

## Board of Directors

### Chairman

Yogesh Chander Deveshwar

### Executive Directors

Nakul Anand

Pradeep Vasant Dhobale

Kurush Noshir Grant

### Non-Executive Directors

Anil Baijal

Shilabhadra Banerjee

Angara Venkata Girija Kumar

Serajul Haq Khan

Sunil Behari Mathur

Dinesh Kumar Mehrotra

Hugo Geoffrey Powell

Pillappakkam Bahukutumbi Ramanujam

Anthony Ruys

Basudeb Sen

Krishnamoorthy Vaidyanath

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 Invitee

(Head of Internal Audit)

Representative of the Invitee

Statutory Auditors

B B Chatterjee Secretary

### Compensation Committee

S H Khan Chairman

A Baijal Member

S B Mathur Member

H G Powell 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

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

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 (64), an engineering graduate from the Indian Institute of Technology, Delhi joined ITC Limited in 1968. 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 efforts were given shape through unique business models. ITC became the first Indian company to publish its Sustainability Report, 2004 in accordance with the guidelines of the Global Reporting Initiative. For the efforts at creating sustainable livelihood opportunities, ITC also won the inaugural World Business Award instituted jointly by the United Nations Development Programme, International Chamber of Commerce and the HRH Prince of Wales International Business Leaders Forum. ITC's 'e-Choupal', a digital infrastructure initiative to empower marginal farmers in India, is taught as a case study at the Harvard Business School. This initiative won the Development Gateway Award at Beijing in September 2005 and the Stockholm Challenge Award in May 2006.

Deveshwar is the past President of the Confederation of Indian Industry. He is a member of the India-UK CEO's Forum, nominated 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 also serves on the National Executive Committees of some of India's premier trade and industry bodies.

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. Amongst several other awards and recognitions during his distinguished career, Deveshwar has been honoured with the Global Leadership Award 2010 by the U.S.- India Business Council of the US Chamber of Commerce, the SAM/SPG Sustainability Leadership Award 2007 conferred at the

International Sustainability Leadership Symposium, and the Business Person of the Year Award 2006 by the UK Trade & Investment by His Royal Highness Prince Andrew, the Duke of York. In January 2006, he was inducted to the prestigious Hall of Pride at the Indian Science Congress. He was also named the 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
HT Media Limited	Non-Executive Director

## Committee Membership of other Companies: Nil

## N. Anand

Nakul Anand (54) was appointed a Director on the Board of ITC effective January 3, 2011. He holds responsibility of 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, he has been acknowledged for his vision and commitment.

Anand is widely recognised for excellent people management and team building abilities besides infusing the spirit of action and a result oriented work culture. He is a firm believer in value based strategies and has created a unique quality control model of Operational Excellence and also introduced Six Sigma quality standards.

Anand has initiated some very innovative concepts in hoteliering making ITC's hotel business synonymous with the best in the world.

Anand is the Chairman of the National Council of Tourism of the Confederation of Indian Industry.

### 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
Adayar Gate Hotel Limited	Non-Executive Director
Bay Islands Hotels Limited	Non-Executive Director
Maharaja Heritage Resorts Limited	Non-Executive Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
Gujarat Hotels Limited	Investor Services Committee	Member
Landbase India Limited	Audit Committee	Member

### P. V. Dhobale

P. V. Dhobale (55) 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 IIT, Mumbai, he joined the 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 merger 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 400,000 tonnes of papers & boards. Under his stewardship, and in line with ITC's sustainability strategy, 110,000 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 Confederation of Indian Industry (CII), and Chairman, Energy Efficiency Council of CII - Sohrabji Godrej Green Business Centre, Hyderabad. Dhobale is also the Founder President of Indian School of Business-Centre for Executive Education Alumni Association, Hyderabad Chapter. Amongst others, he is a Member of the Development Council for Pulp, Paper & Allied Industries, the Council of Association of Central Pulp & Paper Research Institute, and the World Wide Fund for Nature (India) - A.P. State Committee.

### Other Directorships

Name of the Company	Position
BFIL Finance Limited	Non-Executive Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
BFIL Finance Limited	Audit Committee	Chairman

### K. N. Grant

Kurush N. Grant (53) was appointed a Director on the Board of ITC effective March 20, 2010. He oversees ITC's FMCG businesses - Cigarettes, Foods, Personal Care, Lifestyle Retailing, Education and Stationery Products, Matches and Agarbattis. 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.

