and sustainability considerations, LSTC is poised to deliver long-term competitive advantage and play a lead role in creating significant business impact for your Company.

Pursuing your Company's relentless commitment to quality, each business is mandated to continuously innovate on processes and systems to deliver superior competitive capabilities. During the year, your Company's Hotels business leveraged its 'Lean' and 'Six Sigma' programmes to improve business process efficiencies. This will further enhance capability to create superior customer value through a service excellence framework. The Paperboards, Paper & Packaging business continued to pursue 'Total Productive Maintenance' (TPM) programmes in all units, resulting in substantial cost savings and productivity improvements.

All manufacturing units of your Company have ISO quality certification. All manufacturing units of the Branded Packaged Foods businesses (including contract manufacturing units) and hotels have stringent food safety and quality systems. All Company owned units / hotels and almost all contract manufacturing units of the Branded Packaged Foods businesses are certified by an accredited 'third party' in accordance with 'Hazard Analysis Critical Control Points' (HACCP) methodology. Additionally, the quality of all FMCG products of your Company is regularly monitored through 'Product Quality Ratings Systems' (PQRS).

EXCISE

As mentioned in the previous year's Report of the Directors, a demand for ₹ 27.58 crores made by Central Excise Department, Bengaluru, in respect of a period prior to March 1983, was set aside by the Commissioner (Appeals), Bengaluru, by his Order dated 22nd November, 1999, which order was confirmed by the CEGAT, Chennai vide its order dated 18th December, 2003. The Department has filed an appeal before Supreme Court, which is pending.

With respect to the Munger factory, proceedings for finalisation of assessments for the period prior to March 1983 resulted in the Deputy Commissioner's Orders dated 29th August, 2002 and 8th October, 2002 demanding ₹ 13.09 crores and ₹ 1.73 crores for clearances of cigarettes and smoking mixtures respectively. These were confirmed by the Commissioner (Appeals), Patna vide his orders dated 22nd December, 2004, against which your Company has preferred appeals

Report of the Directors

before CESTAT, Kolkata, which are pending. Your Company had made pre-deposits of ₹ 2 crores and ₹ 0.55 crores against the aforesaid demands at the stage when its appeals were pending before Commissioner (Appeals), Patna.

Although your Company, in a spirit of settlement, paid the differential Excise Duty that arose out of an Order of the Director General dated 10th April, 1986, as early as in March, 1987, and although the Excise Department's aforesaid Demands had either been quashed or stayed, the Collectorates in Meerut, Patna and Bengaluru, during the year 1995, filed criminal complaints in the Special Court for Economic Offences at Kanpur, Patna and Bengaluru, charging your Company and some of its Directors and employees who were employed with your Company during the period 1975 to 1983 with offences under the Central Excises & Salt Act, 1944, purportedly on the basis of the Order of the Director General dated 10th April, 1986. Your Directors are advised that no prosecution would lie on the basis of the aforesaid Order of the Director General dated 10th April, 1986. As earlier reported, the criminal case in respect of the Bengaluru factory was quashed by the Court. In the proceedings relating to Saharanpur and Munger factories, the individuals concerned have been discharged.

In all the above instances, your Directors are of the view that your Company has a strong case and the Demands and the Complaints are not sustainable.

Since your Company is contesting the above cases and contending that the Show Cause, the Demand Notices and the Complaints are not sustainable, it does not accept any liability in this behalf. Your attention is drawn to the Note 31(iv) in the Notes to the Financial Statements and Note 28(iv) in the Notes to the Consolidated Financial Statements.

LUXURY TAX

As mentioned in earlier years, the Hon'ble Supreme Court declared the various State luxury tax levies on cigarettes and other goods as unconstitutional. The Court further directed that if any party, after obtaining a stay order from the Court, had collected any amount towards luxury tax from its customers / consumers, such amounts should be paid to the respective State governments. Since your Company had not charged or collected any amounts towards luxury tax during the relevant period, there is no liability on your Company in this regard. However, the State of Andhra Pradesh has filed a contempt petition in the Supreme Court claiming a sum of about ₹ 323.25 crores towards luxury tax, and a further sum of about ₹ 261.97 crores towards interest,

on the allegation that your Company had charged and collected luxury tax from its customers, but in view of a stay order passed by the Court on 1st April, 1999, did not pay the tax to the government. The State's contention is baseless, contrary to facts and is also contrary to the assessment orders passed by the State luxury tax authorities consistently holding that your Company, right from 1st March, 1997, did not charge or collect any amount towards luxury tax from its customers. Accordingly, the State's petition is being contested.

RECOVERY OF DUES FROM THE CHITALIAS AND PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

You are aware that your Company had secured from the District Court of New Jersey, U.S.A, a decree for US\$ 12.19 million together with interest and costs against Suresh and Devang Chitalia of U.S.A and their companies, and that the Chitalias had filed Bankruptcy Petitions before the Bankruptcy Court, Orlando, Florida, which are yet to be determined.

As explained in the previous reports of the Directors, though your Company has written off the export dues in foreign exchange from the Chitalias with the approval of the Reserve Bank of India, your Company continues with its recovery efforts in the Indian suit against the Chitalia associates. The suit is in progress.

In the proceedings initiated by the Enforcement Directorate, in respect of some of the show cause memoranda issued by the Directorate, after hearing arguments on behalf of your Company, the appropriate authority has passed orders in favour of your Company, and dropped those memoranda.

Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Calcutta High Court while others are pending.

TREASURY OPERATIONS

During the year, your Company's treasury operations continued to focus on deployment of temporary surplus liquidity and manage the foreign exchange exposures within a well-defined risk management framework.

The year under review was characterized by falling interest rates with the Reserve Bank of India reducing Policy rates by a cumulative 100 basis points. However, tight liquidity conditions in the Banking system brought about intermittent spikes in money market interest rates. In this environment your Company, by appropriately managing portfolio duration continued to improve its treasury performance.

All investment decisions in deployment of temporary surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. The portfolio mix during the year was constantly rebalanced in line with changing interest rate scenario which helped enhance yields. Further, by the year end, in line with expectations of lower interest rates, the portfolio was rebalanced with exposures in long-dated Fixed Maturity Plans and Bank Fixed Deposits. Your Company's risk management processes ensured that all deployments were made with proper evaluation of underlying risk while remaining focused on capturing market opportunities.

In the foreign exchange market, the Indian Rupee depreciated during the year and was witness to bouts of high volatility. In a scenario where Rupee was under continuous pressure, your Company adopted an appropriate forex management strategy, which included use of foreign exchange forward contracts and plain vanilla options, to protect business margins and reduce risks / costs.

As in earlier years, commensurate with the large size of the temporary surplus liquidity under management, treasury operations continue to be supported by appropriate control mechanisms, including an independent check of 100% of transactions, by your Company's Internal Audit department.

TAXATION

As mentioned in the Report of the Directors of earlier years, your Company had obtained Stay Orders from the Hon'ble Calcutta High Court in respect of the Income Tax notices for re-opening the past assessments for the period 1st July, 1983 to 30th June, 1986. This status remains unchanged.

As stated in the Report of the Directors of earlier years, in respect of similar Income Tax notices for re-opening the past assessments for the period 1st April, 1990 to 31st March, 1993, the Hon'ble Calcutta High Court had admitted the Writ Petitions and ordered that no final assessment orders be passed without the leave of the Court. This status also remains unchanged.

PUBLIC DEPOSITS

Your Company's Public Deposit Scheme closed in the year 2000. As at 31st March, 2013, there were no deposits due for repayment except in respect of 2 deposit holders totalling ₹ 20,000 which have been withheld on the directives received from government agencies.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in

terms of the conditions of your Company's erstwhile Schemes.

INVESTOR SERVICE CENTRE

The Investor Service Centre (ISC) of your Company, accredited with ISO 9001:2008 certification, provides 'best-in-class' investor services through an experienced team of professionals. ISC continues to upgrade its infrastructure, systems and processes to provide exemplary services to the shareholders and investors of the Company. The level 5 rating, the highest possible rating, accorded by Messrs. Det Norske Veritas for the fourth consecutive year, stands testimony to the excellence achieved by ISC in providing quality investor services.

ISC, in its constant endeavour to further improve its services, requests feedback on your experience as a shareholder or investor. The Shareholder Satisfaction Survey questionnaire for this purpose is being sent to the Members. This questionnaire can also be accessed from the Company's corporate website www.itcportal.com under the section 'Investor Relations' and can be submitted online.

DIRECTORS

Mr. Kurush Noshir Grant, a Wholtime Director of your Company since 20th March, 2010, completed his term on 19th March, 2013. The Board of Directors of your Company (the 'Board') at its meeting held on 18th January, 2013, appointed Mr. Grant as Additional Director with effect from 20th March, 2013, and subject to the approval of the Members, also as Wholtime Director for a period of five years from 20th March, 2013.

Ms. Meera Shankar and Mr. Sahibzada Syed Habib-ur-Rehman were appointed by the Board at its meeting held on 27th July, 2012 as Additional Non-Executive Directors of your Company with effect from 6th September, 2012 and 27th July, 2012, respectively. By virtue of the provisions of Article 96 of the Articles of Association of your Company and Section 260 of the Companies Act, 1956, Ms. Shankar and Mr. Rehman will vacate office at the ensuing Annual General Meeting ('AGM') of your Company.

Your Board at its meeting held on 17th May, 2013, recommended for the approval of the Members the appointment of Ms. Shankar and Mr. Rehman as Non-Executive Directors of the Company, liable to retire by rotation, with effect from the date of the ensuing AGM of your Company.

Report of the Directors

Mr. Dinesh Kumar Mehrotra, Mr. Sunil Behari Mathur and Mr. Pillappakkam Bahukutumbi Ramanujam were appointed as Non-Executive Directors of your Company with effect from 30th July, 2008 and their present term will expire on 29th July, 2013. Your Board at its meeting held on 17th May, 2013 recommended for the approval of the Members the re-appointment of Messrs. Mehrotra, Mathur and Ramanujam as Non-Executive Directors of the Company, liable to retire by rotation, with effect from 30th July, 2013.

Notices, under Section 257 of the Companies Act, 1956, have been received from Members of the Company for the appointment / re-appointment of Ms. Shankar, Messrs. Grant, Rehman, Mehrotra, Mathur and Ramanujam, who have filed their consents to act as Directors of the Company, if appointed.

Appropriate resolutions seeking your approval to the aforesaid appointments / re-appointments are appearing in the Notice convening the 102nd AGM of your Company.

In accordance with the provisions of Article 91 of the Articles of Association of the Company, Mr. Shilabhadra Banerjee, Mr. Angara Venkata Girija Kumar, Mr. Hugo Geoffrey Powell, Dr. Basudeb Sen and Mr. Balakrishnan Vijayaraghavan will retire by rotation at the ensuing AGM of your Company and being eligible, offer themselves for re-election. The Board has recommended their re-election.

AUDITORS

Statutory Auditors

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, retire at the ensuing AGM and, being eligible, offer themselves for re-appointment. Since not less than 25% of the Subscribed Share Capital of your Company is held collectively by Public Financial Institutions, the re-appointment of Auditors is being proposed as a Special Resolution in accordance with Section 224A of the Companies Act, 1956.

Cost Auditors

Your Company had appointed (i) Mr. P. Raju Iyer, Cost Accountant, Chennai, as Cost Auditor for audit of cost records maintained by the Paperboards and Specialty Papers business and (ii) Messrs. Shome & Banerjee, Cost Accountants, Kolkata, for cost records in respect of 'Paper' products other than the cost records maintained by the Paperboards and Specialty Papers business for the financial year ended 31st March, 2012. The Cost

Audit Report was filed by the Cost Auditor on 23rd January 2013 within the due date of 28th February 2013.

In respect of the financial year ended 31st March, 2013, your Company, has appointed (i) Mr. P. Raju Iyer, Cost Accountant, Chennai, as Cost Auditor for audit of cost records maintained by the Paperboards and Specialty Papers business (ii) Messrs. Shome & Banerjee, Cost Accountants, Kolkata, for cost records in respect of 'Paper' products other than the cost records maintained by the Paperboards and Specialty Papers business. They were also appointed as the Cost Auditors in respect of Plastics & Polymers, Apparel, Edible Oil Seeds & Oil, and Plantation products. (iii) Messrs. S.Mahadevan & Co., Cost Accountants, Chennai, were appointed as the Cost Auditors for Packaged Food products. The due date for filing the Cost Audit Reports is 27th September, 2013.

EMPLOYEE STOCK OPTION SCHEME

Under your Company's Employee Stock Option Schemes, 8,34,08,810 Ordinary Shares of ₹ 1/- each, were issued and allotted during the year upon exercise of 83,40,881 Options; such shares rank pari passu with the existing Ordinary Shares of your Company. Consequently, the Issued and Subscribed Share Capital of your Company as at 31st March, 2013 stands increased to ₹ 790,18,33,110/- divided into 790,18,33,110 Ordinary Shares of ₹ 1/- each.

Details of the Options granted up to 31st March, 2013 and other disclosures as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the 'SEBI Guidelines') are set out in the Annexure to this Report.

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, have certified that your Company's Employee Stock Option Schemes have been implemented in accordance with the SEBI Guidelines and the resolutions passed by the Members in this regard.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- 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 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.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard 21 - Consolidated Financial Statements, ITC Group Accounts form part of this Report & Accounts. These Group Accounts also incorporate the Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures as notified under the Companies (Accounting Standards) Rules, 2006. These Group accounts have been prepared on the basis of audited financial statements received from Subsidiary, Associate and Joint Venture Companies, as approved by their respective Boards.

OTHER INFORMATION

The total number of employees as on 31st March, 2013 stood at 25,959.

The certificate of the Auditors, Messrs. Deloitte Haskins & Sells confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is annexed.

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy and Technology Absorption are also provided in the Annexure to this Report.

There were 83 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ended 31st March, 2013. The information required under Section 217(2A) of the Companies Act, 1956 and the Rules thereunder, in respect of the aforesaid employees, is provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

Your Company's Board and employees are inspired by the Vision of sustaining ITC's position as one of India's most admired and valuable companies, creating enduring value for all stakeholders, including the shareholders and the Indian society. Your Company has created multiple drivers of growth by developing a portfolio of world-class businesses which have synergised to deliver 'Total Shareholder Returns' at a compound annual growth rate of over 26% during the 17 year period from 1996 to 2013. Each business within the portfolio is continuously engaged in upgrading strategic capability to effectively address the challenge of growth in an increasingly competitive market scenario. Effective management of diversity enhances your Company's adaptive capability and provides the intrinsic ability to effectively manage business risk. The vision of enlarging your Company's contribution to the Indian economy is manifest in the creation of unique business models that foster international competitiveness of not only its businesses but also the entire value chain of which they are a part.

Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

17th May, 2013
Virginia House
37 J L Nehru Road
Kolkata 700071
India

On behalf of the Board

Y. C. DEVESHWAR *Chairman*
P. V. DHOBAL *Director*

Annexure to the Report of the Directors

Statement as at 31st March, 2013, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of Options granted under the Company's Employee Stock Option Schemes

Sl. No.	ITC Employee Stock Option Scheme (Introduced in 2001)	ITC Employee Stock Option Scheme – 2006		ITC Employee Stock Option Scheme – 2010		Total		
		Cumulative# (i)	During 2012-13 (ii)	Cumulative (iii)	During 2012-13 (iv)	Cumulative (v)	During 2012-13 (ii)+(iv)	Cumulative (i)+(iii)+(v)
(A)	(i) Number of Options granted :	1,09,91,558	2,00,000	2,10,02,953	62,94,970	1,04,70,495	64,94,970	4,24,65,006
	(ii) Number of Bonus Options allocated* :	27,75,263	–	1,74,50,295	–	–	–	2,02,25,558
	(iii) Total number of Options granted / allocated :	1,37,66,821	2,00,000	3,84,53,248	62,94,970	1,04,70,495	64,94,970	6,26,90,564
<p>* Bonus Options were allocated in 2005-06 and 2010-11 in the same ratio as Bonus Shares issued in these years (i.e. 1 Bonus Share for every 2 Ordinary Shares & 1 Bonus Share for every 1 Ordinary Share, respectively). # Under the ITC Employee Stock Option Scheme (introduced in 2001), no Options were granted during 2012-13.</p>								
(B)	Pricing Formula :	<p>The Pricing Formula, as approved by the Shareholders of the Company, is such price which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'Market Price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as determined by the Compensation Committee.</p> <p>The Options were granted at the 'Market Price' as defined under the aforesaid Guidelines.</p> <p>In the financial year 2012-13, Options were granted at ₹ 2,494.50 per Option.</p>						
(C)	Total number of Options vested :	1,20,24,108	3,24,66,736		12,27,467		4,57,18,311	
(D)	Total number of Options exercised (Each Option represents 10 Ordinary Shares of ₹ 1/- each) :	1,12,55,153	2,22,15,126		1,47,017		3,36,17,296	
(E)	Total number of Ordinary Shares of ₹ 1/- each arising as a result of exercise of Options :	11,25,51,530	22,21,51,260		14,70,170		33,61,72,960	
(F)	Total number of Options lapsed :	14,96,076	23,05,681		2,03,429		40,05,186	
(G)	Variation of terms of Options :	None						
(H)	Money realised by exercise of Options :	₹ 1,264.76 crores	₹ 2,263.58 crores		₹ 29.75 crores		₹ 3,558.09 crores	
(I)	Total number of Options in force :	10,15,592	1,39,32,441		1,01,20,049		2,50,68,082	

(J) Details of Options granted to (i) Senior managerial personnel :		As provided below -			
Sl. No.	Name	No. of Options granted during the financial year	Sl. No.	Name	No. of Options granted during the financial year
1.	Y. C. Deveshwar	2,70,000	27.	S. Kumar	23,000
2.	N. Anand	1,35,000	28.	S. Ganesh Kumar	25,300
3.	P. V. Dhobale	1,35,000	29.	U. Lall	23,000
4.	K. N. Grant	1,35,000	30.	H. Malik	30,600
5.	A. Baijal [^]	10,000	31.	A. K. Mukerji	40,000
6.	S. H. Khan [^]	10,000	32.	A. Nayak	56,250
7.	S. B. Mathur [^]	10,000	33.	A. R. Noronha	30,600
8.	H. G. Powell [^]	10,000	34.	R. Parasuram	30,600
9.	P. B. Ramanujam [^]	10,000	35.	A. Pathak	23,000
10.	A. Ruys [^]	10,000	36.	K. T. Prasad	23,000
11.	K. Vaidyanath [^]	10,000	37.	S. Puri	40,000
12.	S. M. Ahmad	25,300	38.	R. Rai	30,600
13.	N. Arif	32,000	39.	V. M. Rajasekharan	30,600
14.	S. Basu	40,000	40.	V. L. Rajesh	30,600
15.	M. S. Bhatnagar	23,000	41.	A. Rajput	40,000
16.	A. Chand	23,000	42.	T. V. Ramaswamy	56,250
17.	S. Chandrasekhar	23,000	43.	S. Rangrass	30,600
18.	L. C. Chandrasekharan	32,000	44.	S. Janardhana Reddy	23,000
19.	B. B. Chatterjee	40,000	45.	R. Senguttuvan	30,600
20.	C. Dar	40,000	46.	A. Seth	30,600
21.	C. S. Das	23,000	47.	S. K. Singh	40,000
22.	D. Haksar	30,600	48.	S. Sivakumar	56,250
23.	M. Ganesan	30,600	49.	R. Sridhar	23,000
24.	S. Guha	25,300	50.	B. Sumant	30,600
25.	P. Gupta	30,600	51.	K. S. Suresh	40,000
26.	S. Kaul	30,600	52.	R. Tandon	56,250
(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year. :		None			
(iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. :		None			
(K) Diluted Earnings Per Share pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'. :		₹ 9.33			

[^] Non-Executive Director

(L)	(i) Method of calculation of employee compensation cost.	:	The employee compensation cost has been calculated using the intrinsic value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per the intrinsic value method for the financial year 2012-13 is Nil.		
	(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options.	:	₹ 360.99 crores		
	(iii) The impact of this difference on profits and on Earnings Per Share of the Company.	:	The effect on the profits and earnings per share, had the fair value method been adopted, is presented below:		
			₹ in Crores		
			Profit After Tax		
			As reported	7,418.39	
			Add: Intrinsic Value Compensation Cost	Nil	
			Less: Fair Value Compensation Cost (Black Scholes model)	360.99	
			Adjusted Profit	7,057.40	
			Earnings Per Share	Basic (₹)	Diluted (₹)
			As reported	9.45	9.33
			As adjusted	8.99	8.87
(M)	Weighted average exercise prices and weighted average fair values of Options granted whose exercise price either equals or exceeds or is less than the market price of the stock.	:	Weighted average exercise price per Option	: ₹ 2,494.50	
			Weighted average fair value per Option	: ₹ 647.92	
(N)	A description of the method and significant assumptions used during the year to estimate the fair values of Options.	:	The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:		
			(i) Risk-free interest rate	8.05%	
			(ii) Expected life	3.16 years	
			(iii) Expected volatility	26.06%	
			(iv) Expected dividends	2.24%	
			(v) The price of the underlying shares in market at the time of Option grant	₹ 2,549.50	
			<i>(One Option = 10 Ordinary Shares)</i>		

Kolkata, 17th May, 2013

On behalf of the Board
Y. C. DEVESHWAR *Chairman*
P. V. DHOBAL *Director*

Annexure to the Report of the Directors

For the Financial Year Ended 31st March, 2013

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Report of the Directors

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000/- or more per annum.								
Anand Nakul	56	Executive Director	2,04,31,651	93,89,196	B.A. (Hons.)	33	01.12.1979	@
Arif Nazeeb	51	V.P. - Corporate Communications	65,34,034	32,37,218	B.A.(Hons.), M.A.	27	01.09.2006	Indian Chamber of Commerce, Secretary General
Basu S	61	Head of Internal Audit	78,93,805	40,38,628	A.C.A., F.C.A. (Eng. & Wales)	43	02.01.1978	Whinney Murray & Co., London, Audit Asst.
Bhatnagar M S	61	V.P. - Growth & Development (HD)	67,80,998	30,49,719	B.Sc., M.B.A.	38	01.01.1975	@
Chand A	48	Divisional Chief Executive (LRBD)	66,17,977	32,76,945	B.A., M.B.A.	26	01.06.1988	Godfrey Phillips (I) Ltd., Mktg. Exec.
Chandrasekhar S	60	Services on Loan to Subsidiary Co.	68,26,736	33,97,157	B.Sc., F.C.A.	35	01.01.1978	@
Charraudeau Phillippe Herve	56	V.P. & General Manager - ITC Grand Chola (HD)	1,53,11,605	72,87,085	B.E.P.C., (Rehaul Rebut), C.A.P.	31	09.05.2011	Movenpick Hotels & Resorts, Saudi Arabia, G.M.
Chandrasekharan L C (Dr.)	58	Chief Scientist - Research & Technology Innovation (LS & T)	89,90,128	58,85,058	Ph.D.	31	01.10.2005	G.E. India, Director, Mfg. Engg.
Chatterjee B B	60	Executive V.P. & Company Secretary	88,26,971	49,94,641	B.Com. (Hons.), F.C.A., F.C.S., LL.B.	35	16.05.1983	Wacsgen, Deputy Mgr.
Dar C	57	Divisional Chief Executive (FD)	98,05,311	46,95,487	B.Tech. (Hons.), P.G.D.M.	34	01.05.1981	Tata Eng. & Loco. Co., Shift Supvr.
Das C S	57	SBU Chief Executive (ESPB)	64,70,626	31,85,719	B. Tech. (Hons.), M.B.A.	33	15.04.1980	Larsen & Toubro Ltd., Trainee
Deveshwar Y C	66	Executive Chairman	11,35,51,923	5,62,91,879	B.Tech. (Mech.)	44	11.02.1994	Air India Ltd., Chairman & M.D.
Dhobale P V	57	Executive Director	1,97,69,068	93,35,313	B.Tech. (Chem.)	36	01.07.1977	#
Ganesan M	50	Executive V.P. - Finance, Procurement & IT (FD)	63,99,141	32,14,161	B.Com., A.C.A., A.C.S.	27	01.03.1986	Nil
Ganesh Kumar S	45	Executive V.P. - Staples & Snacks (FD)	60,91,704	30,54,652	B.E.	21	14.12.1991	Nil
Grant K N	55	Executive Director	1,99,81,069	94,14,760	B.A. (Hons.), M.B.A.	34	02.06.1980	DCM Ltd., Mgmt. Trainee
Gullota Massimo	49	Italian Chef - ITC Grand Chola (HD)	68,80,889	34,18,588	M.N.E.F.S.M.P. (New York Academy), H.S.(Milan), C.S.(Lausanne)	20	26.09.2011	G Mgmt., Bangkok, Thailand, Exec. Chef
Gupta P	56	Head of Corporate Taxation	63,30,046	38,09,441	B.Com. (Hons.), A.C.A., D.M.A.(I.C.A.)	33	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Haksar Dipak	55	Chief Operating Officer (HD)	68,05,871	32,93,967	B.Com. (Hons.)	35	01.09.1977	@
Janardhana Reddy S	64	Executive V.P. - Corporate Affairs	72,57,287	37,60,957	B.Sc. (Ag.)	40	27.12.1972	Nil
Kaul Sandeep	46	SBU Chief Executive (PCPB)	63,69,129	31,68,571	B.E., P.G.D.M.	23	01.06.1990	Nil
Lall U	62	Services on Loan to Tobacco Institute of India	74,51,009	36,93,476	B.A. (Hons.)	41	03.01.1972	PARCO, Officer on Spl. Duty
Madan Sachidanand	54	Services on Loan to Subsidiary Co.	85,49,782	38,24,563	B.Com. (Hons.), A.C.A., A.C.S.	31	01.04.2012	Services on Loan to Subsidiary Co.
Malik Hemant	46	Chief Operating Officer (ITD)	69,22,301	34,33,196	B.A., M.B.A.	24	01.06.1989	Nil
Mukerji Arup K	54	Corporate Financial Controller	82,25,128	39,29,209	B.Com. (Hons.), A.C.A.	31	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Nariyoshi Nakamura	61	Master Chef - WelcomHotel New Delhi (HD)	65,64,476	32,74,190	Graduate from Nihon University	21	24.05.2010	The Metropolitan Hotel Nikko, Exec. Chef
Nayak Anand	61	Executive V.P. and Head - Corporate Human Resources	1,41,48,395	76,40,851	B.Sc., P.G.D.I.R.	40	14.05.1973	Nil
Noronha A R	59	Executive V.P. - Projects (HD)	67,56,895	32,80,716	B.E. (Elec.)	35	01.05.1978	@
Parasuram R	54	Executive V.P. - Finance & MIS (ITD)	65,36,694	34,55,338	B.Com. (Hons.), A.C.A.	31	15.09.1982	Nil
Pathak Arun	53	Executive V.P. - Finance (HD)	79,32,791	34,25,823	B.Com. (Hons.), F.C.A.	30	20.06.1983	Nil
Puri Sanjiv	50	Divisional Chief Executive (ITD)	99,03,246	46,65,223	B.Tech.	28	20.01.1986	TELCO Ltd., Trainee
Rai R K	50	Chief Operating Officer (ABD)	66,67,703	35,94,078	B.A. (Mktg.), P.G.D. in Export & Imports	30	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajesh V L	45	Executive V.P. - Marketing (FD)	64,70,178	32,16,625	B.Sc., M.B.A.	23	01.06.1990	Nil
Rajput A K	57	Senior V.P. - Corporate Affairs	98,31,324	47,78,349	B.Com., M.B.A.	37	10.04.1976	Nil
Ramaswamy T V	61	Group Head - LS & T, Projects, EHS	1,26,63,575	58,37,061	B.E., M.M.S.	39	01.07.1974	Nil
Rangrass S	52	Divisional Chief Executive (ABD - ILTD)	66,70,446	35,44,688	B.Tech.	31	01.07.1982	Nil
Senguttuvan R	51	SBU Chief Executive (PPB)	60,96,034	29,74,219	B.E., P.G.D.M.	27	27.05.1991	Asian Paints, Purchase Exec.
Seth Anil	55	Executive V.P. - Finance & MIS (PSPD)	69,34,995	31,93,754	B.A. (Hons.), A.C.A., P.G.D.B.M.	30	01.11.1982	Nil
Singh S K	56	Divisional Chief Executive (PSPD)	78,88,550	40,15,498	B.Tech. (Chem.)	36	21.06.1977	#
Sivakumar S	52	Divisional Chief Executive (ABD)	1,35,19,392	75,01,088	B.Sc., P.G. Dip. in Rural Mgmt.	30	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Sridhar R	54	Executive V.P. - Human Resources (ITD)	65,82,659	32,83,648	B.Sc., P.G. Dip. in P.M. & I.R.	31	01.06.1982	Nil
Sumant B	49	Services on Loan to Subsidiary Co.	68,76,494	33,59,339	B.E.	27	20.01.1986	Nil
Suresh K S	52	General Counsel	97,58,339	46,75,914	B.A., B.L., P.G.D.P.M., I.R. & L.W.	30	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Tandon R	59	Chief Financial Officer	1,26,83,986	59,18,941	B.Sc., F.C.A.	35	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Venkateswaran Krishnan (Dr.)	53	Chief Scientist - Product Development (PCPB)	64,43,362	40,58,583	B.Sc., M.Sc., Ph.D.	28	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Wanchoo Siddarth	52	General Manager - Marketing (ITD)	60,23,688	29,79,449	B.Com. (Hons.)	32	19.10.1981	Nil

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Report of the Directors

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Employed for a part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month.								
Achar Sudhir (Dr.)	49	Principal Scientist - New Product Development (PCPB)	5,16,145	4,68,147	B.Sc., M.Sc., Ph.D.	25	27.08.2007	Unilever Research Centre, Bangalore, Principal Scientist, Polymers
Ahmad S M	59	Executive V. P. - Marketing (ITD)	51,45,217	25,76,912	M.A.	36	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Balakrishnan K P (Dr.)	60	Principal Scientist - Product Development (PCPB)	12,90,449	11,43,110	B.Sc., M.Sc., Ph. D.	26	02.12.2002	Soma Technologies - Incharge
Banerjea P	60	Executive V.P. - Risk Management & Strategic Initiatives	65,09,567	40,75,770	B.Sc., M.Sc., F.C.A., F.I.C.W.A.	33	01.10.1982	Shaw Wallace & Co. Ltd., Financial Accountant
Bartwal Pradeep	28	Sous Chef (HD)	1,30,203	1,23,258	B.Sc., Dip in Hotel Mgmt. & Catering Technology	5	22.12.2007	Nil
Biswas Supriya	28	Asst. - Technical (PPB)	3,35,200	3,04,695	B. Tech., M.Tech. (Dual Degree)	3	09.06.2009	Nil
Biddappa K C	60	V.P. - Marketing and R & D (ABD - ILTD)	31,28,380	19,53,085	B.Sc. (Ag.)	35	06.02.1978	Nil
Chitteth Rohit G	34	Divisional Manager - Retail Operations (LRBD)	5,51,364	4,89,664	B.Tech., P.G.D.M.	10	01.06.2002	Nil
Das K C Jithin	23	Customer Associate (LRBD)	28,706	27,030	BHM	2	14.03.2011	McDonald, Trainee Manager
Desai G D	62	Senior Executive Chef - ITC Maratha (HD)	25,94,955	16,33,917	Dip. in Hotel Mgmt. & Catering	30	03.06.1982	@
Dixit Amod	31	Front Office Manager (HD)	2,01,130	1,91,154	B.A.	8	15.06.2004	Nil
Dutta Bishnu Pada	60	Chief Manager (PSPD)	7,24,578	5,90,226	D.I.P.L.	39	01.12.2002	Rama Newsprint & Papers Ltd., Sr. Manager
Evans John Wyn	52	Exec. Pastry Chef, ITC Grand Chola (HD)	34,66,111	18,31,986	Cake Design & Decoration., Advanced Pastry & Basic Catering (North Wales)	37	05.09.2011	J W Marriott, Bangkok
Garg Amit	26	Process Engineer - CPD (ITD)	79,256	78,980	M. Tech.	3	09.06.2009	Nil
Gheedia Nitin	27	Project Executive - Electrical	1,37,758	1,32,319	B.E. (Elec.)	4	09.07.2008	Nil
Gourisankar Sathyamurthy	56	Chief Scientist (ITD)	66,55,045	42,03,207	B. E., B. Tech., M.E., M. Tech., Doctorate	25	14.07.2011	Neos Therapeutics, Project Manager
Jayanthi R V	60	Manager- Knowledge Centre	13,04,598	10,40,889	B. Sc., M. Sc.	38	15.07.1974	Nil
Kartek T	27	Asst. Manager - Maintenance (ILTD)	1,08,984	1,01,096	B.E.	6	17.10.2005	Nil
Kedia Jitendra	29	Asst. Manager - Finance	2,46,105	2,30,475	A.C.A.	7	01.10.2008	Singhi & Co., Article Asst.
Khaitan Shonam	28	Asst. Manager - Secondary (ITD)	1,45,720	1,44,014	B. Tech.	5	07.06.2007	Nil
Kumar Amit	33	Finance Superintendent (ITD)	89,688	89,114	B.Com.(Hons.), I.C.W.A.	8	10.07.2006	Baxter India Pvt. Ltd., Accounts Executive
Kumar M	60	V.P. - Corporate Affairs	34,61,918	18,91,444	M. Com., LL.B.	32	01.04.1981	Nil
Lal Manoj Kumar	41	Dy. Manager (PSPD)	1,05,197	88,531	B.Sc., B.Tech.	16	29.09.2010	Biti Graphic Paper Products Ltd., Dy. Manager
Lamba Nikesh	25	Asst. Manager - F & B (HD)	1,19,929	1,13,251	Dip. in Hotel Mgmt. & Catering Technology	4	06.06.2008	Nil
Narayan Vivek	33	Asst. Manager - Finance (ABD)	1,52,418	1,46,712	B.Com., P.E.E.	10	16.05.2005	Article Clerk, Audit
Raghuvanshi Dharmendra Singh	28	Asst. Manager - Projects	2,08,910	2,00,611	B.Tech., M.Tech.	5	07.06.2007	Nil
Ramachandran Varun	27	Asst. Marketing (PPB)	1,29,013	1,20,853	B.E., M.B.A.	2	01.06.2011	B Shankar & Co., Business Associate
Rao A Babu	60	Dy. Manager (PSPD)	5,29,824	4,36,420	L.M.E.	28	03.02.1984	Nil
Ravichandar Raghav	28	Asst. Brand Manager (FD)	1,02,232	1,01,695	B.Com., P.G.D.B.M.	4	10.06.2008	Nil
Reddy M Ramana	33	Officer (PSPD)	1,35,998	1,22,073	B.Sc.	11	18.10.2000	Nil
Sharma Navin Kumar (Dr.)	51	Chief Scientist - Agri Sciences	50,16,321	34,04,936	B.Sc., M.Sc., Ph.D.	24	14.08.2006	Hindustan Lever Ltd., Principal Scientist
S Rajesh	27	Area Executive (ITD)	37,369	37,225	B.Sc., M.B.A.	3	01.07.2009	Nil
Sinha Akhilesh	53	Works Manager (PPB)	7,93,016	5,64,405	B. Tech.	27	01.07.2004	Agro Tech Foods Ltd., Head, Manufacturing
Singh Bhati Satyapal	25	F & B Executive (HD)	56,809	55,099	Dip. in Hotel Mgmt. & Catering Technology	3	07.08.2010	Nil
Sinha Lal Ranjan	60	Manager - Operations (ITD)	31,99,341	16,49,440	B. Sc. (Hons.)	38	08.02.1982	SAIL, Metallurgical Asst.
Sivaprakash K	32	Officer (PSPD)	87,301	76,695	B.Sc., M.Sc.	9	04.01.2010	Triveni Engg. & Industries Ltd., Sr. Chemist
Vishwanadham P V G K	58	Manager - Quality Control (ABD - ILTD)	11,15,440	8,73,537	B. Sc., P.G.D.P.M.	37	18.04.1975	Nil

Abbreviations denote :

ITD	: India Tobacco Division	HD	: Hotels Division
PSPD	: Paperboards & Specialty Papers Division	PPB	: Printing & Packaging Business
LRBD	: Lifestyle Retailing Business Division	ESP	: Education & Stationery Products Business
ABD	: Agri Business Division	PCPB	: Personal Care Products Business
ABD - ILTD	: Agri Business, Leaf Tobacco	LS&T	: Life Sciences & Technology
FD	: Foods Division		

@ Previously employed with ITC Hotels Ltd. which was merged with the Company on March 23, 2005

Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on March 13, 2002

Notes :

- Remuneration includes salary, performance bonus, allowances & other benefits / applicable perquisites except contribution to the approved Group Pension under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it in Section 198 of the Companies Act, 1956.
- Net remuneration comprises cash income less : a) income tax & education cess deducted at source.
b) manager's own contribution to Provident Fund.
- All appointments are/were contractual in accordance with terms and conditions as per Company rules.
- None of the above employees is a relative of any Director of the Company.

On behalf of the Board
Y. C. DEVESHWAR *Chairman*
P. V. DHOBALE *Director*

Kolkata, 17th May, 2013

Annexure to the Report of the Directors

CONSERVATION OF ENERGY:

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT

a) Energy conservation measures taken:

All business units continued their efforts to improve energy usage efficiencies and increase contributions from renewable sources of energy. Various key performance indicators like specific energy (energy consumed per unit of production), specific energy costs and renewable energy contributions were continuously tracked to monitor alignment with the Company's overall carbon strategy. Innovative ways and new technologies were constantly explored to bring about alignment with the Government of India's National Action Plan on Climate Change. Some of the measures adopted across the Company were:

- I. 5 Star GRIHA rating, the highest national rating for Green Buildings in India, for the ITC Grand Chola, the 600-key super premium integrated luxury hotel complex in Chennai, which is also the world's largest LEED Platinum certified Green Hotel.
- II. Improvement in energy usage efficiencies of lighting systems by changing over to higher efficiency lighting solutions such as Light Emitting Diodes and increased daylight harvesting systems.
- III. Reduction in lighting and air conditioning loads by installation of automated controls & sensors.
- IV. Installation of furnace oil atomization system for better combustion efficiency in boilers.
- V. Replacement of existing pumping, compressed air, vacuum and air conditioning systems with higher efficiency equipment.
- VI. Enhanced implementation of schemes for waste heat recovery from processes.

- VII. Recovery of waste heat from chillers for hot water generation.
- VIII. Use of producer gas for baking ovens, which is a by-product of the waste treatment process, in lieu of fossil fuels.
- IX. Replacing DG sets with Uninterrupted Power Systems (UPS) as backup power source.
- X. Installing chilled water condensate recovery systems in Air Handling Units for boiler feed water supply.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- I. Installation of additional wind, solar and bio mass residue based power plants across businesses.
- II. Installation of small hydro electric plants to meet electrical energy demands of ITC facilities in northern India.
- III. Optimization of vacuum system for paper machines.
- IV. Replacement of existing pumps and motors with higher efficiency class systems.
- V. Replacement of existing lighting systems with higher efficiency systems and maximize natural day lighting.
- VI. Install variable frequency drives to match output of drives to changing load patterns and thereby optimize energy consumption.

c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Energy conservation measures taken have resulted in savings in Energy costs and helped partially offset the inflationary trend in fuel / electricity. Significant reductions in specific energy consumption have been recorded across businesses with commensurate reduction in costs. These improvements in specific energy consumption have resulted in a reduction in overall electrical energy consumption exceeding 3 giga watt hours (GWH), across all ITC units. This reduction in turn, combined with the increased usage of renewable energy has correspondingly resulted in reduced GHG emissions.

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

A. POWER AND FUEL CONSUMPTION

Relating to Paperboards & Paper

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
1. Electricity		
a) Purchased Units (KWH in Lakhs)	311	340
Total Amount (₹ in Lakhs)	2614	2259
Rate / Unit (₹)	8.40	6.65
b) Own Generation		
i) Through Diesel Generator		
Units (KWH in Lakhs)	11	5
Units / Litre of Diesel Oil	3.36	3.35
Cost / Unit (₹)	14.36	12.56
ii) Through Wind Turbine / Generator		
Units (KWH in Lakhs)	162.72	—
Cost / Unit (₹)	0.75	—
iii) a) Through Steam Turbine / Generator-Coal Fired Boilers		
Units (KWH in Lakhs)	3742	3796
Units / Kg. of Coal	1.39	1.48
Cost / Unit (₹)	3.63	3.28
b) Through Steam Turbine / Generator - Soda Recovery Boilers		
Units (KWH in Lakhs)	2596	2419
Units / Kg. of Black Liquor Solids	0.44	0.43
Cost / Unit (₹)		
	Nil - Internally generated #	

since it is a by-product and no significant value is attributable to it.

	For the Year ended 31st March, 2013			For the Year ended 31st March, 2012		
	Process	Power	Total	Process	Power	Total
2. Coal						
B/C/D/E/F Grades Coal						
Quantity (MT)	421728	269934	691662	364802	256091	620893
Total Cost (₹ in Lakhs)			17852			15002
Average Rate (₹ per MT)			2580.98			2416.25
3. Furnace Oil						
Quantity (KL)			6567			8240
Total Amount (₹ in Lakhs)			2917			3340
Average Rate (₹ per KL)			44427			40537
4. Others/Internal Generation De Oiled Bran, Saw Dust etc.						
Quantity (MT)			131311			148397
Total (₹ in Lakhs)			2188			2794
Rate / tonne (₹)			1666			1883
Black Liquor Solids						
Quantity (MT)			591091			569024
Total (₹ in Lakhs)			Nil - Internally generated #			
Rate / tonne (₹)			Nil - Internally generated #			
# since it is a by-product and no significant value is attributable to it						
LP Gas						
Quantity (MT)			1277			1228
Total (₹ in Lakhs)			845			684
Rate / tonne (₹)			66159			55722

B. CONSUMPTION PER UNIT OF PRODUCTION

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Products (Paper in MT)	653190	622880
Electricity (KWH)	1027	1026
Coal C / F Grade (MT)	0.70	0.64
Black Liquor Solids (MT)	0.90	0.91
Furnace Oil (Litre)	12	16
Others - De Oiled Rice Bran / Saw Dust / Raw Lignite / LP Gas etc. (MT)	0.17	0.18

TECHNOLOGY ABSORPTION

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

Research & Development

1. Specific areas in which R&D was carried out by your Company :

- I. Method Development and Quality Assurance for packaged foods, viz. biscuits, chips.
- II. Development of Innovative washes and surface Treatments for Denim Collection.
- III. Development of blends for flat knits in garments.
- IV. Development of new products such as face washes, skin creams / lotions and men's grooming products.
- V. Development of sustainable Agro-forestry models for food and wood security.
- VI. Vertical growth for farm prosperity through the use of Hybrids and stress tolerant varieties.