Grant has been involved in the incubation and development of ITC's new initiatives in the FMCG sector. He is the immediate past Chairman, CII - Eastern Region, and is also a Member of the Executive Committee of the Indian Chamber of Commerce Calcutta. He is the Vice-Chairman of the Indian Society of Advertisers. He is also the Chairman of FICCI's National FMCG Committee. 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

#### Committee Membership of other Companies

Name of the Company	Committee	Position
Wimco Limited	Audit Committee	Member

### Anil Bajjal

Anil Bajjal (64) 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. He piloted the flagship programme - Jawaharlal Nehru Urban Renewal Mission - for improving infrastructure and basic services in the country.

Currently, he is a Senior Advisor to the Infrastructure Development & Finance Company Limited (IDFC) and Chairman of IDFC Foundation. In addition, he is the Secretary General of the Federation of Indian Airlines.

#### Other Directorships

Name of the Company	Position
International Travel House Limited	Director
DLF Pramerica Life Insurance Company Limited	Director
IDFC PPP Trusteeship Company Limited	Director
MMTC Limited	Director
Agre Developers Limited	Director

#### Committee Membership of other Companies

Name of the Company	Committee	Position
DLF Pramerica Life Insurance Company Limited	Audit & Compliance Committee	Chairman
MMTC Limited	Audit Committee	Chairman
Agre Developers Limited	Audit Committee	Member

### S. Banerjee

Shilabhadra Banerjee (62) 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.

He 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.

#### Other Directorships

Name of the Company	Position
IFCI Limited	Director

#### Committee Membership of other Companies

Name of the Company	Committee	Position
IFCI Limited	Audit Committee	Member
	Investors' Grievance Committee	Member

### A. V. Girija Kumar

A. V. Girija Kumar (51) joined the ITC Board as a representative of the General Insurers' (Public Sector) Association of India on March 19, 2010. He holds a

Master's Degree in Business Administration from Jawaharlal Nehru Technological University.

In a career spanning over 29 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, he 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 (72) joined the ITC Board as a Non-Executive Independent Director on October 30, 2006. Khan is the former Chairman and Managing Director of Industrial Development Bank of India (IDBI). He holds a Master's Degree in Commerce and is a university Gold Medalist. He is an alumnus of International Management Development Institute, Lausanne.

He started his professional career with the RBI and after serving it for a few years moved over to IDBI in 1966. He served IDBI in various capacities for over three decades and retired as its Chairman and Managing Director in 1998. During his tenure as Chairman, IDBI made impressive growth in its operations and profits. He was instrumental in expanding its activities to several new areas like commercial banking, asset management and stock broking. He played an important role in the promotion of three premier capital market institutions by IDBI



100  
Inspiring Years

## Your Directors

viz., NSE, NSDL and CARE and guided their operations in the initial years as the Chairman of Board of Directors. Khan in his capacity as IDBI Chairman has served on the Boards of a number of important institutions such as UTI, LIC, GIC, IFCI, Exim Bank, Deposit Insurance Corporation, Indian Airlines and Air India. Currently he serves as an Independent Director on the Boards of several companies.

### Other Directorships

Name of the Company	Position
Infrastructure Development Finance Company Limited	Director
Apollo Health Street Limited	Director
Bajaj Allianz Life Insurance Company Limited	Director
Bajaj Allianz General Insurance Company Limited	Director
Bajaj Auto Limited	Director
Bajaj Finserv Limited	Director
Bajaj Holdings & Investment Limited	Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
Infrastructure Development Finance Company Limited	Audit Committee Investors' Grievance Committee	Chairman Chairman
Apollo Health Street Limited	Audit 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 Shareholders' / Investors' Grievance Committee	Member Member
Bajaj Finserv Limited	Audit Committee	Member
Bajaj Holdings & Investment Limited	Audit Committee Shareholders' / Investors' Grievance Committee	Member Member

### S. B. Mathur

S. B. Mathur (66) 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
IDFC Trustee Company Limited	Chairman & Director
Orbis Financial Corporation Limited	Chairman & Director
Cholamandalam MS General Insurance Company Limited	Chairman & Director
National Stock Exchange of India Limited	Director
Havells India Limited	Director
Axis Bank Limited	Director
UltraTech Cement Limited	Director
Hindustan Oil Exploration Company Limited	Director
National Collateral Management Services Limited	Director
DCM Shriram Industries Limited	Director
Infrastructure Leasing & Financial Services Limited	Director
Housing Development and Infrastructure Limited	Director
General Insurance Corporation of India	Ex-Officio Director

**Committee Membership of other Companies**

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

**D. K. Mehrotra**

D. K. Mehrotra (58) 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 currently the Managing Director 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 33 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. He is also a member of the Supervisory Board of India Advantage Funds I & II of the ICICI Venture Funds Management Company Limited.

**Other Directorships**

Name of the Company	Position
LICHFL Care Homes Limited	Chairman
LIC Housing Finance Limited	Managing Director
ACC Limited	Director
Infrastructure Leasing & Financial Services Limited	Director
LIC (Lanka) Limited*	Director

**Committee Membership of other Companies: Nil**

**H. G. Powell**

H. G. Powell (66) 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, 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, he 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.*	Director

**Committee Membership of other Companies: Nil**

### P. B. Ramanujam

P. B. Ramanujam (66) has been on the Board of ITC since October 30, 1998, first as a representative of the General Insurance Corporation of India (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 the National Insurance Company Limited, 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 Reinsurance Advisory Committee and the Committee to suggest regulatory changes with regard to capital structure, IPOs, mergers & acquisitions etc. of insurance companies. He is also a member of the Educational Advisory Council of the School of Management, SRM University, Tamil Nadu.

He does not hold directorship or committee membership of any other company.

### Anthony Ruys

Anthony Ruys (63) 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 Master's 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 the 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 Rijksmuseum, Aids Foundation and Madurodam (Miniature City).

### Other Directorships

Name of the Company	Position
Schiphol Group NV, NL (Int. Airport)*	Chairman
British American Tobacco p.l.c., UK*	Director
Lottomatica SpA, Italy*	Director
Janivo Holdings BV, NL*	Director

### Committee Membership of other Companies: Nil

### Basudeb Sen

Basudeb Sen (62) 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 and energy.

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 system, 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, the 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. He has been / is on the Boards of several companies in sectors like infrastructure, engineering, petrochemicals, electronics and financial services.

### Other Directorships

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

### Committee Membership of other Companies

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

### K. Vaidyanath

K. Vaidyanath (61) 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, he was the Company's Chief Financial Officer. An MBA from XLRI, Jamshedpur, in his 35-year tenure with ITC,

#### Notes:

1. Other Directorships and Committee Memberships of Directors are as on 31st March, 2011.
  2. Other Directorships exclude Directorship in Indian Private Limited Companies, Membership of Managing Committees of Chambers of Commerce / Professional Bodies and Alternate Directorship.
  3. Committee Memberships are in respect of Audit Committee and / or Investors Grievance Committee of Indian Public Limited Companies.
- \* Denotes Foreign Company

Vaidyanath 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.

He does not hold directorship or committee membership of any other company.

### B. Vijayaraghavan

B. Vijayaraghavan (76) 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 and President - Tuticorin Alkali Chemicals and Fertilisers 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 Chattisgarh. Vijayaraghavan is currently Chairman, Chennai Snake Park Trust.

He does not hold directorship or committee membership of any other 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 organisation, as well as in external relationships. ITC

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

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 is 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 enable focus on the Corporate purpose while simultaneously facilitating effective management of the wider portfolio of businesses.

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](http://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 relating 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 of ITC 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.



100  
Inspiring Years

## 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 sixteen, of which four are Executive Directors.

Composition of the Board as on 31st March, 2011:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	25
Non-Executive Independent Directors	9	56
Other Non-Executive Directors	3	19
<b>Total</b>	<b>16</b>	<b>100</b>

Director	Category	No. of other Directorship(s) <sup>1</sup>	No. of Membership(s) [including Chairmanship(s)] of Board Committees of other companies <sup>2</sup>
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#### Executive Directors

Y. C. Deveshwar	Chairman	2	Nil
N. Anand <sup>3</sup>		8	2
P. V. Dhobale <sup>3</sup>		1	1 [as Chairman]
K. N. Grant		1	1

#### Non-Executive Directors

A. Bajjal	Independent Director	5	3 [including 2 as Chairman]
S. H. Khan	Independent Director	7	10 [including 5 as Chairman]
S. B. Mathur	Independent Director	13	8 [including 3 as Chairman]
P. B. Ramanujam	Independent Director	Nil	Nil
B. Sen	Independent Director	6	5 [including 1 as Chairman]
B. Vijayaraghavan	Independent Director	Nil	Nil
S. Banerjee	Independent Director - Representative of Specified Undertaking of the Unit Trust of India as Investor	1	2
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	4	Nil
H. G. Powell		Nil	Nil
A. Ruys		Nil	Nil
K. Vaidyanath <sup>4</sup>		Nil	Nil