2. Benefits derived as a result of the above R&D :

- I. Improved Consumer benefits and development of products with unique value propositions.
- II. Differentiated products and enhanced Market standing.

- III. Sustained availability of pulpwood for the expanding business.
- IV. Improved farm productivity in Eucalyptus, Casuarina and Tobacco leading to higher returns to farmers.

3. Future Plan of Action :

- I. Enhanced analytical capabilities with more areas under ISO 17025 accreditation.
- II. Enhanced packaging through eco-friendly materials.
- III. Product development with nutritional and health benefits in the packaged foods and Personal care business.

	For the year ended 31st March, 2013
4. Expenditure on R&D :	(₹ in Lakhs)
i) Capital	1,414.83
ii) Recurring	10,922.16
Total	<u>12,336.99</u>
Total R&D Expenditure as a % of	
– Gross Revenue	0.30%
– Net Revenue	0.42%

Technology Absorption, Adoption and Innovation

- I. Establishment of wind energy farms in Karnataka.
- II. Induction of state of the art printing and conversion equipment for packaging.
- III. IT based systems for guest convenience in the Hotels.
- IV. Induction of contemporary technology and continuous improvement projects across businesses towards reducing process variability, cycle time and wastage while enhancing manufacturing productivity.

Benefits Derived

- I. Reduction in carbon foot print through fuel conservation / switch and reduction in emissions.
- II. Customer delight for Hotel guests.
- III. Improved productivity and process control.
- IV. World-class quality and differentiated products.

On behalf of the Board

**Kolkata,
17th May 2013**

Y. C. DEVESHWAR *Chairman*
P. V. DHOBALÉ *Director*

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE
LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

Certificate

To the Members of
ITC Limited

We have examined the compliance of conditions of Corporate Governance by ITC Limited for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)

P. R. Ramesh
Partner
(Membership No. 70928)

Kolkata, 17th May, 2013

CEO and CFO Certification

We, Y. C. Deveshwar, Chairman, P. V. Dhobale, Executive Director and R. Tandon, Chief Financial Officer certify that :

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

R. TANDON *Chief Financial Officer*

P. V. DHOBALÉ *Executive Director*

Y. C. DEVESHWAR *Chairman*

Kolkata,
17th May, 2013

Balance Sheet as at 31st March, 2013

	Note	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	790.18		781.84	
Reserves and surplus	2	21497.67	22287.85	18010.05	18791.89
Non-current liabilities					
Long-term borrowings	3	66.40		77.32	
Deferred tax liabilities (Net)	4	1203.72		872.72	
Other Long term liabilities	5	3.11		12.94	
Long-term provisions	6	125.62	1398.85	107.12	1070.10
Current liabilities					
Short-term borrowings	7	–		1.77	
Trade payables		1668.98		1449.22	
Other current liabilities	8	3528.62		3371.27	
Short-term provisions	9	5133.13	10330.73	4303.95	9126.21
TOTAL		34017.43		28988.20	
ASSETS					
Non-current assets					
Fixed assets	10				
Tangible assets		11118.55		8983.66	
Intangible assets		90.79		115.53	
Capital work-in-progress - Tangible assets		1472.80		2269.26	
Intangible assets under development		14.99		7.49	
		12697.13		11375.94	
Non-current investments	11	2000.86		1953.28	
Long-term loans and advances	12	1727.97	16425.96	1195.93	14525.15
Current assets					
Current investments	13	5059.43		4363.31	
Inventories	14	6600.20		5637.83	
Trade receivables	15	1163.34		982.37	
Cash and bank balances	16	3615.00		2818.93	
Short-term loans and advances	17	512.14		519.43	
Other current assets	18	641.36	17591.47	141.18	14463.05
TOTAL		34017.43		28988.20	

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

P. R. RAMESH
Partner

Kolkata, 17th May, 2013

On behalf of the Board

P. V. DHOBALE

Director

Y. C. DEVESHWAR

Chairman

R. TANDON Chief Financial Officer

B. B. CHATTERJEE Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2013

	Note	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
Gross Income	19	43044.21	36046.23
Gross Revenue from sale of products and services	20	41809.82	34871.86
Less: Excise Duty		12204.24	10073.43
Net Revenue from sale of products and services		29605.58	24798.43
Other operating revenue		295.69	349.03
Revenue from operations	21	29901.27	25147.46
Other income	22	938.70	825.34
Total Revenue		30839.97	25972.80
Expenses			
Cost of materials consumed	23	8936.21	7659.81
Purchases of Stock-in-Trade	24	3375.92	2037.21
Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and Intermediates	25	(246.35)	(65.59)
Employee benefits expense	26	1387.01	1257.62
Finance costs	27	86.47	77.92
Depreciation and amortisation expense		795.56	698.51
Other expenses	28	5820.97	5409.79
Total Expenses		20155.79	17075.27
Profit before tax		10684.18	8897.53
Tax expense:			
Current tax	29	2934.79	2664.29
Deferred tax	30	331.00	70.87
Profit for the year		7418.39	6162.37
Earnings per share (Face Value ₹ 1.00 each)	31 (i)		
Basic		₹ 9.45	₹ 7.93
Diluted		₹ 9.33	₹ 7.84

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants
P. R. RAMESH
Partner

Kolkata, 17th May, 2013

On behalf of the Board

P. V. DHOBALE Director Y. C. DEVESHWAR Chairman
R. TANDON Chief Financial Officer B. B. CHATTERJEE Company Secretary

Cash Flow Statement for the year ended 31st March, 2013

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	10684.18	8897.53
ADJUSTMENTS FOR :		
Depreciation and Amortisation Expense	795.56	698.51
Finance costs	86.47	77.92
Interest Income	(355.48)	(309.41)
Dividend Income from Long Term Investments	(123.96)	(100.51)
Dividend Income from Current Investments	(186.54)	(198.40)
Loss on Sale of Fixed Assets - Net	23.73	11.62
Net gain on sale of Current Investments	(146.02)	(76.04)
Gain on sale of Long Term Investments	(121.62)	(137.25)
Doubtful and Bad Debts	7.49	9.63
Doubtful and Bad Advances, Loans and Deposits	0.30	2.46
Excess of Carrying Cost over Fair Value of Current Investments - Net	-	5.74
Excess of Cost of Current Investments over Fair Value, reversed - Net	(25.80)	-
Foreign Currency translations and transactions - Net	7.36	(12.42)
	(38.51)	(28.15)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	10645.67	8869.38
ADJUSTMENTS FOR :		
Trade Receivables, Loans and Advances and Other Assets	(421.14)	(400.67)
Inventories	(962.37)	(368.66)
Trade Payables, Other Liabilities and Provisions	334.08	233.51
	(1049.43)	(535.82)
CASH GENERATED FROM OPERATIONS	9596.24	8333.56
Income Tax Paid	(2886.35)	(2317.97)
NET CASH FROM OPERATING ACTIVITIES	6709.89	6015.59
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2097.66)	(2303.56)
Sale of Fixed Assets	7.73	55.93
Purchase of Current Investments	(69881.72)	(49434.60)
Sale/Redemption of Current Investments	69376.31	49150.72
Purchase of Long Term Investments from Subsidiary	(9.97)	(297.16)
Investment in Joint Ventures	-	(37.88)
Investment in Subsidiaries	(50.43)	(82.30)
Sale of Long Term Investments	134.44	164.61
Dividend Income from Long Term Investments Received	123.96	100.51
Dividend Income from Current Investments Received	186.54	198.40
Interest Received	263.89	283.72
Investment in bank deposits (original maturity more than 3 months)	(3397.39)	(2482.13)
Redemption / Maturity of bank deposits (original maturity more than 3 months)	2513.02	2148.17
Investment in deposits with financial institutions	(425.00)	-
Loans Given	(1179.20)	(410.73)
Loans Realised	854.70	402.15
NET CASH USED IN INVESTING ACTIVITIES	(3580.78)	(2544.15)

Cash Flow Statement for the year ended 31st March, 2013

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	922.31	764.99
Proceeds from Long Term Borrowings	0.35	0.77
Repayment of Long Term Borrowings	(10.03)	(10.68)
Net increase / (decrease) in Cash / Export Credit Facilities	(1.77)	(0.17)
Interest Paid	(70.14)	(16.79)
Net increase in Statutory Restricted Accounts Balances	15.16	16.83
Dividend Paid	(3518.29)	(3443.47)
Income Tax on Dividend Paid	(570.14)	(558.03)
NET CASH USED IN FINANCING ACTIVITIES	(3232.55)	(3246.55)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(103.44)	224.89
OPENING CASH AND CASH EQUIVALENTS	259.34	34.45
CLOSING CASH AND CASH EQUIVALENTS	155.90	259.34

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 :**

Cash and Cash Equivalents as above	155.90	259.34
Other bank balances	3459.11	2559.58
Unrealised Gain/(Loss) on Foreign Currency Cash and Cash Equivalents	(0.01)	0.01
Cash and bank balances (Note 16)	<u>3615.00</u>	<u>2818.93</u>

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

P. R. RAMESH
Partner

Kolkata, 17th May, 2013

On behalf of the Board

P. V. DHOBALE

Director

Y. C. DEVESHWAR

Chairman

R. TANDON Chief Financial Officer

B. B. CHATTERJEE Company Secretary

Notes to the Financial Statements

	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (₹ in Crores)
1. Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	10,00,00,00,000	1000.00	10,00,00,00,000	1000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	7,90,18,33,110	790.18	7,81,84,24,300	781.84
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	7,81,84,24,300	781.84	7,73,81,44,280	773.81
Add: Issue of Shares on exercise of Options	8,34,08,810	8.34	8,02,80,020	8.03
As at end of the year	7,90,18,33,110	790.18	7,81,84,24,300	781.84
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 %	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 %
Tobacco Manufacturers (India) Limited	1,98,55,64,880	25.13	1,98,55,64,880	25.39
Life Insurance Corporation of India	96,18,42,593	12.17	93,87,40,442	12.01
Specified Undertaking of the Unit Trust of India	89,67,24,540	11.35	89,67,22,590	11.47
C) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2013 (No. of Shares)	2012 (No. of Shares)		
Bonus Shares issued in 2010-11	3,82,67,01,530	3,82,67,01,530		
D) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
E) Shares reserved for issue under Options				
	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2012 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	25,06,80,820	27,20,11,920		

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010.

The vesting period for conversion of Options is as follows:

On completion of 12 months from the date of grant of the Options:	30% vests
On completion of 24 months from the date of grant of the Options:	30% vests
On completion of 36 months from the date of grant of the Options:	40% vests

The Options have been granted at the 'market price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
2. Reserves and surplus		
Capital Reserve		
At the beginning and at the end of the year	2.48	2.48
Capital Redemption Reserve		
At the beginning and at the end of the year	0.30	0.30
Securities Premium Account		
At the beginning of the year	2562.27	1805.31
Add: On issue of Shares	<u>913.97</u>	<u>756.96</u>
At the end of the year	3476.24	2562.27
Revaluation Reserve		
At the beginning of the year	53.05	53.34
Less: Depreciation	0.30	0.26
On disposal of Fixed Assets	<u>...</u>	<u>0.03</u>
At the end of the year	52.75	53.05
Contingency Reserve		
At the beginning and at the end of the year	363.05	363.05
General Reserve		
At the beginning of the year	13056.31	12406.31
Add: Transfer from Surplus in Statement of Profit and Loss	<u>750.00</u>	<u>650.00</u>
At the end of the year	13806.31	13056.31
Foreign Currency Translation Reserve		
At the beginning of the year	-	-
Add: Exchange differences during the year	<u>8.44</u>	<u>-</u>
At the end of the year	8.44	-
Surplus in Statement of Profit and Loss		
At the beginning of the year	1972.59	548.67
Add: Profit for the Year	7418.39	6162.37
Less: Transfer to General Reserve	750.00	650.00
Proposed Dividend [₹ 5.25 (2012 - ₹ 4.50) per share]	4148.46	3518.29
Income Tax on Proposed Dividend		
- Current Year	705.03	570.75
- Earlier year's provision no longer required	<u>(0.61)</u>	<u>(0.59)</u>
At the end of the year	3788.10	1972.59
TOTAL	<u>21497.67</u>	<u>18010.05</u>

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
3. Long-term borrowings		
Unsecured		
Term loans from Banks	0.02	0.12
Deferred payment liabilities		
Sales tax deferment loans	66.38	77.20
TOTAL	66.40	77.32

Term loans from Banks

Repayable in equated periodic instalments upto a 5 year period from the date of respective loan. These are repayable by 2014-15 and carry an interest of 11.25% p.a.

Sales tax deferment loans

Repayable after a period of 10 to 14 years from the end of the month of respective loans. These are repayable by 2025-26 and are interest free.

The scheduled maturity of the Long-term borrowings are summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Note 8)	0.10	11.17	0.76	9.27
Current maturities of long-term debt	0.10	11.17	0.76	9.27
In the second year	0.02	15.38	0.10	11.17
In the third to fifth year	–	33.00	0.02	40.55
After five years	–	18.00	–	25.48
Long-term borrowings	0.02	66.38	0.12	77.20

4. Deferred tax liabilities (Net)

Deferred tax liabilities

On fiscal allowances on fixed assets	1208.99	1047.66
On excise duty on closing stock	490.57	245.01
Other timing differences	6.69	4.30
	1706.25	1296.97

Deferred tax assets

On employees' separation and retirement etc.	48.89	55.78
On provision for doubtful debts/advances	12.01	10.18
On State and Central taxes etc.	408.83	334.74
Other timing differences	32.80	23.55
	502.53	424.25

TOTAL	1203.72	872.72
--------------	----------------	---------------

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
5. Other Long term liabilities		
Trade payables	1.32	–
Sundry deposits	0.03	0.62
Others (Includes retention monies payable towards fixed assets)	1.76	12.32
TOTAL	3.11	12.94

6. Long-term provisions		
Provision for employee benefits		
Retirement benefits	61.31	54.35
Other benefits	64.31	52.77
TOTAL	125.62	107.12

7. Short-term borrowings		
Secured		
Loans from Banks		
Cash credit facilities	–	1.77
TOTAL	–	1.77

Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future.

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
8. Other current liabilities		
Current maturities of long-term debt (Note 3)	11.27	10.03
Interest accrued but not due on borrowings	0.03	0.03
Unpaid dividend *	95.92	80.76
Unpaid matured deposits and interest accrued thereon
Unpaid matured debentures / bonds and interest accrued thereon **	0.32	0.32
Sundry deposits	33.01	30.46
Other payables	3388.07	3249.67
TOTAL	3528.62	3371.27

* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 206A of the Companies Act, 1956, or such amounts in respect of which Prohibitory / Attachment Orders are on record with the Company.

** Represents amounts which are subject matter of pending legal disputes, details in respect of which are on record with the Company, including an amount of ₹ 0.30 Crore (2012 - ₹ 0.30 Crore) maintained with a bank for which the Company has filed a suit.

Other payables comprise:

Payables for fixed assets	295.94	249.79
Statutory liabilities	2161.70	1900.50
Advances received from customers	685.23	750.48
Others	245.20	348.90
TOTAL	3388.07	3249.67

9. Short-term provisions		
Current portion of long-term employee benefits		
Retirement benefits	33.05	16.99
Other benefits	13.00	12.77
Current taxation (net of advance payment)	232.04	183.60
Fringe benefit tax (net of advance payment)	1.55	1.55
Proposed dividend	4148.46	3518.29
Income tax on proposed dividend	705.03	570.75
TOTAL	5133.13	4303.95

Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block				Depreciation and Amortisation				Net Book Value					
	@ As at 31st March, 2011	Additions	Withdrawals and adjustments	@ As at 31st March, 2012	Additions	Withdrawals and adjustments	@ As at 31st March, 2013	Upto 31st March, 2011	On Withdrawals and adjustments For the year	Upto 31st March, 2012	On Withdrawals and adjustments For the year	Upto 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Tangible assets														
Land														
Freehold	848.71	241.94	26.20	1064.45	3.76	15.96	1052.25	-	-	-	-	1052.25	1064.45	848.71
Leasehold	209.80	0.43	-	210.23	2.62	(14.89)	227.74	8.14	2.40	10.54	0.92	216.28	199.69	201.66
Buildings														
Freehold	2365.90	207.34	5.45	2567.79	994.68	0.24	3562.23	367.19	55.88	420.64	68.64	3073.14	2147.15	1988.71
Licensed Properties - Building Improvement	46.79	5.59	0.70	51.68	7.37	2.49	56.56	21.13	5.55	26.54	7.00	31.68	24.88	25.14
Plant and Equipment	8431.29	980.97	84.87	9327.39	1706.73	108.95	10925.17	3566.98	548.26	4058.57	629.87	4600.85	6324.32	5268.82
Furniture and Fixtures	460.40	20.70	8.24	472.86	182.93	11.44	644.35	251.98	26.73	271.71	39.51	301.44	201.15	208.42
Vehicles	70.02	29.70	12.36	87.36	20.55	10.58	97.33	22.45	7.21	23.34	8.82	26.87	70.46	47.57
Office Equipment	17.97	2.75	0.88	19.84	2.80	1.61	21.03	6.68	1.32	7.35	1.13	7.39	13.64	11.29
Railway Sidings etc.	1.72	-	-	1.72	-	-	1.72	0.82	0.15	0.97	0.08	1.05	0.75	0.90
TOTAL	12452.60	1489.42	138.70	13803.32	2921.44	136.38	16588.38	4245.37	647.50	4819.66	755.97	5469.83	11118.55	8207.23
Capital work-in-progress	1322.60	2173.34	1226.68	2269.26	2131.22	2927.68	1472.80	-	-	-	-	-	1472.80	1322.60
TOTAL	13775.20	3662.76	1365.38	16072.58	5052.66	3064.06	18061.18	4245.37	647.50	4819.66	755.97	5469.83	12591.35	9529.83
Intangible assets (acquired)														
Goodwill	4.90	-	-	4.90	-	-	4.90	4.90	-	4.90	-	4.90	-	-
Trademarks	6.04	-	-	6.04	-	-	6.04	5.40	0.58	5.98	0.03	6.01	0.03	0.64
Computer Software	240.56	17.96	1.42	257.10	15.15	0.18	272.07	119.43	44.27	162.55	33.92	196.29	75.78	121.13
Know-how, Business and Commercial Rights	61.76	11.23	-	72.99	-	-	72.99	45.65	6.42	52.07	5.94	58.01	14.98	16.11
TOTAL	313.26	29.19	1.42	341.03	15.15	0.18	356.00	175.38	51.27	225.50	39.89	265.21	115.53	137.88
Intangible assets under development	10.80	22.99	26.30	7.49	22.52	15.02	14.99	-	-	-	-	-	14.99	10.80
TOTAL	324.06	52.18	27.72	348.52	37.67	15.20	370.99	175.38	51.27	225.50	39.89	265.21	105.78	148.68

The above includes following assets given on operating lease:

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Gross Block	Accumulated Depreciation	Gross Block	Accumulated Depreciation
Buildings	9.12	4.78	4.34	3.69
Plant and Equipment	278.95	169.48	109.47	156.17
TOTAL	288.07	174.26	113.81	159.86

@ Original Cost / Professional Valuation as at 30th June, 1986

Land Freehold includes the provisional purchase price of (a) ₹ 17.29 Crores (2012 - ₹ 17.29 Crores) in respect of land at Bengaluru. Final purchase price is to be determined by the Karnataka Industrial Areas Development Board, on settlement of which and on execution of a Sale Deed, title will pass to the Company in 21 years time from the date of agreement (b) ₹ 8.92 Crores (2012 - ₹ 8.92 Crores) in respect of land at Mysore for which sale deed has been executed by the Karnataka Industrial Areas Development Board, yet to be registered.

Land Freehold includes certain lands at Munger which stood vested with the State of Bihar under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.

Litigation relating to the ITC Windsor land is pending. In the opinion of the management based upon legal advice, the Company's title to the property is tenable.

Buildings Freehold includes ₹ 891.73 Crores (2012 - ₹ 770.24 Crores), aggregate cost of building on leasehold land situated at various locations.

Trademarks are being amortised over 10 years.

Out of the total amount of "Know-how, Business and Commercial Rights" aggregating ₹ 72.99 Crores (2012 - ₹ 72.99 Crores) :-

- ₹ 59.97 Crores (2012 - ₹ 59.97 Crores) acquired in earlier years and have been amortised over 10 years.

- ₹ 8.05 Crores (2012 - ₹ 8.05 Crores) acquired in earlier years and have been amortised over 5 years.

- ₹ 4.97 Crores (2012 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.

Depreciation for the year includes ₹ 0.30 Crore (2012 - ₹ 0.26 Crore) transferred from Revaluation Reserve in respect of revalued assets.

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)		
	Quoted	Unquoted	Quoted	Unquoted	
11. Non-current investments (at cost unless stated otherwise)					
Long Term					
A. TRADE INVESTMENTS					
INVESTMENT IN EQUITY INSTRUMENTS					
In Subsidiaries					
Gold Flake Corporation Limited 1,59,98,385 Equity Shares of ₹ 10.00 each, fully paid		16.00		16.00	
Wills Corporation Limited 48,85,626 Equity Shares of ₹ 10.00 each, fully paid		4.88		4.88	
Russell Credit Limited 59,74,54,177 Equity Shares of ₹ 10.00 each, fully paid 7,54,22,400 Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid		619.29 39.22		619.29 39.22	
ITC Infotech India Limited 8,52,00,000 Equity Shares of ₹ 10.00 each, fully paid		85.14		85.14	
Landbase India Limited 5,00,00,000 Equity Shares of ₹ 10.00 each, fully paid		58.57		58.57	
ITC Global Holdings Pte. Limited (in liquidation) 89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully provided)		–		–	
BFIL Finance Limited 2,00,00,000 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 20.00 Crores, fully provided)		–		–	
Surya Nepal Private Limited 1,18,94,400 Ordinary Shares of Nepalese Rupees 100.00 each, fully paid		10.15		10.15	
Srinivasa Resorts Limited 1,63,20,477 Equity Shares of ₹ 10.00 each, fully paid		18.53		18.53	
Fortune Park Hotels Limited 4,50,008 Equity Shares of ₹ 10.00 each, fully paid		0.45		0.45	
Bay Islands Hotels Limited 11,875 Equity Shares of ₹ 100.00 each, fully paid		0.12		0.12	
King Maker Marketing, Inc. 204 Shares of Common Stock with no par value		10.23		10.23	
Wimco Limited 18,24,76,340 Equity Shares of ₹ 1.00 each, fully paid		114.33		114.33	
Technico Pty Limited 2,26,06,065 Ordinary Shares with no par value		108.72		108.72	
WelcomHotels Lanka (Private) Limited 37,65,000 Shares with no par value		15.93		–	
ITC Investments & Holdings Limited 45,00,000 Equity Shares of ₹ 10.00 each, fully paid		4.50		–	
In Associates					
International Travel House Limited 2,87,600 Equity Shares of ₹ 10.00 each, fully paid		0.65		0.65	
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid		1.94		1.94	
In Joint Ventures					
Espirit Hotels Private Limited 4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid		46.51		46.51	
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid		0.90		0.90	
Logix Developers Private Limited 68,23,243 Equity Shares of ₹ 10.00 each, fully paid		36.84		36.84	
	Carried over	2.59	1190.31	2.59	1169.88

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise) (Contd.)				
Brought forward	2.59	1190.31	2.59	1169.88
TRADE INVESTMENTS (Contd.)				
In Others				
VST Industries Limited 476 (2012 - 1,72,501) Equity Shares of ₹ 10.00 each, fully paid	0.01		2.86	
Hotel Leelaventure Limited 4,99,53,055 Equity Shares of ₹ 2.00 each, fully paid	184.23		184.23	
EIH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	392.29		392.29	
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of ₹ 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.04.1989 (cost ₹ 1.19 Crores, fully provided)		–		–
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
INVESTMENT IN PREFERENCE SHARES				
In Subsidiaries				
Wimco Limited 50,00,000 Zero Coupon Redeemable Preference Shares of ₹ 100.00 each, fully paid		50.00		50.00
Landbase India Limited 1,79,00,000 (2012 - 1,49,00,000) Redeemable Preference Shares of ₹ 100.00 each, fully paid		179.00		149.00
INVESTMENT IN DEBENTURES				
In Subsidiaries				
BFIL Finance Limited 15,00,000 - 18.5% Non - Convertible Debentures of ₹ 100.00 each, renewed at 0% (cost ₹ 15.00 Crores, fully provided)		–		–
B. OTHER INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.05		0.05	
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Woodlands Multispeciality Hospital Limited 13,050 Equity Shares of ₹ 10.00 each, fully paid		0.01		–
INVESTMENT IN DEBENTURES				
Woodlands Multispeciality Hospital Limited 1/2% Registered Debentures, fully paid (cost ₹ 15200.00) 5% Registered Debentures, fully paid		–		...
		–		0.01
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
Government Securities (cost ₹ 76000.00)		0.01		0.01
Aggregate amount of quoted and unquoted Investments	579.17	1421.69	582.02	1371.26
Total Non-current investments		2000.86		1953.28

Aggregate market value of quoted investments ₹ 620.47 Crores (2012 - ₹ 957.56 Crores).
Aggregate provision for diminution in value ₹ 61.77 Crores (2012 - ₹ 61.77 Crores).

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
12. Long-term loans and advances		
Capital advances		
Unsecured, considered good	285.40	302.80
Security deposits		
Unsecured, considered good	593.35	461.97
Doubtful	2.96	3.13
	<u>596.31</u>	<u>465.10</u>
Less: Provision for doubtful deposits	<u>2.96</u>	<u>3.13</u>
	593.35	461.97
Loans and advances to Related Parties		
Security deposits - unsecured, considered good	50.37	50.46
Loans and advances - secured, considered good	89.07	106.88
Loans and advances - unsecured, considered good	391.09	0.41
Loans and advances - doubtful	32.55	32.55
	<u>563.08</u>	<u>190.30</u>
Less: Provision for doubtful loans and advances	<u>32.55</u>	<u>32.55</u>
	530.53	157.75
Other loans and advances (Comprise loans to employees, prepaid expenses, advances with statutory authorities etc.)		
Unsecured, considered good	318.69	273.41
Doubtful	15.46	15.41
	<u>334.15</u>	<u>288.82</u>
Less: Provision for doubtful loans and advances	<u>15.46</u>	<u>15.41</u>
	318.69	273.41
TOTAL	<u>1727.97</u>	<u>1195.93</u>

Loans and advances to Related Parties include loans to Directors and Company Secretary ₹ 0.25 Crore (2012 - ₹ 0.41 Crore) and deposit with Director - Nil (2012 - ₹ 0.04 Crore). Refer Note 33.

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value)				
Investment in Preference Shares				
ICICI Bank Limited 310 Non-Cumulative, Non-Participating, Non-Voting, Preference Shares of ₹ 10000000.00 each, fully paid		160.94		134.99
Investment in Bonds				
Indian Railway Finance Corporation Limited 10,000 6.30% Tax Free Bonds of ₹ 100000.00 each, fully paid 10,00,000 7.18% Tax Free Bonds of ₹ 1000.00 each, fully paid 4,35,012 8.00% Tax Free Bonds of ₹ 1000.00 each, fully paid	100.00 43.50	93.46	– 43.50	93.46
India Infrastructure Finance Company Limited 43,570 (2012 - 43,070) 6.85% Tax Free Bonds (22/01/2014) of ₹ 100000.00 each, fully paid 3,000 6.85% Tax Free Bonds (20/03/2014) of ₹ 100000.00 each, fully paid		429.87 29.57		424.91 29.57
Power Finance Corporation Limited 1,500 8.09% Tax Free Bonds (25/11/2021) of ₹ 100000.00 each, fully paid 1,00,000 8.20% Tax Free Bonds (1/02/2022) of ₹ 1000.00 each, fully paid	10.53	15.67	–	–
National Housing Bank 1,03,785 Zero Coupon Bonds 2018 of ₹ 10000.00 each, fully paid		61.85		56.79
National Bank for Agriculture and Rural Development 4,100 Zero Coupon Bhavishya Nirman Bonds 2017 of ₹ 20000.00 each, fully paid 1,41,270 Zero Coupon Bhavishya Nirman Bonds 2017 of ₹ 20000.00 each, fully paid		5.55 167.57		5.10 153.83
National Highways Authority of India 4,94,476 8.20% Tax Free Bonds of ₹ 1000.00 each, fully paid	49.45		49.45	
Rural Electrification Corporation Limited 30,00,000 7.22% Tax Free Bonds of ₹ 1000.00 each, fully paid	300.00		–	
Investment in Mutual Funds				
Axis Fixed Term Plan - Series 20 (3 Months) - Dividend Payout Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Birla Sun Life Fixed Term Plan - Series EB - Growth Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
Birla Sun Life Fixed Term Plan - Series FA - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Birla Sun Life Fixed Term Plan - Series GO (369 days) - Growth 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Birla Sun Life Fixed Term Plan - Series EW - Growth Nil (2012 - 4,50,00,000) Units of ₹ 10.00 each	–		45.00	
Birla Sun Life Quarterly Interval Fund - Series 4 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Fixed Maturity Plan - Series EU - Dividend Payout Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Birla Sun Life Short Term Fixed Maturity Plan - Series 30 - Dividend Payout Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
Birla Sun Life Fixed Term Plan - Series GB - Growth (541 Days) 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
Birla Sun Life Fixed Term Plan - Series GQ (367 Days) - Growth 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Birla Sun Life Fixed Maturity Plan - Series DS - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Birla Sun Life Interval Income Fund - Annual Plan 2 - Growth 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
Birla Sun Life Short Term Fixed Maturity Plan - Series 22 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Fixed Term Plan - Series DT - Growth Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Carried over	563.48	964.48	342.95	898.65

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	563.48	964.48	342.95	898.65
Investment in Mutual Funds (Contd.)				
Birla Sun Life Fixed Term Plan - Series FU - Dividend (366 Days) - Payout 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
Birla Sun Life Fixed Term Plan - Series FV - Growth (367 Days) 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
Birla Sun Life Fixed Term Plan - Series DY - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Fixed Term Plan - Series EE - Dividend - Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Fixed Term Plan - Series EM - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Birla Sun Life Floating Rate Long Term - Daily Dividend - Regular Plan - Reinvestment 77,01,889 (2012 - Nil) Units of ₹ 100.00 each		77.14		–
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan - Reinvestment 25,74,992 (2012 - Nil) Units of ₹ 100.00 each		25.78		–
Birla Sun Life Savings Fund - Growth - Regular Plan 23,17,351 (2012 - Nil) Units of ₹ 100.00 each		50.00		–
Birla Sun Life Short Term Fixed Maturity Plan - Series 29 - Dividend Payout Nil (2012 - 2,70,00,000) Units of ₹ 10.00 each	–		27.00	
Birla Sun Life Short Term Fixed Maturity Plan - Series 23 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Canara Robeco Fixed Maturity Plan Series 7 - Plan A - Growth Plan Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Canara Robeco Interval Series - 2 - Quarterly Plan 2 - Institutional Dividend Fund Nil (2012 - 99,97,501) Units of ₹ 10.00 each	–		10.00	
Canara Robeco Treasury Advantage Fund - Regular Daily Dividend 2,07,239 (2012 - Nil) Units of ₹ 1000.00 each		25.71		–
DSP BlackRock Fixed Maturity Plan - Series 93 - 12M - Dividend - Quarterly Payout 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
DSP BlackRock Fixed Maturity Plan - 12M - Series 34 - Dividend Payout Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 12 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 16 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 23 - Growth Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 29 - Dividend Payout Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 30 - Dividend Payout Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 32 - Growth Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
DSP BlackRock Fixed Maturity Plan - Series 81 - 12M - Dividend - Quarterly Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
DSP BlackRock Fixed Maturity Plan - Series 82 - 12M - Dividend - Quarterly Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
DSP BlackRock Fixed Maturity Plan - 12M - Series 36 - Dividend Payout Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Carried over	653.48	1143.11	609.95	898.65

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	653.48	1143.11	609.95	898.65
Investment in Mutual Funds (Contd.)				
DSP BlackRock Fixed Maturity Plan - 3M - Series 33 - Dividend Payout Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
DSP BlackRock Fixed Maturity Plan - Series 84 - 12M - Growth 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend Nil (2012 - 4,99,966) Units of ₹ 1000.00 each		–		50.01
DSP BlackRock Money Manager Fund - Regular Plan - Dividend 2,50,691 (2012 - Nil) Units of ₹ 1000.00 each		25.07		–
DSP BlackRock Money Manager Fund - Regular Plan - Growth 6,50,951 (2012 - Nil) Units of ₹ 1000.00 each		100.00		–
DSP BlackRock Strategic Bond Fund - Institutional Plan - Daily Dividend 7,63,250 (2012 - Nil) Units of ₹ 1000.00 each		76.86		–
DSP BlackRock Strategic Bond Fund - Monthly Dividend Nil (2012 - 2,44,500) Units of ₹ 1000.00 each		–		25.24
DSP BlackRock Fixed Maturity Plan - 3M - Series 40 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 42 - Dividend Payout Nil (2012 - 3,50,00,000) Units of ₹ 10.00 each	–		35.00	
DSP BlackRock Fixed Maturity Plan - Series 43 - 12M - Growth 1,50,00,000 Units of ₹ 10.00 each	15.00		15.00	
DSP BlackRock Fixed Maturity Plan - Series 87 - 12M - Growth 4,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	40.00		–	
DSP BlackRock Fixed Maturity Plan - Series 37 - 13M - Dividend Payout 2,00,00,000 Units of ₹ 10.00 each	20.00		20.00	
DSP BlackRock Fixed Maturity Plan - Series 86 - 12M - Growth 4,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	45.00		–	
DWS Fixed Maturity Plan - Series 28 - Regular Dividend - Payout 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
DWS Fixed Maturity Plan - Series 18 - Quarterly Dividend Plan - Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
DWS Fixed Maturity Plan - Series 24 - Growth 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
DWS Fixed Maturity Plan - Series 5 - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DWS Fixed Maturity Plan - Series 1 - Dividend Plan Payout Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
DWS Short Maturity Fund - Quarterly Dividend - Reinvestment 7,21,58,034 (2012 - Nil) Units of ₹ 10.00 each	75.65		–	
DWS Ultra Short Term Fund - Institutional Plan - Dividend - Reinvestment 10,00,72,130 (2012 - Nil) Units of ₹ 10.00 each	100.07		–	
BNP Paribas Money Plus Fund - Growth 5,28,96,512 Units of ₹ 10.00 each		71.23		71.23
HDFC Annual Interval Fund Series 1 - Plan A - Growth 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment Nil (2012 - 7,43,22,138) Units of ₹ 10.00 each		–		79.05
HDFC Fixed Maturity Plan 370D March 2012 (1) - Growth - Series XXI Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Fixed Maturity Plan 371D December 2012 (1) - Growth - Series 23 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Fixed Maturity Plan 371D November 2012 (1) - Flexi - Series 23 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
Carried over	1089.20	1416.27	764.95	1124.18

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1089.20	1416.27	764.95	1124.18
Investment in Mutual Funds (Contd.)				
HDFC Fixed Maturity Plan 371D November 2012 (2) - Flexi - Series 23 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Fixed Maturity Plan 372D January 2013 (3) Series 23 - Growth 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
HDFC Fixed Maturity Plan 372D January 2013 (2) Series 23 - Regular - Growth 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth 7,76,03,057 (2012 - Nil) Units of ₹ 10.00 each		150.22		–
HDFC Fixed Maturity Plan 370D December 2011 (2) - Growth - Series XIX Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
HDFC Fixed Maturity Plan 370D February 2012 (2) - Growth - Series XXI Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Fixed Maturity Plan 370D January 2012 (2) - Growth - Series XIX Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
HDFC Fixed Maturity Plan 370D January 2012 (3) - Growth - Series XIX Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
HDFC Fixed Maturity Plan 370D November 2011 (1) - Growth - Series XIX Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
HDFC Fixed Maturity Plan 371D July 2012 (1) - Quarterly Dividend - Series 22 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
HDFC Fixed Maturity Plan 371D February 2013 (1) Series 23 - Growth 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
HDFC Fixed Maturity Plan 372D February 2013 (1) Series 23 - Growth 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
HDFC Fixed Maturity Plan 384D March 2013 (1) Series 23 - Flexi 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
HDFC Fixed Maturity Plan 566D December 2012 (1) - Flexi - Series 24 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
HDFC Fixed Maturity Plan 92D March 2012 (1) - Dividend - Series XIX Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
HDFC Fixed Maturity Plan 92D March 2012 (3) - Dividend - Series XIX Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Fixed Maturity Plan 92D February 2012 (2) - Dividend - Series XIX Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Fixed Maturity Plan 92D February 2012 (3) - Dividend - Series XIX Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
HDFC Fixed Maturity Plan 92D January 2012 (2) - Dividend - Series XIX Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
HDFC High Interest Fund - Short Term Plan - Dividend Nil (2012 - 2,38,23,226) Units of ₹ 10.00 each	–		25.21	
ICICI Prudential Interval Fund II Quarterly Interval Plan Institutional Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
ICICI Prudential Fixed Maturity Plan Series 63 - 1 Year Plan B Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
ICICI Prudential Fixed Maturity Plan Series 65 - 502 Days Plan C Dividend 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
ICICI Prudential Interval Fund Annual Interval Plan IV - Regular Plan - Growth 1,18,66,995 Units of ₹ 10.00 each	15.00		15.00	
Carried over	1349.20	1566.49	1080.16	1124.18

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1349.20	1566.49	1080.16	1124.18
Investment in Mutual Funds (Contd.)				
ICICI Prudential Fixed Maturity Plan Series 64 - 367 Days Plan J Dividend 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
ICICI Prudential Fixed Maturity Plan Series 66 - 366 Days Plan F Cumulative 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan F Cumulative Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
ICICI Prudential Fixed Maturity Plan Series 65 - 367 Days Plan H Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
ICICI Prudential Fixed Maturity Plan Series 66 - 368 Days Plan B Cumulative 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
ICICI Prudential Fixed Maturity Plan Series 65 - 505 Days Plan J Regular Plan Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan E Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan J Cumulative Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
ICICI Prudential Fixed Maturity Plan Series 62 - 396 Days Plan F Dividend 3,00,00,000 Units of ₹ 10.00 each	30.00		30.00	
ICICI Prudential Fixed Maturity Plan Series 65 - 366 Days Plan I Regular Plan Dividend 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
ICICI Prudential Fixed Maturity Plan Series 65 - 367 Days Plan B Dividend 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
ICICI Prudential Fixed Maturity Plan Series 62 - 1 Year Plan G Cumulative Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan C Dividend Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
ICICI Prudential Interval Fund Half Yearly Interval Plan II Institutional Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
ICICI Prudential Long Term - Regular Plan - Quarterly Dividend 5,08,90,196 (2012 - Nil) Units of ₹ 10.00 each		50.92		–
ICICI Prudential Ultra Short Term - Regular Plan - Growth 6,56,07,614 (2012 - Nil) Units of ₹ 10.00 each		75.00		–
ICICI Prudential Ultra Short Term Plan - Regular Plan - Quarterly Dividend 2,51,04,051 (2012 - Nil) Units of ₹ 10.00 each		25.10		–
ICICI Prudential Interval Fund Quarterly Interval Plan - 1 Institutional Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDBI Fixed Maturity Plan - 369 Days - Series - II (February 2012) - C - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
IDFC Fixed Maturity Plan 366 Days Series 74 - Periodic - Dividend 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
IDFC Fixed Maturity Plan - Yearly Series 57 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
IDFC Fixed Maturity Quarterly Series 71 Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
IDFC Fixed Maturity Quarterly Series 73 Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
IDFC Fixed Maturity Quarterly Series 70 Dividend Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
IDFC Fixed Maturity Plan - Yearly Series 52 - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Carried over	1579.20	1717.51	1355.16	1124.18

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1579.20	1717.51	1355.16	1124.18
Investment in Mutual Funds (Contd.)				
IDFC Fixed Maturity Plan - Yearly Series 53 - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan - Yearly Series 62 - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan - Yearly Series 49 - Quarterly Dividend Nil (2012 - 3,50,00,000) Units of ₹ 10.00 each	–		35.00	
IDFC Fixed Maturity Plan - Yearly Series 64 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
IDFC Fixed Maturity Plan - Yearly Series 66 - Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan - Yearly Series 61 - Quarterly Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Monthly Dividend Nil (2012 - 7,44,45,441) Units of ₹ 10.00 each	–		75.48	
IDFC Money Manager Fund - Investment Plan - Periodic Dividend 4,97,54,525 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
IDFC Super Saver Income Fund - Medium Term Plan B - Monthly Dividend Nil (2012 - 2,50,90,051) Units of ₹ 10.00 each	–		25.15	
JPMorgan India Fixed Maturity Plan Series 12 - Dividend 6,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	60.00		–	
JPMorgan Fixed Maturity Plan - Series 8 - Dividend Plan Nil (2012 - 7,50,00,000) Units of ₹ 10.00 each	–		75.00	
JPMorgan Fixed Maturity Plan - Series 7 - Dividend Plan Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
JPMorgan India Short Term Income Fund - Regular Plan - Weekly Dividend Reinvestment 7,68,62,273 (2012 - Nil) Units of ₹ 10.00 each		77.02		–
JPMorgan India Treasury Fund Super Institutional Growth 9,05,73,539 (2012 - 5,68,14,390) Units of ₹ 10.00 each	116.24		66.24	
JPMorgan India Treasury Fund Super Institutional Dividend Payout 5,00,77,879 (2012 - Nil) Units of ₹ 10.00 each	50.08		–	
JPMorgan India Fixed Maturity Plan Series 13 - Dividend 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
JPMorgan India Fixed Maturity Plan Series 6 Dividend Payout 4,50,00,000 Units of ₹ 10.00 each	45.00		45.00	
Kotak Bond (Short Term) - Monthly Dividend 12,32,02,476 (2012 - 2,49,32,134) Units of ₹ 10.00 each		125.00	25.18	
Kotak Flexi Debt Scheme Plan A - Growth 5,37,02,616 (2012 - Nil) Units of ₹ 10.00 each	75.00		–	
Kotak Flexi Debt Plan A - Quarterly Dividend 2,51,23,350 (2012 - Nil) Units of ₹ 10.00 each	25.14		–	
Kotak Floater Long Term - Growth 10,45,70,180 Units of ₹ 10.00 each	150.00		150.00	
Kotak Quarterly Interval Plan Series 1 - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Kotak Quarterly Interval Plan Series 2 - Dividend Nil (2012 - 99,99,722) Units of ₹ 10.00 each	–		10.00	
Kotak Fixed Maturity Plan Series 62 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Kotak Fixed Maturity Plan Series 72 - Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Carried over	2200.66	1919.53	2047.21	1124.18

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2200.66	1919.53	2047.21	1124.18
Investment in Mutual Funds (Contd.)				
Kotak Fixed Maturity Plan Series 75 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Kotak Fixed Maturity Plan Series 79 - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Kotak Fixed Maturity Plan Series 83 - Growth Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
Kotak Fixed Maturity Plan Series 94 - Growth 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
Kotak Fixed Maturity Plan Series 99 - Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
Kotak Fixed Maturity Plan Series 70 - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Kotak Fixed Maturity Plan Series 78 - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Reliance Fixed Horizon Fund - XXI - Series 12 - Growth Plan Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
Reliance Fixed Horizon Fund - XIX - Series 4 - Dividend Payout Nil (2012 - 2,00,03,258) Units of ₹ 10.00 each	–		20.00	
Reliance Fixed Horizon Fund - XXII - Series 10 - Dividend Plan Dividend Payout 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Reliance Fixed Horizon Fund - XXII - Series 14 - Dividend Plan Dividend Payout 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Reliance Fixed Horizon Fund - XXI - Series 14 - Growth Plan Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Reliance Fixed Horizon Fund - XXII - Series 21 - Dividend Plan Dividend Payout 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
Reliance Fixed Horizon Fund - XXIII - Series 6 - Growth Plan 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
Reliance Fixed Horizon Fund XXI - Series 13 - Growth Option Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Reliance Fixed Horizon Fund - XXI - Series 2 - Growth Plan Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Reliance Fixed Horizon Fund - XXI - Series 5 - Dividend Plan Nil (2012 - 10,00,00,000) Units of ₹ 10.00 each	–		100.00	
Reliance Fixed Horizon Fund - XXI - Series 9 - Growth Plan Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
Reliance Fixed Horizon Fund - XXI - Series 16 - Growth Plan Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Reliance Fixed Horizon Fund - XXI - Series 4 - Growth Plan Nil (2012 - 3,50,00,000) Units of ₹ 10.00 each	–		35.00	
Reliance Fixed Horizon Fund - XX - Series 13 - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Reliance Fixed Horizon Fund - XX - Series 24 - Dividend Plan Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Reliance Floating Rate Fund - Short Term Plan - Quarterly Dividend Plan Reinvestment 5,06,22,289 (2012 - Nil) Units of ₹ 10.00 each		51.32		–
Reliance Medium Term Fund - Quarterly Dividend Plan Dividend Reinvestment 4,80,38,202 (2012 - Nil) Units of ₹ 10.00 each		52.84		–
Carried over	2315.66	2023.69	2507.21	1124.18

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2315.66	2023.69	2507.21	1124.18
Investment in Mutual Funds (Contd.)				
Reliance Money Manager Fund - Growth Plan Growth Option 2,18,184 Units of ₹ 1000.00 each		26.66		26.66
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan Nil (2012 - 99,89,910) Units of ₹ 10.00 each	–		10.00	
Reliance Short Term Fund - Quarterly Dividend Plan Dividend Reinvestment 3,78,70,452 (2012 - 1,85,66,844) Units of ₹ 10.00 each		52.25	25.25	
Reliance Yearly Interval Fund - Series 2 - Growth Plan 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
Reliance Yearly Interval Fund - Series 3 - Growth Plan 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
Religare Active Income Fund - Plan A Discretionary Dividend Nil (2012 - 8,00,00,000) Units of ₹ 10.00 each		–		80.00
Religare Fixed Maturity Plan Series IX Plan B - 371 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan Series X Plan E - 371 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan Series XI Plan A - 369 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan Series - XI - Plan E - 371 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan - Series - XII - Plan A - 370 Days - Dividend Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan - Series - XIII - Plan A - 370 Days - Dividend Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Liquid Fund - Super Institutional Daily Dividend Nil (2012 - 4,99,730) Units of ₹ 1000.00 each		–		50.01
SBI Debt Fund Series - 90 Days - 55 - Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
SBI Debt Fund Series - 366 Days 20 Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
SBI Debt Fund Series - 366 Days 22 - Growth 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
SBI Debt Fund Series - 367 Days - 17 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
SBI Debt Fund Series - 90 Days - 59 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
SBI Debt Fund Series - 90 Days - 60 - Dividend Nil (2012 - 4,50,00,000) Units of ₹ 10.00 each	–		45.00	
SBI Debt Fund Series - 90 Days - 58 - Dividend Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
SBI Debt Fund Series - 180 Days - 23 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
SBI Debt Fund Series - 366 Days 7 - Dividend 4,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	45.00		–	
SBI Debt Fund Series - 366 Days 18 - Dividend 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
SBI Debt Fund Series - 367 Days - 13 - Growth Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
SBI Debt Fund Series - 90 Days - 56 - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Sundaram Fixed Term Plan DC 15 Months Dividend Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
Carried over	2520.66	2102.60	2777.46	1280.85

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2520.66	2102.60	2777.46	1280.85
Investment in Mutual Funds (Contd.)				
Sundaram Fixed Term Plan CC 366 Days Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
TATA Fixed Income Portfolio Fund Scheme C3 - Regular Half Yearly Dividend Nil (2012 - 97,58,002) Units of ₹ 10.00 each		–		10.00
TATA Fixed Maturity Plan Series 38 Scheme I - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
TATA Fixed Maturity Plan Series 38 Scheme D - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
TATA Fixed Maturity Plan Series 42 Scheme A - Growth 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
UTI Fixed Term Income Fund Series XIII - III (549 Days) - Quarterly Dividend Payout 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
UTI Fixed Term Income Fund - Series XI - IV (367 Days) Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
UTI Fixed Term Income Fund Series XIV - II (366 Days) - Growth Plan 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
UTI Fixed Term Income Fund Series XIV - V (366 Days) - Growth 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
UTI Fixed Term Income Fund Series XIV - VII (367 days) - Growth Plan 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
UTI Fixed Term Income Fund - Series X - VI (368 Days) - Growth Plan Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
UTI Fixed Term Income Fund - Series X - X (367 Days) - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
UTI Fixed Term Income Fund Series XIII - I (368 Days) - Quarterly Dividend Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
UTI Fixed Term Income Fund Series XIV - I (366 Days) - Growth Plan 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
UTI Fixed Term Income Fund - Series XI - VII (366 Days) - Growth Plan Nil (2012 - 8,50,00,000) Units of ₹ 10.00 each	–		85.00	
UTI Fixed Term Income Fund - Series X - VII (368 Days) - Growth Plan Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
UTI Fixed Term Income Fund - Series X - VIII (368 Days) - Growth Plan Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
UTI - Floating Rate Fund - Short Term Plan - Regular Plan - Daily Dividend Reinvestment 18,68,048 (2012 - Nil) Units of ₹ 1000.00 each		201.17		–
UTI - Floating Rate Fund - Short Term Plan - Institutional Growth Option 2,48,309 Units of ₹ 1000.00 each		25.00		25.00
UTI Fixed Term Income Fund - Series XI - III (368 Days) - Growth Plan Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
Aggregate amount of quoted and unquoted Investments	2730.66	2328.77	3047.46	1315.85
Total Current investments		5059.43		4363.31

Aggregate market value of quoted investments ₹ 2855.58 Crores (2012 - ₹ 3122.36 Crores)
Aggregate excess of cost over fair value ₹ 179.44 Crores (2012 - ₹ 205.24 Crores)

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
14. Inventories		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	3570.96	3577.66
Work-in-progress	155.02	100.89
Finished goods (manufactured)	2300.15	1429.22
Stock-in-Trade (goods purchased for resale)	226.64	211.75
Stores and Spares	271.88	238.64
Intermediates - Tissue paper and Paperboards	75.55	79.67
TOTAL	6600.20	5637.83

The above includes goods in transit as under:

Raw materials (including packing materials)	58.74	85.96
Stock-in-Trade (goods purchased for resale)	4.54	4.42
Stores and Spares	3.77	2.01
TOTAL	67.05	92.39

15. Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	1.35		1.53	
Unsecured, considered good	23.96		26.04	
Doubtful	28.68		24.36	
	<u>53.99</u>		<u>51.93</u>	
Less: Provision for doubtful receivables	28.68	25.31	24.36	27.57
Others				
Secured, considered good	20.92		17.08	
Unsecured, considered good	1117.11		937.72	
Doubtful	0.08		0.02	
	<u>1138.11</u>		<u>954.82</u>	
Less: Provision for doubtful receivables	0.08	1138.03	0.02	954.80
TOTAL		1163.34		982.37

Notes to the Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
16. Cash and bank balances				
Cash and cash equivalents [@]				
Balances with Banks				
Current accounts	94.14		48.56	
Deposit accounts	51.00		200.00	
Cheques, drafts on hand	7.25		8.17	
Cash on hand	3.50	155.89	2.62	259.35
Other bank balances				
Earmarked balances	96.31		81.15	
In deposit accounts *	3362.80	3459.11	2478.43	2559.58
TOTAL		3615.00		2818.93

[@] Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

* Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of more than 12 months from the balance sheet date ₹ 300.00 Crores (2012 : Nil).

17. Short-term loans and advances				
Unsecured, considered good unless otherwise stated				
Loans and advances to Related Parties				
Security deposits	2.96		2.49	
Loans and advances				
Secured, considered good	17.81		–	
Unsecured, considered good	23.46	44.23	90.56	93.05
Others				
With Statutory authorities		258.84		196.79
Commercial advances and deposits				
Secured, considered good	4.50		4.50	
Unsecured, considered good	157.00	161.50	164.38	168.88
Other Loans and Advances (Employees, unexpired expenses etc.)		47.57		60.71
TOTAL		512.14		519.43

Loans and advances to Related Parties include loans to Directors and Company Secretary ₹ 0.02 Crore (2012 - ₹ 0.03 Crore) and deposit with Director ₹ 0.04 Crore (2012 - Nil). Refer Note 33.

18. Other current assets				
Interest accrued on loans, deposits etc.		77.79		15.75
Interest accrued on investments		19.96		9.73
Deposits with financial institutions		425.00		–
Others *				
Unsecured, considered good	118.61		115.70	
Doubtful	0.42		0.51	
	119.03		116.21	
Less: Provision for doubtful assets	0.42	118.61	0.51	115.70
TOTAL		641.36		141.18

* Others comprise receivables on account of export incentives, claims, interest, rentals etc.

Notes to the Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
19. Gross income		
Gross Revenue from sale of products and services*	41809.82	34871.86
Other operating revenue	295.69	349.03
Other income	938.70	825.34
TOTAL	43044.21	36046.23
* Net of sales returns and damaged stocks.		
20. Gross Revenue from sale of products and services *		
FMCG		
– Cigarettes	25986.30	22248.07
– Branded Packaged Food Products	4720.58	3712.75
– Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	2284.15	1827.18
Hotels		
– Hotels Sales / Income from Hotel Services	1062.08	996.30
Agri Business		
– Unmanufactured Tobacco	1390.63	1163.03
– Other Agri Products and Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	3632.38	2344.82
Paperboards, Paper and Packaging		
– Paperboards and Paper	2370.72	2235.81
– Printed Materials	362.98	343.90
TOTAL	41809.82	34871.86
* Net of sales returns and damaged stocks.		
21. Revenue from operations		
Sale of products	40747.74	33875.56
Sale of services	1062.08	996.30
Gross Revenue from sale of products and services*	41809.82	34871.86
Other operating revenue	295.69	349.03
	42105.51	35220.89
Less:		
Excise duty attributable to products sold	12204.24	10073.43
TOTAL	29901.27	25147.46
* Net of sales returns and damaged stocks.		

Notes to the Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
22. Other income		
Interest income	355.48	309.41
Dividend income		
– Long-term investments		
– Subsidiary companies	112.70	86.53
– Other long-term investments	11.26	13.98
	<u>123.96</u>	<u>100.51</u>
– Current investments	186.54	198.40
	<u>310.50</u>	<u>298.91</u>
Gain on sale of long-term investments	121.62	137.25
Net gain on sale of current investments	146.02	76.04
Other non-operating income	5.08	3.73
TOTAL	<u>938.70</u>	<u>825.34</u>
Interest income comprises interest from:		
a) Deposits with Banks	227.40	182.21
b) Current investments	72.14	57.03
c) Others (from customers, statutory authorities etc.)	55.94	70.17
23. Cost of materials consumed		
Unmanufactured Tobacco	1734.32	1631.09
Board, Film and Laminates	516.81	362.18
Filter Rods	326.94	253.82
Wheat	968.38	763.12
Edible Oils	346.08	294.52
Sugar	306.47	271.79
Wheat Flour (Maida)	302.05	270.31
Waste Paper and Pulp	650.41	603.01
Chemicals and Fragrances	516.21	475.02
Hardwood and Bamboo	470.55	339.24
Coffee	439.73	374.09
Others (Hotel Consumables, Inks and Solvents, Skimmed Milk Powder, Packing Materials etc.)	2358.26	2021.62
TOTAL	<u>8936.21</u>	<u>7659.81</u>
24. Purchases of Stock-in-Trade		
Soya Seeds	970.22	726.73
Wheat	1263.58	371.99
Safety Matches	260.06	231.47
Coffee	242.44	161.91
Others (Spices, Apparel, Agarbattis, Education and Stationery Products etc.)	639.62	545.11
TOTAL	<u>3375.92</u>	<u>2037.21</u>

Notes to the Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)		
25. Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and Intermediates						
Finished goods (manufactured)						
Opening stock	1429.22			1332.04		
Closing stock	<u>2300.15</u>	(870.93)		<u>1429.22</u>	(97.18)	
Work-in-progress						
Opening stock	100.89			98.82		
Closing stock	<u>155.02</u>	(54.13)		<u>100.89</u>	(2.07)	
Stock-in-Trade (goods purchased for resale)						
Opening stock	211.75			172.00		
Closing stock	<u>226.64</u>	(14.89)		<u>211.75</u>	(39.75)	
Intermediates - Tissue paper and Paperboards						
Opening stock	79.67			69.37		
Closing stock	<u>75.55</u>	4.12	(935.83)	<u>79.67</u>	(10.30)	(149.30)
Excise duties on increase / (decrease) of finished goods			<u>689.48</u>			<u>83.71</u>
TOTAL			<u>(246.35)</u>			<u>(65.59)</u>
26. Employee benefits expense						
Salaries and wages			1132.75			1044.79
Contribution to Provident and other funds			126.72			106.46
Staff welfare expenses			147.89			128.10
			<u>1407.36</u>			<u>1279.35</u>
Less: Recoveries made / reimbursements received			20.35			21.73
TOTAL			<u>1387.01</u>			<u>1257.62</u>
27. Finance costs						
Interest expense			65.97			66.98
Applicable net loss on foreign currency transactions and translations			20.50			10.94
TOTAL			<u>86.47</u>			<u>77.92</u>

Notes to the Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
28. Other expenses		
Power and fuel	550.11	453.02
Consumption of stores and spare parts	219.31	232.61
Contract processing charges	585.89	511.00
Rent	247.12	221.87
Rates and taxes	417.22	311.48
Insurance	30.88	27.02
Repairs		
– Buildings	46.96	41.87
– Machinery	136.33	122.37
– Others	33.21	32.30
Maintenance and upkeep	135.32	113.36
Outward freight and handling charges	876.11	827.86
Warehousing charges	62.20	69.83
Advertising / Sales promotion	806.65	682.69
Market research	65.06	53.10
Design and product development	25.28	23.43
Hotel reservation / Marketing expenses	27.92	27.36
Retail accessories	182.46	234.24
Brokerage and discount - sales	8.64	9.40
Commission to selling agents	34.00	26.71
Doubtful and bad debts	7.49	9.63
Doubtful and bad advances, loans and deposits	0.30	2.46
Bank and credit card charges	19.44	20.04
Information technology services	166.12	167.35
Travelling and conveyance	204.24	173.05
Training and development	22.71	20.83
Legal expenses	12.79	10.59
Consultancy / Professional fees	89.14	77.68
Postage, telephone etc.	25.07	21.73
Printing and stationery	14.91	13.42
Net loss/(gain) on foreign currency transactions and translations	(2.60)	38.83
Excess of carrying cost over fair value of current investments - Net	–	5.74
Excess of cost of current investments over fair value, reversed - Net	(25.80)	–
Loss on sale of fixed assets - Net	23.73	11.62
Loss on sale of stores and spare parts - Net	1.88	2.70
Miscellaneous expenses	770.88	812.60
TOTAL	5820.97	5409.79
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses *		
Audit fees	1.65	1.65
Tax audit fees	0.40	0.40
Fees for limited review	0.72	0.68
Fees for other services #	0.85	1.73
Reimbursement of expenses	0.42	0.13
(2) Cost auditors' fees	0.15	0.07

* Excluding taxes.

Includes remuneration for professional services rendered by firms of auditors in which some of the partners of the statutory auditors firm are partners ₹ 0.01 Crore (2012 - ₹ 0.75 Crore).

Notes to the Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
29. Current tax		
Income tax for the year	2989.06	2679.66
Adjustments / (credits) related to previous years - Net	(54.27)	(15.37)
TOTAL	2934.79	2664.29

30. Deferred tax		
Deferred tax for the year	289.80	57.42
Adjustments / (credits) related to previous years - Net	41.20	13.45
TOTAL	331.00	70.87

31. Additional Notes to the Financial Statements

	2013	2012
(i) Earnings per share		
Earnings per share has been computed as under :		
(a) Profit for the year (₹ in Crores)	7418.39	6162.37
(b) Weighted average number of Ordinary shares outstanding	7,85,30,72,892	7,77,09,54,800
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	10,20,78,850	9,24,70,193
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b)+(c)]	7,95,51,51,742	7,86,34,24,993
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 9.45	₹ 7.93
– Diluted [(a)/(d)]	₹ 9.33	₹ 7.84

(ii) Exchange difference in respect of forward exchange contracts to be recognised in the Statement of Profit and Loss in the subsequent accounting period amounts to ₹ 0.88 Crore (2012 - ₹ 0.78 Crore).

(iii) Contingent liabilities and commitments:

(a) Contingent liabilities

Claims against the Company not acknowledged as debts ₹ 466.54 Crores (2012 - ₹ 287.08 Crores). These comprise:

- Excise duty, sales taxes and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 377.74 Crores (2012 - ₹ 199.23 Crores).
- Local Authority taxes/cess/royalty on property, utilities etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 45.16 Crores (2012 - ₹ 47.35 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 39.07 Crores (2012 - ₹ 37.26 Crores).
- Other matters ₹ 4.57 Crores (2012 - ₹ 3.24 Crores).

It is not practicable for the Company to estimate the timings of cash flows, if any, in respect of the above.

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 1656.29 Crores (2012 - ₹ 2246.53 Crores).
- Uncalled liability on shares partly paid ₹ 26.40 Crores (2012 - ₹ 26.40 Crores).

(iv) The status on excise matters which is treated as an annexure to these accounts are as outlined in this year's Report of the Directors & Management Discussion and Analysis under the Excise section. In the opinion of the Directors, the Company does not accept any further liability.

(v) Research and Development expenses for the year amount to ₹ 109.22 Crores (2012 - ₹ 87.84 Crores).

Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

(vi) (a) Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2013 and recognised in the financial statements in respect of Employee Benefit Schemes:

		For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
I	Components of Employer Expense						
1	Current Service Cost	39.17	20.43	4.23	39.37	18.32	3.47
2	Interest Cost	41.45	16.07	4.91	39.20	14.60	4.68
3	Expected Return on Plan Assets	(44.84)	(17.82)	–	(41.26)	(17.63)	–
4	Curtailment Cost/(Credit)	–	–	–	–	–	–
5	Settlement Cost/(Credit)	–	–	–	–	–	–
6	Past Service Cost	–	–	–	–	–	–
7	Actuarial Losses/(Gains)	13.92	6.93	7.50	(7.72)	6.85	0.04
8	Total expense recognised in the Statement of Profit and Loss	49.70	25.61	16.64	29.59	22.14	8.19
	The Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 26.						
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	59.77	21.91	–	35.87	16.66	–
III	Net Asset/(Liability) recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	612.41	237.87	69.86	533.19	211.49	58.62
2	Fair Value of Plan Assets	600.65	225.13	–	520.47	220.29	–
3	Status [Surplus/(Deficit)]	(11.76)	(12.74)	(69.86)	(12.72)	8.80	(58.62)
4	Unrecognised Past Service Cost	–	–	–	–	–	–
5	Net Asset/(Liability) recognised in Balance Sheet	(11.76)	(12.74)	(69.86)	(12.72)	8.80	(58.62)
	– Current	(11.76)	(12.74)	(8.55)	(12.72)	8.80	(4.27)
	– Non-current	–	–	(61.31)	–	–	(54.35)
IV	Change in Defined Benefit Obligation (DBO)						
1	Present Value of DBO at the Beginning of the year	533.19	211.49	58.62	482.51	181.13	54.59
2	Current Service Cost	39.17	20.43	4.23	39.37	18.32	3.47
3	Interest Cost	41.45	16.07	4.91	39.20	14.60	4.68
4	Curtailment Cost/(Credit)	–	–	–	–	–	–
5	Settlement Cost/(Credit)	–	–	–	–	–	–
6	Plan Amendments	–	–	–	–	–	–
7	Acquisitions	–	–	–	–	–	–
8	Actuarial (Gains)/Losses	28.85	11.02	7.50	(13.11)	5.88	0.04
9	Benefits Paid	(30.25)	(21.14)	(5.40)	(14.78)	(8.44)	(4.16)
10	Present Value of DBO at the end of the year	612.41	237.87	69.86	533.19	211.49	58.62

Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)								
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment						
V	Change in Fair Value of Assets												
1	Plan Assets at the beginning of the year	520.47	220.29	–	479.85	207.08	–						
2	Acquisition Adjustment	–	–	–	–	–	–						
3	Expected Return on Plan Assets	44.84	17.82	–	41.26	17.63	–						
4	Actuarial Gains/(Losses)	14.93	4.09	–	(5.39)	(0.97)	–						
5	Actual Company Contributions	50.66	4.07	–	19.53	4.99	–						
6	Benefits Paid	(30.25)	(21.14)	–	(14.78)	(8.44)	–						
7	Plan Assets at the end of the year	600.65	225.13	–	520.47	220.29	–						
VI	Actuarial Assumptions												
1	Discount Rate (%)	8.00	8.00	8.00	8.25	8.25	8.25						
2	Expected Return on Plan Assets (%)	8.00	8.00	–	8.25	8.25	–						
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.													
VII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2013			As at 31st March, 2012								
1	Government Securities/Special Deposit with RBI	28.84%			27.65%								
2	High Quality Corporate Bonds	25.32%			24.56%								
3	Insurance Companies*	35.82%			39.93%								
4	Mutual Funds	1.99%			1.63%								
5	Cash and Cash Equivalents	5.03%			2.24%								
6	Term Deposits	2.69%			3.63%								
7	Equity	0.31%			0.36%								
* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.													
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 optimise returns within acceptable risk parameters, the plan assets are well diversified.											
IX	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)		For the year ended 31st March, 2011 (₹ in Crores)		For the year ended 31st March, 2010 (₹ in Crores)		For the year ended 31st March, 2009 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of Defined Benefit Obligation	612.41	237.87	69.86	533.19	211.49	58.62	482.51	181.13	54.59	425.44	159.40	45.21
2	Fair Value of Plan Assets	600.65	225.13	–	520.47	220.29	–	479.85	207.08	–	401.35	184.32	–
3	Status [Surplus/(Deficit)]	(11.76)	(12.74)	(69.86)	(12.72)	8.80	(58.62)	(2.66)	25.95	(54.59)	(24.09)	24.92	(45.21)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	13.52	3.54	–	(4.14)	(0.43)	–	4.99	2.55	–	7.34	2.32	–
5	Experience Adjustment of obligation [(Gain)/Loss]	(34.52)	1.45	2.31	(18.06)	6.48	0.59	42.85	20.19	8.96	(12.56)	2.37	3.64

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 26: ₹ 51.41 Crores (2012 - ₹ 54.73 Crores).

Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

(vii) Micro, Small and Medium scale business entities:

A sum of ₹ 15.12 Crores is payable to Micro and Small Enterprises as at 31st March, 2013 (2012 - ₹ 12.42 Crores). There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2013. 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.

(viii) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 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 Note 28.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows:

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
Not later than one year	13.56	13.54
Later than one year and not later than five years	12.11	16.72
Later than five years	1.47	2.00

(ix) Interests in Joint Ventures:

The Company's interest, as a venturer, in jointly controlled entities (Incorporated Joint Ventures) is:

Name	Country of Incorporation	Percentage of ownership interests as at 31st March, 2013	Percentage of ownership interests as at 31st March, 2012
Maharaja Heritage Resorts Limited	India	25%	25%
Espirit Hotels Private Limited	India	26%	26%
Logix Developers Private Limited	India	26%	26%

The Company's interest in these Joint Ventures is reported as Long Term investments (Note 11) 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 these Joint Ventures are:

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
I ASSETS		
Non-current assets		
1 Fixed assets	87.48	83.77
a) Tangible assets	44.94	44.94
b) Intangible assets	0.01	0.01
c) Capital work-in-progress-Tangible assets	42.53	38.82
2 Deferred tax assets (Net)	0.34	0.39
3 Long-term loans and advances	0.26	0.33
Current assets		
4 Current investments	0.19	4.60
5 Trade receivables	0.24	0.39
6 Cash and cash equivalents	0.12	1.00
7 Short-term loans and advances	0.02	0.04
8 Other current assets	...	-

Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

		As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
II	LIABILITIES		
	Non-current liabilities		
1	Long-term borrowings	22.52	25.98
2	Long-term provisions	0.01	0.01
	Current liabilities		
3	Trade payables	1.00	1.24
4	Other current liabilities	4.31	2.79
		For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
III	INCOME		
1	Net Revenue from sale of products and services	0.80	0.82
2	Other operating revenue	0.09	0.01
3	Other income	0.28	0.04
IV	EXPENSES		
1	Employee benefits expense	0.50	0.58
2	Depreciation and amortisation expense	0.01	0.01
3	Other expenses	0.30	0.40
4	Tax expense	0.06	(0.01)
		As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
V	OTHER MATTERS		
1	Capital Commitments	8.77	3.85

(x) Derivative Instruments:

The Company uses forward exchange contracts and currency options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

a) Forward exchange contracts outstanding as at year end:

		As at 31st March, 2013		As at 31st March, 2012	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	135.06	159.55	146.33	183.23
Euro	US Dollar	75.54	–	60.08	–
CHF	US Dollar	2.24	–	1.58	–
GBP	US Dollar	–	–	1.00	–
SEK	US Dollar	4.00	–	3.33	–
JPY	US Dollar	215.65	–	770.54	–

b) Currency option contracts outstanding as at year end:

		As at 31st March, 2013		As at 31st March, 2012	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	16.00	–	–
JPY	US Dollar	280.00	–	–	–

Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

c) Foreign currency exposures that have not been hedged by a derivative instrument or otherwise as at year end:

(in Million)

Currency	Cross Currency	As at 31st March, 2013			As at 31st March, 2012		
		Buy	Sell	Net*	Buy	Sell	Net*
US Dollar	Indian Rupee	33.22	35.92	(2.70)	17.93	17.83	0.10
Euro	US Dollar	2.96	2.88	0.08	3.66	3.67	(0.01)
GBP	US Dollar	1.75	1.87	(0.12)	1.84	1.74	0.10
SEK	US Dollar	0.74	–	0.74	0.08	–	0.08
CHF	US Dollar	–	–	–	0.05	–	0.05
SGD	US Dollar	0.01	–	0.01	0.10	–	0.10
CAD	US Dollar	0.08	0.19	(0.11)	0.46	0.28	0.18
AUD	US Dollar	0.08	–	0.08	0.13	–	0.13

Further, loan of USD 72 million given to wholly owned subsidiary, WelcomHotels Lanka (Private) Limited, treated as a Net Investment in a Non-integral foreign operation, is unhedged.

* Figures in brackets indicate open exports. Figures without brackets indicate open imports.

- (xi) The Employee Stock Option Scheme section in the Report on Corporate Governance and the disclosure in respect of Employees Stock Options which are outlined in this year's Annexure to the Report of the Directors are treated as an annexure to these accounts.
- (xii) (a) Details of Opening and Closing Stock of Finished Goods (manufactured) and Stock-in-Trade (goods purchased for resale)

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
Opening Stock		
Cigarettes	944.33	837.76
Branded Packaged Food Products	165.37	133.98
Agri Products / Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	117.88	135.05
Paperboards and Paper	62.33	51.40
Printed Materials	5.49	6.49
Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	345.57	339.36
TOTAL	1640.97	1504.04
Closing Stock		
Cigarettes	1718.32	944.33
Branded Packaged Food Products	186.21	165.37
Agri Products / Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	127.36	117.88
Paperboards and Paper	89.33	62.33
Printed Materials	8.35	5.49
Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	397.22	345.57
TOTAL	2526.79	1640.97

Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

(b) Details of Opening and Closing Stock of Work-in-progress

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
Opening Stock		
Branded Packaged Food Products	9.97	12.33
Paperboards and Paper	73.92	63.93
Printed Materials	11.67	13.69
Others (Apparel, Personal Care Products)	5.33	8.87
TOTAL	100.89	98.82
Closing Stock		
Branded Packaged Food Products	12.01	9.97
Paperboards and Paper	113.25	73.92
Printed Materials	21.30	11.67
Others (Apparel, Personal Care Products)	8.46	5.33
TOTAL	155.02	100.89

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
(xiii) Value of Imports during the year (C.I.F. Basis)		
Raw materials	1121.10	925.16
Components and spare parts (including stores)	81.70	87.71
Capital goods	620.62	705.88
Other goods*	22.66	27.03
TOTAL	1846.08	1745.78

* Includes Goods purchased for resale, Packing Materials, Hotel Consumables and sundry items.

(xiv) Expenditure in Foreign Currency during the year

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
Professional fees	46.65	31.42
Hotel reservation / Marketing expenses	35.80	30.85
Export promotion expenses	5.20	7.57
Agency commission	6.82	9.71
Interest	4.94	4.05
Licence fees	2.26	2.53
Miscellaneous expenditure*	18.24	27.38
TOTAL	119.91	113.51

* Includes Advertisement / Sales promotion, Training, Subscription fees etc.

Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

(xv) Value of Raw materials, Spare parts and Components consumed during the year

	(Percentage)		For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
	2013	2012		
Raw materials (including packing materials)				
Imported	11.99	13.04	1071.64	998.88
Indigenous	88.01	86.96	7864.57	6660.93
TOTAL	100.00	100.00	8936.21	7659.81
Spare parts and Components				
Imported	30.04	29.10	65.89	67.70
Indigenous	69.96	70.90	153.42	164.91
TOTAL	100.00	100.00	219.31	232.61

(xvi) Dividend remittance in foreign currency

Year of Remittance	On Account of Financial Year	No. of Non-Resident Shareholders	No. of Shares held	(₹ in Crores)
2012/2013	2011/2012	54	2,43,78,89,782	1097.05
2011/2012	2010/2011	54	2,43,83,49,217	1085.07

(xvii) Earnings in foreign exchange during the year

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
Export of Goods (F.O.B.)	3205.32	2099.99
Hotel earnings	549.51	486.72
Freight and Insurance recoveries	25.92	27.75
Interest	14.30	—
Dividend	5.57	—
Other earnings*	6.78	6.21
TOTAL	3807.40	2620.67

* Consist of finance and storage charges, Certified Emission Reduction (CER) credits and sundry recoveries.

(xviii) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

Notes to the Financial Statements

32. Segment Reporting

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(₹ in Crores)

	2013			2012		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
1. Segment Revenue						
FMCG - Cigarettes	25987.20	–	25987.20	22250.41	–	22250.41
FMCG - Others	7003.83	8.55	7012.38	5537.59	6.96	5544.55
FMCG - Total	32991.03	8.55	32999.58	27788.00	6.96	27794.96
Hotels	1062.08	12.31	1074.39	996.30	10.00	1006.30
Agri Business	5023.01	2177.72	7200.73	3507.85	2187.46	5695.31
Paperboards, Paper and Packaging	2733.70	1770.67	4504.37	2579.71	1550.08	4129.79
Segment Total	41809.82	3969.25	45779.07	34871.86	3754.50	38626.36
Eliminations			(3969.25)			(3754.50)
Gross Revenue from sale of products and services			41809.82			34871.86
2. Segment Results						
FMCG - Cigarettes			8325.94			6907.67
FMCG - Others			(81.26)			(195.49)
FMCG - Total			8244.68			6712.18
Hotels			137.65			279.37
Agri Business			731.28			643.15
Paperboards, Paper and Packaging			963.95			936.78
Segment Total			10077.56			8571.48
Eliminations			(137.41)			(178.44)
Consolidated Total			9940.15			8393.04
Unallocated corporate expenses net of unallocated income			103.12			239.20
Profit before interest etc. and taxation			9837.03			8153.84
Finance costs			86.47			77.92
Interest earned on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc. - Net			933.62			821.61
Profit before tax			10684.18			8897.53
Tax expense			3265.79			2735.16
Profit for the year			7418.39			6162.37
3. Other Information						
	Segment Assets	Segment Liabilities*		Segment Assets	Segment Liabilities*	
FMCG - Cigarettes	6837.55	1884.15		5506.31	1907.00	
FMCG - Others	3250.40	718.51		2610.27	621.28	
FMCG - Total	10087.95	2602.66		8116.58	2528.28	
Hotels	3742.94	283.04		3469.11	231.52	
Agri Business	1906.18	649.62		2212.02	510.37	
Paperboards, Paper and Packaging	5467.45	509.18		4831.90	478.01	
Segment Total	21204.52	4044.50		18629.61	3748.18	
Unallocated Corporate Assets/Liabilities	13315.44	8187.61		10782.84	6872.38	
Total	34519.96	12232.11		29412.45	10620.56	
	Capital expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	544.84	236.26	6.29	585.09	204.96	0.86
FMCG - Others	364.64	125.45	10.17	272.77	103.34	25.27
FMCG - Total	909.48	361.71	16.46	857.86	308.30	26.13
Hotels	395.57	102.65	3.81	720.71	83.19	7.31
Agri Business	90.45	33.44	1.28	159.26	21.57	1.41
Paperboards, Paper and Packaging	690.31	260.20	9.58	593.77	237.38	3.17
Segment Total	2085.81	758.00	31.13	2331.60	650.44	38.02

* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 840.55 Crores (2012 - ₹ 763.31 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States' appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'.

Notes to the Financial Statements

32. Segment Reporting (Contd.)

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2013	2012
1. Segment Revenue		
– Within India	38335.93	32556.50
– Outside India	3473.89	2315.36
Total	41809.82	34871.86
2. Segment Assets		
– Within India	21201.20	18628.07
– Outside India	3.32	1.54
Total	21204.52	18629.61
3. Capital Expenditure		
– Within India	2085.81	2331.60
– Outside India	–	–
Total	2085.81	2331.60

NOTES :

- (1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups: FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
- (2) The business groups comprise the following:

FMCG : Cigarettes	– Cigarettes, Cigars and Smoking Mixtures.
: Others	– Branded Packaged Foods Businesses (Bakery and Confectionery Foods; Snack Foods; Staples, Spices and Ready to Eat Foods); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.
Hotels	– Hoteliering.
Paperboards, Paper and Packaging	– Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
Agri Business	– Agri commodities such as soya, spices, coffee and leaf tobacco.
- (3) The geographical segments considered for disclosure are:
 - Sales within India.
 - Sales outside India.
- (4) Segment results of 'FMCG: Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.
- (5) The Company's Agri Business markets agri commodities in the export and domestic markets; supplies agri raw materials to the Branded Packaged Foods businesses and sources leaf tobacco for the Cigarettes business. The segment results for the year are after absorbing costs relating to the strategic e-Choupal initiative.

Notes to the Financial Statements

33. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:

i) Subsidiaries:

- a) Srinivasa Resorts Limited
 - b) Fortune Park Hotels Limited
 - c) Bay Islands Hotels Limited
 - d) WelcomHotels Lanka (Private) Limited, Sri Lanka
 - e) Landbase India Limited
 - f) Russell Credit Limited and its subsidiary
Greenacre Holdings Limited
 - g) Technico Pty Limited, Australia and its subsidiaries
Technico Agri Sciences Limited
Technico Technologies Inc., Canada
Technico Asia Holdings Pty Limited, Australia and its subsidiary
Technico Horticultural (Kunming) Co. Limited, China
 - h) Wimco Limited and its subsidiaries
Pavan Poplar Limited
Prag Agro Farm Limited
 - i) ITC Infotech India Limited and its subsidiaries
ITC Infotech Limited, UK
ITC Infotech (USA), Inc. and its subsidiary
Pyxis Solutions, LLC, USA
 - j) Wills Corporation Limited
 - k) Gold Flake Corporation Limited
 - l) ITC Investments & Holdings Limited
 - m) Surya Nepal Private Limited
 - n) King Maker Marketing, Inc., USA
 - o) BFIL Finance Limited and its subsidiary
MRR Trading & Investment Company Limited
- The above list does not include ITC Global Holdings Pte. Limited, Singapore (in liquidation)

ii) Other entities under control of the Company:

- a) ITC Sangeet Research Academy
- b) ITC Education Trust
- c) ITC Rural Development Trust

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) International Travel House Limited
- being associates of the Company, and
- c) Tobacco Manufacturers (India) Limited, UK
- of which the Company is an associate.