1. Excludes Directorship in Indian Private Limited Companies & Foreign Companies, Membership of Managing Committees of Chambers of Commerce / Professional Bodies and Alternate Directorship.
2. Denotes Membership / Chairmanship of Audit Committee and / or Investors Grievance Committee of Indian Public Limited Companies.
3. Appointed Executive Director w.e.f. 3rd January, 2011.
4. Appointed Non-Executive Director w.e.f. 3rd January, 2011 on completion of his term as Executive Director on 2nd January, 2011.

## 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

The following are 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 of 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 networth, 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, 2011, seven meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	21st May, 2010	15	15
2	18th June, 2010	15	10
3	22nd July, 2010	15	12
4	23rd July, 2010	14	13
5	29th October, 2010	14	13
6	22nd December, 2010	14	11
7	21st January, 2011	16	15

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 <sup>1</sup>	1	NA
P. V. Dhobale <sup>1</sup>	1	NA
K. N. Grant	7	Yes
A. Bajjal	7	Yes
S. Banerjee	5	Yes
A. V. Girija Kumar	6	Yes
S. H. Khan	6	Yes
S. B. Mathur	7	Yes
D. K. Mehrotra	4	Yes
H. G. Powell	5	Yes
P. B. Ramanujam	7	Yes
A. Ruys	3	No
B. Sen	6	Yes
K. Vaidyanath <sup>2</sup>	7	Yes
B. Vijayaraghavan	7	Yes
A. Singh <sup>3</sup>	3	Yes

1. Appointed Executive Director w.e.f. 3rd January, 2011.

2. Appointed Non-Executive Director w.e.f. 3rd January, 2011 on completion of his term as Executive Director on 2nd January, 2011.

3. Executive Director till 23rd July, 2010.

### 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. Signed minutes of Board Committee meetings are placed for the information of the Board. Matters requiring the Board's attention / approval are generally placed in the

form of notes to the Board from 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 representative of the Cost Auditors is 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 & 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, 2011, nine meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	5th April, 2010	5	5
2	13th May, 2010	5	5
3	21st May, 2010	5	5
4	18th June, 2010	5	5
5	22nd July, 2010	5	5
6	23rd September, 2010	5	5
7	29th October, 2010	5	4
8	22nd December, 2010	5	5
9	21st January, 2011	6	6



**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	8
P. B. Ramanujam	9
K. Vaidyanath*	1
B. Vijayaraghavan	9

\* Appointed Member w.e.f. 3rd January, 2011.

**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 five Non-Executive Directors, four 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 & 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, 2011, five meetings of the Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	20th May, 2010	5	4
2	19th July, 2010	5	3
3	22nd July, 2010	5	4
4	28th October, 2010	5	4
5	22nd December, 2010	5	4

**Attendance at Compensation Committee Meetings during the financial year**

Director	No. of meetings attended
S. H. Khan	4
A. Bajjal	3
S. B. Mathur	4
H. G. Powell	3
B. Sen	5

ITC believes that large corporations which employ a vast quantum of societal resources 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 development, nurture and regeneration 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 Chairman and other Executive Directors is determined by the Compensation Committee comprising only Non-Executive Directors.

The recommendations of the Compensation Committee are considered and approved by the Board 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, based on qualitative and quantitative assessment of Company performance.

Non-Executive Directors are 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, 2011

(₹ in Lakhs)

Director	Consolidated Salary	Perquisites and other Benefits	Performance Bonus / Commission	Sitting Fees	Total
Y. C. Deveshwar	312.00	47.44	480.00	-	839.44
N. Anand <sup>1</sup>	15.26	9.14	-	-	24.40
P. V. Dhobale <sup>1</sup>	15.26	3.97	-	-	19.23
K. N. Grant <sup>2</sup>	62.40	16.86	2.32	-	81.58
A. Baijal <sup>3</sup>	-	-	3.57 <sup>#</sup>	4.80	8.37
S. Banerjee <sup>4</sup>	-	-	0.92 <sup>*</sup>	2.20	3.12
A. V. Girija Kumar <sup>5</sup>	-	-	0.21 <sup>*</sup>	5.00 <sup>*</sup>	5.21
S. H. Khan	-	-	6.00	3.00	9.00
S. B. Mathur	-	-	6.00	5.00	11.00
D. K. Mehrotra	-	-	6.00 <sup>*</sup>	1.20 <sup>*</sup>	7.20
H. G. Powell	-	-	6.00	2.00	8.00
P. B. Ramanujam	-	-	6.00	4.75	10.75
A. Ruys	-	-	6.00	1.00	7.00
B. Sen	-	-	6.00	4.30	10.30
K. Vaidyanath <sup>6</sup>	91.55	18.59	139.50	0.60	250.24
B. Vijayaraghavan	-	-	6.00	4.05	10.05
R. K. Kaul <sup>7</sup>	-	-	5.79 <sup>*</sup>	-	5.79
A. Singh <sup>8</sup>	43.78	8.73	162.00	-	214.51

\* Paid to the Institution the Director represents.

# Includes ₹ 2.43 lakhs paid to the Institution the Director represented.

1. Appointed Executive Director w.e.f. 3rd January, 2011.
2. Appointed Executive Director w.e.f. 20th March, 2010.
3. Appointed Non-Executive Director w.e.f. 22nd January, 2010; earlier representing Specified Undertaking of the Unit Trust of India till 26th August, 2009.
4. Appointed Non-Executive Director w.e.f. 4th February, 2010.
5. Appointed Non-Executive Director w.e.f. 19th March, 2010.
6. Appointed Non-Executive Director w.e.f. 3rd January, 2011 on completion of his term as Executive Director on 2nd January, 2011.
7. Non-Executive Director till 18th March, 2010.
8. Executive Director till 23rd July, 2010.

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

## Employee Stock Option Schemes

The Company granted 42,30,600 Options during the financial year to the eligible employees of the Company and some of its subsidiary companies. Pursuant to the Shareholders' approval on 23rd July, 2010 to the Bonus share issue, in the ratio of 1 Bonus share for every existing 1 Ordinary share, adjustment was made to the outstanding Options with respect to the number of Options

## Report on Corporate Governance

and the exercise price, in accordance with the Employee Stock Option Schemes of the Company read with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, consequent to which 1,92,80,432 Bonus Options were allocated during the year.

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 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, 2011	No. of Options granted during the financial year*
Y. C. Deveshwar	54,51,000	1,35,000
N. Anand	4,85,000	20,000**
P. V. Dhobale	2,84,860	20,000**
K. N. Grant	5,14,450	67,500
A. Bajjal	Nil	10,000
S. Banerjee	Nil	Nil
A. V. Girija Kumar	Nil	Nil
S. H. Khan	1,18,000	10,000
S. B. Mathur	1,31,000	10,000
D. K. Mehrotra	Nil	Nil
H. G. Powell	Nil	10,000
P. B. Ramanujam	99,000	10,000
A. Ruys	Nil	10,000
B. Sen	5,00,540	Nil
K. Vaidyanath	22,06,480	67,500#
B. Vijayaraghavan	4,68,120	Nil

\* Bonus Options were also allocated consequent to the Bonus share issue, as stated above.

\*\* Options granted prior to appointment as Executive Director w.e.f. 3rd January, 2011.

# Options granted when he was Executive Director.

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 / transmission of shares, issue of duplicate share certificates 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 & 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, 2011, forty meetings of the Investor Services Committee

were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	5th April, 2010	5	5
2	19th April, 2010	5	3
3	4th May, 2010	5	3
4	14th May, 2010	5	3
5	20th May, 2010	5	5
6	3rd June, 2010	5	3
7	11th June, 2010	5	2
8	18th June, 2010	5	4
9	23rd June, 2010	5	2
10	1st July, 2010	5	2
11	9th July, 2010	5	2
12	16th July, 2010	5	2
13	23rd July, 2010	5	5
14	29th July, 2010	5	3
15	6th August, 2010	5	3
16	19th August, 2010	5	2
17	30th August, 2010	5	3
18	16th September, 2010	5	3
19	23rd September, 2010	5	5
20	8th October, 2010	5	3
21	13th October, 2010	5	3
22	21st October, 2010	5	2
23	29th October, 2010	5	4
24	15th November, 2010	5	3
25	19th November, 2010	5	3
26	29th November, 2010	5	2
27	6th December, 2010	5	3
28	15th December, 2010	5	3
29	22nd December, 2010	5	5
30	6th January, 2011	5	3
31	13th January, 2011	5	2
32	21st January, 2011	5	5
33	28th January, 2011	5	3
34	11th February, 2011	5	4
35	17th February, 2011	5	3
36	28th February, 2011	5	2
37	10th March, 2011	5	3
38	15th March, 2011	5	2
39	22nd March, 2011	5	2
40	31st March, 2011	5	5