Associates of the Company's subsidiaries

- a) Russell Investments Limited
- b) Classic Infrastructure & Development Limited
- c) Divya Management Limited
- d) Antrang Finance Limited
- being associates of Russell Credit Limited, and
- e) ATC Limited
- being associate of Gold Flake Corporation Limited

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) Espirit Hotels Private Limited
- c) Logix Developers Private Limited

Notes to the Financial Statements

33. Related Party Disclosures (Contd.)

Joint Venture of the Company's subsidiary

- a) ITC Filtrona Limited
- being joint venture of Gold Flake Corporation Limited

ii) a) Key Management Personnel:

Y. C. Deveshwar	Executive Chairman
N. Anand	Executive Director
P. V. Dhobale	Executive Director
K. N. Grant	Executive Director
A. Baijal	Non-Executive Director
S. Banerjee	Non-Executive Director
S. H. Khan	Non-Executive Director
A. V. Girija Kumar	Non-Executive Director
S. B. Mathur	Non-Executive Director
D. K. Mehrotra	Non-Executive Director
H. G. Powell	Non-Executive Director
P. B. Ramanujam	Non-Executive Director
S. S. H. Rehman (w.e.f. 27.07.2012)	Non-Executive Director
A. Ruys	Non-Executive Director
B. Sen	Non-Executive Director
M. Shankar (w.e.f. 06.09.2012)	Non-Executive Director
K. Vaidyanath	Non-Executive Director
B. Vijayaraghavan	Non-Executive Director

Members - Corporate Management Committee

B. B. Chatterjee

A. Nayak

T. V. Ramaswamy

S. Sivakumar

K. S. Suresh

R. Tandon

b) Relatives of Key Management Personnel:

Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)

Mrs. S. Chatterjee (wife of Mr. B. B. Chatterjee)

iii) Employee Trusts where there is significant influence:

- IATC Provident Fund
- IATC Staff X Provident Fund
- ITC Defined Contribution Pension Fund
- ITC Management Staff Gratuity Fund
- ITC Employees Gratuity Fund
- ITC Gratuity Fund 'C'
- ITC Pension Fund
- ILTD Seasonal Employees Pension Fund
- ITC Platinum Jubilee Pension Fund
- Tribeni Tissues Limited Provident Fund
- Tribeni Tissues Limited Gratuity Fund
- ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- ITC Bhadrachalam Paperboards Limited Staff Provident Fund
- ITC Hotels Limited Employees Superannuation Scheme
- ITC Hotels Limited Employees Gratuity Fund

Notes to the Financial Statements

33. Related Party Disclosures (contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES

RELATED PARTY TRANSACTIONS SUMMARY		2013	2012
1.	Sale of Goods/Services Surya Nepal Private Limited King Maker Marketing, Inc.	187.36 —	155.41 18.78
2.	Purchase of Goods/Services ITC Infotech India Limited Wimco Limited International Travel House Limited ITC Filtrona Limited	108.61 145.57 65.50 226.57	99.01 151.76 57.74 172.17
3.	Acquisition Cost of Fixed Assets Wimco Limited ITC Infotech India Limited	4.59 —	2.86 1.45
4.	Sale of Fixed Assets/Scraps ATC Limited	0.44	0.12
5.	Investments Purchased from Subsidiary Russell Credit Limited	9.97	297.16
6.	Investment in Subsidiaries Landbase India Limited Wimco Limited	30.00 —	23.00 59.30
7.	Acquisition of Investment Espirat Hotels Private Limited	—	1.04
8.	Interest Income WelcomHotels Lanka (Private) Limited Surya Nepal Private Limited	14.30 12.83	— 4.05
9.	Remuneration to Key Management Personnel – Directors & Others Mr. Y. C. Deveshwar	9.93	9.85
10.	Rent Paid Bay Islands Hotels Limited Russell Credit Limited Wimco Limited Technico Agri Sciences Limited	1.43 1.61 4.21 1.04	1.15 1.49 1.69 1.01
11.	Remuneration of Managers on Deputation reimbursed Bay Islands Hotels Limited ITC Infotech India Limited Fortune Park Hotels Limited International Travel House Limited	1.13 — 0.24 0.25	0.95 0.18 0.16 0.23
12.	Remuneration of Managers on Deputation recovered Srinivasa Resorts Limited Fortune Park Hotels Limited ITC Infotech India Limited ATC Limited	3.73 3.08 3.37 2.55	3.50 3.19 3.65 2.62
13.	Donation ITC Rural Development Trust ITC Sangeet Research Academy	1.50 0.20	1.50 —

RELATED PARTY TRANSACTIONS SUMMARY		2013	2012
14.	Sponsorship ITC Sangeet Research Academy	—	0.30
15.	Contribution to Employees' Benefit Plans IATC Provident Fund ITC Defined Contribution Pension Fund ITC Pension Fund	18.66 9.65 45.49	23.59 7.77 17.88
16.	Dividend Income Surya Nepal Private Limited	103.33	82.89
17.	Dividend Payments Tobacco Manufacturers (India) Limited, UK	893.50	883.58
18.	Expenses Recovered ITC Infotech India Limited Srinivasa Resorts Limited	8.16 2.27	6.75 1.84
19.	Expenses Reimbursed Srinivasa Resorts Limited Surya Nepal Private Limited Fortune Park Hotels Limited Wimco Limited International Travel House Limited	1.72 0.23 1.00 1.59 3.76	2.34 0.76 1.06 0.06 —
20.	Loans Given ITC Infotech India Limited ⁴ Surya Nepal Private Limited ³ Russell Credit Limited ¹ WelcomHotels Lanka (Private) Limited ²	396.80 — 400.00 382.40	303.85 106.88 — —
21.	Receipt towards Loan Repayment ITC Infotech India Limited ⁴ Russell Credit Limited ¹	453.79 400.00	396.10 —
22.	Advances Given during the year Wimco Limited	6.67	2.48
23.	Adjustment/Receipt towards Refund of Advances Wimco Limited ATC Limited	7.97 —	3.41 0.30
24.	Advance Received during the Year Surya Nepal Private Limited	134.62	156.80
25.	Adjustment/Payment towards Refund of Advances Surya Nepal Private Limited	110.96	94.21
26.	Deposit Received during the Year International Travel House Limited	0.02	0.01
27.	Deposits Given during the Year Wimco Limited	0.35	50.00

RELATED PARTY TRANSACTIONS SUMMARY		2013	2012
28.	Balances as on 31st March		
i)	Receivables Surya Nepal Private Limited Maharaja Heritage Resorts Limited WelcomHotels Lanka (Private) Limited ²	13.92 3.74 14.22	11.85 4.89 —
ii)	Advances Given Wimco Limited Employees Trust - Gratuity Funds	23.44 —	24.74 8.80
iii)	Loans Given Surya Nepal Private Limited ³ ITC Infotech India Limited ⁴ BFL Finance Limited ⁵ WelcomHotels Lanka (Private) Limited ²	106.88 — 32.55 390.84	106.88 56.99 32.55 —
iv)	Deposits Given Wimco Limited ⁶ Russell Credit Limited ⁷ Greenacre Holdings Limited ⁸ Wills Corporation Limited ⁹	50.35 0.12 2.20 0.20	50.00 0.12 2.20 0.20
v)	Advance Taken Surya Nepal Private Limited	140.59	116.93
vi)	Deposits Taken International Travel House Limited	0.09	0.07
vii)	Payables International Travel House Limited ITC Filtrona Limited Employees Trust - Pension Funds Employees Trust - Gratuity Funds Wimco Limited	4.30 2.07 11.76 12.74 3.34	4.28 2.82 12.72 — 0.32
viii)	Investment in Non-Convertible Debentures BFL Finance Limited	15.00	15.00
29.	Provision for Subsidiary as on 31st March BFL Finance Limited - Debts	47.55	47.55
30.	In addition, Remuneration of Managers on Deputation, absorbed ITC Infotech India Limited Landbase India Limited ITC Sangeet Research Academy	0.63 0.47 0.17	0.99 0.64 0.15

1 Interest free. The maximum indebtedness during the year was ₹ 400.00 Crores (2012 - Nil)
2 Interest bearing. Loan given during the year and Closing Balance US\$ 72 million. The maximum indebtedness during the year was US\$ 72 million. (2012 - Nil)
3 Interest bearing. The maximum indebtedness during the year was ₹ 106.88 Crores (2012 - ₹ 106.88 Crores)
4 Interest free, repayable on demand. The maximum indebtedness during the year was ₹ 95.25 Crores (2012 - ₹ 164.25 Crores)
5 Interest free. The maximum indebtedness during the year was ₹ 32.55 Crores (2012 - ₹ 32.55 Crores)
6 The maximum indebtedness during the year was ₹ 50.35 Crores (2012 - ₹ 50.00 Crores)
7 The maximum indebtedness during the year was ₹ 0.12 Crore (2012 - ₹ 0.12 Crore)
8 The maximum indebtedness during the year was ₹ 2.20 Crores (2012 - ₹ 2.20 Crores)
9 The maximum indebtedness during the year was ₹ 0.20 Crore (2012 - ₹ 0.20 Crore)

Notes to the Financial Statements

34. 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 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 modified by revaluation of certain Fixed Assets as and when undertaken.

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 and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

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 assets capitalised. Expenses capitalised also include applicable borrowing costs, if any.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation / enhancements unless they bring similar significant additional benefits.

Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Revaluation of Assets

As and when Fixed Assets are revalued, 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 and 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 annual depreciation on that portion of the value which is written up.

Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's 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 an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investments

To state Current Investments 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

To state inventories including work-in-progress at lower of cost and net realisable value. 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 of inventories and, where necessary, provision is made for such inventories.

Revenue from sale of products and services

To recognise Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales tax / Value added tax recovered from customers but including excise duty on goods payable by the Company. Net revenue is stated after deducting such excise duty.

Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

Notes to the Financial Statements

34. Significant Accounting Policies (Contd.)

Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue. To administer such Funds through duly constituted and approved independent trusts with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit/contribution schemes. To determine the liabilities towards such schemes, as applicable, and towards employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard – 15 on “Employee Benefits”. To determine actuarial gains or losses and to recognise such gains or losses immediately in Statement of Profit and Loss as income or expense.

To charge against revenue, actual disbursements made, when due, under the Workers’ Voluntary Retirement Scheme.

Lease Rentals

To charge Rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

To recognise rental income on assets given on operating lease on an accrual basis over the lease term in the Statement of Profit and Loss.

Research and Development

To write off all expenditure other than capital expenditure on Research and Development in the year it is incurred.

Capital expenditure on Research and Development is included under Tangible Assets.

Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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.

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 recognised in the Statement of Profit and Loss 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 premium paid on currency options in the Statement of Profit and Loss at the inception of the option.

To account for profit/loss arising on settlement or cancellation of currency option as income/expense for the period.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of options/forwards/swaps as at the Balance Sheet date, and to ignore the net gain, if any.

To account for gains/losses in the Statement of Profit and Loss on foreign exchange rate fluctuations relating to monetary items at the year end.

To accumulate exchange differences arising on monetary items that, in substance, form part of the Company’s net investment in a non-integral foreign operation in a foreign currency translation reserve. To recognise such balances in the Statement of Profit and Loss on disposal of the net investment.

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 based on the dominant source and nature of risks and returns and the internal organisation and management structure.

To account for inter-segment revenue on the basis of transactions which are primarily market led.

To include under “Unallocated Corporate Expenses” revenue and expenses which relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems

To practise an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, provide financial and cost information appropriate to the businesses and facilitate Internal Control.

On behalf of the Board

P. V. DHOBALE *Director* Y. C. DEVESHWAR *Chairman*
R. TANDON *Chief Financial Officer* B. B. CHATTERJEE *Company Secretary*

Kolkata
17th May, 2013

Independent Auditors' Report

to the Members of ITC Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **ITC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)

Kolkata
17th May, 2013

P. R. Ramesh
Partner
(Membership No. 70928)

Annexure to the Independent Auditors' Report

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the year are such that clauses (v), (x), (xii), (xiii), (xv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company. In respect of the other clauses, we report as under:

- (i) In respect of its fixed assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
- (ii) In respect of its inventory :
 - (a) As explained to us, the inventories other than material lying with third parties (which have substantially been confirmed) were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (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 Companies Act, 1956.
- (iv) 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 inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (viii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
 - (a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
 - (b) As at 31st March, 2013, the following are the particulars of dues on account of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess matters that have not been deposited on account of any dispute:

Name of the statute	Nature of the dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where pending
			Various years covering the period	
Sales Tax and VAT Laws	Sales tax and VAT	104.02	1987-2013	Appellate Authority – upto Commissioners' / Revisional authorities level
		5.29	1994-2007	Appellate Authority – Tribunal level
		165.83	1994-2008	High Court
Customs Act, 1962	Customs duty	0.05	2008-2010	Appellate Authority – upto Commissioners' / Revisional authorities level
		1.50	2005-2007	Appellate Authority – Tribunal level
Central Excise Act, 1944	Excise duty	9.70	1996-2012	Appellate Authority – upto Commissioners' / Revisional authorities level
		86.00	1973-2012	Appellate Authority – Tribunal level
		1.43	2005-2010	High Court
		0.31	1991-1996	Supreme Court
Finance Act, 1994	Service tax	3.28	2004-2012	Appellate Authority – upto Commissioners' / Revisional authorities level
		24.54	2005-2011	Appellate Authority – Tribunal level
Income Tax Act, 1961	Income tax	1.34	1990-2006	Appellate Authority – upto Commissioners' / Revisional authorities level

Out of the total disputed dues aggregating ₹ 403.29 Crores as above, ₹ 306.82 Crores has been stayed for recovery by the relevant authorities.

- (ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or to debenture holders during the year.
- (x) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has maintained proper records of transactions and contracts in respect of shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)

P. R. Ramesh
Partner
(Membership No. 70928)

Kolkata
17th May, 2013

Guide to Subsidiaries/Joint Ventures/Associates

Subsidiaries of ITC Limited

Russell Credit Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company. Its activities are primarily confined to making long term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards & Packaging, Agri Business and Information Technology.

Subsidiary

Greenacre Holdings Limited, a wholly owned subsidiary, is engaged in property infrastructure maintenance.

Gold Flake Corporation Limited & Wills Corporation Limited

Shareholding

100% held by ITC Limited.

Nature of Business

General trading.

Joint Venture

ITC Filtrona Limited, India, is a 50% joint venture of Gold Flake Corporation Limited with Filtrona Filter Products International Limited, UK.

Nature of Business

Manufacture and sale of cigarette filter rods.

ITC Investments & Holdings Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Investment Company.

Landbase India Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Hospitality, real estate development and management of golf resorts.

The Company owns the Classic Golf Resort, a 27-hole international signature golf course, designed by Jack Nicklaus.

BFIL Finance Limited (BFIL)

Shareholding

100% held by ITC Limited.

The Company became a subsidiary consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with ITC Limited.

Nature of Business

It was originally promoted as a financial services company. It is currently engaged only in recovery of its dues.

Subsidiary

BFIL owns 100% of the shareholding of MRR Trading & Investment Company Limited, which owns tenancy rights to a prime office space in Mumbai.

ITC Infotech India Limited (I3L)

Shareholding

100% held by ITC Limited.

Nature of Business

Information technology services and solutions.

Subsidiaries

I3L owns 100% of the shareholding of :

ITC Infotech Limited, UK and

ITC Infotech (USA), Inc.

ITC Infotech (USA), Inc. owns 100% of Pyxis Solutions, LLC, a New York Limited Liability Company.

These subsidiaries provide on-site information technology services and extend business development services to I3L.

Surya Nepal Private Limited

Shareholding

59% held by ITC Limited.

Nature of Business

Manufacture and sale of cigarettes and in the business of garments and matches.

Srinivasa Resorts Limited

Shareholding

68% held by ITC Limited.

Nature of Business

The Company owns the hotel "ITC Kakatiya" at Hyderabad, which is operated by ITC Limited.

Fortune Park Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is in the business of operating hotels in the upscale to mid range segment and franchising hospitality brands for the same. It currently operates 39 properties.

Bay Islands Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company owns the hotel "Fortune Resort Bay Island" at Port Blair, which is licensed to ITC Limited and is operated by Fortune Park Hotels Limited under an Operating and Marketing Services Agreement.

WelcomHotels Lanka (Private) Limited, Sri Lanka

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is in the process of developing a plot of land in Colombo for a mixed use development project including a luxury hotel.

King Maker Marketing, Inc., USA

Shareholding

100% held by ITC Limited.

Nature of Business

Primarily trading in cigarettes in USA.

Wimco Limited

Shareholding

ITC Limited has an ownership interest of 98.21% (1.38% is held through Russell Credit Limited, a 100% subsidiary of ITC Limited).

Nature of Business

Wimco Limited is engaged primarily in the manufacture of safety matches.

Subsidiaries

Wimco Limited has two wholly owned subsidiaries, namely Pavan Poplar Limited and Prag Agro Farm Limited, which are engaged in agro-forestry and other related activities to support Wimco's business.

Technico Pty Limited, Australia (Technico)

Shareholding

100% held by ITC Limited.

Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.

Subsidiaries

Technico has three wholly owned subsidiaries, namely Technico Asia Holdings Pty Limited, Australia; Technico Technologies Inc., Canada; and Technico Agri Sciences Limited, India.

Technico Asia Holdings Pty Limited, Australia, has a wholly owned subsidiary, Technico Horticultural (Kunming) Company Limited, China.

These companies support Technico in the production and commercialisation of seed technology in different geographies.

Joint Ventures of ITC Limited

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, where ITC Limited has an ownership interest of 50% (25% held through Russell Credit Limited, a 100% subsidiary of the Company), is a joint venture with Jodhana Heritage Resorts Private Limited.

Nature of Business

The joint venture company currently operates 39 hotel properties spread across 13 states under 3 brands namely "Legend Hotels", "WelcomHeritage Hotels" and "Nature Resorts".

Espirit Hotels Private Limited

ITC Limited holds 26% in Espirit Hotels Private Limited.

Nature of Business

The joint venture company is in the process of developing a luxury hotel complex at Begampet, Hyderabad.

Logix Developers Private Limited

ITC Limited holds 26% in Logix Developers Private Limited.

Nature of Business

The joint venture company is in the process of developing a luxury hotel-cum-serviced apartment complex at Noida, UP.

Major Associates of the Group

Gujarat Hotels Limited

ITC Limited holds 45.78% in Gujarat Hotels Limited.

Nature of Business

The Company owns the "WelcomHotel Vadodara" at Vadodara which is operated by ITC Limited under an Operating Licence Agreement.

International Travel House Limited

ITC Limited holds 3.6% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

Nature of Business

Air ticketing, car rentals, inbound tourism, overseas and domestic holiday packages, conferences, events and exhibition management.

Note: The full list of the Group's Associates appears on page 168.

Principles of Consolidation

The Group's interests in its subsidiaries, associates and joint ventures are reflected in the Consolidated Financial Statements (CFS) in accordance with the relevant Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006.

Subsidiaries (AS 21)

Line by line consolidation of the Statement of Profit and Loss and Balance Sheet is done by aggregating like items of assets, liabilities, income and expenses.

The excess / deficit of the cost to ITC Limited of its investments in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries are treated as goodwill / capital reserve in the CFS. The goodwill is disclosed as an asset and capital reserve as a reserve in the Consolidated Balance Sheet.

Minority interest in the net income (profit after tax) for the reporting period is identified and adjusted against the group income to arrive at the net income of the Group; likewise the minority interest in the net assets of the consolidated subsidiaries is identified and presented separately on the liabilities side in the Consolidated Balance Sheet.

Inter-Company transactions within the Group (both Profit & Loss and Balance Sheet items) are eliminated for arriving at the Group CFS.

CFS is prepared applying uniform accounting policies of ITC Limited to the Group companies.

Associates (AS 23)

On acquisition of an associate, the goodwill / capital reserve arising from such acquisition is included in the carrying amount of the investment and also disclosed separately.

Only share of net profits / losses of associates is considered in Consolidated Statement of Profit and Loss.

The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

Joint Ventures (AS 27)

Interest in joint ventures is reported using proportionate consolidation method in the CFS.

A separate line item is added in CFS for proportionate share of assets, liabilities, income and expenses.



Consolidated Financial Statements

Balance Sheet	136
Statement of Profit and Loss	137
Cash Flow Statement	138
Notes	140
Auditors' Report	183

Consolidated Balance Sheet as at 31st March, 2013

	Note	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	790.18		781.84	
Reserves and surplus	2	22367.72	23157.90	18676.74	19458.58
Minority interests			179.89		157.09
Non-current liabilities					
Long-term borrowings	3	90.80		105.38	
Deferred tax liabilities (Net)	4A	1213.59		882.03	
Other Long term liabilities	5	40.47		50.48	
Long-term provisions	6	144.75	1489.61	119.63	1157.52
Current liabilities					
Short-term borrowings	7	–		1.89	
Trade payables [Includes share of Joint Ventures ₹ 23.94 Crores (2012 - ₹ 10.79 Crores)]		1771.56		1538.37	
Other current liabilities	8	3560.03		3429.02	
Short-term provisions	9	5194.39	10525.98	4359.10	9328.38
TOTAL			35353.38		30101.57
ASSETS					
Non-current assets					
Fixed assets	10				
Tangible assets		11728.45		9578.95	
Intangible assets		100.54		120.01	
Capital work-in-progress - Tangible assets		2041.37		2388.87	
Intangible assets under development		20.66		7.59	
		13891.02		12095.42	
Less: Provision for assets given on lease		5.67		5.67	
		13885.35		12089.75	
Goodwill on consolidation		316.51		314.13	
Non-current investments	11	814.17		765.02	
Deferred tax assets (Net)	4B	24.11		16.26	
Long-term loans and advances	12	1246.30		1096.13	
Other non-current assets	12A	1.24	16287.68	1.24	14282.53
Current assets					
Current investments	13	5167.11		4441.81	
Inventories	14	7522.09		6426.87	
Trade receivables	15	1395.76		1200.20	
Cash and bank balances	16	3828.30		3130.12	
Short-term loans and advances	17	529.61		484.17	
Other current assets	18	622.83	19065.70	135.87	15819.04
TOTAL			35353.38		30101.57

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

P. R. RAMESH
Partner

Kolkata, 17th May, 2013

On behalf of the Board

P. V. DHOBALE

Director

Y. C. DEVESHWAR

Chairman

R. TANDON Chief Financial Officer

B. B. CHATTERJEE Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

	Note	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
Gross Income	19	45102.45	37747.71
Gross Revenue from sale of products and services		43920.76	36617.45
Less: Excise Duty		12597.31	10437.93
Net Revenue from sale of products and services		31323.45	26179.52
Other operating revenue		304.09	345.91
Revenue from operations	20	31627.54	26525.43
Other income	21	877.60	784.35
Total Revenue		32505.14	27309.78
Expenses			
Cost of materials consumed [Includes share of Joint Ventures ₹ 83.62 Crores (2012 - ₹ 64.43 Crores)]		9069.82	7808.75
Purchases of Stock-in-Trade		3305.23	1921.18
Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and Intermediates	22	(256.84)	(85.74)
Employee benefits expense	23	2145.63	1935.11
Finance costs	24	87.18	80.50
Depreciation and amortisation expense [Includes share of Joint Ventures ₹ 1.45 Crores (2012 - ₹ 1.32 Crores)]		859.11	745.48
Other expenses	25	6189.36	5736.35
Total Expenses		21399.49	18141.63
Profit before tax		11105.65	9168.15
Tax expense:			
Current tax	26	3088.05	2777.57
Deferred tax	27	324.02	68.19
Profit after tax before share of results of associates and minority interests		7693.58	6322.39
Less: Minority interests		96.38	75.53
Share of net profit of associates		10.87	11.28
Profit for the year		7608.07	6258.14
Earnings per share (Face Value ₹ 1.00 each)	28 (i)		
Basic		₹ 9.69	₹ 8.05
Diluted		₹ 9.56	₹ 7.96

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants
P. R. RAMESH
Partner

Kolkata, 17th May, 2013

On behalf of the Board

P. V. DHOBALE Director Y. C. DEVESHWAR Chairman
R. TANDON Chief Financial Officer B. B. CHATTERJEE Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2013

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	11105.65	9168.15
ADJUSTMENTS FOR :		
Depreciation and Amortisation Expense	859.11	745.48
Finance costs	87.18	80.50
Interest Income	(342.79)	(321.88)
Dividend Income from Long Term Investments	(14.52)	(16.32)
Dividend Income from Current Investments	(232.22)	(222.38)
Loss on Sale of Fixed Assets - Net	25.30	12.72
Net gain on sale of Current Investments etc.	(148.20)	(76.05)
Gain on sale of Long Term Investments	(121.62)	(137.25)
Doubtful and Bad Debts	9.72	14.38
Doubtful and Bad Advances, Loans and Deposits	0.38	2.72
Provision for Standard Assets	0.06	...
Excess of Carrying Cost over Fair Value of Current Investments - Net	-	5.74
Excess of Cost of Current Investments over Fair Value, reversed - Net	(25.80)	-
Foreign Currency translations and transactions - Net	6.49	(12.32)
Amortisation of Miscellaneous Expenditure	-	0.11
Impairment of Goodwill on consolidation	9.35	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	11218.09	9243.60
ADJUSTMENTS FOR :		
Trade Receivables, Loans and Advances and Other Assets	(446.35)	(357.02)
Inventories	(985.44)	(408.29)
Trade Payables, Other Liabilities and Provisions	330.89	192.71
CASH GENERATED FROM OPERATIONS	10117.19	8671.00
Income Tax Paid	(3015.36)	(2415.34)
NET CASH FROM OPERATING ACTIVITIES	7101.83	6255.66
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2644.26)	(2467.84)
Sale of Fixed Assets	9.65	58.87
Purchase of Current Investments etc.	(75659.79)	(54258.22)
Sale/Redemption of Current Investments etc.	75017.59	53714.67
Purchase of Long Term Investments	(53.33)	(10.46)
Sale of Long Term Investments	134.44	164.61
Dividend Income from Long Term Investments Received	14.52	16.32
Dividend Income from Current Investments Received	232.22	222.38
Dividend from Associates	2.23	2.01
Interest Received	265.43	302.01
Purchase of interest in Joint Venture	-	(22.22)
Investment in bank deposits (original maturity more than 3 months)	(3451.60)	(2641.13)
Redemption/Maturity of bank deposits (original maturity more than 3 months)	2681.48	2215.12
Investment in deposits with financial institutions	(425.00)	-
Loans Given to Associates	(7.00)	-
Loans Realised	2.07	10.08
NET CASH USED IN INVESTING ACTIVITIES	(3881.35)	(2693.80)

Consolidated Cash Flow Statement for the year ended 31st March, 2013

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	922.31	764.99
Proceeds from Long Term Borrowings	0.35	27.69
Repayments of Long Term Borrowings	(12.06)	(10.79)
Net increase / (decrease) in Cash / Export Credit Facilities	(1.89)	(22.11)
Interest Paid	(70.93)	(19.43)
Net increase in Statutory Restricted Accounts Balances	15.16	16.83
Dividends Paid	(3591.62)	(3502.61)
Income Tax on Dividends Paid	(571.33)	(559.22)
NET CASH USED IN FINANCING ACTIVITIES	(3310.01)	(3304.65)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(89.53)	257.21
OPENING CASH AND CASH EQUIVALENTS	398.05	140.84
CLOSING CASH AND CASH EQUIVALENTS	308.52	398.05
<i>Notes :</i>		
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 :		
Cash and Cash Equivalents as above	308.52	398.05
Other bank balances	3513.87	2728.59
Unrealised Gain on Foreign Currency Cash and Cash Equivalents	5.91	3.48
Cash and bank balances (Note 16)	<u>3828.30</u>	<u>3130.12</u>

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

P. R. RAMESH
Partner

Kolkata, 17th May, 2013

On behalf of the Board

P. V. DHOBALÉ

Director

R. TANDON *Chief Financial Officer*

Y. C. DEVESHWAR

Chairman

B. B. CHATTERJEE *Company Secretary*

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (₹ in Crores)
1. Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	10,00,00,00,000	1000.00	10,00,00,00,000	1000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	7,90,18,33,110	790.18	7,81,84,24,300	781.84

A) Reconciliation of number of Ordinary Shares outstanding

As at beginning of the year	7,81,84,24,300	781.84	7,73,81,44,280	773.81
Add: Issue of Shares on exercise of Options	8,34,08,810	8.34	8,02,80,020	8.03
As at end of the year	7,90,18,33,110	790.18	7,81,84,24,300	781.84

B) Shareholders holding more than 5% of the Ordinary Shares in the Company

	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 %	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 %
Tobacco Manufacturers (India) Limited	1,98,55,64,880	25.13	1,98,55,64,880	25.39
Life Insurance Corporation of India	96,18,42,593	12.17	93,87,40,442	12.01
Specified Undertaking of the Unit Trust of India	89,67,24,540	11.35	89,67,22,590	11.47

C) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March

	2013 (No. of Shares)	2012 (No. of Shares)
Bonus Shares issued in 2010-11	3,82,67,01,530	3,82,67,01,530

D) Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

E) Shares reserved for issue under Options

	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2012 (No. of Shares)
Ordinary Shares of ₹ 1.00 each	25,06,80,820	27,20,11,920

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme -2006 & the ITC Employee Stock Option Scheme -2010.

The vesting period for conversion of Options is as follows:

On completion of 12 months from the date of grant of the Options:	30% vests
On completion of 24 months from the date of grant of the Options:	30% vests
On completion of 36 months from the date of grant of the Options:	40% vests

The Options have been granted at the 'market price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
2. Reserves and surplus		
Capital Reserve		
At the beginning and at the end of the year	5.75	5.75
Capital Reserve on consolidation		
At the beginning and at the end of the year	74.12	74.12
Capital Redemption Reserve		
At the beginning of the year	5.13	5.06
Add: Consequent to change in Group's Interest	...	0.07
At the end of the year	5.13	5.13
Securities Premium Account		
At the beginning of the year	2533.43	1776.47
Add: On issue of Shares	913.97	756.96
Consequent to change in Group's Interest	0.01	-
At the end of the year	3447.41	2533.43
Revaluation Reserve		
At the beginning of the year	102.76	102.51
Add: Consequent to change in Group's Interest	0.01	0.62
Less: Depreciation	0.38	0.34
On disposal of fixed assets	0.30	0.03
At the end of the year	102.09	102.76
Contingency Reserve		
At the beginning and at the end of the year	363.05	363.05
Foreign Currency Translation Reserve		
At the beginning of the year	96.61	61.52
Add: Adjustment for translation of Non Integral Foreign Operations	23.43	35.09
At the end of the year	120.04	96.61
Special Reserve under Section 45-IC of the RBI Act, 1934		
At the beginning of the year	69.10	62.81
Add: Transfer from Surplus in Statement of Profit and Loss	11.79	6.29
At the end of the year	80.89	69.10
Employees Housing Reserve under Nepal labour laws		
At the beginning of the year	27.26	18.85
Add: Transfer from Surplus in Statement of Profit and Loss	10.75	8.41
At the end of the year	38.01	27.26
Subsidy Reserve		
At the beginning and at the end of the year	0.23	0.23
General Reserve		
At the beginning of the year	13254.73	12602.69
Add: Consequent to change in Group's Interest	0.02	0.94
Transfer from Surplus in Statement of Profit and Loss	750.93	651.10
Less: Transfer to Surplus in Statement of Profit and Loss	64.48	-
At the end of the year	13941.20	13254.73
Surplus in Statement of Profit and Loss		
At the beginning of the year	2123.11	624.34
Add: Transfer from General Reserve	64.48	-
Surplus brought forward for Joint Ventures	19.14	16.89
Profit for the Year	7608.07	6258.14
Less: Transfer to General Reserve	750.93	651.10
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	11.79	6.29
Employees Housing Reserve under Nepal labour laws	10.75	8.41
Consequent to change in Group's Interest	0.04	1.42
Proposed Dividend [₹ 5.25 (2012- ₹ 4.50) per share]	4148.46	3518.29
Income Tax on Dividend Proposed/Paid		
- Current Year	705.97	571.68
- Earlier year's provision no longer required	(0.61)	(0.59)
Share of Revenue reserves of Joint Ventures carried forward	23.73	19.66
At the end of the year	4163.74	2123.11
TOTAL	22341.66	18655.28
Share of Joint Ventures - Note 28 (ii) (b)	26.06	21.46
GRAND TOTAL	22367.72	18676.74

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
3. Long-term borrowings		
Unsecured		
Term loans		
– From Banks	0.02	0.12
– From Others	1.88	2.08
	1.90	2.20
Deferred payment liabilities		
Sales tax deferment loans	66.38	77.20
TOTAL	68.28	79.40
Share of Joint Ventures - Note 28 (ii) (b)*	22.52	25.98
GRAND TOTAL	90.80	105.38

* secured by hypothecation of certain fixed assets and current assets.

Terms of borrowings are as under:

Term loans from Banks:

Repayable in equated periodic instalments upto a 5 year period from the date of respective loan. These are repayable by 2014-15 and carry an interest of 11.25% p.a.

Term loans from Others:

Comprise two interest free loans. One of the loans is repayable by 2016-17 in annual instalments and the other loan stipulates repayment on the basis of 50% of the net profits earned by a subsidiary or the residual balance, whichever is less.

Sales tax deferment loans:

Repayable after a period of 10 to 14 years from the end of the month of respective loans. These are repayable by 2025-26 and are interest free.

Share of Joint Ventures:

Represents deferred payment liabilities which are repayable in 16 equal half yearly instalments alongwith interest. These are repayable by 2020-21 and carry an interest of 11.00% p.a.

The scheduled maturity of the Long-term borrowings are summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Note 8)	0.42	14.63	1.06	11.00
Current maturities of long-term debt	0.42	14.63	1.06	11.00
In the second year	0.38	18.84	0.49	14.63
In the third to fifth year	1.47	43.39	1.71	50.94
After five years	0.05	26.67	–	37.61
Long-term borrowings	1.90	88.90	2.20	103.18

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
4A. Deferred tax liabilities (Net)		
Deferred tax liabilities		
On fiscal allowances on fixed assets	1218.06	1056.30
On excise duty on closing stock	490.57	245.01
Other timing differences	7.15	4.85
	1715.78	1306.16
Share of Joint Ventures - Note 28 (ii) (b)	1.04	0.87
Total Deferred tax liabilities	1716.82	1307.03
Deferred tax assets		
On employees' separation and retirement etc.	49.28	56.16
On provision for doubtful debts/advances	12.01	10.18
On State and Central taxes etc.	408.83	334.74
Other timing differences	32.94	23.74
	503.06	424.82
Share of Joint Ventures - Note 28 (ii) (b)	0.17	0.18
Total Deferred tax assets	503.23	425.00
	1213.59	882.03
4B. Deferred tax assets (Net)		
Deferred tax assets		
On fiscal allowances on fixed assets	3.17	1.11
On employees' separation and retirement etc.	8.28	7.50
On provision for doubtful debts/advances	2.26	2.24
On unabsorbed tax losses and depreciation *	3.80	0.10
Other timing differences	6.95	5.59
	24.46	16.54
Share of Joint Ventures - Note 28 (ii) (b) *	0.69	0.80
Total Deferred tax assets	25.15	17.34
Deferred tax liabilities		
On fiscal allowances on fixed assets	0.05	0.07
Other timing differences	0.98	1.00
	1.03	1.07
Share of Joint Ventures - Note 28 (ii) (b)	0.01	0.01
Total Deferred tax liabilities	1.04	1.08
	24.11	16.26

* Set up based on virtual certainty of future taxable income available to realise such assets.

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
5. Other Long term liabilities		
Trade payables	1.32	–
Sundry deposits	31.19	31.25
Others (Includes retention monies payable towards fixed assets etc.)	7.96	19.23
TOTAL	40.47	50.48
6. Long-term provisions		
Provision for employee benefits		
Retirement benefits	72.96	63.83
Other benefits	71.20	55.34
Provision for standard assets	0.09	0.03
TOTAL	144.25	119.20
Share of Joint Ventures - Note 28 (ii) (b)	0.50	0.43
GRAND TOTAL	144.75	119.63
7. Short-term borrowings		
Secured		
Loans from Banks		
Cash credit facilities	–	1.89
TOTAL	–	1.89

Cash credit facilities are secured by hypothecation of certain fixed assets, investments and current assets, both present and future.

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
8. Other current liabilities		
Current maturities of long-term debt (Note 3)	11.58	10.33
Interest accrued but not due on borrowings	0.32	0.40
Income received in advance	1.43	1.37
Unpaid dividend*	95.92	80.76
Unpaid matured deposits and interest accrued thereon
Unpaid matured debentures / bonds and interest accrued thereon**	0.32	0.32
Sundry deposits	33.93	30.74
Other payables (includes payables for fixed assets, statutory liabilities, advances from customers etc.)	3410.61	3300.02
TOTAL	3554.11	3423.94
Share of Joint Ventures - Note 28 (ii) (b)	5.92	5.08
GRAND TOTAL	3560.03	3429.02

* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 206A of the Companies Act, 1956, or such amounts in respect of which Prohibitory / Attachment Orders are on record with the Company.

** Represents amounts which are subject matter of pending legal disputes, details in respect of which are on record with the Company, including an amount of ₹ 0.30 Crore (2012 - ₹ 0.30 Crore) maintained with a bank for which the Company has filed a suit.

9. Short-term provisions		
Current portion of long-term employee benefits		
Retirement benefits	44.93	25.62
Other benefits	18.89	27.52
Current taxation (net of advance payment)	275.49	215.34
Fringe benefit tax (net of advance payment)	1.55	1.55
Provision for standard assets	-	...
Proposed dividend	4148.46	3518.29
Income tax on proposed dividend	705.03	570.75
TOTAL	5194.35	4359.07
Share of Joint Ventures - Note 28 (ii) (b)	0.04	0.03
GRAND TOTAL	5194.39	4359.10

Notes to the Consolidated Financial Statements

(₹ in Crores)

10. Fixed assets

Gross Block

Particulars	@ As at 31st March, 2011	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	@ As at 31st March, 2012	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	@ As at 31st March, 2013
Tangible assets									
Land									
Freehold *	1058.25	244.95	26.24	0.02	1276.98	6.29	18.23	0.01	1265.05
Leasehold	226.78	0.43	–	0.25	227.46	2.62	(16.76)	0.12	246.96
Buildings									
Freehold	2516.56	209.05	6.68	1.08	2720.01	1001.92	9.71	0.50	3712.72
Licensed Properties - Building Improvement	60.40	19.77	0.75	0.57	79.99	11.46	2.49	0.01	88.97
Plant and Equipment **	8849.86	1037.05	95.71	2.53	9793.73	1756.53	128.50	0.45	11422.21
Furniture and Fixtures	503.74	26.97	9.82	(1.70)	519.19	185.24	14.88	0.07	689.62
Vehicles	79.14	33.41	12.79	0.03	99.79	21.50	11.24	0.02	110.07
Office Equipment	23.45	3.03	1.16	0.19	25.51	4.21	2.69	0.02	27.05
Railway Sidings etc.	1.72	–	–	–	1.72	–	–	–	1.72
	13319.90	1574.66	153.15	2.97	14744.38	2989.77	170.98	1.20	17564.37
Share of Joint Ventures	64.03	1.77	0.98	–	64.82	9.96	1.03	–	73.75
TOTAL (A)	13383.93	1576.43	154.13	2.97	14809.20	2999.73	172.01	1.20	17638.12
Capital work-in-progress	1357.14	2248.88	1255.99	–	2350.03	2612.95	2970.50	6.30	1998.78
Share of Joint Ventures	0.01	39.09	0.26	–	38.84	3.75	–	–	42.59
TOTAL (B)	1357.15	2287.97	1256.25	–	2388.87	2616.70	2970.50	6.30	2041.37
Tangible assets (A+B)	14741.08	3864.40	1410.38	2.97	17198.07	5616.43	3142.51	7.50	19679.49
Intangible assets (acquired)									
Goodwill	4.90	–	–	–	4.90	–	–	–	4.90
Trademarks	6.37	–	–	0.06	6.43	–	–	0.03	6.46
Computer Software	278.01	19.41	1.51	0.05	295.96	24.02	0.19	0.03	319.82
Know-how, Business and Commercial Rights	75.04	11.23	–	2.26	88.53	–	–	1.24	89.77
	364.32	30.64	1.51	2.37	395.82	24.02	0.19	1.30	420.95
Share of Joint Ventures	0.21	0.02	–	–	0.23	0.06	–	–	0.29
TOTAL (C)	364.53	30.66	1.51	2.37	396.05	24.08	0.19	1.30	421.24
Intangible assets under development	10.80	23.09	26.30	–	7.59	28.08	15.01	–	20.66
Share of Joint Ventures	–	–	–	–	–	–	–	–	–
TOTAL (D)	10.80	23.09	26.30	–	7.59	28.08	15.01	–	20.66
Intangible assets (C+D)	375.33	53.75	27.81	2.37	403.64	52.16	15.20	1.30	441.90

The above includes following assets given on operating lease:

Particulars	As at 31st March, 2013			2013	As at 31st March, 2012			2012
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings	1.33	0.38	0.95	0.04	1.33	0.34	0.99	0.04
Plant and Equipment	310.31	176.53	133.78	12.54	238.68	163.96	74.72	10.57
Total	311.64	176.91	134.73	12.58	240.01	164.30	75.71	10.61

Notes to the Consolidated Financial Statements

(₹ in Crores)

10. Fixed assets (contd.)

Particulars	Depreciation and amortisation								Net Book Value			
	Upto 31st March, 2011	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2012	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Tangible assets												
Land												
Freehold *	–	–	–	–	–	–	–	–	–	1265.05	1276.98	1058.25
Leasehold	19.48	2.63	–	0.25	22.36	1.15	–	0.12	23.63	223.33	205.10	207.30
Buildings												
Freehold	452.53	58.09	3.28	1.04	508.38	70.85	9.70	0.49	570.02	3142.70	2211.63	2064.03
Licensed Properties - Building Improvement	28.34	8.21	0.19	0.12	36.48	14.34	1.86	0.01	48.97	40.00	43.51	32.06
Plant and Equipment **	3795.28	581.70	64.68	1.75	4314.05	672.99	104.93	0.41	4882.52	6539.69	5479.68	5054.58
Furniture and Fixtures	279.10	29.27	8.49	(0.54)	299.34	43.52	12.23	0.07	330.70	358.92	219.85	224.64
Vehicles	25.79	8.20	6.68	0.02	27.33	10.03	5.84	0.01	31.53	78.54	72.46	53.35
Office Equipment	10.41	1.54	0.89	0.13	11.19	1.55	2.07	0.02	10.69	16.36	14.32	13.04
Railway Sidings etc.	0.82	0.15	–	–	0.97	0.08	–	–	1.05	0.67	0.75	0.90
	4611.75	689.79	84.21	2.77	5220.10	814.51	136.63	1.13	5899.11	11665.26	9524.28	8708.15
Share of Joint Ventures	9.57	1.29	0.71	–	10.15	1.42	1.01	–	10.56	63.19	54.67	54.46
TOTAL (A)	4621.32	691.08	84.92	2.77	5230.25	815.93	137.64	1.13	5909.67	11728.45	9578.95	8762.61
Capital work-in-progress	–	–	–	–	–	–	–	–	–	1998.78	2350.03	1357.14
Share of Joint Ventures	–	–	–	–	–	–	–	–	–	42.59	38.84	0.01
TOTAL (B)	–	–	–	–	–	–	–	–	–	2041.37	2388.87	1357.15
Tangible assets (A+B)	4621.32	691.08	84.92	2.77	5230.25	815.93	137.64	1.13	5909.67	13769.82	11967.82	10119.76
Intangible assets (acquired)												
Goodwill	4.90	–	–	–	4.90	–	–	–	4.90	–	–	–
Trademarks	5.62	0.60	–	0.04	6.26	0.05	–	0.02	6.33	0.13	0.17	0.75
Computer Software	150.60	47.69	1.24	0.05	197.10	37.54	0.19	0.03	234.48	85.34	98.86	127.41
Know-how, Business and Commercial Rights	58.93	6.42	–	2.26	67.61	5.94	–	1.24	74.79	14.98	20.92	16.11
	220.05	54.71	1.24	2.35	275.87	43.53	0.19	1.29	320.50	100.45	119.95	144.27
Share of Joint Ventures	0.14	0.03	–	–	0.17	0.03	–	–	0.20	0.09	0.06	0.07
TOTAL (C)	220.19	54.74	1.24	2.35	276.04	43.56	0.19	1.29	320.70	100.54	120.01	144.34
Intangible assets under development	–	–	–	–	–	–	–	–	–	20.66	7.59	10.80
Share of Joint Ventures	–	–	–	–	–	–	–	–	–	–	–	–
TOTAL (D)	–	–	–	–	–	–	–	–	–	20.66	7.59	10.80
Intangible assets (C+D)	220.19	54.74	1.24	2.35	276.04	43.56	0.19	1.29	320.70	121.20	127.60	155.14
Provision for assets given on lease	–	–	–	–	–	–	–	–	–	5.67	5.67	5.67
GRAND TOTAL										13885.35	12089.75	10269.23

@ Original Cost / Professional Valuation as at 30th June, 1986 in respect of assets of ITC Limited, as at 31st March, 1987 in respect of Surya Nepal Private Limited and as at 31st March, 1999 in respect of Bay Islands Hotels Limited.

Land Freehold includes the provisional purchase price of (a) ₹ 17.29 Crores (2012 - ₹ 17.29 Crores) in respect of land at Bengaluru. Final purchase price is to be determined by the Karnataka Industrial Areas Development Board, on settlement of which and on execution of a Sale Deed, title will pass to the Company in 21 years time from the date of agreement (b) ₹ 8.92 Crores (2012 - ₹ 8.92 Crores) in respect of land at Mysore for which sale deed has been executed by the Karnataka Industrial Areas Development Board, yet to be registered.

Land Freehold includes certain lands at Munger which stood vested with the State of Bihar under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.

Litigation relating to the ITC Windsor land is pending. In the opinion of the management based upon legal advice, the Company's title to the property is tenable. Buildings Freehold include ₹ 898.22 Crores (2012 - ₹ 776.30 Crores), aggregate cost of building on leasehold land situated at various locations.

Trademarks are being amortised over 10 years.

Out of the total amount of "Know-how, Business and Commercial Rights" aggregating ₹ 89.77 Crores (2012 - ₹ 88.53 Crores) :-

- ₹ 59.97 Crores (2012 - ₹ 59.97 Crores) acquired in earlier years are being amortised over 10 years.
- ₹ 24.83 Crores (2012 - ₹ 23.59 Crores) acquired in earlier years and have been amortised over 5 years.
- ₹ 4.97 Crores (2012 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.