#### Attendance at Investor Services Committee Meetings during the financial year

Director	No. of meetings attended
A. V. Girija Kumar	32
K. N. Grant <sup>1</sup>	11
P. B. Ramanujam	11
B. Sen	34
K. Vaidyanath <sup>2</sup>	28
B. Vijayaraghavan	9

1. Appointed Member w.e.f. 3rd January, 2011.

2. Member till 2nd January, 2011.

#### 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 eight Non-Executive Directors, seven 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 & 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, 2011, five meetings of the Nominations Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	23rd July, 2010	8	8
2	29th October, 2010	8	7
3	19th November, 2010	8	6
4	22nd December, 2010	8	7
5	11th February, 2011	9	7



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### Attendance at Nominations Committee Meetings during the financial year

Director	No. of meetings attended
Y. C. Deveshwar	5
A. Bajjal	5
S. Banerjee	4
A. V. Girija Kumar	3
S. H. Khan	5
S. B. Mathur	5
D. K. Mehrotra	2
P. B. Ramanujam	5
K. Vaidyanath*	1

\* Appointed Member w.e.f. 21st January, 2011.

## 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 comprises the Chairman of the Company and five Non-Executive Directors, three 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 & Committees' in the Report and Accounts.

### Meetings and Attendance

#### Details of Sustainability Committee Meetings during the financial year

During the financial year ended 31st March, 2011, two meetings of the Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	20th May, 2010	6	6
2	31st March, 2011	6	6

### Attendance at Sustainability Committee Meetings during the financial year

Director	No. of meetings attended
Y. C. Deveshwar	2
S. Banerjee	2
H. G. Powell	2
A. Ruys	2
B. Sen	2
B. Vijayaraghavan	2

## 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 names of the members of the Corporate Management Committee, including its Chairman, are provided under the section 'Board of Directors & 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, 2011, thirty-nine meetings of the Corporate Management

Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	19th & 20th April, 2010	11	11
2	5th & 6th May, 2010	11	10
3	16th & 17th June, 2010	11	11
4	12th July, 2010	11	10
5	12th, 13th & 14th August, 2010	11	10
6	14th & 15th September, 2010	11	11
7	11th October, 2010	11	10
8	23rd & 24th November, 2010	11	11
9	15th & 16th December, 2010	11	11
10	10th January, 2011	10	10
11	7th February, 2011	10	10
12	9th February, 2011	10	10
13	10th February, 2011	10	10
14	10th February, 2011	10	10
15	10th February, 2011	10	10
16	14th February, 2011	10	10
17	14th February, 2011	10	10
18	14th February, 2011	10	10
19	16th February, 2011	10	10
20	16th February, 2011	10	10
21	18th February, 2011	10	10
22	18th February, 2011	10	10
23	21st February, 2011	10	10
24	23rd February, 2011	10	10
25	25th February, 2011	10	10
26	25th February, 2011	10	10
27	1st March, 2011	10	10
28	1st March, 2011	10	10
29	1st March, 2011	10	10
30	3rd March, 2011	10	10
31	7th March, 2011	10	10
32	7th March, 2011	10	10
33	8th March, 2011	10	10
34	8th March, 2011	10	10
35	10th March, 2011	10	10
36	10th March, 2011	10	10
37	16th March, 2011	10	10
38	16th March, 2011	10	10
39	16th March, 2011	10	10

### Attendance at Corporate Management Committee Meetings during the financial year

Member	No. of meetings attended
Y. C. Deveshwar	39
N. Anand	39
P. V. Dhobale <sup>1</sup>	35
K. N. Grant	38
B. B. Chatterjee	39
A. Nayak	39
T. V. Ramaswamy	38
S. Sivakumar	37
K. S. Suresh	39
R. Tandon	39
A. Singh <sup>2</sup>	4
K. Vaidyanath <sup>3</sup>	9