Depreciation for the year includes ₹ 0.38 Crore (2012 - ₹ 0.34 Crore) transferred from Revaluation Reserve in respect of revalued assets.

* Based on the professional valuation, Wimco Limited has revalued a plot of land at Chennai by ₹ 45.87 Crores during 2010-11 and the same has been transferred to Revaluation Reserve Account.

** In respect of assets aggregating to ₹ 18.50 Crores (2012 - ₹ 18.50 Crores), the primary lease period has expired and balances reflected on this account have been fully realised or provided for.

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless otherwise stated)				
Long Term				
A. TRADE INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries				
ITC Global Holdings Pte. Limited (in liquidation) 89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully provided)		–		–
In Associates				
International Travel House Limited 39,14,233 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 11.89 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013	21.87 49.52	71.39	21.87 42.68	64.55
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 1.16 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013	1.94 7.89	9.83	1.94 7.03	8.97
ATC Limited 55,650 Equity Shares of ₹ 100.00 each, fully paid Cost of acquisition (net of capital reserve of ₹ 0.16 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013 1,39,125 Equity Shares of ₹ 100.00 each, partly paid Cost of acquisition (including goodwill of ₹ 0.30 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013		0.83 0.91	0.83 0.78	1.61 3.39
Russell Investments Limited 42,75,435 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (net of capital reserve of ₹ 0.30 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013		4.27 4.69	4.27 4.34	8.61
Classic Infrastructure and Development Limited 54,00,000 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 7.78 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013		10.40 0.72	10.40 0.60	11.00
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 1.09 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013		6.93 0.11	6.93 0.08	7.01
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 0.10 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2013		4.40 0.24	4.40 0.17	4.57
In Others				
VST Industries Limited 476 (2012 - 7,72,501) Equity Shares of ₹ 10.00 each, fully paid		0.01		12.83
Hotel Leelaventure Limited 5,47,18,674 (2012 - 5,30,89,889) Equity Shares of ₹ 2.00 each, fully paid		199.64		194.69
EIH Limited 9,21,78,024 (2012 - 8,56,21,473) Equity Shares of ₹ 2.00 each, fully paid		440.67		392.29
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of ₹ 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.04.1989 (cost ₹ 1.19 Crores, fully provided)		–		–
Carried over	721.54	37.13	673.33	36.19

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless otherwise stated) (Contd.)				
Brought forward	721.54	37.13	673.33	36.19
TRADE INVESTMENTS (Contd.)				
In Others (Contd.)				
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
B. OTHER INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.05		0.05	
Lotus Court Private Limited 2 Class G Shares of ₹ 48000.00 each, fully paid		2.34		2.34
Adyar Property Holding Company Limited 311 Equity Shares of ₹ 100.00 each, partly paid		43.86		43.86
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 0.01 Crore, fully provided)		—		—
Bilaspur Cane Development Corporation Limited 100 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)	
Prime Golf Ranking Private Limited 150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)	
Woodlands Multispeciality Hospital Limited 13,050 Equity Shares of ₹ 10.00 each, fully paid		0.01		—
INVESTMENT IN DEBENTURES				
Woodlands Multispeciality Hospital Limited 1/2% Registered Debentures, fully paid (cost ₹ 15200.00) 5% Registered Debentures, fully paid		—		0.01
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
Government Securities (cost ₹ 76000.00)		0.01		0.01
Government Securities - National Savings Certificates (cost ₹ 10000.00)	
National Savings Certificate, fully paid (Deposited with Government Authorities) (cost ₹ 5000.00)	
Kisan Vikas Patra, fully paid (Deposited with Government Authorities) (cost ₹ 6000.00)	
National Saving Certificate pledged at Mandi Samiti [cost ₹ 27000.00 (2012 - ₹ 40000.00)]	
Government Securities				
5% Bikash Rinpatra, 2071 (Vikram Samvat Calendar Year)		5.27		5.27
6.5% Bikash Rinpatra, 2075 (Vikram Samvat Calendar Year)		1.60		1.60
Aggregate amount of quoted and unquoted Investments	721.59	92.58	673.38	91.64
Total Non-current investments		814.17		765.02

Aggregate market value of quoted investments ₹ 721.29 Crores (2012 - ₹ 1120.37 Crores).
Aggregate provision for diminution in value ₹ 26.78 Crores (2012 - ₹ 26.78 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
12. Long-term loans and advances				
Capital advances				
Unsecured, considered good		295.70		314.23
Security deposits				
Unsecured, considered good	594.46		463.25	
Doubtful	2.96		3.13	
	597.42		466.38	
Less: Provision for doubtful deposits	2.96	594.46	3.13	463.25
Loans and advances to related parties				
Security deposits - unsecured, considered good	0.02		0.06	
Loans and advances - secured, considered good	5.60		—	
Loans and advances - unsecured, considered good	0.25	5.87	0.41	0.47
Advance tax (net of provisions) - unsecured, considered good		21.94		34.01
Fringe benefit tax (net of provisions) - unsecured, considered good		0.11		0.17
Other loans and advances (Comprise loans to employees, prepaid expenses, advances with statutory authorities etc.)				
Secured, considered good	0.47		0.88	
Unsecured, considered good	326.65		281.10	
Doubtful	15.52		17.30	
	342.64		299.28	
Less: Provision for doubtful loans and advances	15.52	327.12	17.30	281.98
TOTAL		1245.20		1094.11
Share of Joint Ventures - Note 28 (ii) (b)		1.10		2.02
GRAND TOTAL		1246.30		1096.13

12A. Other non-current assets				
Payments towards land / project development - unsecured, considered good *		1.24		1.24
TOTAL		1.24		1.24

* Suit for partition of land is pending

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value)				
Investment in Preference Shares				
ICICI Bank Limited 310 Non-Cumulative, Non-Participating, Non-Voting, Preference Shares of ₹ 10000000.00 each, fully paid		160.94		134.99
Investment in Bonds				
Indian Railway Finance Corporation Limited 10,000 6.30% Tax Free Bonds of ₹ 100000.00 each, fully paid 10,00,000 7.18% Tax Free Bonds of ₹ 1000.00 each, fully paid 4,35,012 8.00% Tax Free Bonds of ₹ 1000.00 each, fully paid	100.00 43.50	93.46	– 43.50	93.46
India Infrastructure Finance Company Limited 43,570 (2012 - 43,070) 6.85% Tax Free Bonds (22/01/2014) of ₹ 100000.00 each, fully paid 3,000 6.85% Tax Free Bonds (20/03/2014) of ₹ 100000.00 each, fully paid		429.87 29.57		424.91 29.57
Power Finance Corporation Limited 1,500 8.09% Tax Free Bonds (25/11/2021) of ₹ 100000.00 each, fully paid 1,00,000 8.20% Tax Free Bonds (01/02/2022) of ₹ 1000.00 each, fully paid	10.53	15.67	–	–
National Highways Authority of India 4,94,476 8.20% Tax Free Bonds of ₹ 1000.00 each, fully paid	49.45		49.45	
National Housing Bank 1,03,785 Zero Coupon Bonds 2018 of ₹ 10000.00 each, fully paid		61.85		56.79
National Bank for Agriculture and Rural Development 4,100 Zero Coupon Bhavishya Nirman Bonds 2017 of ₹ 20000.00 each, fully paid 1,41,270 Zero Coupon Bhavishya Nirman Bonds 2019 of ₹ 20000.00 each, fully paid		5.55 167.57		5.10 153.83
Rural Electrification Corporation Limited 30,00,000 7.22% Tax Free Bonds of ₹ 1000.00 each, fully paid	300.00		–	
Investment in Government or Trust Securities				
National Saving Certificate pledged at Mandi Samiti (cost ₹ 13000.00)		...		–
Investment in Mutual Funds				
Axis Fixed Term Plan - Series 20 (3 Months) - Dividend Payout Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Birla Sun Life Fixed Maturity Plan - Series DS - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Birla Sun Life Fixed Maturity Plan - Series EU - Dividend Payout Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Birla Sun Life Fixed Term Plan - Series DT - Growth Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Birla Sun Life Fixed Term Plan - Series DY - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Fixed Term Plan - Series EB - Growth Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
Birla Sun Life Fixed Term Plan - Series EE - Dividend - Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Fixed Term Plan - Series EM - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Birla Sun Life Fixed Term Plan - Series EW - Growth Nil (2012 - 4,50,00,000) Units of ₹ 10.00 each	–		45.00	
Birla Sun Life Fixed Term Plan - Series FA - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Birla Sun Life Fixed Term Plan - Series FU - Dividend (366 Days) - Payout 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
Carried over	523.48	964.48	307.95	898.65

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	523.48	964.48	307.95	898.65
Investment in Mutual Funds (Contd.)				
Birla Sun Life Fixed Term Plan - Series FV - Growth (367 Days) 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
Birla Sun Life Fixed Term Plan - Series GB - Growth (541 Days) 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
Birla Sun Life Fixed Term Plan - Series GO (369 Days) - Growth 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Birla Sun Life Fixed Term Plan - Series GQ (367 Days) - Growth 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Birla Sun Life Floating Rate - Long Term Institutional Plan - Daily Dividend - Reinvestment 2,92,741 (2012 - 2,73,128) Units of ₹ 100.00 each		2.93		2.73
Birla Sun Life Floating Rate Fund - Daily Dividend Reinvestment Nil (2012 - 16,80,760) Units of ₹ 100.00 each		–		16.81
Birla Sun Life Floating Rate Long Term - Daily Dividend - Regular Plan - Reinvestment 77,01,889 (2012 - Nil) Units of ₹ 100.00 each		77.14		–
Birla Sun Life Floating Rate Fund Short Term Plan - Growth - Regular Plan 7,97,683 (2012 - Nil) Units of ₹ 100.00 each	12.20		–	
Birla Sun Life Floating Rate Fund - Short Term Plan - Institutional Plan - Daily Dividend Reinvestment Nil (2012 - 1,92,295) Units of ₹ 100.00 each		–		1.92
Birla Sun Life Interval Income Fund - Annual Plan 2 - Growth 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
Birla Sun Life Interval Income Fund - Quarterly Plan - Series 1 - Dividend - Regular Plan Payout 30,00,000 (2012 - Nil) Units of ₹ 10.00 each	3.00		–	
Birla Sun Life Quarterly Interval Fund - Series 4 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan - Reinvestment 25,74,992 (2012 - Nil) Units of ₹ 100.00 each		25.78		–
Birla Sun Life Savings Fund - Growth - Regular Plan 23,17,351 (2012 - Nil) Units of ₹ 100.00 each		50.00		–
Birla Sun Life Short Term Fixed Maturity Plan - Series 22 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Short Term Fixed Maturity Plan - Series 23 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Birla Sun Life Short Term Fixed Maturity Plan - Series 29 - Dividend Payout Nil (2012 - 2,70,00,000) Units of ₹ 10.00 each	–		27.00	
Birla Sun Life Short Term Fixed Maturity Plan - Series 30 - Dividend Payout Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
BNP Paribas Money Plus Fund - Growth 5,28,96,512 Units of ₹ 10.00 each		71.23		71.23
Canara Robeco Fixed Maturity Plan Series 7 - Plan A - Growth Plan Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Canara Robeco Interval Series - 2 - Quarterly Plan 2 - Institutional Dividend Fund Nil (2012 - 99,97,501) Units of ₹ 10.00 each	–		10.00	
Canara Robeco Liquid Fund - Regular Growth 1,00,307 (2012 - Nil) Units of ₹ 1000.00 each	13.91		–	
Canara Robeco Treasury Advantage Fund - Regular Daily Dividend 2,07,239 (2012 - Nil) Units of ₹ 1000.00 each		25.71		–
Carried over	627.59	1217.27	474.95	991.34

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	627.59	1217.27	474.95	991.34
Investment in Mutual Funds (Contd.)				
DSP BlackRock Fixed Maturity Plan - Series 81 - 12M - Dividend - Quarterly Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
DSP BlackRock Fixed Maturity Plan - 12M - Series 12 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 16 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 23 - Growth Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 32 - Growth Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 34 - Dividend Payout Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 36 - Dividend Payout Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DSP BlackRock Fixed Maturity Plan - Series 43 - 12M - Growth 1,50,00,000 Units of ₹ 10.00 each	15.00		15.00	
DSP BlackRock Fixed Maturity Plan - Series 37 - 13M - Dividend Payout 2,00,00,000 Units of ₹ 10.00 each	20.00		20.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 29 - Dividend Payout Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 30 - Dividend Payout Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 33 - Dividend Payout Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 40 - Dividend Payout Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 42 - Dividend Payout Nil (2012 - 3,50,00,000) Units of ₹ 10.00 each	–		35.00	
DSP BlackRock Fixed Maturity Plan - Series 82 - 12M - Dividend - Quarterly Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
DSP BlackRock Fixed Maturity Plan - Series 84 - 12M - Growth 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
DSP BlackRock Fixed Maturity Plan - Series 86 - 12M - Growth 4,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	45.00		–	
DSP BlackRock Fixed Maturity Plan - Series 87 - 12M - Growth 4,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	40.00		–	
DSP BlackRock Fixed Maturity Plan - Series 93 - 12 M - Dividend - Quarterly Payout 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend Nil (2012 - 4,99,966) Units of ₹ 1000.00 each	–		–	50.01
DSP BlackRock Money Manager Fund - Regular Plan - Dividend 2,50,691 (2012 - Nil) Units of ₹ 1000.00 each	–	25.07	–	–
DSP BlackRock Money Manager Fund - Regular Plan - Growth 6,50,951 (2012 - Nil) Units of ₹ 1000.00 each	–	100.00	–	–
DSP BlackRock Strategic Bond Fund - Institutional Plan - Daily Dividend 7,63,250 (2012 - Nil) Units of ₹ 1000.00 each	–	76.86	–	–
DSP BlackRock Strategic Bond Fund - Monthly Dividend Nil (2012 - 2,44,500) Units of ₹ 1000.00 each	–	–	–	25.24
Carried over	852.59	1419.20	729.95	1066.59

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	852.59	1419.20	729.95	1066.59
Investment in Mutual Funds (Contd.)				
DWS Fixed Maturity Plan - Series 1 - Dividend Plan Payout Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
DWS Fixed Maturity Plan - Series 18 - Quarterly Dividend Plan - Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
DWS Fixed Maturity Plan - Series 24 - Growth 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
DWS Fixed Maturity Plan - Series 24 - Dividend - Regular Plan 70,00,000 (2012 - Nil) Units of ₹ 10.00 each	7.00		–	
DWS Fixed Maturity Plan - Series 28 - Regular Dividend - Payout 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
DWS Fixed Maturity Plan - Series 5 - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
DWS Short Maturity Fund - Quarterly Dividend - Reinvestment 7,21,58,034 (2012 - Nil) Units of ₹ 10.00 each	75.65		–	
DWS Ultra Short Term Fund - Institutional Plan - Dividend - Reinvestment 10,00,72,130 (2012 - Nil) Units of ₹ 10.00 each	100.07		–	
HDFC Annual Interval Fund Series 1 - Plan A - Growth 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment Nil (2012 - 8,20,39,253) Units of ₹ 10.00 each	–			87.26
HDFC Fixed Maturity Plan 370D December 2011 (2) - Growth - Series XIX Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
HDFC Fixed Maturity Plan 370D February 2012 (2) - Growth - Series XXI Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Fixed Maturity Plan 370D January 2012 (2) - Growth - Series XIX Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
HDFC Fixed Maturity Plan 370D January 2012 (3) - Growth - Series XIX Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
HDFC Fixed Maturity Plan 370D March 2012 (1) - Growth - Series XXI Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Fixed Maturity Plan 370D November 2011 (1) - Growth - Series XIX Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
HDFC Fixed Maturity Plan 371D December 2012 (1) - Growth - Series 23 1,60,00,000 (2012 - Nil) Units of ₹ 10.00 each	16.00		–	
HDFC Fixed Maturity Plan 371D February 2013 (1) Series 23 - Growth 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
HDFC Fixed Maturity Plan 371D July 2012 (1) - Quarterly Dividend - Series 22 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
HDFC Fixed Maturity Plan 371D November 2012 (1) - Flexi - Series 23 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Fixed Maturity Plan 371D November 2012 (2) - Flexi - Series 23 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Fixed Maturity Plan 372D February 2013 (1) Series 23 - Growth 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
HDFC Fixed Maturity Plan 372D January 2013 (2) Series 23 - Regular - Growth 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
HDFC Fixed Maturity Plan 372D January 2013 (3) Series 23 - Growth 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
HDFC Fixed Maturity Plan 384D March 2013 (1) Series 23 - Flexi 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
HDFC Fixed Maturity Plan 566D December 2012 (1) - Flexi - Series 24 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
Carried over	1321.31	1419.20	859.95	1153.85

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1321.31	1419.20	859.95	1153.85
Investment in Mutual Funds (Contd.)				
HDFC Fixed Maturity Plan 92D February 2012 (2) - Dividend - Series XIX Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Fixed Maturity Plan 92D February 2012 (3) - Dividend - Series XIX Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
HDFC Fixed Maturity Plan 92D January 2012 (2) - Dividend - Series XIX Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
HDFC Fixed Maturity Plan 92D March 2012 (1) - Dividend - Series XIX Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
HDFC Fixed Maturity Plan 92D March 2012 (3) - Dividend - Series XIX Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth 7,76,03,057 (2012 - Nil) Units of ₹ 10.00 each		150.22		–
HDFC High Interest Fund - Short Term Plan - Dividend Nil (2012 - 2,38,23,226) Units of ₹ 10.00 each	–		25.21	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan F Cumulative Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan J Cumulative Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan C Dividend Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan E Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
ICICI Prudential Fixed Maturity Plan Series 62 - 1 Year Plan G Cumulative Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
ICICI Prudential Fixed Maturity Plan Series 62 - 396 Days Plan F Dividend 3,00,00,000 Units of ₹ 10.00 each	30.00		30.00	
ICICI Prudential Fixed Maturity Plan Series 63 - 1 Year Plan B Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
ICICI Prudential Fixed Maturity Plan Series 64 - 367 Days Plan J Dividend 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
ICICI Prudential Fixed Maturity Plan Series 65 - 366 Days Plan 1 Regular Plan Cumulative 10,00,000 (2012 - Nil) Units of ₹ 10.00 each		1.00		–
ICICI Prudential Fixed Maturity Plan Series 65 - 366 Days Plan I Regular Plan Dividend 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
ICICI Prudential Fixed Maturity Plan Series 65 - 367 Days Plan B Dividend 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
ICICI Prudential Fixed Maturity Plan Series 65 - 367 Days Plan H Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
ICICI Prudential Fixed Maturity Plan Series 65 - 502 Days Plan C Dividend 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
ICICI Prudential Fixed Maturity Plan Series 65 - 505 Days Plan J Regular Plan Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
ICICI Prudential Fixed Maturity Plan Series 66 - 366 Days Plan F Cumulative 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
ICICI Prudential Fixed Maturity Plan Series 66 - 368 Days Plan B Cumulative 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
ICICI Prudential Interval Fund Annual Interval Plan IV - Regular Plan - Growth 1,18,66,995 Units of ₹ 10.00 each	15.00		15.00	
Carried over	1601.31	1570.42	1155.16	1153.85

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1601.31	1570.42	1155.16	1153.85
Investment in Mutual Funds (Contd.)				
ICICI Prudential Interval Fund Half Yearly Interval Plan II Institutional Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
ICICI Prudential Interval Fund II Quarterly Interval Plan Institutional Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
ICICI Prudential Interval Fund Quarterly Interval Plan - 1 Institutional Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
ICICI Prudential Long Term - Regular Plan - Quarterly Dividend 5,08,90,196 (2012 - Nil) Units of ₹ 10.00 each		50.92		–
ICICI Prudential Ultra Short Term - Regular Plan - Growth 6,56,07,614 (2012 - Nil) Units of ₹ 10.00 each		75.00		–
ICICI Prudential Ultra Short Term Plan - Regular Plan - Quarterly Dividend 2,51,04,051 (2012 - Nil) Units of ₹ 10.00 each		25.10		–
IDBI Fixed Maturity Plan - 369 Days - Series - II (February 2012) - C - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
IDFC Fixed Maturity Plan - Yearly Series 49 - Quarterly Dividend Nil (2012 - 3,50,00,000) Units of ₹ 10.00 each	–		35.00	
IDFC Fixed Maturity Plan - Yearly Series 52 - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan - Yearly Series 53 - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan - Yearly Series 57 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
IDFC Fixed Maturity Plan - Yearly Series 61 - Quarterly Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan - Yearly Series 62 - Growth Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan - Yearly Series 64 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
IDFC Fixed Maturity Plan - Yearly Series 66 - Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
IDFC Fixed Maturity Plan 366 Days Series 74 - Periodic - Dividend 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
IDFC Fixed Maturity Quarterly Series 70 Dividend Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
IDFC Fixed Maturity Quarterly Series 71 Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
IDFC Fixed Maturity Quarterly Series 73 Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Monthly Dividend Nil (2012 - 7,44,45,441) Units of ₹ 10.00 each	–		75.48	
IDFC Money Manager Fund - Investment Plan - Periodic Dividend 4,97,54,525 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
IDFC Super Saver Income Fund - Medium Term Plan B - Monthly Dividend Nil (2012 - 2,50,90,051) Units of ₹ 10.00 each	–		25.15	
JPMorgan India Fixed Maturity Plan Series 6 Dividend Plan 4,50,00,000 Units of ₹ 10.00 each	45.00		45.00	
Carried over	1711.31	1721.44	1630.79	1153.85

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1711.31	1721.44	1630.79	1153.85
Investment in Mutual Funds (Contd.)				
JPMorgan Fixed Maturity Plan - Series 7 - Dividend Plan Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
JPMorgan Fixed Maturity Plan - Series 8 - Dividend Plan Nil (2012 - 7,50,00,000) Units of ₹ 10.00 each	–		75.00	
JPMorgan India Fixed Maturity Plan Series 12 - Dividend 6,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	60.00		–	
JPMorgan India Fixed Maturity Plan Series 13 - Dividend 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
JPMorgan India Liquid Fund Super Institutional Plan - Daily Dividend Reinvestment 94,90,992 (2012 - 71,49,223) Units of ₹ 10.00 each		9.51		7.15
JPMorgan India Short Term Income Fund - Regular Plan - Weekly Dividend Reinvestment 7,68,62,273 (2012 - Nil) Units of ₹ 10.00 each		77.02		–
JPMorgan India Treasury Fund - Super Institutional Growth 9,05,73,539 (2012 - 5,68,14,390) Units of ₹ 10.00 each	116.24		66.24	
JPMorgan India Treasury Fund Super Institutional Dividend Payout 5,00,77,879 (2012 - Nil) Units of ₹ 10.00 each	50.08		–	
Kotak Bond (Short Term) - Monthly Dividend 12,32,02,476 (2012 - 2,49,32,134) Units of ₹ 10.00 each		125.00	25.18	
Kotak Fixed Maturity Plan Series 62 - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Kotak Fixed Maturity Plan Series 70 - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Kotak Fixed Maturity Plan Series 72 - Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Kotak Fixed Maturity Plan Series 75 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Kotak Fixed Maturity Plan Series 78 - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Kotak Fixed Maturity Plan Series 79 - Growth Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
Kotak Fixed Maturity Plan Series 83 - Growth Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
Kotak Fixed Maturity Plan Series 94 - Growth 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
Kotak Fixed Maturity Plan Series 96 Direct - Growth 10,00,000 (2012 - Nil) Units of ₹ 10.00 each		1.00		–
Kotak Fixed Maturity Plan Series 99 - Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
Kotak Flexi Debt Plan A - Quarterly Dividend 2,51,23,350 (2012 - Nil) Units of ₹ 10.00 each	25.14		–	
Kotak Flexi Debt Scheme Plan A - Growth 5,37,02,616 (2012 - Nil) Units of ₹ 10.00 each	75.00		–	
Kotak Floater Long Term - Growth 10,45,70,180 Units of ₹ 10.00 each	150.00		150.00	
Kotak Floater Short Term - Daily Dividend Reinvestment 6,551 (2012 - Nil) Units of ₹ 1000.00 each		0.66		–
Kotak Floater Short Term - Direct Plan - Growth 78,295 (2012 - Nil) Units of ₹ 1000.00 each		15.00		–
Kotak Quarterly Interval Plan Series 1 - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Carried over	2282.77	1949.63	2142.21	1161.00

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2282.77	1949.63	2142.21	1161.00
Investment in Mutual Funds (Contd.)				
Kotak Quarterly Interval Plan Series 2 - Dividend Nil (2012 - 99,99,722) Units of ₹ 10.00 each	–		10.00	
Reliance Fixed Horizon Fund - XIX - Series 4 - Dividend Payout Nil (2012 - 2,00,03,258) Units of ₹ 10.00 each	–		20.00	
Reliance Fixed Horizon Fund - XX - Series 13 - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Reliance Fixed Horizon Fund - XX - Series 24 - Dividend Plan Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Reliance Fixed Horizon Fund - XXI - Series 12 - Growth Plan Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
Reliance Fixed Horizon Fund - XXI - Series 14 - Growth Plan Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
Reliance Fixed Horizon Fund - XXI - Series 16 - Growth Plan Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Reliance Fixed Horizon Fund - XXI - Series 2 - Growth Plan Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Reliance Fixed Horizon Fund - XXI - Series 4 - Growth Plan Nil (2012 - 3,50,00,000) Units of ₹ 10.00 each	–		35.00	
Reliance Fixed Horizon Fund - XXI - Series 5 - Dividend Plan Nil (2012 - 10,00,00,000) Units of ₹ 10.00 each	–		100.00	
Reliance Fixed Horizon Fund - XXI - Series 9 - Growth Plan Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
Reliance Fixed Horizon Fund - XXII - Series 10 - Dividend Plan Dividend Payout 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Reliance Fixed Horizon Fund - XXII - Series 14 - Dividend Plan Dividend Payout 1,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	10.00		–	
Reliance Fixed Horizon Fund - XXII - Series 21 - Dividend Plan Dividend Payout 2,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	20.00		–	
Reliance Fixed Horizon Fund - XXIII - Series 6 - Growth Plan 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
Reliance Fixed Horizon Fund XXI - Series 13 - Growth Option Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Reliance Floating Rate Fund - Short Term Plan - Quarterly Dividend Plan Reinvestment 5,06,22,289 (2012 - Nil) Units of ₹ 10.00 each		51.32		–
Reliance Liquid Fund Treasury Plan - Growth Plan 55,572 (2012 - Nil) Units of ₹ 1000.00 each	15.49		–	
Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment Option 64,423 (2012 - Nil) Units of ₹ 1000.00 each		9.85		–
Reliance Liquid Fund Treasury Plan Daily Dividend Reinvestment 98,049 (2012 - 98,43,158) Units of ₹ 1000.00 each		9.86		15.05
Reliance Medium Term Fund - Quarterly Dividend Plan Dividend Reinvestment 4,80,38,202 (2012 - Nil) Units of ₹ 10.00 each		52.84		–
Reliance Money Manager Fund - Growth Plan Growth Option 2,18,184 Units of ₹ 1000.00 each		26.66		26.66
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan Nil (2012 - 99,89,910) Units of ₹ 10.00 each	–		10.00	
Reliance Short Term Fund - Quarterly Dividend Plan Dividend Reinvestment 3,78,70,452 (2012 - 1,85,66,844) Units of ₹ 10.00 each		52.25	25.25	
Carried over	2368.26	2152.41	2542.46	1202.71

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2368.26	2152.41	2542.46	1202.71
Investment in Mutual Funds (Contd.)				
Reliance Yearly Interval Fund - Series 2 - Growth Plan 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
Reliance Yearly Interval Fund - Series 3 - Growth Plan 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
Religare Active Income Fund - Plan A Discretionary Dividend Nil (2012 - 8,00,00,000) Units of ₹ 10.00 each		–		80.00
Religare Fixed Maturity Plan - Series XII - Plan A - 370 Days - Dividend Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan - Series XIII - Plan A - 370 Days - Dividend Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan Series - XI - Plan E - 371 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan Series IX Plan B - 371 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan Series X Plan E - 371 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Fixed Maturity Plan Series XI Plan A - 369 Days - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Religare Liquid Fund - Super Institutional Daily Dividend Nil (2012 - 4,99,730) Units of ₹ 1000.00 each		–		50.01
SBI Debt Fund Series - 180 Days - 23 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
SBI Debt Fund Series - 366 Days 18 - Dividend 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
SBI Debt Fund Series - 366 Days 20 Dividend 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
SBI Debt Fund Series - 366 Days 22 - Growth 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
SBI Debt Fund Series - 366 Days 7 - Dividend 4,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	45.00		–	
SBI Debt Fund Series - 367 Days - 13 - Growth Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
SBI Debt Fund Series - 367 Days - 17 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
SBI Debt Fund Series - 90 Days - 55 - Dividend Nil (2012 - 2,00,00,000) Units of ₹ 10.00 each	–		20.00	
SBI Debt Fund Series - 90 Days - 56 - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
SBI Debt Fund Series - 90 Days - 58 - Dividend Nil (2012 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
SBI Debt Fund Series - 90 Days - 59 - Dividend Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
SBI Debt Fund Series - 90 Days - 60 - Dividend Nil (2012 - 4,50,00,000) Units of ₹ 10.00 each	–		45.00	
Sundaram Fixed Term Plan CC 366 Days Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Sundaram Fixed Term Plan DC 15 Months Dividend Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
Sundaram Money Fund Super Daily Dividend Reinvestment Nil (2012 - 1,43,83,992) Units of ₹ 10.00 each		–		14.52
TATA Fixed Income Portfolio Fund Scheme A - 2 Institutional Nil (2012 - 14,98,322) Units of ₹ 10.00 each		–		1.50
Carried over	2573.26	2152.41	2787.46	1348.74

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2573.26	2152.41	2787.46	1348.74
Investment in Mutual Funds (Contd.)				
TATA Fixed Income Portfolio Fund Scheme C3 - Regular Half Yearly Dividend Nil (2012 - 97,58,002) Units of ₹ 10.00 each		–		10.00
TATA Fixed Maturity Plan Series 38 Scheme D - Growth Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
TATA Fixed Maturity Plan Series 38 Scheme I - Dividend Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
TATA Fixed Maturity Plan Series 42 Scheme A - Growth 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
UTI - Floating Rate Fund - Short Term Plan - Institutional Growth Option 2,48,309 Units of ₹ 1000.00 each		25.00		25.00
UTI - Floating Rate Fund - Short Term Plan - Regular Plan - Daily Dividend Reinvestment 18,68,048 (2012 - Nil) Units of ₹ 1000.00 each		201.17		–
UTI Fixed Term Income Fund - Series X - VI (368 Days) - Growth Plan Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
UTI Fixed Term Income Fund - Series X - VIII (368 Days) - Growth Plan Nil (2012 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
UTI Fixed Term Income Fund - Series X - X (367 Days) - Growth Plan Nil (2012 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
UTI Fixed Term Income Fund - Series X - VII (368 Days) - Growth Plan Nil (2012 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
UTI Fixed Term Income Fund - Series XI - III (368 Days) - Growth Plan Nil (2012 - 4,00,00,000) Units of ₹ 10.00 each	–		40.00	
UTI Fixed Term Income Fund - Series XI - IV (367 Days) Nil (2012 - 1,50,00,000) Units of ₹ 10.00 each	–		15.00	
UTI Fixed Term Income Fund - Series XI - VII (366 Days) - Growth Plan Nil (2012 - 8,50,00,000) Units of ₹ 10.00 each	–		85.00	
UTI Fixed Term Income Fund Series XIII - I (368 Days) - Quarterly Dividend Payout 1,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	15.00		–	
UTI Fixed Term Income Fund Series XIII - III (549 Days) - Quarterly Dividend Payout 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
UTI Fixed Term Income Fund Series XIV - I (366 Days) - Growth Plan 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
UTI Fixed Term Income Fund Series XIV - II (366 Days) - Growth Plan 3,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	30.00		–	
UTI Fixed Term Income Fund Series XIV - V (366 Days) - Growth 2,50,00,000 (2012 - Nil) Units of ₹ 10.00 each	25.00		–	
UTI Fixed Term Income Fund Series XIV - VII (367 Days) - Growth Plan 5,00,00,000 (2012 - Nil) Units of ₹ 10.00 each	50.00		–	
Aggregate amount of Quoted and Unquoted Investments	2783.26	2378.58	3047.46	1383.74
Total Current investments		5161.84		4431.20
Share of Joint Ventures - Note 28 (ii) (b)	0.19	5.08	4.60	6.01
		5.27		10.61
Grand Total		5167.11		4441.81

Aggregate market value of quoted investments ₹ 2909.49 Crores (2012 - ₹ 3126.96 Crores).

Aggregate excess of cost over fair value ₹ 179.44 Crores (2012 - ₹ 205.24 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
14. Inventories		
(At lower of cost and net realisable value)		
Stocks and shares	651.85	542.07
Raw materials (including packing materials)	3640.28	3645.71
Work-in-progress	166.00	111.09
Finished goods (manufactured)	2443.01	1566.06
Stock-in-trade (goods purchased for resale)	231.58	213.41
Stores and Spares	286.24	252.73
Intermediates - Tissue paper and Paperboards	75.55	79.67
TOTAL	7494.51	6410.74
Share of Joint Ventures - Note 28 (ii) (b)	27.58	16.13
GRAND TOTAL	7522.09	6426.87

15. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	1.35	1.53
Unsecured, considered good	32.12	40.73
Doubtful	55.63	49.73
	<u>89.10</u>	<u>91.99</u>
Less: Provision for doubtful receivables	55.63	49.73
	<u>33.47</u>	<u>42.26</u>
Others		
Secured, considered good	20.98	17.31
Unsecured, considered good	1339.78	1138.80
Doubtful	0.08	0.02
	<u>1360.84</u>	<u>1156.13</u>
Less: Provision for doubtful receivables	0.08	0.02
	<u>1360.76</u>	<u>1156.11</u>
TOTAL	1394.23	1198.37
Share of Joint Ventures - Note 28 (ii) (b)	1.53	1.83
GRAND TOTAL	1395.76	1200.20

Notes to the Consolidated Financial Statements

	As at 31st March, 2013 (₹ in Crores)		As at 31st March, 2012 (₹ in Crores)	
16. Cash and bank balances				
Cash and cash equivalents [@]				
Balances with Banks				
Current accounts	211.60		170.96	
Deposit accounts	89.74		214.13	
Cheques, drafts on hand	8.49		11.06	
Cash on hand	3.71	313.54	2.85	399.00
Other bank balances				
Earmarked balances	96.31		81.15	
In deposit accounts*	3417.56	3513.87	2647.44	2728.59
TOTAL		3827.41		3127.59
Share of Joint Ventures - Note 28 (ii) (b)		0.89		2.53
GRAND TOTAL		3828.30		3130.12

[@] Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

* Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of more than 12 months from the balance sheet date ₹ 315.41 Crores (2012: ₹ 1.14 Crores).

17. Short-term loans and advances				
Unsecured, considered good unless otherwise stated				
Loans and advances to related parties				
Security deposits	0.44		0.37	
Loans and advances				
Secured, considered good	1.40		–	
Unsecured, considered good	0.02	1.86	4.80	5.17
Others				
With Statutory authorities		285.73		203.39
Commercial advances and deposits				
Secured, considered good	4.50		4.50	
Unsecured, considered good	171.69	176.19	198.08	202.58
MAT credit entitlement		–		0.35
Other loans and advances (Employees, unexpired expenses etc.)				
Secured, considered good	0.41		0.36	
Unsecured, considered good	64.83	65.24	70.38	70.74
TOTAL		529.02		482.23
Share of Joint Ventures - Note 28 (ii) (b)		0.59		1.94
GRAND TOTAL		529.61		484.17

18. Other current assets				
Interest accrued on loans, deposits etc.		64.96		17.17
Interest accrued on investments		20.04		9.80
Deposits with financial institutions		425.00		–
Others *				
Unsecured, considered good	112.83		108.90	
Doubtful	0.80		0.74	
	113.63		109.64	
Less: Provision for doubtful assets	0.80	112.83	0.74	108.90
TOTAL		622.83		135.87
Share of Joint Ventures - Note 28 (ii) (b)	
GRAND TOTAL		622.83		135.87

* Others comprise receivables on account of export incentives, claims, interest, rentals etc.

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
19. Gross income		
Gross Revenue from sale of products and services	43903.34	36609.81
Other operating revenue	303.56	345.45
Other income	876.79	783.99
TOTAL	45083.69	37739.25
Share of Joint Ventures - Note 28 (ii) (b)	18.76	8.46
GRAND TOTAL	45102.45	37747.71
20. Revenue from operations		
Sale of products [Includes share of Joint Ventures ₹ 15.92 Crores (2012 - ₹ 6.11 Crores)]	41888.79	34829.80
Sale of services [Includes share of Joint Ventures ₹ 1.50 Crores (2012 - ₹ 1.53 Crores)]	2031.97	1787.65
Gross Revenue from sale of products and services	43920.76	36617.45
Other operating revenue [Includes share of Joint Ventures ₹ 0.53 Crore (2012 - ₹ 0.46 Crore)]	304.09	345.91
	44224.85	36963.36
Less: Excise duty attributable to products sold [Includes share of Joint Ventures ₹ 0.99 Crore (2012 - ₹ 0.65 Crore)]	12597.31	10437.93
TOTAL	31627.54	26525.43
21. Other income		
Interest income	342.60	321.85
Dividend income		
– Long-term investments	14.52	16.32
– Current investments	231.67	222.06
Gain on sale of long-term investments	121.62	137.25
Net gain on sale of current investments	146.14	76.04
Other non-operating income	20.24	10.47
TOTAL	876.79	783.99
Share of Joint Ventures - Note 28 (ii) (b)	0.81	0.36
GRAND TOTAL	877.60	784.35
Interest income comprises interest from:		
a) Deposits with Banks	237.02	193.04
b) Current investments	72.75	57.03
c) Others (from customers, statutory authorities etc.)	32.83	71.78

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)		
22. Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and Intermediates						
Finished goods (manufactured)						
Opening stock	1566.06			1428.03		
Closing stock	<u>2443.01</u>	(876.95)		<u>1566.06</u>	(138.03)	
Work-in-progress						
Opening stock	111.09			108.68		
Closing stock	<u>166.00</u>	(54.91)		<u>111.09</u>	(2.41)	
Intermediates - Tissue paper and Paperboards						
Opening stock	79.67			69.37		
Closing stock	<u>75.55</u>	4.12		<u>79.67</u>	(10.30)	
Stock-in-Trade (goods purchased for resale)						
Opening stock	213.41			173.65		
Closing stock	<u>231.58</u>	(18.17)	(945.91)	<u>213.41</u>	(39.76)	(190.50)
Excise duties on increase / (decrease) of finished goods			689.15			104.88
TOTAL			(256.76)			(85.62)
Share of Joint Ventures - Note 28 (ii) (b)			(0.08)			(0.12)
GRAND TOTAL			(256.84)			(85.74)
23. Employee benefits expense						
Salaries and wages			1831.81			1670.40
Contribution to Provident and other funds			171.84			142.35
Staff welfare expenses			159.53			138.47
			<u>2163.18</u>			<u>1951.22</u>
Less : Recoveries made/reimbursements received			20.37			18.83
TOTAL			2142.81			1932.39
Share of Joint Ventures - Note 28 (ii) (b)			2.82			2.72
GRAND TOTAL			2145.63			1935.11
24. Finance costs						
Interest expense			66.66			69.55
Applicable net loss on foreign currency transactions and translations			20.50			10.94
TOTAL			87.16			80.49
Share of Joint Ventures - Note 28 (ii) (b)			0.02			0.01
GRAND TOTAL			87.18			80.50

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
25. Other expenses		
Power and fuel	579.98	476.74
Consumption of stores and spare parts	227.25	241.03
Contract processing charges	609.57	533.51
Rent	253.11	228.28
Rates and taxes	432.37	321.12
Insurance	49.25	41.78
Repairs		
– Buildings	52.98	47.49
– Machinery	146.99	134.08
– Others	37.37	35.75
Maintenance and upkeep	139.51	114.60
Outward freight and handling charges	891.79	843.62
Warehousing charges	71.02	70.06
Advertising / Sales promotion	834.23	705.93
Market research	65.97	54.08
Design and product development	27.07	24.01
Hotel reservation / Marketing expenses	29.35	29.00
Retail accessories	185.38	238.36
Brokerage and discount - sales	9.21	9.40
Commission to selling agents	34.00	26.84
Doubtful and bad debts	9.66	14.36
Doubtful and bad advances, loans and deposits	0.35	2.61
Provision for standard assets	0.06	...
Impairment of Goodwill on consolidation	9.35	–
Bank and credit card charges	20.95	21.54
Information technology services	100.72	99.98
Travelling and conveyance	290.87	234.60
Training and development	27.60	24.63
Legal expenses	15.79	15.00
Consultancy / Professional fees	174.63	164.81
Postage, telephone etc.	35.29	30.74
Printing and stationery	16.21	14.81
Net loss / (gain) on foreign currency transactions and translations	(9.52)	43.05
Excess of carrying cost over fair value of current investments - Net	–	5.74
Excess of cost of current investments over fair value, reversed - Net	(25.80)	–
Loss on sale of fixed assets - Net	25.29	12.64
Loss on sale of stores and spare parts - Net	1.88	2.71
Miscellaneous expenses	804.62	861.44
TOTAL	6174.35	5724.34
Share of Joint Ventures - Note 28 (ii) (b)	15.01	12.01
GRAND TOTAL	6189.36	5736.35

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2013 (₹ in Crores)	For the year ended 31st March, 2012 (₹ in Crores)
26. Current tax		
Income tax for the year	3139.49	2796.34
Adjustments/(credits) related to previous years - Net	(54.44)	(21.35)
TOTAL	3085.05	2774.99
Share of Joint Ventures - Note 28(ii)(b)	3.00	2.58
GRAND TOTAL	3088.05	2777.57
27. Deferred tax		
Deferred tax for the year	282.52	54.82
Adjustments/(credits) related to previous years - Net	41.20	13.45
TOTAL	323.72	68.27
Share of Joint Ventures - Note 28(ii)(b)	0.30	(0.08)
GRAND TOTAL	324.02	68.19

28. Additional Notes to the Consolidated Financial Statements

(i) Earnings per share :

Earnings per share have been computed as under :

	2013	2012
(a) Profit for the year (₹ in Crores)	7608.07	6258.14
(b) Weighted average number of Ordinary shares outstanding	7,85,30,72,892	7,77,09,54,800
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	10,20,78,850	9,24,70,193
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	7,95,51,51,742	7,86,34,24,993
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 9.69	₹ 8.05
– Diluted [(a)/(d)]	₹ 9.56	₹ 7.96

(ii) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements", Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interests in Joint Ventures" as notified by Companies (Accounting Standards) Rules, 2006.