1. Appointed Member w.e.f. 26th July, 2010.

2. Member till 23rd July, 2010.

3. Member till 2nd January, 2011.

### 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 interest 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 alongwith the results for the fourth quarter were announced within two months of the end of the financial year; such results were published, inter alia, in 'The Times of India' and 'Aajkal' from Kolkata, and on an all India basis in major newspapers, and also in Luxemburger Wort, Luxembourg. All these results were posted on the Corporate Filing and Dissemination System (CFDS) website ([www.corpfilling.co.in](http://www.corpfilling.co.in)). As in the past, the Company will publish its quarterly, half-yearly and annual financial results.
- Information relating to shareholding pattern, compliance with corporate governance norms etc. is also posted on the CFDS website.
- The Company's corporate website [www.itcportal.com](http://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 'Newsroom' 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. 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, 2011.

Kolkata, 20th May, 2011. 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 [www.itcportal.com](http://www.itcportal.com). Significant events are also posted on this website under the 'Newsroom' section. The complete Annual Report is sent to every Shareholder of the Company.
5. **Audit Qualifications:** It is always 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, 2011.
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 / 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.

Ethical Corporate Citizenship means setting exemplary standards of ethical behaviour, both internally within the organisation, as well as in external relationships.

# Shareholder Information

## AGM Details

Date	Friday, 29th July, 2011
Venue	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046
Time	10.30 a.m.
Book Closure Dates	Tuesday, 14th June, 2011 to Tuesday, 21st June, 2011 (both days inclusive)
Dividend Payment Date	Monday, 1st August, 2011

## 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, 2011. The Committee met forty-six 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 did not receive any complaint during the financial year ended 31st March, 2011. National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange have provided confirmations that there were no investor complaints against the Company at the end of each quarter, as also on 31st March, 2011.

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

## Dematerialisation of Shares and Liquidity

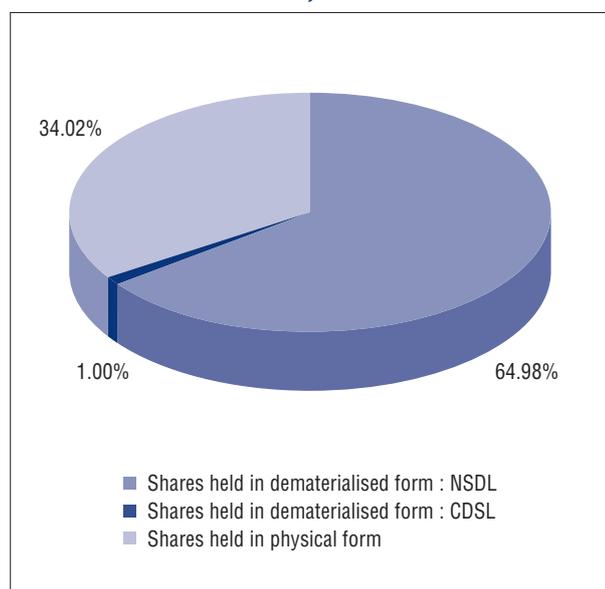
The shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE154A01025. The annual custody fee for the financial year 2011-12 has been paid to NSDL and CDSL, the Depositories.

During the year, 1,35,69,574 shares of the Company, covered in 3,860 requests and constituting 0.18% of the issued and subscribed Share Capital of the Company, were dematerialised. As on 31st March, 2011, 5,10,55,87,401 shares of the Company constituting 65.98% of the issued and subscribed share Capital stand dematerialised. The processing activities with respect to requests received for dematerialisation are generally completed within one working day.