(a) The subsidiaries (which along with ITC Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2013	Percentage of ownership interest as at 31st March, 2012
Srinivasa Resorts Limited	India	68	68
Fortune Park Hotels Limited	India	100	100
Bay Islands Hotels Limited	India	100	100
Surya Nepal Private Limited	Nepal	59	59
Landbase India Limited	India	100	100
BFIL Finance Limited	India	100	100
MRR Trading & Investment Company Limited (a 100% subsidiary of BFIL Finance Limited)	India	100	100

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2013	Percentage of ownership interest as at 31st March, 2012
Russell Credit Limited	India	100	100
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	India	100	100
Wimco Limited	India	98.21	98.18
Prag Agro Farm Limited (a 100% subsidiary of Wimco Limited)	India	98.21	98.18
Pavan Poplar Limited (a 100% subsidiary of Wimco Limited)	India	98.21	98.18
Technico Pty Limited	Australia	100	100
Technico Technologies Inc. (a 100% subsidiary of Technico Pty Limited)	Canada	100	100
Technico Agri Sciences Limited (a 100% subsidiary of Technico Pty Limited)	India	100	100
Technico Asia Holdings Pty Limited (a 100% subsidiary of Technico Pty Limited)	Australia	100	100
Technico Horticultural (Kunming) Co. Limited (a 100% subsidiary of Technico Asia Holdings Pty Limited)	China	100	100
ITC Infotech India Limited	India	100	100
ITC Infotech Limited (a 100% subsidiary of ITC Infotech India Limited)	UK	100	100
ITC Infotech (USA), Inc. (a 100% subsidiary of ITC Infotech India Limited)	USA	100	100
Pyxis Solutions, LLC (a 100% subsidiary of ITC Infotech (USA), Inc.)	USA	100	100
Wills Corporation Limited	India	100	100
Gold Flake Corporation Limited	India	100	100
King Maker Marketing, Inc.	USA	100	100
WelcomHotels Lanka (Private) Limited	Sri Lanka	100	–
ITC Investments & Holdings Limited	India	100	–

ITC Global Holdings Pte. Limited, Singapore (a wholly owned subsidiary of ITC Limited), in liquidation, has not been considered in the preparation of these Consolidated Financial Statements.

The financial statements of all subsidiaries, considered in the Consolidated Accounts, are drawn upto 31st March other than for Surya Nepal Private Limited where it is upto 13th March.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(b) Interests in Joint Ventures:

The Group's interests in jointly controlled entities (incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2013	Percentage of ownership interest as at 31st March, 2012
Maharaja Heritage Resorts Limited	India	50	50
Espirit Hotels Private Limited	India	26	26
Logix Developers Private Limited	India	26	26
ITC Filtrona Limited (a joint venture of Gold Flake Corporation Limited)	India	50	50

The Group's interests in jointly controlled operations:

Technico Technologies Inc., Canada has entered into a farming arrangement with Shamrock Seed Potato Farm Limited for production and sale of Early Generation seed potatoes. The participating share of Technico Technologies Inc., Canada is 35% (2012 – 35%).

The financial statements of the Joint Ventures, considered in the Consolidated Accounts, are drawn upto 31st March other than for ITC Filtrona Limited where it is upto 31st December.

The Group's interest in these Joint Ventures is accounted for using proportionate consolidation.

(c) Investments in Associates:

The Group's Associates are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2013	Percentage of ownership interest as at 31st March, 2012
Gujarat Hotels Limited	India	45.78	45.78
International Travel House Limited	India	48.96	48.96
Russell Investments Limited	India	25.43	25.43
Divya Management Limited	India	33.33	33.33
Antrang Finance Limited	India	33.33	33.33
ATC Limited	India	47.50	47.50
Classic Infrastructure and Development Limited	India	42.35	42.35

The financial statements of all Associates, considered in the Consolidated Accounts, are drawn upto 31st March.

These investments have been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. During the year, the Group has received dividend aggregating ₹ 2.23 Crores (2012 - ₹ 2.01 Crores) in respect of the investments in associates.

(d) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries, associates and joint ventures on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21, AS 23 and AS 27 by each of the included entities.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(iii) (a) Claims against the Group not acknowledged as debts, including share of Joint Ventures Nil (2012 - ₹ 1.56 Crores), are ₹ 545.66 Crores (2012 - ₹ 365.05 Crores). These comprise:

- Excise duty, Sales taxes and other Indirect taxes claims disputed by the Group relating to issues of applicability and classification aggregating ₹ 389.43 Crores (2012 - ₹ 212.41 Crores).
- Local Authority taxes/cess/royalty on property, utilities etc. claims disputed by the Group relating to issues of applicability and determination aggregating ₹ 50.55 Crores (2012 - ₹ 51.22 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 43.62 Crores (2012 - ₹ 42.04 Crores).
- Other matters, including share of Joint Ventures Nil (2012 - ₹ 1.56 Crores), aggregating ₹ 62.06 Crores (2012 - ₹ 59.38 Crores).
- In respect of Surya Nepal Private Limited (SNPL), Excise, Income tax and VAT authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that SNPL could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by SNPL in the year 1990-91 and that SNPL is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that SNPL'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.

The above basis of theoretical production has been rejected by the Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010. In the said order of the Supreme Court of Nepal dated 1st April, 2010, the Excise demands (for the financial years 1998-99 to 2002-03) and Income tax demands (for the financial year 2001-02) were set aside. Citing the aforesaid decisions of the Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 decided the following administrative review petitions in favour of SNPL relating to theoretical production:

- (i) Value added tax – ₹ 4.72 Crores [Nepalese Rupee (NRs.) 7.55 Crores] for the financial year 2001-02.
- (ii) Income tax – ₹ 3.07 Crores (NRs. 4.91 Crores) for the financial year 2005-06.

SNPL's counsel appearing in the matter has opined that the verdict of the Supreme Court of Nepal dated 29th October, 2009, which was delivered by a Full Bench of the Supreme Court of Nepal, will add substantial strength to SNPL's case in all the other matters relating to the issue of theoretical production.

Following is the status of pending demands and Show Cause Notices received from the Revenue Authorities based on similar untenable contention:

(i) Excise Demands and Show Cause Notice

1. Excise demand letter dated 22nd February, 2008 for ₹ 9.34 Crores (NRs. 14.95 Crores) relating to the financial years 2003-04 to 2005-06. SNPL's writ petition challenging the demand, has been admitted by the Supreme Court of Nepal on 2nd April, 2008 and it has issued Show Cause Notices to the respondents.
2. Excise demand letter dated 30th November, 2008 for ₹ 8.03 Crores (NRs. 12.85 Crores) relating to the financial year 2006-07. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 6th January, 2009 and it has issued Show Cause Notices to the respondents.
3. Show Cause Notice dated 19th January, 2010 seeking to demand ₹ 12.28 Crores (NRs. 19.65 Crores) by way of Excise Duty for the financial year 2007-08. SNPL's writ petition challenging the Notice was admitted by the Supreme Court of Nepal. On 7th March, 2010, Supreme Court of Nepal issued interim order directing Inland Revenue Department not to raise demand, pending final disposal of the writ petition.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(ii) Value Added Tax (VAT) Demands

1. VAT demand letter dated 8th August, 2007 for ₹ 3.58 Crores (NRs. 5.72 Crores) relating to the financial year 2002-03. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.
2. VAT demand letter dated 5th August, 2008 for ₹ 0.67 Crore (NRs. 1.07 Crores) relating to the financial year 2003-04. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 5th September, 2008 and it has issued Show Cause Notices to the respondents.
3. VAT demand letter dated 10th July, 2009 for ₹ 6.69 Crores (NRs. 10.70 Crores) relating to the financial years 2004-05 to 2006-07. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 9th August, 2009 and it has issued Show Cause Notices to the respondents.

(iii) Income Tax Demands

1. Income tax demand letter dated 12th August, 2007 for ₹ 12.26 Crores (NRs. 19.61 Crores) relating to the financial year 2002-03. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.
2. Income tax demand letter dated 15th September, 2008 for the financial year 2003-04. Out of a total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of demand for ₹ 1.19 Crores (NRs. 1.91 Crores) is on theoretical production. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 8th December, 2008 and it has issued Show Cause Notices to the respondents.
3. Income tax demand letter dated 16th October, 2009 for the financial year 2004-05. Out of a total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of demand for ₹ 1.35 Crores (NRs. 2.16 Crores) is on theoretical production. SNPL has filed an administrative review petition before the Director General, Inland Revenue Department on 18th December, 2009. However, the Director General without dealing with the issues raised by SNPL, summarily dismissed the petition by an order dated 2nd March, 2010. SNPL thereafter filed an appeal before the Revenue Tribunal, on 17th June, 2010 and the matter is pending.

SNPL considers that all the demands and show cause notice listed above have no legal or factual basis. Accordingly, SNPL is of the view that there is no liability that is likely to arise, particularly in the light of the decisions in its favour by the Hon'ble Supreme Court of Nepal and the Inland Revenue Department.

It is not practicable for the group to estimate the timings of cash flows, if any, in respect of the above.

(b) Uncalled liability on shares partly paid ₹ 1.25 Crores (2012 - ₹ 1.25 Crores).

(c) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint venture ₹ 8.77 Crores (2012 - ₹ 6.27 Crores), are ₹ 1833.39 Crores (2012 - ₹ 2332.44 Crores).

(iv) The status on excise matters which is treated as an annexure to these accounts are as outlined in this year's Report of the Directors of ITC Limited (the Company) under the Excise section. In the opinion of the Directors, the Company does not accept any further liability.

(v) Research and Development expenses for the year amount to ₹ 109.29 Crores (2012 - ₹ 87.96 Crores).

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

- (vi) The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 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 Note 25.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows :

	As at 31st March, 2013 (₹ in Crores)	As at 31st March, 2012 (₹ in Crores)
Not later than one year	16.42	15.28
Later than one year and not later than five years	16.54	20.25
Later than five years	1.54	2.00

- (vii) The Group has adopted Accounting Standard 15 (AS 15) on 'Employee Benefits'. These Consolidated Financial Statements include the obligations as per requirement of this standard except for those subsidiaries which are incorporated outside India who have determined the valuation / provision for employee benefits as per requirements of their respective countries. In the opinion of the management, the impact of this deviation is not considered material.

Defined Benefit Plans / Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2013 and recognised in the financial statements in respect of Employee Benefit Schemes:

I	Components of Employer Expense	For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
1	Current Service Cost	41.12	22.23	6.17	41.30	20.22	5.27
2	Interest Cost	42.94	17.49	5.75	40.60	16.11	5.50
3	Expected Return on Plan Assets	(46.06)	(19.09)	-	(42.29)	(18.81)	-
4	Curtailment Cost/(Credit)	-	-	-	-	-	-
5	Settlement Cost/(Credit)	-	-	-	-	-	-
6	Past Service Cost	-	-	-	-	-	-
7	Actuarial Losses/(Gains)	18.00	7.91	7.32	(7.91)	9.78	0.15
8	Total expense recognised in the Statement of Profit and Loss	56.00	28.54	19.24	31.70	27.30	10.92

The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 23.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

		For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	61.31	23.41	–	36.76	17.65	–
III	Net Asset/ (Liability) recognised in Balance Sheet						
	1 Present Value of Defined Benefit Obligation	638.09	258.32	82.10	552.53	229.80	70.06
	2 Fair Value of Plan Assets	618.55	242.07	–	533.14	233.63	–
	3 Status [Surplus/(Deficit)]	(19.54)	(16.25)	(82.10)	(19.39)	3.83	(70.06)
	4 Unrecognised Past Service Cost	–	–	–	–	–	–
	5 Net Asset/(Liability) recognised in Balance Sheet	(19.54)	(16.25)	(82.10)	(19.39)	3.83	(70.06)
	– Current	(17.57)	(16.25)	(11.11)	(18.65)	3.83	(6.97)
	– Non-Current	(1.97)	–	(70.99)	(0.74)	–	(63.09)
IV	Change in Defined Benefit Obligations (DBO)						
	1 Present Value of DBO at the beginning of the year	552.53	229.80	70.06	499.99	201.29	65.48
	2 Current Service Cost	41.12	22.23	6.17	41.30	20.22	5.27
	3 Interest Cost	42.94	17.49	5.75	40.60	16.11	5.50
	4 Curtailment Cost/(Credit)	–	–	–	–	–	–
	5 Settlement Cost/(Credit)	–	–	–	–	–	–
	6 Past Service Cost	–	–	–	–	–	–
	7 Plan Amendments	–	–	–	–	–	–
	8 Acquisitions	–	–	–	–	–	–
	9 Actuarial (Gains)/Losses	33.25	12.23	7.32	(13.44)	8.62	0.15
	10 Benefits Paid	(31.75)	(23.43)	(7.20)	(15.92)	(16.44)	(6.34)
	11 Present Value of DBO at the end of the year	638.09	258.32	82.10	552.53	229.80	70.06
V	Change in Fair Value of Assets						
	1 Plan Assets at beginning of the year	533.14	233.63	–	492.05	222.71	–
	2 Acquisition Adjustment	–	–	–	–	–	–
	3 Expected Return on Plan Assets	46.06	19.09	–	42.29	18.81	–
	4 Actuarial Gains/(Losses)	15.25	4.32	–	(5.53)	(1.16)	–
	5 Actual Company Contributions	55.85	8.46	1.59	20.25	9.71	–
	6 Benefits Paid	(31.75)	(23.43)	(1.59)	(15.92)	(16.44)	–
	7 Plan Assets at the end of the year	618.55	242.07	–	533.14	233.63	–
VI	Actuarial Assumptions						
	1 Discount Rate (%)	8.00	8.00	8.00	8.25	8.00 - 8.25	8.00 - 8.25
	2 Expected Return on Plan Assets (%)	8.00	8.00 - 9.15	–	8.25	7.25 - 9.15	–

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.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

VII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2013	As at 31st March, 2012
1	Government Securities/Special Deposit with RBI	28.83%	27.69%
2	High Quality Corporate Bonds	25.35%	24.60%
3	Insurance Companies*	35.86%	39.84%
4	Mutual Funds	1.98%	1.63%
5	Cash and Cash Equivalents	5.10%	2.39%
6	Term Deposits	2.58%	3.51%
7	Equity	0.30%	0.34%

* In the absence of detailed information regarding plan assets funded with Insurance Companies, the composition of each major category of plan assets and the percentage or amount for each category to the fair value of plan assets has not been disclosed.

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 optimise returns within acceptable risk parameters, the plan assets are well diversified.

IX	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)			For the year ended 31st March, 2009 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment												
1	Present Value of Defined Benefit Obligation	638.09	258.32	82.10	552.53	229.80	70.06	499.99	201.29	65.48	442.61	180.39	55.12	385.36	162.26	53.70
2	Fair Value of Plan Assets	618.55	242.07	-	533.14	233.63	-	492.05	222.71	-	412.49	203.78	-	386.04	189.82	-
3	Status [Surplus/(Deficit)]	(19.54)	(16.25)	(82.10)	(19.39)	3.83	(70.06)	(7.94)	21.42	(65.48)	(30.12)	23.39	(55.12)	0.68	27.56	(53.70)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	13.24	3.35	-	(4.25)	(0.61)	-	4.08	2.27	-	7.50	1.28	-	1.60	3.93	-
5	Experience Adjustment of Obligation [(Gain)/Loss]	(29.41)	2.52	3.27	(18.01)	6.96	0.40	42.69	21.00	9.68	(13.79)	1.82	3.57	(16.25)	(0.05)	3.40

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 23.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(viii) Derivative Instruments:

The Group uses forward exchange contracts and currency options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

a) Forward exchange contracts outstanding as at year end:

(in Million)

Currency	Cross Currency	As at 31st March, 2013		As at 31st March, 2012	
		Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	135.97	175.93	148.07	197.50
EURO	US Dollar	75.54	7.91	60.08	5.09
CHF	US Dollar	2.24	–	1.58	–
GBP	US Dollar	–	0.82	1.00	1.15
SEK	US Dollar	4.00	–	3.93	–
JPY	US Dollar	215.65	–	770.54	–
EURO	Indian Rupee	0.02	–	–	–
AUD	US Dollar	–	0.50	–	1.00
DKK	US Dollar	12.00	–	9.60	–
NOK	US Dollar	1.50	–	–	–

b) Currency option contracts outstanding as at year end :

(in Million)

Currency	Cross Currency	As at 31st March, 2013		As at 31st March, 2012	
		Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	16.00	–	–
JPY	US Dollar	280.00	–	–	–

c) Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise as at year end :

(in Million)

Currency	Cross Currency	As at 31st March, 2013			As at 31st March, 2012		
		Buy	Sell	Net*	Buy	Sell	Net*
US Dollar	Indian Rupee	41.84	37.62	4.22	21.11	21.29	(0.18)
EURO	US Dollar	5.07	2.88	2.19	4.28	5.39	(1.11)
GBP	US Dollar	2.22	2.22	–	2.06	2.09	(0.03)
SEK	US Dollar	1.21	–	1.21	0.44	–	0.44
CHF	US Dollar	–	–	–	0.05	0.02	0.03
SGD	US Dollar	0.01	–	0.01	0.10	–	0.10
CAD	US Dollar	0.08	0.19	(0.11)	0.46	0.28	0.18
AUD	Indian Rupee	–	0.16	(0.16)	–	0.25	(0.25)
AUD	US Dollar	0.97	0.55	0.42	0.53	0.41	0.12
DKK	US Dollar	17.84	–	17.84	14.79	–	14.79
HKD	US Dollar	0.68	–	0.68	0.05	–	0.05
LKR	US Dollar	0.05	–	0.05	–	–	–
ZAR	US Dollar	4.54	3.73	0.81	0.23	1.42	(1.19)
NOK	US Dollar	4.56	0.79	3.77	3.35	–	3.35

* Figures in brackets indicate open exports. Figures without brackets indicate open imports.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(ix) Statement of information regarding Subsidiary Companies :

(₹ in Crores)

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding Investments made in subsidiaries)	Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend
Russell Credit Limited	646.48	229.50	878.52	878.52	151.47	69.66	67.53	(8.57)	58.96	–
Greenacre Holdings Limited	42.06	12.59	58.65	58.65	13.69	2.99	1.06	(0.20)	0.86	–
Wimco Limited	68.85	43.31	222.60	222.60	–	178.11	1.90	–	1.90	–
Pavan Poplar Limited	5.51	1.55	7.35	7.35	–	0.68	0.07	(...)	0.07	–
Prag Agro Farm Limited	3.80	(7.36)	4.77	4.77	–	0.76	0.07	(...)	0.07	–
Srinivasa Resorts Limited	24.00	75.54	117.25	117.25	41.62	50.62	5.54	(1.10)	4.44	2.40
Fortune Park Hotels Limited	0.45	21.50	31.64	31.64	18.00	23.22	8.52	(2.55)	5.97	0.56
Bay Islands Hotels Limited	0.12	11.68	11.95	11.95	–	1.52	1.46	(0.49)	0.97	0.08
ITC Infotech India Limited	85.20	153.80	353.84	353.84	–	706.65	90.52	(21.79)	68.73	–
ITC Infotech Limited *	5.64	54.85	83.88	83.88	–	205.85	20.45	(5.16)	15.29	16.92@
ITC Infotech (USA), Inc. \$	98.80	(4.54)	152.67	152.67	–	306.83	4.39	(0.57)	3.82	–
Pyxis Solutions, LLC §	–	11.29	15.23	15.23	–	38.22	1.15	–	1.15	–
Wills Corporation Limited	4.89	4.05	9.17	9.17	–	0.90	0.74	(0.23)	0.51	–
Gold Flake Corporation Limited	16.00	14.82	30.88	30.88	6.01	4.18	4.06	(0.66)	3.40	–
Landbase India Limited	229.00	(87.40)	184.79	184.79	...	11.82	(3.81)	–	(3.81)	–
BFIL Finance Limited	20.00	(59.39)	9.25	9.25	–	0.65	0.52	–	0.52	–
MRR Trading & Investment Company Limited	0.05	(0.04)	0.01	0.01	–	–	–	–	–	–
Surya Nepal Private Limited #	126.00	230.28	592.76	592.76	6.87	1044.16	333.05	(101.54)	231.51	175.14@
King Maker Marketing, Inc. §	0.02	33.81	41.47	41.47	–	152.84	10.32	(3.78)	6.54	5.43@
Technico Pty Limited ~	249.09	(165.94)	88.35	88.35	–	9.13	0.81	–	0.81	–
Technico Technologies Inc. ^	6.82	(5.89)	2.07	2.07	–	1.51	0.09	–	0.09	–
Technico Horticultural (Kunming) Co. Limited **	16.45	(4.67)	12.18	12.18	–	4.92	0.54	–	0.54	–
Technico Agri Sciences Limited	37.96	25.73	93.05	93.05	31.08	67.02	13.68	3.80	17.48	–
Technico Asia Holdings Pty Limited ~	20.86	(15.37)	5.49	5.49	–	–	–	–	–	–
WelcomHotels Lanka (Private) Limited ***	16.19	(1.19)	418.83	418.83	–	0.03	(1.19)	–	(1.19)	–
ITC Investments & Holdings Limited	4.50	0.16	4.67	4.67	4.66	0.23	0.16	–	0.16	–

* Converted into Indian Rupees at the exchange rate, 1GBP = ₹ 82.2275 as on 28.03.2013 <

\$ Converted into Indian Rupees at the exchange rate, 1USD = ₹ 54.2850 as on 28.03.2013 <

Converted into Indian Rupees at the exchange rate, 1NR = ₹ 0.6250 as on 13.03.2013

~ Converted into Indian Rupees at the exchange rate, 1AUD = ₹ 56.6250 as on 28.03.2013 <

^ Converted into Indian Rupees at the exchange rate, 1CAD = ₹ 53.4375 as on 28.03.2013 <

** Converted into Indian Rupees at the exchange rate, 1RMB = ₹ 8.6500 as on 28.03.2013 <

*** Converted into Indian Rupees at the exchange rate, 1LKR = ₹ 0.4300 as on 28.03.2013 <

< Being the last working day of the financial year

@ Dividend paid during the year

Notes :

- The aforesaid data has been extracted from the financial statements of the subsidiaries which have been drawn upto 31st March, 2013 other than Surya Nepal Private Limited where it is upto 13th March, 2013.
- 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.
- The Subsidiary not considered in the preparation of the above statement is ITC Global Holdings Pte. Limited, Singapore, (ITC Global) a wholly owned subsidiary of ITC Limited, which is under liquidation vide Singapore High Court's Order dated 30th November, 2007. Prior to this, ITC Global was under Judicial Management in terms of an Interim Order passed by the Singapore High Court on 8th November, 1996, and confirmed by the Singapore High Court on 6th December, 1996.
- Turnover includes Other income and Other operating revenue.

(x) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Notes to the Consolidated Financial Statements

29. Segment Reporting

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(₹ in Crores)

	2013			2012		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
1. Segment Revenue						
FMCG – Cigarettes	27136.12	–	27136.12	23232.32	–	23232.32
FMCG – Others	7028.18	9.53	7037.71	5555.95	7.77	5563.72
FMCG – Total	34164.30	9.53	34173.83	28788.27	7.77	28796.04
Hotels	1125.86	13.03	1138.89	1062.94	11.84	1074.78
Agri Business	4922.49	2278.24	7200.73	3412.46	2282.85	5695.31
Paperboards, Paper and Packaging	2665.89	1838.48	4504.37	2525.32	1604.47	4129.79
Others	1042.22	203.74	1245.96	828.46	192.41	1020.87
Segment Total	43920.76	4343.02	48263.78	36617.45	4099.34	40716.79
Eliminations			(4343.02)			(4099.34)
Gross Revenue from sale of products and services			43920.76			36617.45
2. Segment Results						
FMCG – Cigarettes			8694.42			7191.24
FMCG – Others			(88.90)			(215.08)
FMCG – Total			8605.52			6976.16
Hotels			149.29			294.29
Agri Business			731.28			643.15
Paperboards, Paper and Packaging			963.95			936.78
Others			136.32			93.64
Segment Total			10586.36			8944.02
Eliminations			(137.41)			(178.44)
Consolidated Total			10448.95			8765.58
Unallocated corporate expenses net of unallocated income			113.48			290.80
Profit before Interest etc. and taxation			10335.47			8474.78
Finance costs			87.18			80.50
Interest earned on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc. - Net			857.36			773.87
Profit before tax			11105.65			9168.15
Tax expense			3412.07			2845.76
Profit after tax before share of results of associates and minority interests			7693.58			6322.39
Share of net profit of associates			10.87			11.28
Profit after tax before Minority Interests			7704.45			6333.67
3. Other Information						
	Segment Assets	Segment Liabilities*		Segment Assets	Segment Liabilities*	
FMCG - Cigarettes	7240.69	1958.81		5885.55	1981.66	
FMCG - Others	3277.88	727.64		2653.95	634.70	
FMCG - Total	10518.57	2686.45		8539.50	2616.36	
Hotels	4309.68	297.38		3633.65	248.16	
Agri Business	1906.16	506.80		2211.71	393.33	
Paperboards, Paper and Packaging	5462.31	509.18		4830.17	478.01	
Others	821.01	240.07		783.86	235.38	
Segment Total	23017.73	4239.88		19998.89	3971.24	
Unallocated Corporate Assets/Liabilities	12839.92	8279.98		10528.76	6940.74	
Total	35857.65	12519.86		30527.65	10911.98	
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	574.69	258.84	6.56	655.80	222.27	0.99
FMCG - Others	366.40	128.99	10.94	276.50	107.28	25.29
FMCG - Total	941.09	387.83	17.50	932.30	329.55	26.28
Hotels	818.85	105.58	4.39	764.67	85.53	7.53
Agri Business	90.45	33.44	1.28	159.26	21.57	1.41
Paperboards, Paper and Packaging	690.31	260.20	9.58	593.77	237.38	3.17
Others	82.91	31.49	2.13	84.14	23.38	5.54
Segment Total	2623.61	818.54	34.88	2534.14	697.41	43.93

* Segment Liabilities of FMCG – Cigarettes is before considering ₹ 840.55 Crores (2012 – ₹ 763.31 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States' appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'.

Notes to the Consolidated Financial Statements

29. Segment Reporting (Contd.)

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2013	2012
1. Segment Revenue		
– Within India	38559.42	32743.13
– Outside India	5361.34	3874.32
Total	43920.76	36617.45
2. Segment Assets		
– Within India	22042.15	19428.77
– Outside India	975.58	570.12
Total	23017.73	19998.89
3. Capital Expenditure		
– Within India	2175.55	2460.14
– Outside India	448.06	74.00
Total	2623.61	2534.14

NOTES :

- (1) ITC Group's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Group is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Group's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
- (2) The business groups comprise the following :
- | | |
|----------------------------------|---|
| FMCG : Cigarettes | – Cigarettes, Cigars and Smoking Mixtures. |
| : Others | – Branded Packaged Foods Businesses (Bakery and Confectionery Foods; Snack Foods; Staples, Spices and Ready to Eat Foods); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis. |
| Hotels | – Hoteliering. |
| Paperboards, Paper and Packaging | – Paperboards, Paper including Specialty Paper and Packaging including Flexibles. |
| Agri Business | – Agri commodities such as soya, spices, coffee and leaf tobacco. |
| Others | – Information Technology services, Filter Rods, etc. |
- (3) The Group companies and joint ventures have been included in segment classification as follows :
- | | |
|-------------------|---|
| FMCG : Cigarettes | – Surya Nepal Private Limited and King Maker Marketing, Inc. |
| : Others | – Surya Nepal Private Limited, Wimco Limited. |
| Hotels | – Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited, WelcomHotels Lanka (Private) Limited and joint ventures Maharaja Heritage Resorts Limited, Espirit Hotels Private Limited and Logix Developers Private Limited. |
| Others | – ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc. and Pyxis Solutions, LLC, Russell Credit Limited and its subsidiary Greenacre Holdings Limited, Wimco Limited and its subsidiaries Pavan Poplar Limited and Prag Agro Farm Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., along with its jointly controlled operation with Shamrock Seed Potato Farm Limited, Technico Agri Sciences Limited, Technico Asia Holdings Pty Limited and Technico Horticultural (Kunming) Co. Limited, BFIL Finance Limited and its subsidiary MRR Trading & Investment Company Limited, ITC Investments & Holdings Limited, Landbase India Limited, Wills Corporation Limited, Gold Flake Corporation Limited and its joint venture ITC Filtrona Limited. |
- (4) The geographical segments considered for disclosure are :
- Sales within India
 - Sales outside India
- (5) Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.
- (6) The Group's Agri Business markets agri commodities in the export and domestic markets; supplies agri raw materials to the Branded Packaged Foods businesses and sources leaf tobacco for the Cigarettes business. The segment results for the year are after absorbing costs relating to the strategic e-Choupal initiative.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:

Entities, other than subsidiaries, under the control of the Group:

- a) ITC Sangeet Research Academy
- b) ITC Education Trust
- c) ITC Rural Development Trust

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY AND ITS SUBSIDIARIES HAD TRANSACTIONS:

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) Russell Investments Limited
- c) ATC Limited
- d) Classic Infrastructure & Development Limited
- e) International Travel House Limited
- f) Divya Management Limited
- g) Antrang Finance Limited
– being associates of the Group
- h) Tobacco Manufacturers (India) Limited, UK
– of which the Company is an associate

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) ITC Filtrona Limited
- c) Espirit Hotels Private Limited
- d) Logix Developers Private Limited

ii) a) Key Management Personnel (KMP):

Y. C. Deveshwar	Executive Chairman
N. Anand	Executive Director
P. V. Dhobale	Executive Director
K. N. Grant	Executive Director
A. Baijal	Non-Executive Director
S. Banerjee	Non-Executive Director
S. H. Khan	Non-Executive Director
A. V. Girija Kumar	Non-Executive Director
S. B. Mathur	Non-Executive Director
D. K. Mehrotra	Non-Executive Director
H. G. Powell	Non-Executive Director
P. B. Ramanujam	Non-Executive Director
S. S. H. Rehman (w.e.f. 27.07.2012)	Non-Executive Director
A. Ruys	Non-Executive Director
B. Sen	Non-Executive Director
M. Shankar (w.e.f. 06.09.2012)	Non-Executive Director
K. Vaidyanath	Non-Executive Director
B. Vijayaraghavan	Non-Executive Director

Members - Corporate Management Committee

- B. B. Chatterjee
A. Nayak
T. V. Ramaswamy
S. Sivakumar
K. S. Suresh
R. Tandon

b) Relatives of Key Management Personnel:

- Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
Mrs. S. Chatterjee (wife of Mr. B. B. Chatterjee)

iii) Employee Trusts where there is significant influence:

- a) IATC Provident Fund
- b) IATC Staff X Provident Fund
- c) ITC Defined Contribution Pension Fund
- d) ITC Management Staff Gratuity Fund
- e) ITC Employees Gratuity Fund
- f) ITC Gratuity Fund 'C'
- g) ITC Pension Fund
- h) ILTD Seasonal Employees Pension Fund
- i) ITC Platinum Jubilee Pension Fund
- j) Tribeni Tissues Limited Provident Fund
- k) Tribeni Tissues Limited Gratuity Fund
- l) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- m) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- n) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- o) ITC Bhadrachalam Paperboards Limited Staff Provident Fund
- p) ITC Hotels Limited Employees Superannuation Scheme
- q) ITC Hotels Limited Employees Gratuity Fund
- r) Greenacre Holdings Limited Provident Fund
- s) Greenacre Holdings Limited Gratuity Fund

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2013

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprise where control exists		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		0.01	0.02	2.39	1.68	7.68	6.59							10.08
1. Sale of Goods/Services			112.29	94.77	226.91	174.38							339.20	269.15
2. Purchase of Goods/Services			0.44	0.12									0.44	0.12
3. Sale of Fixed Assets/Scraps			0.87	-		1.04							-	1.04
4. Acquisition of Investments							0.07	0.03					0.94	0.03
5. Interest Income														
6. Remuneration to Key Management Personnel							16.60	16.37					16.60	16.37
- Directors *							6.86	6.15					6.86	6.15
- Others							0.04	0.03	0.63	0.57			0.67	0.60
7. Rent Paid			0.25	0.23									0.25	0.23
8. Remuneration of Managers on Deputation Reimbursed			3.48	3.48	1.08	1.45							4.56	4.93
9. Remuneration of Managers on Deputation Recovered													1.70	1.50
10. Donation	1.70	1.50											-	0.30
11. Sponsorship	-	0.30												
12. Contributions to Employees' Benefit Plans												91.13	65.24	65.24
13. Dividend Income			2.23	2.01	2.02	2.02							4.25	4.03
14. Dividend Payments			893.50	883.58			3.75	5.21					897.25	888.79
15. Expenses Recovered	...		1.33	1.83	0.36	0.28							1.69	2.11
16. Expenses Reimbursed	0.06	0.08	4.70	0.70	0.30	0.20							5.06	0.98
17. Loans Given			7.00	-									7.00	-
18. Receipt towards Loan Repayment							0.17	0.03					0.17	0.03
19. Adjustment/Receipt towards Refund of Advances			-	0.30									-	0.30
20. Deposits Received during the year			0.02	0.01									0.02	0.01
21. Deposits Given during the year							-	0.01	0.03	-			0.03	0.01
22. Balances as on 31st March														
i) Receivables			1.21	1.63	3.92	5.29							5.13	6.92
ii) Advances Given												4.77	-	4.77
iii) Loans Given			7.00	-			0.27	0.44					7.27	0.44
iv) Deposits Given			0.10	0.10			0.04	0.04	0.32	0.29			0.46	0.43
v) Deposits Taken			0.66	0.64									0.66	0.64
vi) Payables			8.87	6.94	2.07	2.82						35.24	46.18	23.14
23. In addition, Remuneration of Managers on Deputation, absorbed	0.17	0.15											0.17	0.15

*includes ₹ 0.06 Crore (2012 - Nil) attributable to remuneration of a Director which is subject to approval by the Company in General Meeting.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES

RELATED PARTY TRANSACTIONS SUMMARY		2013	2012	RELATED PARTY TRANSACTIONS SUMMARY		2013	2012
1. Sale of Goods/Services				11. Sponsorship			
International Travel House Limited	2.33	1.59		ITC Sangeet Research Academy	—	0.30	
ITC Filtrona Limited	7.66	6.52		12. Contributions to Employees' Benefit Plans			
				IATC Provident Fund	18.66	31.03	
2. Purchase of Goods/Services				ITC Pension Fund	50.67	18.61	
International Travel House Limited	87.59	70.73		ITC Defined Contribution Pension Fund	9.65	7.77	
ITC Filtrona Limited	226.72	174.18		13. Dividend Income			
				Gujarat Hotels Limited	0.57	0.52	
3. Sale of Fixed Assets/Scraps				International Travel House Limited	1.66	1.49	
ATC Limited	0.44	0.12		ITC Filtrona Limited	2.02	2.02	
4. Acquisition of Investments				14. Dividend Payments			
Espirit Hotels Private Limited	—	1.04		Tobacco Manufacturers (India) Limited, UK	893.50	883.58	
5. Interest Income				15. Expenses Recovered			
Mr. Y. C. Deveshwar	0.01	0.01		Gujarat Hotels Limited	0.72	0.93	
Mr. N. Anand	0.01	0.01		International Travel House Limited	0.59	0.90	
Mr. B. B. Chatterjee	0.05	0.01		Maharaja Heritage Resorts Limited	0.32	0.27	
ATC Limited	0.87	—		16. Expenses Reimbursed			
6. Remuneration to Key Management Personnel- Directors & Others				Gujarat Hotels Limited	0.63	0.46	
Mr. Y. C. Deveshwar	9.93	9.85		ATC Limited	0.29	0.20	
				Maharaja Heritage Resorts Limited	0.30	0.20	
7. Rent Paid				International Travel House Limited	3.77	—	
Mrs. B. Deveshwar	0.60	0.54		17. Loans Given			
				ATC Limited	7.00	—	
8. Remuneration of Managers on Deputation Reimbursed				18. Receipt towards Loan Repayment			
International Travel House Limited	0.25	0.23		Mr. B. B. Chatterjee	0.15	0.01	
				Mr. P. V. Dhobale	0.01	0.01	
9. Remuneration of Managers on Deputation Recovered				Mr. N. Anand	0.01	0.01	
International Travel House Limited	0.93	0.86		19. Adjustment/Receipt towards Refund of Advances			
ATC Limited	2.55	2.62		ATC Limited	—	0.30	
Maharaja Heritage Resorts Limited	0.77	1.12					
10. Donations							
ITC Rural Development Trust	1.50	1.50					
ITC Sangeet Research Academy	0.20	—					

RELATED PARTY TRANSACTIONS SUMMARY		2013	2012
20. Deposits Received during the year			
International Travel House Limited	0.02	0.01	0.01
21. Deposits Given during the year			
Mr. Y. C. Deveshwar	—	0.01	0.01
Mrs. B. Deveshwar	0.03	—	—
22. Balances as on 31st March			
<i>Receivables</i>			
ATC Limited	0.73	1.17	1.17
Maharaja Heritage Resorts Limited	3.74	4.89	4.89
<i>Advances Given</i>			
Employee Trust - Gratuity Funds	—	4.77	4.77
<i>Loans Given</i>			
Mr. Y. C. Deveshwar	0.10	0.10	0.10
Mr. N. Anand	0.17	0.18	0.18
Mr. B. B. Chatterjee	—	0.14	0.14
ATC Limited	7.00	—	—
<i>Deposits Given</i>			
Mrs. B. Deveshwar	0.30	0.27	0.27
Classic Infrastructure & Development Limited	0.10	0.10	0.10
<i>Deposits Taken</i>			
International Travel House Limited	0.66	0.64	0.64
<i>Payables</i>			
International Travel House Limited	7.77	5.77	5.77
Gujarat Hotels Limited	1.09	0.97	0.97
ITC Filtrona Limited	2.07	2.82	2.82
Employee Trust - Pension Funds	19.54	13.38	13.38
Employee Trust - Gratuity Funds	15.70	—	—
23. In addition, Remuneration of Managers on Deputation, absorbed			
ITC Sangeet Research Academy	0.17	0.15	0.15

Notes to the Consolidated Financial Statements

31. Significant Accounting Policies

IT IS GROUP CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies 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 modified by revaluation of certain Fixed Assets as and when undertaken.

All assets and liabilities have been classified as current or non-current as per the Group'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 and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

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 assets capitalised. Expenses capitalised also include applicable borrowing costs, if any.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation / enhancements unless they bring similar significant additional benefits.

Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Revaluation of Assets

As and when Fixed Assets are revalued, 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 and 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 annual depreciation on that portion of the value which is written up.

Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's 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 an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments, other than associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

To account for investments in associates using the equity method.

Interests in Joint Ventures

To account for interests in jointly controlled entities (incorporated Joint Ventures) using proportionate consolidation.

Goodwill on Consolidation

To state goodwill arising on consolidation at cost, and to recognise, where applicable, any impairment.

Inventories

To state inventories including work-in-progress at lower of cost and net realisable value. 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 of inventories and, where necessary, provision is made for such inventories.

Revenue from sale of products and services

To recognize Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales Tax / Value Added Tax recovered from customers but including excise duty on goods payable by the Group. Net Revenue is stated after deducting such excise duty.

Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

Notes to the Consolidated Financial Statements

31. Significant Accounting Policies (Contd.)

Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of account of the parent as proposed by the Directors, pending approval at the Annual General Meeting.

Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue. To administer such Funds through duly constituted and approved independent trusts with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit / contribution schemes. To determine the liabilities towards such schemes, as applicable, and towards employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard – 15 on “Employee Benefits”. To determine actuarial gains or losses and to recognise such gains or losses immediately in the Statement of Profit and Loss as income or expense.

To charge against revenue, actual disbursements made, when due, under the Workers’ Voluntary Retirement Scheme.

Lease Rentals

To charge Rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

To recognise rental income on assets given on operating lease on an accrual basis over the lease term in the Statement of Profit and Loss.

Research and Development

To write off all expenditure other than capital expenditure on Research and Development in the year it is incurred. Capital expenditure on Research and Development is included under Tangible Assets.

Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

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.

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 recognised in the Statement of Profit and Loss 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 premium paid on currency options in the Statement of Profit and Loss at the inception of the option.

To account for profit/loss arising on settlement or cancellation of currency option as income/expense for the period.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of options / forwards / swaps as at the Balance Sheet date, and to ignore the net gain, if any.

To account for gains / losses in the Statement of Profit and Loss on foreign exchange rate fluctuations relating to monetary items at the year end.

To accumulate exchange differences arising on monetary items that, in substance, form part of the Company’s net investment in a non-integral foreign operation in a foreign currency translation reserve. To recognise such balances in the Statement of Profit and Loss on disposal of the net investment.

To translate the financial statement of non-integral foreign operations by recording the exchange difference arising on translation of assets / liabilities and income / expenses in a foreign exchange translation reserve.

Claims

To disclose claims against the Group not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

Segment Reporting

To identify segments based on the dominant source and nature of risks and returns and the internal organisation and management structure.

To account for inter-segment revenue on the basis of transactions which are primarily market led.

To include under “Unallocated Corporate Expenses” revenue and expenses which relate to initiatives / costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems

To practice an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, provide financial and cost information appropriate to the businesses and facilitate Internal Control.

On behalf of the Board

P. V. DHOBALE *Director* Y. C. DEVESHWAR *Chairman*
R. TANDON *Chief Financial Officer* B. B. CHATTERJEE *Company Secretary*

Kolkata
17th May, 2013

Independent Auditors' Report

to the Board of Directors of ITC Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **ITC LIMITED** (the "Company") and its subsidiaries (the "Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management,

as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, joint ventures and associates referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

7. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect the Group's share of total assets of ₹ 1691.68 Crores as at 31st March, 2013, and the Group's share of total revenues of ₹ 1279.50 Crores for the year ended on that date, and net cash outflows amounting to ₹ 12.96 Crores for the year ended on that date and associates whose financial statements reflect the Group's share of profit up to 31st March, 2013 of ₹ 64.79 Crores and the Group's share of profit of ₹ 10.87 Crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 302009E)

Kolkata
17th May, 2013

P. R. Ramesh
Partner
(Membership No. 70928)

Ten Years at a Glance

Standalone Operating Results 2004 - 2013

(₹ in Crores)

Year ending 31st March	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GROSS INCOME	12028	13542	16448	19557	21879	23594	26814	31399	36046	43044
Excise Duties	5333	5667	6371	7056	7320	7447	8046	9360	10073	12204
Net Income	6695	7875	10077	12501	14559	16147	18768	22039	25973	30840
PBDIT	2585	3028	3613	4293	5015	5393	6689	7993	9674	11566
Depreciation	241	313	332	363	439	549	609	656	699	795
PBIT	2344	2715	3281	3930	4576	4844	6080	7337	8975	10771
PBT	2319	2673	3269	3927	4572	4826	6015	7268	8898	10684
Tax	726	836	989	1227	1452	1562	1954	2280	2736	3266
PAT (Before Exceptional Items)	1593	1837	2280	2700	3120	3264	4061	4988	6162	7418
PAT	1593	2191	2235	2700	3120	3264	4061	4988	6162	7418
Dividends *	559	883	1135	1365	1543	1634	4453	4002	4089	4853
- Ordinary Dividend	559	883	1135	1365	1543	1634	2004	2518	4089	4853
- Special Dividend							2449	1484		
Earnings Per Share on profit after tax before exceptional items										
Actual (₹) **	6.43	7.36	6.07	7.18	8.28	8.65	10.64	6.45	7.88	9.39
Adjusted (₹) @	2.11	2.43	3.01	3.56	4.11	4.29	5.31	6.45	7.88	9.39
Dividend Per Share										
Actual - Ordinary (₹) **	2.00	3.10	2.65	3.10	3.50	3.70	4.50	2.80	4.50	5.25
Actual - Special (₹) **							5.50	1.65		
Adjusted - Ordinary (₹) @	0.66	1.02	1.31	1.54	1.74	1.84	2.25	2.80	4.50	5.25
Adjusted - Special (₹) @							2.75	1.65		
Market Capitalisation ***	25793	33433	73207	56583	77765	69751	100476	140408	177360	244245
Foreign Exchange Earnings	1078	1269	1794	2283	2168	2226	2354	2732	2621	3807

* Including Dividend Distribution Tax.

** Based on number of shares outstanding at the year-end; reflects the impact of Corporate Actions and normalised for impact of 1:10 Stock Split effected in 2006.

*** Based on year-end closing prices, quoted on the Bombay Stock Exchange.

@ To facilitate like to like comparison, adjusted for impact of Corporate Actions.

During the above 10 year period, the following Corporate Actions took place:

2006 – 1 : 2 Bonus Issue

2011 – 1 : 1 Bonus Issue

Standalone Equity, Liabilities and Assets 2004 - 2013

(₹ in Crores)

Year Ending 31st March	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equity										
Share capital	248	249	375	376	377	378	382	774	782	790
Reserves and surplus	6162	7646	8686	10061	11681	13357	13682	15179	18010	21498
Shareholders' funds	6410	7895	9061	10437	12058	13735	14064	15953	18792	22288
Non-current liabilities										
Long-term borrowings	65	76	86	94	91	91	92	87	77	66
Deferred tax liabilities (Net)	88	376	325	473	545	867	785	802	873	1204
Other Long-term liabilities	50	50	50	86	90	95	45	115	120	129
Current liabilities										
Short-term borrowings	56	169	26	77	92	62		2	2	
Proposed dividend (including tax)	559	882	1135	1364	1543	1634	4452	4002	4089	4853
Current liabilities (others)	2924	2102	2401	2437	2830	3000	3567	4473	5035	5477
Total Equity and Liabilities	10152	11550	13084	14968	17249	19484	23005	25434	28988	34017
Non-current assets										
Fixed assets (Gross)	5055	5932	6470	8000	10087	11773	12977	14099	16421	18432
Accumulated Depreciation	1443	1796	2065	2390	2791	3287	3825	4421	5045	5735
Fixed Assets (Net)	3612	4136	4405	5610	7296	8486	9152	9678	11376	12697
Non-current investments	1157	785	784	835	846	892	1357	1563	1953	2001
Long-term loans and advances	961	503	568	703	859	1117	882	1146	1196	1728
Current assets										
Current investments	1897	3089	2733	2232	2089	1945	4370	3991	4363	5059
Cash and bank balances	34	56	856	900	570	1031	1126	2243	2819	3615
Current assets (others)	2491	2981	3738	4688	5589	6013	6118	6813	7281	8917
Total Assets	10152	11550	13084	14968	17249	19484	23005	25434	28988	34017
Net Worth Per Share (₹) *	8.63	10.55	12.07	13.87	16.00	18.20	18.42	20.62	24.04	28.21
Debt : Equity Ratio	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.004:1	0.003:1

* To facilitate like to like comparison, adjusted for 1:10 Stock Split, 1:2 Bonus Issue in 2006 and 1:1 Bonus Issue in 2011.

Equity includes impact of :

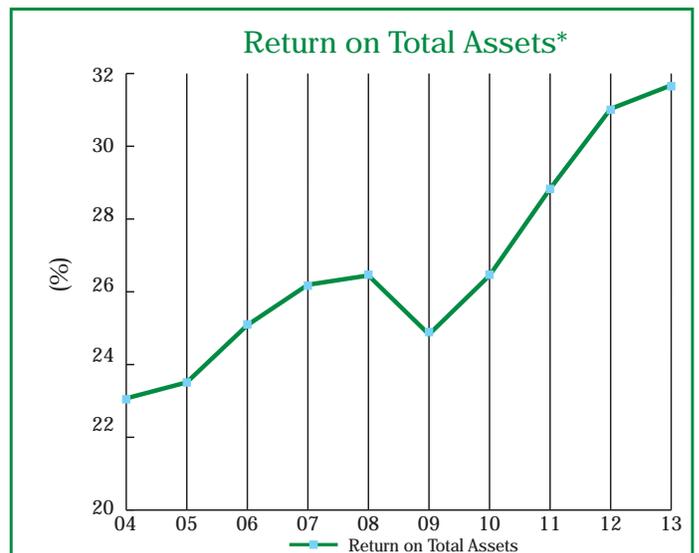
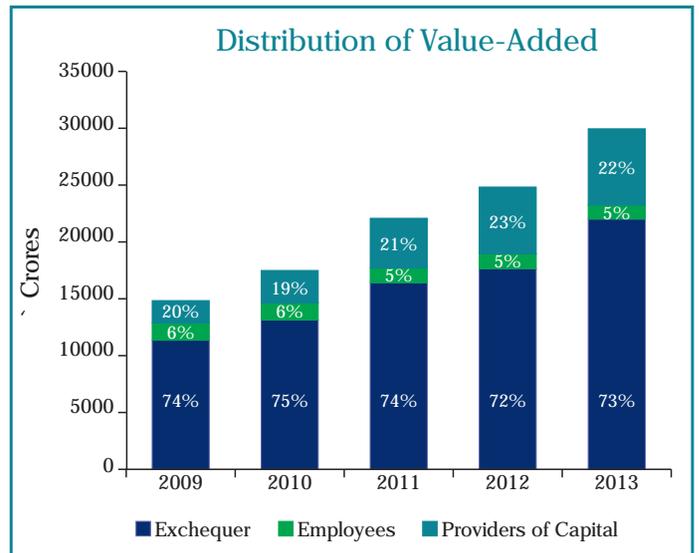
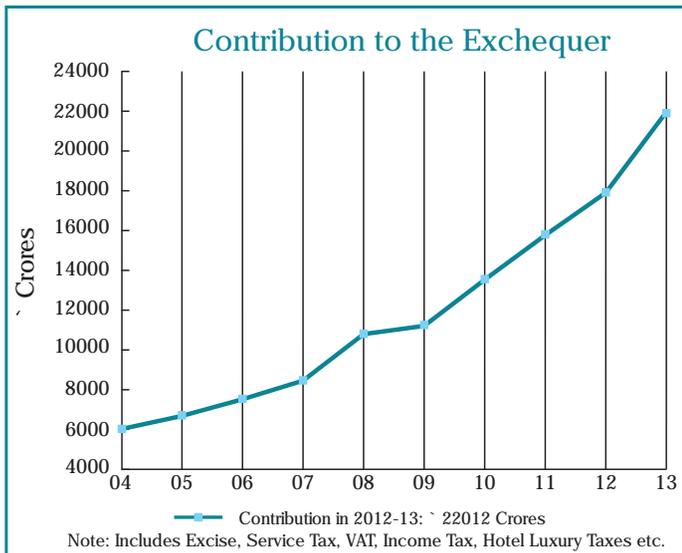
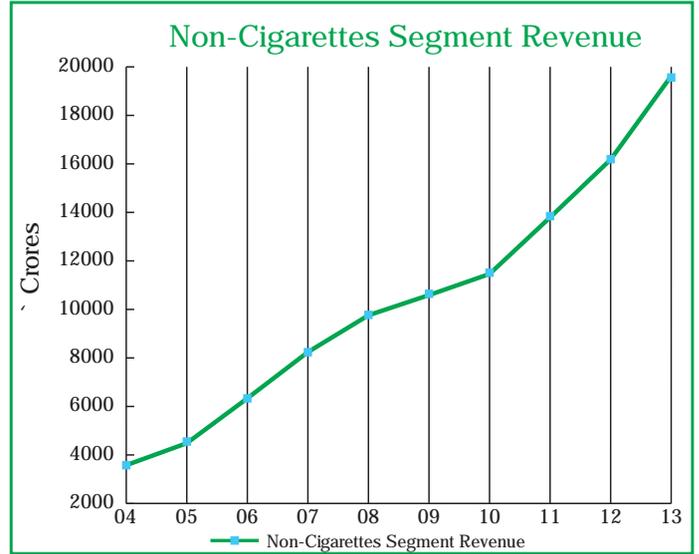
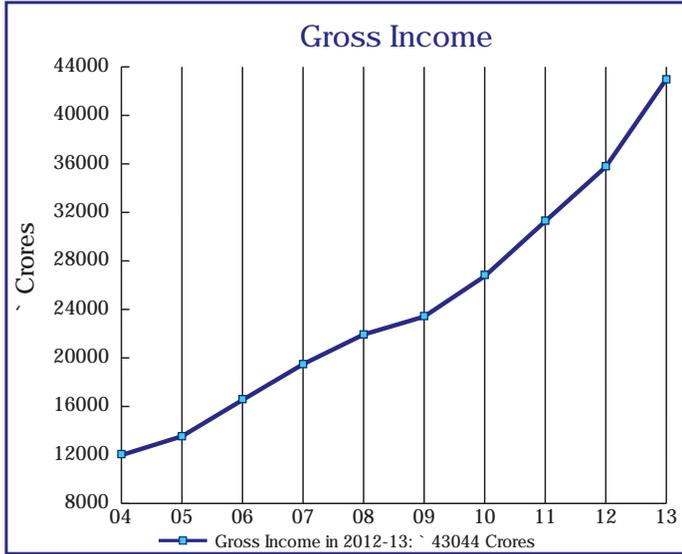
2006 – 1,21,27,470 Ordinary Shares of ₹ 1.00 each, fully paid, issued pursuant to Scheme of Amalgamation of erstwhile ITC Hotels Limited and Ansal Hotels Limited with the Company.

– 1 : 2 Bonus Issue (₹ 125 Crores).

2011 – 1 : 1 Bonus Issue (₹ 383 Crores).

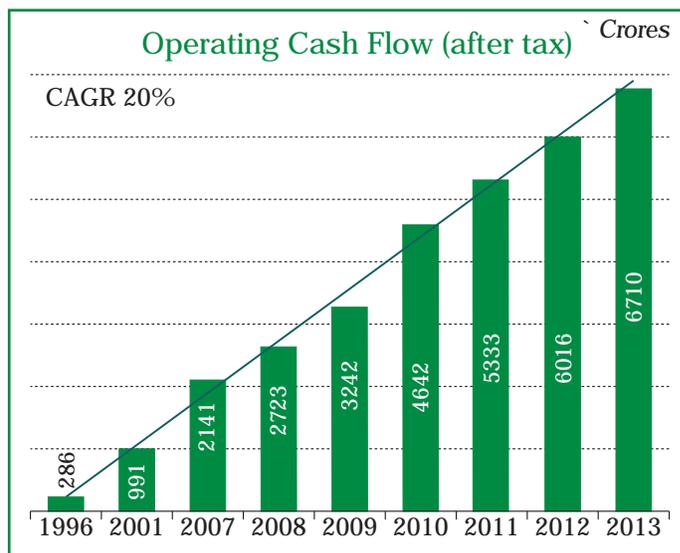
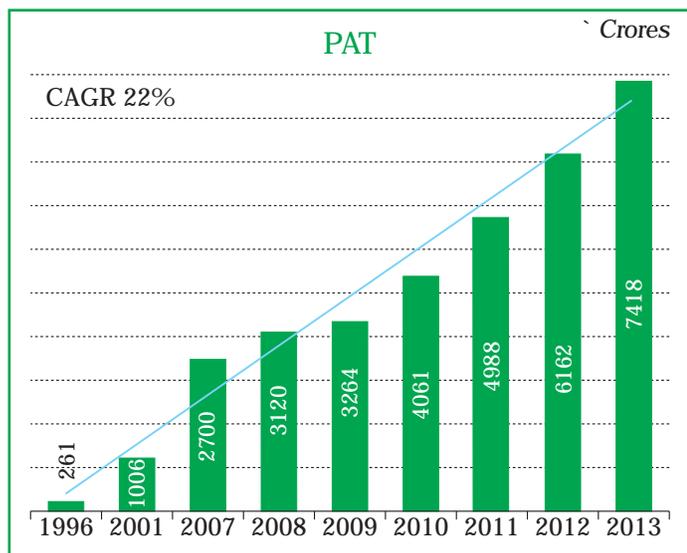
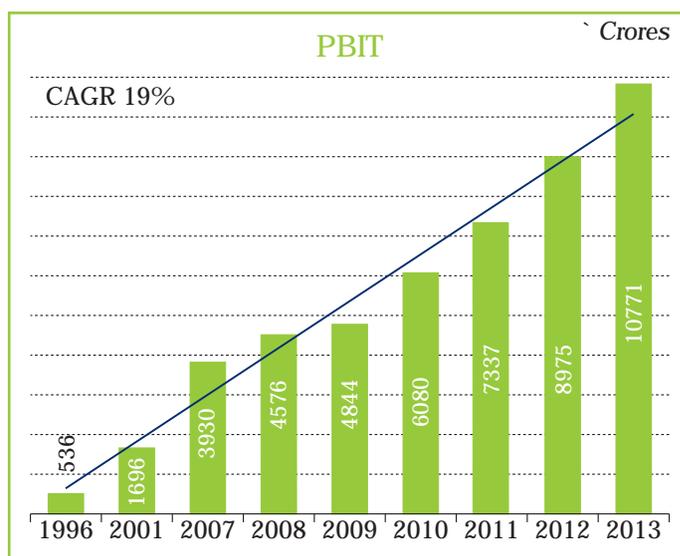
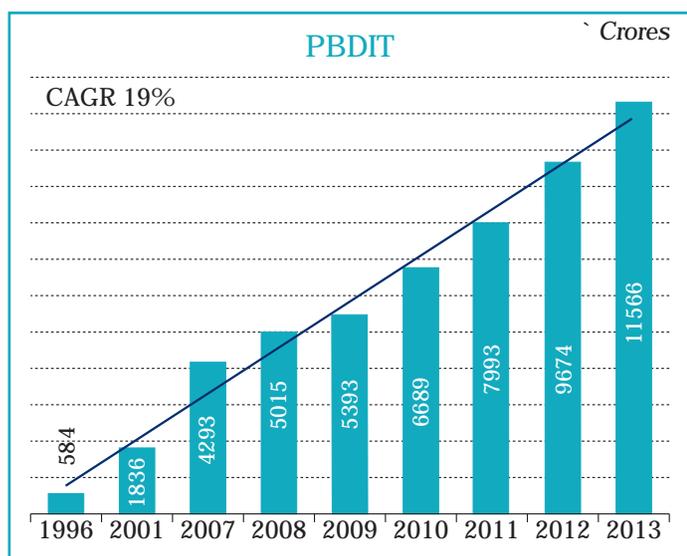
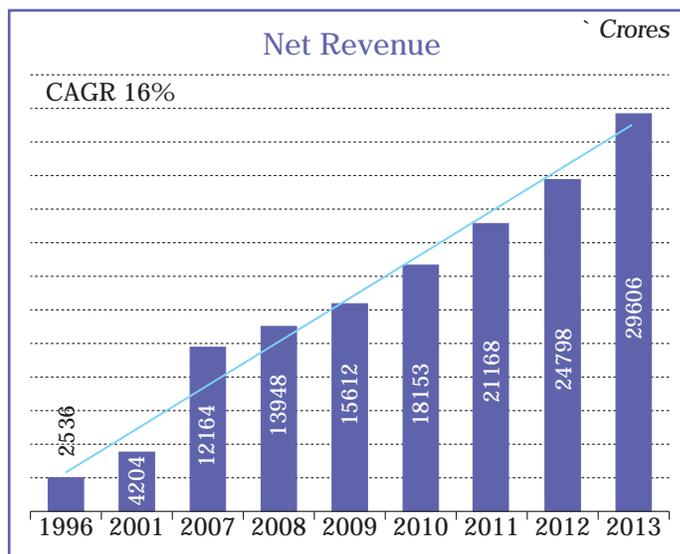
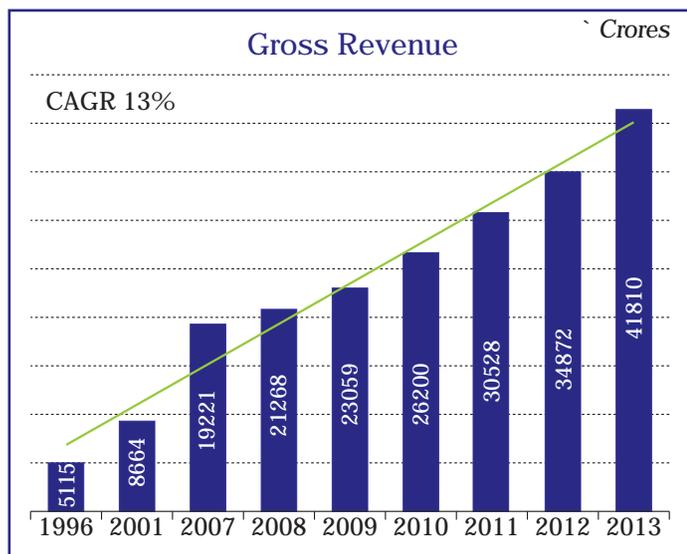
Note : Figures for the periods prior to 2011 have been broadly re-classified/re-arranged/re-grouped, wherever material, as per revised Schedule VI to the Companies Act, 1956 in order to facilitate like to like comparison.

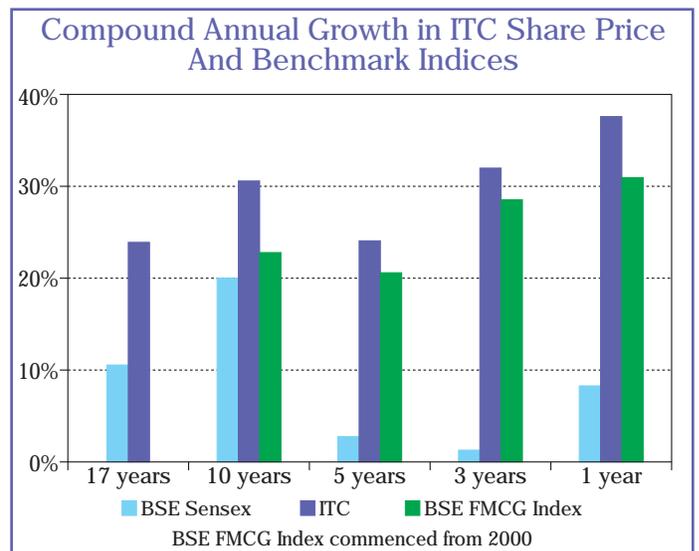
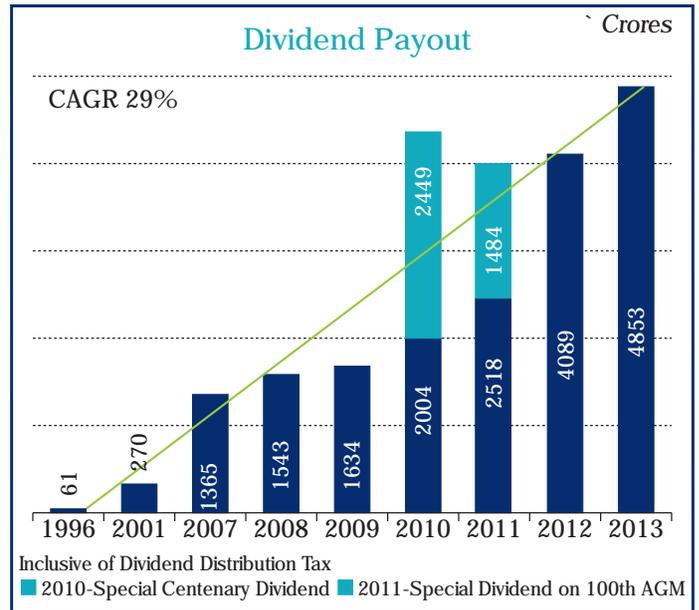
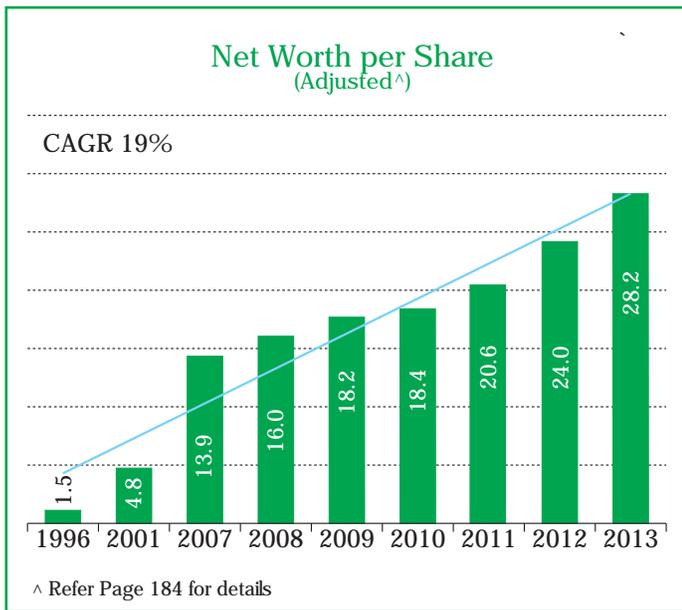
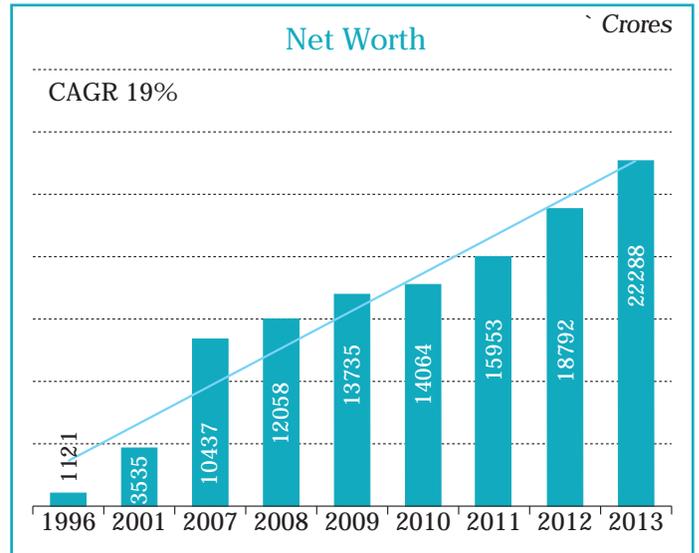
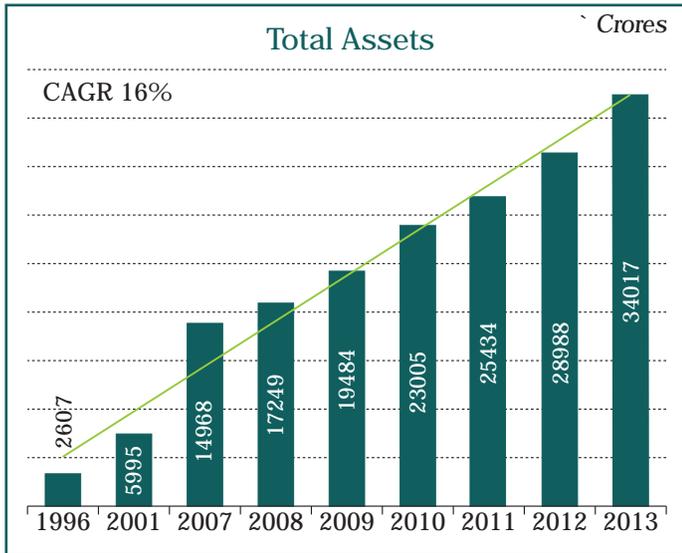
Financial Highlights



* Computed as PBIT divided by Total assets as on Balance Sheet Date

Financial Highlights





^ Refer Page 184 for details
 Dividend Per Share and Dividend Payout for 2013 are as proposed

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended 31st March, 2013. The Company also publishes a comprehensive Sustainability Report based on GRI guidelines which is available on its website www.itcportal.com.

General Information

1. Corporate Identity Number (CIN) of the Company	:	L16005WB1910PLC001985
2. Name of the Company	:	IIC Limited
3. Address of the Registered Office	:	Virginia House, 37 J L Nehru Road, Kolkata 700 071
4. Website	:	www.itcportal.com
5. E-mail id	:	enduringvalue@itc.in
6. Financial Year reported	:	2012-13
7. Key products / services:		
Businesses		Products / Services
Fast Moving Consumer Goods		Branded Packaged Foods (Bakery and Confectionery Foods; Snack Foods; Staples, Spices and Ready to Eat Foods); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Cigarettes, Cigars and Smoking Mixtures.
Hotels		Hoteliering.
Paperboards, Paper & Packaging		Paperboards, Paper including Specialty Paper & Packaging including Flexibles.
Agri Business		Agri-commodities such as soya, wheat, spices, coffee and leaf tobacco.
8. Locations where business activities are undertaken by the Company	:	The Company's businesses and operations are spread across the country. Details of Plant locations, Hotels owned / operated by the Company, Stores etc. are provided in the Shareholder Information section of the 'Report on Corporate Governance' in the Report and Accounts.

9. Markets served by the Company	:	ITC's products and services have a national presence and many products are exported to a number of countries.
10. Subsidiary companies and their BR Initiatives	:	The Company has 26 subsidiaries, including 10 subsidiaries outside India. The subsidiary companies define their own initiatives based on their specific context and have access to information and expertise residing with the parent company.

Financial Details

1. Paid up Capital	:	₹ 790.18 crores
2. Total Turnover	:	₹ 41,809.82 crores
3. Total Profit After Taxes	:	₹ 7,418.39 crores
4. Total Spending on Corporate Social Responsibility (CSR)	:	₹ 82.34 crores
5. List of activities in which expenditure in 4 above has been incurred		

Area	Activities/ Initiatives/ Programmes
Eradication of hunger and poverty	Crop Productivity Improvement Livestock/ dairy development Creation of sustainable livelihoods for the poor
Promotion of Education	Promotion of Education
Promoting Gender Equality & Empowering Women	Promotion of women-based micro enterprises
Reducing child mortality & improving maternal health	Basic Hygiene and Sanitation improvement initiatives
Combating diseases	Health centres and camps
Ensuring Environmental Sustainability	Social and Farm Forestry Soil and Moisture Conservation Solid Waste Management Promotion of sustainable business practices
Employment enhancing vocational skills	Vocational / skills development
Social Business Initiatives	Farmer Knowledge empowerment through IT – enablement
Others	Promotion of art and culture

Alignment to National Voluntary Guidelines (NVG) on Social, Environmental & Economic Responsibilities of Business

NVG Principle	Chapter in BR Report	Page	Details in ITC Sustainability Report
1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	IV	✓
2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Quality Goods and Services for Sustainable Value Creation	VI	✓
3 Businesses should promote the well-being of all employees	Creating Engaging Workplaces	VIII	✓
4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	X	✓
5 Businesses should respect and promote human rights	Human Rights	X	✓
6 Businesses should respect, protect, and make efforts to restore the environment	Creating a Positive Environmental Footprint	XI	✓
7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Policy Advocacy	XIII	✓
8 Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	XIII	✓
9 Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers & Consumers	XVI	✓

Commitment to Sustainable and Inclusive Growth

ITC is inspired by the opportunity to make a meaningful contribution to society and the nation through a commitment that extends beyond the market. The Company's sustainability initiatives draw strength from its deep conviction that businesses can, and must, contribute to a larger societal purpose by fashioning corporate strategies that simultaneously build economic, environmental and social capital for the nation. ITC has over the years, crafted unique business models that enable long-term shareholder value creation as well as enhance societal and environmental capital.

This focus on creating larger societal value has enabled ITC's businesses and value chains generate sustainable livelihoods for over 5 million people, many of whom are from the disadvantaged sections of society. In addition, its commitment to contribute to climate change mitigation and to the augmentation of natural capital has led to a symphony of efforts, making ITC the only enterprise in the world of comparable dimensions to have achieved and sustained the three global environmental distinctions of being Carbon Positive (for 8 years), Water Positive (for 11 years) and Solid Waste Recycling Positive (for 6 years). Total shareholder returns over the last 17 years have grown at a compound annual rate of over 26%. These exemplary achievements have strengthened the Company's belief that it is possible to create and enhance shareholder value whilst simultaneously serving a larger societal purpose through the adoption of sustainable business practices.

Business Responsibility Policies and Guidelines

The Company's policies and guidelines are aligned with the principles enunciated under the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business. The underlying context of the NVG principles are embodied in the policies adopted by the Company in areas such as EHS, CSR, HIV/AIDS, human rights and labour practices.



Corporate Governance for Ethics, Transparency and Accountability

The cornerstones of ITC's corporate governance philosophy are anchored in the values of trusteeship, transparency, empowerment & accountability, control and ethical corporate citizenship. Since large corporations utilise societal resources, ITC believes that governance processes must ensure that

such resources are utilised in a manner that meets the aspirations of stakeholders. ITC's business models embed sustainability principles in their business strategies, and coupled with corporate governance processes, seek to ensure superior "Triple Bottom Line" performance.



The practice of Corporate Governance in ITC takes place at three interlinked levels:

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee
Executive management	by the Divisional / Strategic Business Unit (SBU) Chief Executive assisted by the respective Divisional / SBU Management Committee

The three-tier governance structure ensures that:

- (a) Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors with objectivity, thereby sharpening accountability of management;
- (b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and

- (c) Executive management of a Division or Business, free from collective strategic responsibilities for ITC as a whole, focuses on enhancing the quality, efficiency and effectiveness of the business.

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for stakeholders.

For further details on ITC's governance structure, please refer to the section 'Report on Corporate Governance' in the Report and Accounts.

Strategic Supervision of Business Responsibility Practices

The Board Sustainability Committee reviews, monitors and provides strategic direction to the Company's sustainability practices towards fulfilling its "Triple Bottom Line" objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies. The Committee also reviews and endorses the annual Sustainability Plan of the Company, including expenditure towards social development and corporate social responsibility programmes of the Company.

The Sustainability Committee currently comprises the Chairman of the Company and six Non-Executive Directors, four of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The names of the members of this Committee and the number of meetings held during the year are provided under the section 'Report on Corporate Governance' in the Report and Accounts.

Reporting on Sustainability Initiatives

ITC, for the past 9 years in succession, has published its Sustainability Report covering its performance across the three dimensions of the "Triple Bottom Line". The 10th Sustainability Report, covering the sustainability performance of the Company for the year 2012-13, is in an advanced stage of finalisation and will be available shortly. As in the earlier years, the Report is being prepared in accordance with the G3 Guidelines of the Global Reporting Initiative at the highest 'A+' level. The Report of the Directors & Management Discussion and Analysis in the Report and Accounts of the Company also provides a review of the Company's "Triple Bottom Line" performance, including its significant sustainability initiatives.

Quality Goods and Services for Sustainable Value Creation

The Company's strategic intent to create enduring value by investing in the businesses of the future finds expression in the development of strong capabilities in R&D, innovation and technology. This is exemplified by institutional strengths such as deep consumer insights, brand building capability, trade marketing and distribution reach, focus on quality and world-class manufacturing practices, strong rural linkages and outstanding human resources.

Quality of goods and services is at the core of sustainable value creation. In ITC, this is manifest in the creation of world-class brands driven by unwavering attention to efficacy of design, processes, sourcing and distribution in order to provide superior and differentiated offerings to customers. Some of these elements are briefly touched upon below:

Maximising Resource Efficiency

The Company is a pioneer in optimising resource use and efficiency, including common resources such as water and air. Life Cycle Assessment studies have been carried out for several of the Company's products to understand the impact across the value chain. Resource efficiency is integrated into product and process design and is addressed in the creation

of physical infrastructure, the operations phase, logistics and waste management.

Such concerted efforts, to cite some examples, are evident in the Company's most resource-intensive business, the Paperboards and Specialty Papers Division, where continuous improvements have been made in energy and water usage. Similarly, the Hotels Division has also demonstrated high levels of resource efficiency by achieving LEED (Leadership in Energy and Environmental Design) Platinum certification for all its luxury properties. Several of the Company's factories have also received IGBC (Indian Green Building Council) certification.

Sustainable Consumption

The Company strives to ensure sustainable consumption of energy, water and other resources in its businesses. The Paperboards and Specialty Papers Division has been rated the most energy efficient in the Indian Paper and Paperboard sector by the Centre for Science and Environment, New Delhi (Challenge of the New Balance, CSE, 2010) and is also an acknowledged leader in low-carbon operations, water and resource usage efficiency. This exemplary performance has been achieved by reducing specific energy consumption, increasing the share of renewable energy sources in total energy consumption, bringing marginal and low-productivity land under forest cover, recycling and reuse of waste generated and increasing the usage of recycled paper fibre.





In 2012-13, the freshwater intake at the Paperboards Unit in Bhadrachalam was 46.4 kilolitres per tonne of finished product, much below the standard of 63 kilolitres per tonne proposed by the National Productivity Council (NPC) for large-scale integrated pulp and paper mills.

The Hotels Division pioneered the concept of 'Responsible Luxury' and created design interventions which have enabled optimisation in usage of energy and water. The LEED Platinum certification for all luxury hotels of the Company, makes 'IIC Hotels' the greenest luxury hotel chain in the world.

IIC, for the past 6 years, has been recycling over 98% of the waste generated by the Company's units. The Company also operates within a comprehensive waste management guideline which covers hazardous waste and e-waste as well.

Beyond Boundaries

Vendors/service providers and significant outsourced manufacturing facilities are encouraged to follow procedures detailed under ISO 9001, ISO 14001, OHSAS 18001 and IIC's Corporate Environment Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with EHS, human rights and labour practices in line with IIC's Guidelines.

Most of the outsourced manufacturing units of the Foods Business are HACCP (Hazard Analysis and Critical Control Point) certified and are working towards improvement in energy conservation. These interventions are some examples of IIC extending its sustainable business practices across the supply chain.

The Company works in close partnership with cottage and small-scale units in businesses such as Safety Matches and Agarbattis as well as Education & Stationery Products leading to enhancement of the competitiveness of a number of units in these sectors. The Safety Matches and Agarbattis Business supports over 18,000 sustainable livelihoods, mainly amongst poor rural women. Similarly, the collaborative supply chain established by the Company's Education & Stationery Products Business provides indirect employment opportunities to over 5,000 people.



Responsible Sourcing

As a Company with significant agri-based businesses, IIC has, for several decades, empowered farmers and forged strong relationships with rural communities which enable sustainable sourcing solutions. Recognising that poverty in rural India is primarily a result of the poor capacity of farmers in terms of access to knowledge, information, price discovery, quality agricultural inputs and markets, the Company has

devised unique business models for agri-sourcing that not only support sustainable agriculture but also contribute to substantial livelihood creation for inclusive development.

The globally acknowledged ITC e-Choupal initiative has transformed rural communities into vibrant economic organisations by leveraging information technology, providing customised extension services and training through 'Choupal Pradarshan Khets' (demonstration farms). Farmers have also been empowered through the establishment of integrated rural services hubs called 'Choupal Saagars'. The transparency and effectiveness of the e-Choupal system have contributed towards increasing rural incomes, whilst ensuring sustainable agri-sourcing for the Company's businesses. The Company also promotes environmentally sustainable farm practices, such as zero tilling, micro-irrigation and watershed development. It also works closely with marginalised and disadvantaged farmers towards sustainable sourcing of agri-commodities.

Product Labelling

Robust internal systems complemented by external verifications ensure that the Company's products are compliant with applicable laws and regulations with respect to product labelling. Effective systems have been established to respond to queries and address concerns of consumers.

For more details, please refer to the ITC Sustainability Report 2013.

Creating Engaging Workplaces

IITC believes that its capability to build future-ready businesses and create enduring value for stakeholders is a result of its dedicated and high-quality human resource pool. Therefore, nurturing talent and caring for their well-being are an integral part of IITC's culture which focuses on creating a great workplace that delivers winning performance. Some of the key elements of this philosophy are described below:

Equal Opportunity

The Company's policy on Prevention of Discrimination at Workplace is premised on its fundamental belief in fostering meritocracy in the organisation, which promotes diversity and offers equal opportunity to all employees. The Company does not engage in or support direct or indirect discrimination in recruitment, compensation, access to training, promotion, termination or retirement.



Affirmative Action

IITC has adopted the 'CII Code of Conduct for Affirmative Action' that enjoins the Company to focus on initiatives in the areas of Employability, Entrepreneurship, Education and Employment.

The letter and spirit of the Code have always been practised as part of IITC's approach to building human capital on a sustainable basis through:

- Direct and indirect employment;
- Education, training and skill development to enhance employability; and
- Creation of livelihoods through innovative business models that incorporate social sector contribution and genderised development with the Company's value chains.

Whilst IITC is committed to employing youth from the disadvantaged communities, it is the Company's belief that a more vital mission is to significantly enhance the talent pool of youth from these communities by equipping

them with the necessary skills or qualifications to make them more employable in the formal sectors of the economy. ITC also lays equal emphasis on strengthening the productive base of rural households belonging to marginalised groups through initiatives aimed at natural resource management in order to nurture and create sustainable livelihoods on a significant scale.

The affirmative action initiatives of the Company had a direct and tangible impact on the lives of more than 71,000 Scheduled Caste/Scheduled Tribe households spread over 12 States of the country.

Supporting People with Disabilities

The Hotels Division has been at the forefront in the creation of significant employment opportunities for people with disabilities. Based on their specific skills and aptitudes, people with disabilities have been positioned in various roles in the business. ITC has published two handbooks, namely, 'A Guide to Universal Design in Built Environments: A Guide for Creating Accessible Building Infrastructure for Persons with Disability' and 'ITC Hotels Disability Handbook for Industry', to create awareness on this important issue.

Well-Being of Employees and Work-Life Balance

ITC fosters a culture of care and concern for the well-being of employees. The Company's remuneration philosophy recognises performance and meritocracy, whilst remaining competitive.

The organisational culture of the Company ensures that aspects of work-life balance for employees, especially for women, are suitably addressed.

Gender-Friendly Workplace

ITC is committed to ensuring a gender-friendly workplace for all its employees and seeks to create equal opportunities for both men and women. The Company has put in place suitable processes to ensure issues such as sexual harassment, if any, are effectively addressed.

A grievance committee on gender issues is in place to look into complaints and recommend appropriate action, wherever required. ITC demands, demonstrates and promotes professional behaviour and treats all employees with equal respect.

Learning and Development

The Company's talent management strategy is focused on building a future-ready talent bank in the organisation to ensure a pipeline of high-quality managerial talent, specialists and business leaders. ITC's talent engagement approach focuses on attracting and nurturing quality talent supported by significant investments in learning and development. ITC's talent brand, "Building winning businesses. Building business leaders. Creating value for India.", reflects its commitment to develop leaders to power its engines of growth, enhance organisational capability to compete and win in the market place and create enduring value.



In 2012-13, over 1,22,000 person-days of formal training was provided to employees at various levels. Of this, more than 11,400 person-days of training specifically addressed environment, health and safety issues.

Grievance Redressal

ITC units have an effective grievance redressal mechanism for its employees.

Safe and Humane Work Environment

The Company has made significant investments over the years to ensure that its units provide a safe, hygienic and humane work environment to its employees. Training on EHS is provided to the employees (including service providers' employees) and covers induction, job specific and refresher training.

For more details, please refer to the ITC Sustainability Report 2013.



Stakeholder Engagement

The Company's stakeholders include shareholders, customers, employees, farmers, suppliers, communities and government.

The Company has systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units. It has implemented institutional mechanisms to facilitate strong partnerships with communities in its programmes such as Watershed Development, Social Forestry, Animal Husbandry Services and Women's Empowerment. These initiatives augment the natural resource base of the nation and create sustainable rural livelihoods.

For more details, please refer to the ITC Sustainability Report 2013.

Human Rights

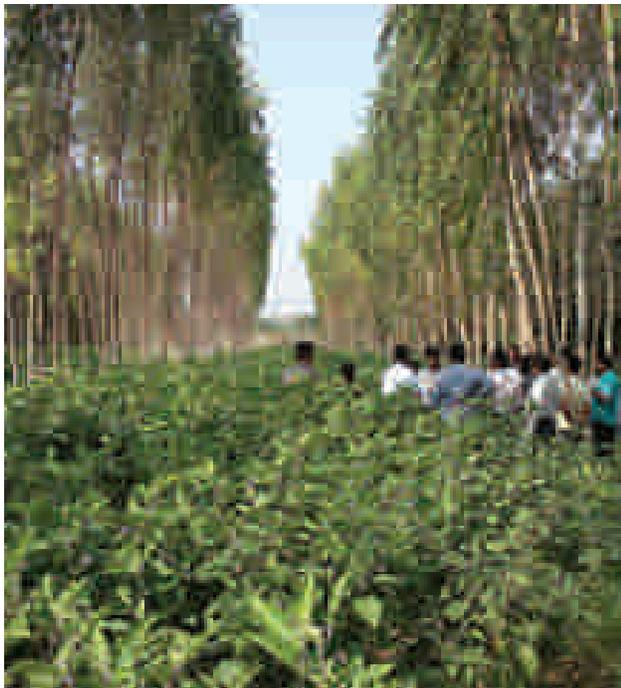
ITC has formulated well-defined policies on human rights, which extend to all its operating sites. The Company requires its employees and encourages its business partners to subscribe and adhere to these policies in line with its high ethical standards. The policies and their implementation ensure adherence to local laws and uphold the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). ITC endeavours to ensure that its service providers/vendors incorporate high standards of human rights, safety, health, labour practices and environment in their operations.

For more details, please refer to the ITC Sustainability Report 2013.

Creating a Positive Environmental Footprint

IIC is a global exemplar in environmental sustainability and takes pride in being Carbon Positive, Water Positive and Solid Waste Recycling Positive. The Company has contributed to environmental security by not only augmenting precious natural resources but also by ensuring efficient use of resources. In addition, several steps have been taken to contribute effectively towards climate change mitigation and adaptation. Such measures include several innovative and pioneering initiatives that not only reduce the environmental impact of its processes, products and services, but also create a positive environmental footprint. These initiatives include adoption of a low-carbon growth path, energy conservation and efficiency as well as integrated water management and resource conservation.

The Company has responded to the challenges emerging from the threat of global warming by aligning with the NAPCC (National Action Plan on Climate Change) of the Government of India to develop mitigation and adaptation plans. This includes continual improvement in specific energy (energy consumed per unit of production), enhanced use of renewable energy and expansion of forestry projects in wastelands to further improve IIC's positive carbon footprint.



The Company has computed its Green House Gas inventory in line with the ISO 14064 standard, which is assured at the highest "Reasonable Level" by Lloyd's Register Quality Assurance Limited.

Resource Conservation, Waste Segregation and Total Recycling

In alignment with its commitment to create a positive environmental footprint, the Company has implemented significant measures in waste management which include resource conservation, waste segregation and total recycling.



Water Management Stewardship

The Company has undertaken several water conservation and harvesting initiatives to enhance its positive water footprint. These include adoption of benchmarked practices to achieve zero effluent discharges and enhance rainwater harvesting both within the Company's premises and in the catchment areas of the Company's operations. This not only reduces fresh water intake but also maximises groundwater recharge, reduces run-off and provides water to farmers.

Most of IIC's units have achieved reduction in their specific water intake (water withdrawn per unit of production) and many units recycled their treated effluents in-house and achieved zero effluent discharge status.



Cleaner Production Methods, Use of Energy Efficient and Environment-Friendly Technologies

The Company is a pioneer in the green buildings movement, which commenced with the commissioning of the ITC Green Centre at Gurgaon in 2004 - the highest rated green building in the world with LEED Platinum certification. ITC secured a 5 Star GRIHA rating, the highest national rating for green buildings in India, for the ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is also the world's largest LEED Platinum certified green hotel under the 'New Construction' category. The Company incorporates validated green attributes while setting up new infrastructure and efforts are underway to have existing buildings and factories meet these validated green



norms. The Company has also pioneered Elemental Chlorine Free (ECF) pulp & paper/paperboards in India, with the implementation of 'Ozone bleaching' technology, a first in the country.

The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investment in state-of-the-art pollution control equipment, such as plasma filters and electrostatic precipitators etc. ITC units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NOX) and Sulphur Dioxide (SO₂) to ensure compliance with internal norms that are more stringent than regulatory requirements.

Implementation of Environmental Management Systems

In pursuit of its EHS Policy commitments, the Company has established Environmental Health and Safety Management systems certified by accredited agencies in line with International Standards like ISO 14001 and OHSAS 18001. Within the purview of certified management systems, contingency plans are developed and implemented to prevent, mitigate and control environmental disasters.

An integrated database management system has been implemented across the Company to monitor and review sustainability performance through defined key performance indicators. Standard Operating Procedures have been prepared to define, collate and support audits of data for ensuring accuracy and verifiability.

For more details, please refer to the ITC Sustainability Report 2013.

The Company has contributed to environmental security by not only augmenting precious natural resources but also by ensuring efficient use of resources.

Policy Advocacy

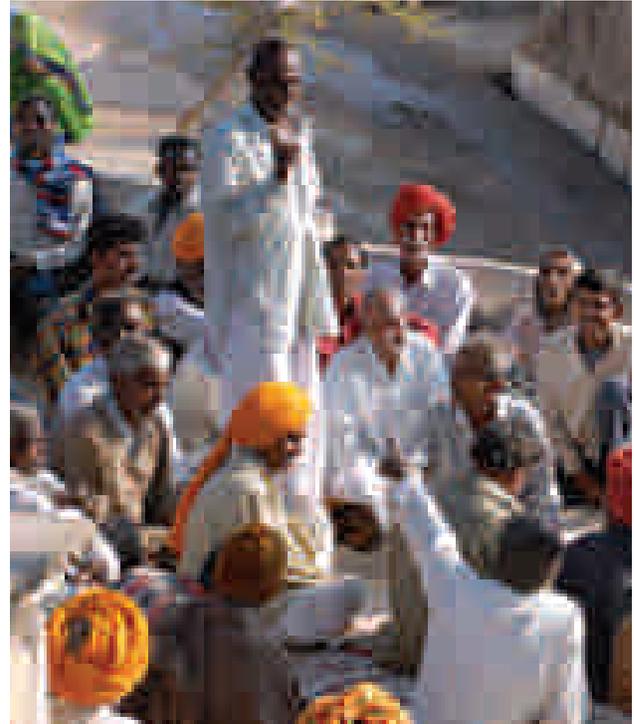
The Company interacts with Government/Regulatory Authorities on public policy frameworks through apex industry institutions, like Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and Industry of India, and various other forums including regional Chambers of Commerce.

The Company, for its social investment projects, organises meetings with the local administration and state governments to seek their participation and involvement. Their expert advice and counsel is also sought and approvals obtained, where required, for the planned interventions. The Company also engages in public-private-partnerships (PPP) with state governments for such projects.

The CII-IIC Centre of Excellence for Sustainable Development also interacts with Government and policy makers to promote sustainable development and inclusive growth through corporate action.

Supporting Inclusive Growth and Equitable Development

IIC is committed to establishing competitive and sustainable value chains linked to its businesses which create sustainable livelihoods, especially amongst the poor in rural India. Towards this end, a comprehensive Social Investments Programme,



christened 'Mission Sunehra Kal', has been in operation for more than a decade. This programme strives to empower stakeholder communities to conserve and manage their natural resources, create sustainable on-farm and off-farm livelihoods on a significant scale.

To ensure long-term sustainability of these investments and to enable replication and scalability, these programmes are aligned and integrated with the business value chains of the Company.

In all Social Investments Programmes of the Company, interventions are undertaken through collective community participation and Community Based Organisations (CBOs) formed especially for the purpose. IIC's objective is to enable these CBOs to function autonomously and play an active role in the development process. All projects are planned and implemented through CBOs. Village micro-plans are formulated by the CBOs in consultation with the NGOs with IIC providing technical and managerial inputs. All decisions regarding interventions, rules/regulations and monetary transactions are collectively decided by CBO members with NGOs and IIC's dedicated Social Investments Team available for advice on all matters. The primary reason for making the CBOs responsible for the governance of projects is to empower them to function independently and thus become active vehicles of development in the area.

The projects promoted under the Social Investments Programme are spread over 60 districts across the country and the interventions reach out to more than 6 lakh households in over 6,500 villages.

ITC's Social Investments Programme includes the following initiatives:

Social and Farm Forestry

ITC's pioneering Social and Farm Forestry initiatives have added more than 17,000 hectares of plantations during 2012-13 and cumulatively cover a total of over 142,000 hectares including substantial tracts of private wastelands belonging to tribals. These initiatives have generated over 64 million person days of employment for rural households including poor tribal and marginal farmers, besides increasing green cover. Of this, the Company's Social Forestry Programme



currently covers 33,448 hectares in 1,717 villages, impacting nearly 40,000 poor households. The highlight of 2012-13 was to promote bio-diversity conservation as part of the Social Forestry programme, towards in situ conservation of the local flora and fauna in selected plots.

While the Social Forestry model has brought about tangible benefits to tribal and marginal farmers, the Farm Forestry model which now covers around 110,000 hectares has also brought significant economic benefit to the farming community engaged in this activity. A new Agro-Forestry model, incorporating inter-cropping practices where pulpwood trees are grown adjacent to agricultural crops, has been developed to address the twin objectives of

sustainable fibre and food security. By integrating tree growing with crop production, the challenges of poor agricultural production, worsening wood shortages and environmental degradation can be simultaneously addressed. Furthermore, inter-cropping technologies/practices also help in reducing the pressure on the remaining natural forests and increases the diversity of vegetation on existing farms. The Company's initiatives under this model currently extend to nearly 2,500 hectares assuring wood and food security to the farmer from the same unit of land thereby addressing long-term sustainability.

Integrated Watershed Development Programme

The Company's Watershed Development Programme promotes local management of water resources by facilitating community-based participation in planning and executing watershed projects. The total area covered under the watershed programme cumulatively stands at 116,127 hectares. During the year, the Company signed three new MOUs with the Government of Rajasthan for promoting sustainable livelihoods through watershed development in the districts of Bundi, Jhalawar and Pratapgarh under the government's Integrated Watershed Management Programme. With this, the total area to be brought under soil and moisture conservation through public-private-partnership projects has increased to over 144,000 hectares.



Improved Agriculture Practices Programme

Mutually reinforcing ITC's Watershed Development Programme, the Company's agricultural interventions promote a combination of bio-mechanical solutions for optimising water management and enhancing land productivity to create a stable agricultural regime. These include building group irrigation wells to create a water sharing culture, promoting water-saving technologies like drip/sprinkler irrigation, propagating better agronomic practices through demonstration plots and organic manure application through composting methods.

Livestock & Dairy Development

Livestock constitutes the second most important activity after agriculture in rural areas. The programme for genetic improvement of cattle through artificial insemination to produce high-yielding cross-bred progenies has been given special emphasis as it reaches out to the most impoverished and has the potential to enable them live with social and economic dignity.

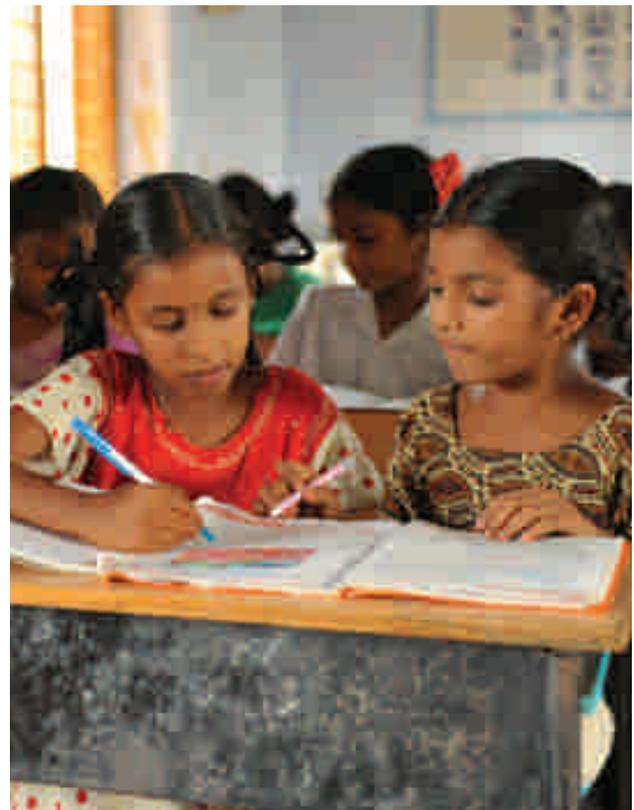
Taking the next step in the development of a viable livestock economy, dairy development in Munger is a major focus area. 'Project Gomukh' was launched in Munger to provide veterinary services and comprehensive techno-management support to dairy farmers. The overarching objectives of the project are to significantly increase productivity and improve milk quality leading to enhanced farm incomes.



Economic Empowerment of Women

ITC's Women's Empowerment Programme, which creates supplementary incomes for rural women, is aimed at providing social dignity and economic independence to rural women through micro-enterprises and self-employment. Cumulatively, over 40,000 women were gainfully employed either through micro-enterprises or assisted with loans to pursue income generating activities under this programme.

Supporting Primary Education & Skills Development

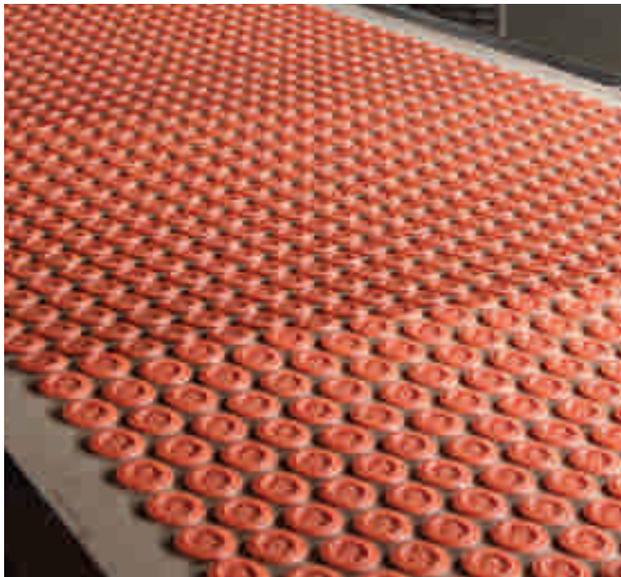


Over 40,000 new students were covered through Supplementary Learning Centres and Anganwadis during the year taking the cumulative number of students covered under this programme to over 300,000. Over 950 government primary schools have so far been provided infrastructure support by the Company, which includes benches, classrooms, toilets, electrical fixtures, compound walls and gates.

For more details, please refer to the ITC Sustainability Report 2013.

Providing Value to Customers & Consumers

As an organisation which upholds and makes significant efforts to ensure good governance, ITC's businesses comply with all relevant laws of the land. The Company's uncompromising commitment to providing world-class products and services to customers is supported by concern for the safety of its customers/consumers.



Product Responsibility

The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on independently validated studies.



Marketing Communication

All businesses of the Company comply with the laws and regulations relating to marketing communication. In addition, the Company's businesses have a dedicated consumer response cell to respond to customer queries and feedback on products. Standard Operating Procedures are also in place to ensure that marketing communication are in accordance with voluntary codes adopted by the businesses.



Responsiveness to Customers

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through e-mail, telephone, website, feedback forms etc.

The CII-IITC Centre of Excellence for Sustainable Development

The CII-IITC Centre of Excellence for Sustainable Development is a co-creation of the apex national Chamber, the Confederation of Indian Industry, and IITC. With its abiding objective of promoting sustainability amongst corporates, the Centre is engaged in a wide spectrum of value-added and targeted services. By creating awareness in business and industry, providing thought leadership, building capacity of organisations and professionals and rewarding exemplary performances, the CII-IITC Centre has become a unique focal point for sustainability practices. The Centre is steered by its Advisory Council, led by Chairman, IITC Limited, Mr Y C Deveshwar and comprises members from industry, government, civil society and institutions which provide strategic direction to the organisation.

During the year, the Centre trained and raised awareness of over 2,000 business managers on various sustainability issues. It has expanded its gamut of activities to meet the core objectives of creating awareness, promoting thought leadership and building capacity amongst Indian enterprises in their quest for sustainable growth and business solutions.

The 7th Sustainability Summit continued its legacy of bringing thought provoking leaders together to share the challenges, long term strategies and best practices for sustainable and inclusive development. It featured senior politicians, bureaucrats, best brains of Indian industry and MNCs around the globe. The Summit and Exhibition were attended by over 300 participants. The 'CII-IITC Sustainability Awards', instituted to recognise excellence in sustainability performance, have honoured a large number of leading Indian companies and provided encouragement to many others. The winners of the Awards 2012 were announced at an imposing

function in Vigyan Bhawan, New Delhi, on January 14, 2013 amongst an audience of 1,500 people. The occasion was graced by the Hon'ble President of India, Shri Pranab Mukherjee, as the Chief Guest.

The Centre is today playing a major role in engaging with policy makers to create an environment that encourages the adoption of sustainable business practices. The Centre has been engaged with various stakeholders for advocacy on Clause 135 of the new Companies Bill 2012, which refers to the CSR activities of a company. The Centre is a consulting partner in several policy interventions such as Green Guidelines for Public Procurement, Low Carbon Expert Group of the Planning Commission, National Innovation Council, Ministry of Corporate Affairs on CSR Policy, National Awards for Prevention of Pollution, Rajiv Gandhi Environment Awards for Clean Technology and Technology and Finance Committee under the Montreal Protocol. It is also represented on the Board of the Central Pollution Control Board and other bodies.



IIC Infotech



IIC Infotech continues to progress on its robust growth path with relentless focus on customer-centric value expansion initiatives. This progress is manifest in the company's robust financial and qualitative outcomes achieved during the year. IIC Infotech has successfully leveraged its established credentials in niche technologies and white spaces in business domains, as well as its increasing repertoire of specialisations, to deliver consulting, IT services and solutions to customers across the globe.

In a recently conducted customer satisfaction survey, the company has scored the best in its class, a testimony to its ability to deliver superior customer satisfaction. The high degree of customer satisfaction has led to enhanced business opportunities for the company and has resulted in several multi-year multi-million contracts. It is indeed noteworthy that 9 out of the top 10 customers of IIC Infotech have partnered with the company for over 5 years, a reflection of the company's deep & strategic engagements.

As the President and COO of a leading player in the financial software industry said, "... excited to extend our partnership with IIC Infotech ... our long standing partnership with IIC Infotech has enabled us to help deliver value to our customers ... and we look forward to working collaboratively with IIC Infotech on extending these services ...". The CIO of a global leader in the chemicals industry said, "IIC Infotech puts in a

lot of effort to understand our needs and requirements. The quality of people, services and work differentiates the company."

The achievements of IIC Infotech are powered by its pool of talented employees. The company is constantly focussing on nurturing this pool by aligning its processes, implementing employee-friendly policies, creating excitement at the workplace and, above all, inculcating a strong sense of belonging amongst its workforce.

R&D remains a key focus area for IIC Infotech. The company has invested in building capabilities and solutions in the Auto-id (RFID) space. After successfully launching the container and asset tracking solutions, IIC Infotech has launched a comprehensive vehicle tracking solution, which has commenced generating valuable insights and information in the supply chain and distribution processes of its parent's FMCG businesses.

An important pillar of the company's growth has been its strategic and long standing partnership with global IT product majors. IIC Infotech has invested in partnerships with key Independent Software Vendors in Application Packaging, Windows 7/8 remediation and application deployment. Its relationship with Parametric Technology Corporation (PTC), a leading global technology solutions company, was

IIC Infotech has featured in the Leaders' Category of the "2012 Global Outsourcing 100" by the International Association of Outsourcing Professionals (IAOP) for the 7th consecutive year and in the "Global Services 100" for eight years in a row.

expanded through the launch of Product Lifecycle Management (PLM) operations in Europe and offering of turn-key services from licence sales to implementation. During the year, the company became the first PTC Authorised Training Partner (ATP) in India. As part of the ATP programme, the company set up a state-of-the-art training centre in Bengaluru to provide the full range of training services on all PTC Windchill modules. This will contribute to the career enhancement of professionals and create a pool of highly skilled resources for the entire PLM industry.

Oracle has selected IIC Infotech as a preferred implementation partner for delivering customer experience solutions to the world's largest FMCG companies in the Consumer Packaged Goods (CPG) and Life Sciences verticals.

The company has also attained Microsoft Gold competency accreditation in Business Intelligence, taking its tally to 6 gold and 2 silver competency accreditations.



Leading global research firms, like Gartner and Forrester, have recognised IIC Infotech in more than 20 publications. A strong visibility in such research formats is an acknowledgement of IIC Infotech's competencies, its geographic presence, leadership focus, profitability and customer satisfaction.

IIC Infotech has featured in the Leaders' Category of the "2012 Global Outsourcing 100" by the International Association of Outsourcing Professionals (IAOP) for the 7th consecutive year and in the "Global Services 100" for eight years in a row. IIC Infotech has also been placed in the 2013 CRM Watchlist category, 'The Ready to Leap companies for 2013', under the category, 'Consulting'. The CRM Watchlist award recognises technology companies that are expected to make a significant impact in the market with customers and in the industry they represent in the following year.

The company continues to showcase its capabilities and solutions at major global IT events. This includes some of the biggest events across the globe such as:

- SAPPHIRENOW, SAP's largest annual event, hosted in Orlando, Florida, where IIC Infotech was invited to be part of a panel discussion on driving sustainability.

- Oracle OpenWorld 2012, Oracle's flagship event, where IIC Infotech's customers & subject matter experts were speakers and panelists on a wide variety of topics including customer experience management, loyalty, Seibel OpenUI and new generation mobility solutions etc.

IIC Infotech has steadily increased its global footprint and is in the process of opening an office in Dubai. It has identified great business potential in West Asia and has accordingly placed business development personnel in the region to drive growth in select segments. It has also opened a centre in Thiruvananthapuram in Kerala to supplement the global delivery platform.

Technology has transformed the way organisations run their businesses, disrupting traditional models, changing industries and creating and destroying companies. Media, retail and healthcare sectors have all witnessed dramatic developments in technology-driven workflows. Social Media, Mobility, Analytics and Big Data, and Cloud Computing, commonly referred to as "SMAC" technologies, are rapidly changing communication, collaboration and delivery channels. IIC Infotech is actively pursuing a combination of building capabilities and rapid deployment in chosen areas, thereby ensuring an exciting and growth oriented future for this arm of IIC.

Major Awards Over the Years



■ Chairman Y C Deveshwar was conferred the Padma Bhushan by the Government of India (2011)

■ Chairman Y C Deveshwar was conferred the Global Leadership Award by the US India Business Council of the US Chamber of Commerce (2010)

■ The FICCI Outstanding Vision Corporate Triple Impact Award, presented by the Prime Minister, Dr Manmohan Singh (2008)

■ The FICCI Award for Outstanding Achievement in Rural and Community Development, presented by the then Finance Minister, Shri Pranab Mukherjee (2010)

■ Chairman Y C Deveshwar received the Business Person of the Year Award from UK Trade & Investment (2006)

■ Chairman Y C Deveshwar was awarded the SAM/SPG Sustainability Leadership Award in Zurich (2007)

■ The National Award for Excellence in Corporate Governance from the Institute of Company Secretaries of India (2007)

■ ITC was ranked 2nd among top Indian companies in the first of its kind Standard & Poor Environmental, Social and Corporate Governance ratings (2008)

■ ITC ranked 2nd among top companies in India and 7th in Asia in the first of its kind Asian Sustainability Rating released by CSR Asia (2010)

■ ITC became the first Indian Company to gain Membership with WWF-GFTN for Responsible Forestry (2010)

■ ITC was ranked the world's 6th largest sustainable value creator among consumer goods companies according to a Report by Boston Consulting Group (2010)

■ ITC won the top UNIDO Award at the International Conference on Sharing Innovative Agri Business Solutions at Cairo (2008)

■ ITC was conferred the Corporate Social Responsibility Crown Award for Water Practices from UNESCO and Water Digest (2008)

■ The Asian CSR Award for Environmental Excellence, given by the Asian Institute of Management (2007)

■ ITC was the 1st Indian Company and 2nd in the world to win the Development Gateway Award for its trail-blazing e-Choupal initiative (2005)

■ Inaugural World Business Award by UNDP for ITC's e-Choupal initiative (2004)

■ ITC e-Choupal won the Stockholm Challenge Award (2006)

■ ITC was rated amongst Asia-Pacific's 50 biggest listed companies in 'Asia Fab 50' by Forbes (2010)

■ All ITC's super premium luxury hotels accorded LEED Platinum certification, making ITC Hotels the 'Greenest Luxury Hotel Chain in the World' (2011)

■ ITC's Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni are FSC Chain of Custody certified (2011)

■ ITC's Unit in Bhadrachalam has been awarded the Forest Stewardship Council Forest Management certification by the SmartWood Programme of the Rainforest Alliance (2011)

Major Awards 2012-13

Harvard Business Review ranked ITC Chairman Y C Deveshwar as the 7th Best Performing CEO in the World in its January-February 2013 edition.

■ ITC Chairman Mr Y C Deveshwar was conferred the Business Leader of the Year Award by the All India Management Association (AIMA).

■ ITC was presented the World Business and Development Award at the historic Rio+20 UN Summit for its Social and Farm Forestry initiative.

■ ITC has been presented the AIM Asian CSR Award by the Asian Forum on Corporate Social Responsibility (AFCSR), in recognition of its contribution to the creation of sustainable livelihoods and fostering economic growth in rural communities in India.

■ ITC has won the prestigious 12th Businessworld FICCI CSR Award in the Large Enterprise category. The award recognises the most socially responsible Indian corporates in CSR.

■ ITC bagged the Best Overall Corporate Social Responsibility Performance Award at the Institute of Public Enterprise (IPE) & Subir Raha Centre for Corporate Governance - CSR Awards 2012.

■ ITC was conferred Business Leader in FMCG at the NDTV Profit Business Leadership Awards 2012.

■ ITC's Agri Business Division has won two awards at the fourth edition of the Rural Marketing Association of India Corporate Awards 2012. Mr S Sivakumar, Chief Executive of the Agri Business Division, was conferred the Special Inaugural Award for Leadership Role in Rural Marketing.

■ ITC's Hotels Division was recognised as a 'Standout Winner' in Sustainability at the Global Vision Awards, Travel + Leisure, U.S.

■ ITC's Corporate Communications Department received the ABCI (Association of Business Communication of India) Awards in 3 categories.

■ ITC's Corporate Communications Department was the winner of the highest number of prizes at the 34th National Public Relations Society of India Awards with five first prizes in various categories.

■ ITC's super premium luxury hotel, ITC Grand Chola in Chennai, secured a 5 Star GRIHA, the highest national rating for Green Buildings. The award was presented by the Hon'ble President of India, Shri Pranab Mukherjee.

■ The National Tourism Awards recognised ITC Maurya for 'Best Facilities for Differently Abled Guests' and ITC Gardenia for being the 'Best Eco Friendly Hotel'.

■ ITC has bagged the Corporate Excellence Award, 2012, conferred by the Indian Institute of Material Management (IIMM), for its contribution to society and the Indian economy through excellence in Supply Chain Management (SCM).



■ ITC was presented the CII Water Excellence Award 2012. The Packaging & Printing Factory, at Tiruvottiyur, Paperboards Units at Kovai and Bhadrachalam received the CII award for the 'Best Water Efficient Units'. ITC's Watershed Development Programme received the award for

'Excellent Water Management Initiative'.

■ ITC's Units at Bengaluru, Saharanpur, Kolkata and Pune received the coveted British Safety Council Sword of Honour Award.

■ ITC's factories at Munger, Bengaluru, Saharanpur, Kolkata and Pune received the prestigious Five Star rating from the British Safety Council for implementing and demonstrating benchmarked International standards in Occupational Health and Safety.

■ ITC's Foods Unit at Haridwar received a Commendation Certificate from CII, in the Category - 'Large Food Businesses - Manufacturing' for the year 2012.

■ ITC's WOW - Wealth Out of Waste Initiative won the CII Best Environmental Practices Awards 2012 in the categories of 'Most Useful Environmental Project 2012' and 'Innovative Environmental Project'.

■ ITC's Paperboards Unit at Bollaram has won the Silver at the FICCI Safety Excellence Award in the medium size industry category.

■ ITC's Munger Unit has been recognised as an 'Energy Efficient Unit' at the 13th CII National Awards for Excellence in Energy Management, 2012.

■ The Packaging Factory and Warehouse Project, Haridwar has won the British Safety Council International Safety Award - 2012.

■ ITC won the CIO Advisory's Top Green IT Enterprise Award and the Nasscom Best IT User Award in 2012.

■ ITC's Classmate brand won the Gold Award at EEMAX 2012 for use of Digital Marketing in Event and Activation for ITC Classmate's Man of the Match campaign.

■ ITC Grand Chola won the Development of the Year Award in the Luxury and Upscale category, conferred by the Hotel Investment Forum India (HIFI) in 2013.

■ ITC Sonar, Kolkata, won the 'Best in Resource Efficiency' award at Wild Asia's Responsible Tourism Awards, Singapore, 2012.

■ ITC Mughal's Kaya Kalp - The Royal Spa received the Favourite Hotel Spa Award for the year 2012 at the Conde Nast Readers' Travel Award ceremony.

■ ITC's branded cuisine restaurants - Bukhara & Dum Pukht, were the only Indian restaurants among the Miele Top 20 Asia's Best Restaurant Awards, Singapore.

■ ITC's restaurant - Dum Pukht was recognised amongst 'Classic Restaurant of the World' by Conde Nast Traveller, U.K.

■ ITC's signature cuisine restaurant - Bukhara awarded 'Restaurant of the Year' at the NDTV Lifestyle Awards in 2013.

■ Bukhara, Dum Pukht, Kebabs & Kurries, Dakshin, Pan Asian, West View, EDO, Ottimo, Dublin - awarded 'Best in category' at the Times Food Awards, 2012.

■ Fortune Hotels won the award for the 'Best First Class Business Hotel Chain' at the Today's Traveller Awards Ceremony in 2012.

■ Vivel was voted as one of the top 5 'Most Exciting Brands' in Personal Care by Brand Equity, The Economic Times.

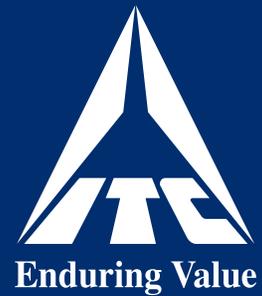
■ Wills Lifestyle was rated 'Superbrand 2012' by the Superbrands Council of India.

■ John Players was ranked amongst top 5 'Most Exciting' and top 10 'Most Trusted' apparel brands by Brand Equity, The Economic Times.

■ ITC's Packaging & Printing Unit at Tiruvottiyur was awarded the Forest Stewardship Council Chain of Custody certification by the Rainforest Alliance.



Transforming Lives and Landscapes



ITC's e-Choupal – world's largest rural digital infrastructure

Empowering more than **4 million** farmers



ITC's Supplementary Education Initiative

Educating over **3,00,000** children



ITC's Afforestation Programme

Greening over **1,42,000** hectares



ITC's Women's Empowerment Initiative

Creating over **40,000** sustainable livelihoods for women



ITC's Watershed Development Programme

Providing Soil & Moisture conservation to over **1,16,000** hectares of drylands



ITC's Livestock Development Initiative

Providing animal husbandry services for over **8,00,000** milch animals

www.itcportal.com

ITC is the only company in the world of comparable dimensions to be carbon positive, water positive and solid waste recycling positive. ITC's businesses and value chains support over 5 million livelihoods.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Hundred and Second Annual General Meeting of the Members of ITC Limited will be held at Science City, Main Auditorium, JBS Haldane Avenue, Kolkata 700 046, on Friday, the 26th day of July, 2013, at 10.00 a.m. for the transaction of the following businesses:-

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2013.
3. To elect Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:-

“Resolved that Messrs. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 302009E), be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting to conduct the audit at a remuneration of ₹ 195,00,000/- payable in one or more instalments plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred.”

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

“Resolved that Ms. Meera Shankar be and is hereby appointed a Director of the Company, liable to retire by rotation, for a period of five years from the date of this Meeting, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines.”

6. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

“Resolved that Mr. Sahibzada Syed Habib-ur-Rehman be and is hereby appointed a Director of the Company, liable to retire by rotation, for a period of five years from the date of this Meeting, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines.”

7. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

“Resolved that Mr. Dinesh Kumar Mehrotra be and is hereby re-appointed a Director of the Company, liable to retire by rotation, for the period from 30th July, 2013 to 26th October, 2013, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines.”

8. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

“Resolved that Mr. Sunil Behari Mathur be and is hereby re-appointed a Director of the Company, liable to retire by rotation, for a period of five years with effect from 30th July, 2013, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines.”

9. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

“Resolved that Mr. Pillappakkam Bahukutumbi Ramanujam be and is hereby re-appointed a Director of the Company, liable to retire by rotation, for a period of five years with effect from 30th July, 2013, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines.”

10. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

“Resolved that, in accordance with the applicable provisions of the Companies Act, 1956, or any amendment thereto or re-enactment thereof, this Meeting hereby approves the re-appointment of Mr. Kurush Noshir Grant as a Director, liable to retire by rotation, and also as a Wholetime Director of the Company, for a period of five years with effect from 20th March, 2013, or till such earlier date to conform with the policy on retirement and as may be determined by the Board of Directors of the Company and / or by any applicable statutes, rules, regulations or guidelines, on the same remuneration as approved by the Members at the Annual General Meeting of the Company held on 23rd July, 2010.”

11. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:-

“Resolved that, the Directors of the Company other than the Wholetime Directors be paid annually, for a period not exceeding three years, for each of the financial years commencing from 1st April, 2013, commission ranging between ₹ 12,00,000/- and ₹ 20,00,000/- individually, as the Board of Directors (‘the Board’) may determine based on performance and guidelines framed by the Board for this purpose, in addition to the fees for attending the meetings of the Board or any Committee thereof, provided however that the aggregate commission paid in a financial year shall not exceed one per cent of the net profits of the Company, in terms of Section 309(4) of the Companies Act, 1956, or any amendment thereto or re-enactment thereof (‘the Act’), and computed in the manner referred to in Section 198(1) of the Act.”

The Register of Members of the Company shall remain closed from Tuesday, 4th June, 2013 to Friday, 7th June, 2013, both days inclusive. Share Transfers received in order at the Investor Service Centre of the Company, 37 Jawaharlal Nehru Road, Kolkata 700 071 by 5.30 p.m. on 3rd June, 2013, will be processed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on 29th July, 2013 to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 7th June, 2013, or to their mandatees, subject however to the provisions of Section 206A of the Companies Act, 1956 or any amendment thereto or re-enactment thereof. In respect of dematerialised shares, the dividend will be paid on the basis of beneficial ownership as on 3rd June, 2013, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Dated : 17th May, 2013.
Registered Office:
Virginia House
37 Jawaharlal Nehru Road
Kolkata 700 071
India.

By Order of the Board
ITC Limited
B. B. Chatterjee
Executive Vice President &
Company Secretary

NOTES:

- (i) **A Member entitled to attend and vote at the Annual General Meeting ('AGM') may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company.**

Proxies, in order to be effective, must be received at the Investor Service Centre of the Company ('ISC'), 37 Jawaharlal Nehru Road, Kolkata 700 071, not less than forty-eight hours before the commencement of the AGM i.e. by 10.00 a.m. on 24th July, 2013.

- (ii) Corporate Members are required to send to ISC a certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956 ('the Act'), authorising their representative to attend and vote at the AGM.
- (iii) Explanatory Statement pursuant to Section 173 of the Act relating to the Special Business to be transacted at this AGM, is annexed.
- (iv) In accordance with the provisions of Article 91 of the Articles of Association of the Company, Mr. S. Banerjee, Mr. A. V. Girija Kumar, Mr. H. G. Powell, Dr. B. Sen and Mr. B. Vijayaraghavan will retire by rotation at this AGM and, being eligible, offer themselves for re-election. **Separate resolutions with respect to their re-election will be placed before the Members at the AGM.** Mr. Banerjee, Mr. Girija Kumar and Mr. Powell do not hold any share in the Company. Dr. Sen and Mr. Vijayaraghavan singly / jointly hold 5,30,540 shares and 4,92,520 shares in the Company, respectively.
- (v) Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for appointment / re-appointment at this AGM is appearing in the Report and Accounts.
- (vi) Unclaimed dividend for the financial year ended 31st March, 2006 will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') on 26th August, 2013, pursuant to the provisions of Section 205A of the Act. In respect of the said dividend, it will not be possible to entertain any claim received by ISC after 23rd August, 2013. In terms of the provisions of Section 205C of the Act, no claim shall lie with respect to unclaimed dividend once it is transferred by the Company to IEPF.
- Members are advised that details of unclaimed dividend in respect of the financial year ended 31st March, 2006 and up to and including the financial year ended 31st March, 2012 are available on the Company's corporate website www.itcportal.com under the section 'Investor Relations'.
- Members should write to ISC if their dividend warrants in respect of the aforesaid financial year(s) have not been encashed.
- (vii) Members who are yet to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode, are requested to register the same in support of the Green Initiative in Corporate Governance. The form for such registration is once again being sent to the Members and can also be downloaded from the Company's corporate website under the section 'Investor Relations'.
- (viii) The Statement of Profit and Loss for the financial year ended 31st March, 2013, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet ('the Accounts'), are available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day preceding the date of this AGM. Members who wish to obtain information on the Company or view the said Accounts, may visit the Company's corporate website or send their queries at least 10 days before the AGM to the Executive Vice President & Company Secretary at the Registered Office of the Company.
- (ix) Members are requested to bring their admission slips to the AGM. Duplicate admission slips and / or copies of the Report and Accounts will not be provided at the AGM venue.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Hundred and Second Annual General Meeting to be held on Friday, 26th July, 2013.

Item Nos. 5 & 6

Ms. M. Shankar and Mr. S. S. H. Rehman were appointed by the Board of Directors of your Company ('the Board') at its meeting held on 27th July, 2012, on the recommendation of the Nominations Committee, as Additional Non-Executive Directors of the Company effective 6th September, 2012 and 27th July, 2012, respectively. These appointments were made by the Board in terms of Section 260 of the Companies Act, 1956 ('the Act').

Ms. Shankar and Mr. Rehman vacate office at this Annual General Meeting. The Board at its meeting held on 17th May, 2013, on the recommendation of the Nominations Committee, recommended for the approval of the Members, the appointment of Ms. Shankar and Mr. Rehman as Non-Executive Directors of the Company as set out in the respective Resolutions relating to their appointment.

Notices under Section 257 of the Act have been received from Members proposing the appointment of Ms. Shankar and Mr. Rehman as Directors of the Company. Requisite consents, pursuant to Section 264(1) of the Act, have been filed by Ms. Shankar and Mr. Rehman to act as Directors, if appointed. Ms. Shankar does not hold any share in the Company. Mr. Rehman singly / jointly holds 1,67,751 shares in the Company.

Ms. Shankar and Mr. Rehman are interested individually in the Resolutions relating to their respective appointment. None of the other Directors of your Company is interested in these Resolutions.

The Board recommends these Resolutions for your approval.

Item Nos. 7 to 9

Messrs. D. K. Mehrotra, S. B. Mathur and P. B. Ramanujam were appointed as Non-Executive Directors of the Company with effect from 30th July, 2008 at the Annual General Meeting held on 30th July, 2008 and their present term is up to 29th July, 2013.

The Board of Directors of your Company ('the Board') at its meeting held on 17th May, 2013, on the recommendation of the Nominations Committee, recommended for the approval of the Members, the re-appointment of Messrs. Mehrotra, Mathur and Ramanujam as Non-Executive Directors of the Company as set out in the respective Resolutions relating to their re-appointment.

Notices under Section 257 of the Companies Act, 1956 ('the Act') have been received from Members proposing the re-appointment of Messrs. Mehrotra, Mathur and Ramanujam as Directors of the Company. Requisite consents, pursuant to Section 264(1) of the Act, have been filed by Messrs. Mehrotra, Mathur and Ramanujam to act as Directors, if appointed. Mr. Mehrotra does not hold any share in the Company. Mr. Mathur and Mr. Ramanujam singly / jointly hold 2,91,000 shares and 2,62,856 shares in the Company, respectively.

Messrs. Mehrotra, Mathur and Ramanujam are interested individually in the Resolutions relating to their respective re-appointment. None of the other Directors of your Company is interested in these Resolutions.

The Board recommends these Resolutions for your approval.

Item No. 10

Mr. K. N. Grant, a Wholetime Director of your Company since 20th March, 2010, completed his term on 19th March, 2013. The Board of Directors of your Company ('the Board') at its meeting held on 18th January, 2013 approved, on the recommendations of the Nominations Committee and the Compensation Committee, the appointment of Mr. Grant as Additional Director with effect from 20th March, 2013, and subject to the approval of the Members, also as Wholetime Director for a period of five years from 20th March, 2013, on the same remuneration as approved by the Members at the Annual General Meeting of the Company held on 23rd July, 2010.

Notice under Section 257 of the Companies Act, 1956 ('the Act') has been received from a Member proposing the appointment of Mr. Grant as Director of the Company. Requisite consent, pursuant to Section 264(1) of the Act, has been filed by Mr. Grant to act as Director, if appointed.

Mr. Grant is interested in this Resolution. None of the other Directors of your Company is interested in this Resolution.

The Board recommends this Resolution for your approval.

Item No. 11

The Members, at the Annual General Meeting of the Company held on 30th July, 2008, approved payment of remuneration by way of commission to the Non-Executive Directors of the Company not exceeding one per cent of the net profits of the Company as provided under Section 309(4) of the Companies Act, 1956, for each financial year, subject to a maximum of ₹ 6,00,000/-, individually, for a period of five years from 1st April, 2008 to 31st March, 2013.

In order to bring the remuneration of the Non-Executive Directors in line with the current trends and commensurate with the time devoted and the contribution made by them, the Board of Directors of your Company ('the Board') at its meeting held on 17th May, 2013, recommended for the approval of the Members, payment of remuneration by way of commission to the Non-Executive Directors of the Company for a period not exceeding three years from 1st April, 2013, as set out in this Special Resolution.

The Non-Executive Directors of your Company may be deemed to be interested in this Special Resolution. None of the other Directors of your Company is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

Dated : 17th May, 2013.
Registered Office:
Virginia House
37 Jawaharlal Nehru Road
Kolkata 700 071
India.

By Order of the Board
ITC Limited
B. B. Chatterjee
Executive Vice President &
Company Secretary