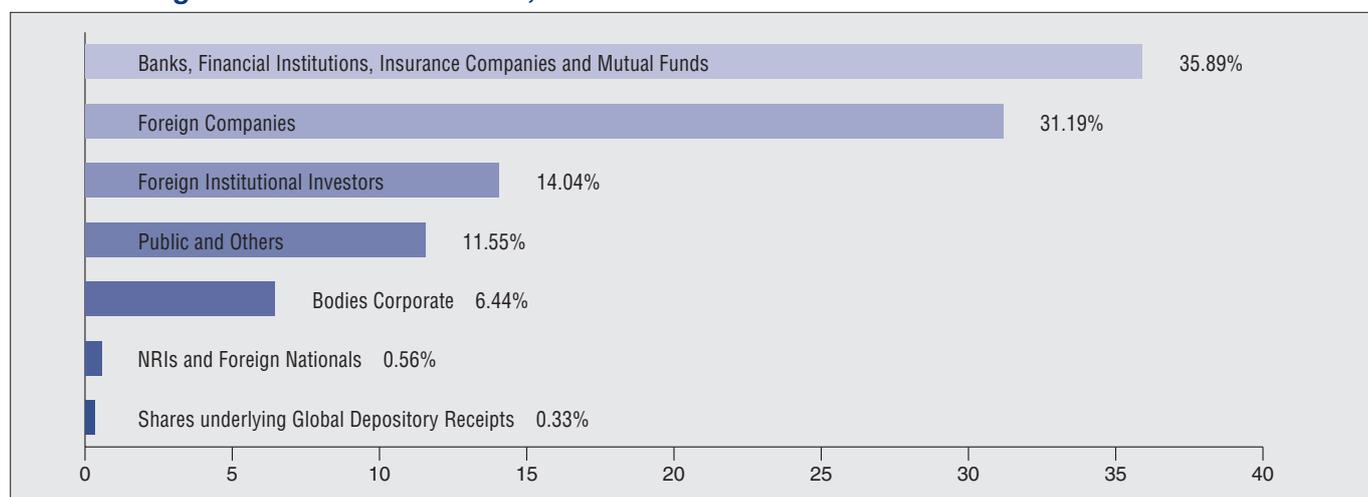
The Company's shares are among the most liquid and actively traded shares on the Indian Stock Exchanges and consistently rank among the top frequently traded shares, both in terms of number of shares traded as well as in terms of value. The Company's market capitalisation stood at ₹ 1,40,912 crores (US\$ 31.6 billion) on 31st March, 2011.

**Distribution of Shareholding as on 31st March, 2011**

No. of Shares Slab	No. of Shareholders				No. of Shares					
	Physical	Demat	Total	%	Physical	%	Demat	%	Total	%
1 – 5000	33,485	3,38,881	3,72,366	90.42	3,87,09,388	0.50	15,70,69,122	2.03	19,57,78,510	2.53
5001 – 10000	5,918	13,402	19,320	4.69	4,12,21,988	0.53	9,54,94,518	1.24	13,67,16,506	1.77
10001 – 20000	2,624	7,788	10,412	2.53	3,83,88,905	0.50	11,31,70,176	1.46	15,15,59,081	1.96
20001 – 30000	729	2,800	3,529	0.86	1,76,07,408	0.23	6,90,25,527	0.89	8,66,32,935	1.12
30001 – 40000	345	1,355	1,700	0.41	1,19,70,935	0.16	4,73,28,089	0.61	5,92,99,024	0.77
40001 – 50000	295	868	1,163	0.28	1,36,29,460	0.17	3,93,20,768	0.51	5,29,50,228	0.68
50001 – 100000	334	1,478	1,812	0.44	2,30,82,835	0.30	10,29,68,153	1.33	12,60,50,988	1.63
100001 and above	119	1,391	1,510	0.37	2,44,79,45,960	31.63	4,48,12,11,048	57.91	6,92,91,57,008	89.54
<b>Total</b>	<b>43,849</b>	<b>3,67,963</b>	<b>4,11,812</b>	<b>100.00</b>	<b>2,63,25,56,879</b>	<b>34.02</b>	<b>5,10,55,87,401</b>	<b>65.98</b>	<b>7,73,81,44,280</b>	<b>100.00</b>

**Shares held in Physical and Dematerialised form as on 31st March, 2011**

**Categories of Shareholders as on 31st March, 2011**

Category	No. of Shares held	%
<b>(A) Institutional Shareholding</b>		
Banks, Financial Institutions, Insurance Companies and Mutual Funds	2,77,68,68,257	35.89
Foreign Institutional Investors	1,08,66,05,534	14.04
Sub-Total (A)	<b>3,86,34,73,791</b>	<b>49.93</b>
<b>(B) Non-Institutional Shareholding</b>		
Foreign Companies	2,41,39,52,310	31.19
NRIs and Foreign Nationals	4,35,67,373	0.56
Bodies Corporate	49,81,35,921	6.44
Public and Others	89,34,83,461	11.55
Sub-Total (B)	<b>3,84,91,39,065</b>	<b>49.74</b>
<b>Public Shareholding (A + B)</b>	<b>7,71,26,12,856</b>	<b>99.67</b>
<b>Shares underlying Global Depository Receipts</b>	<b>2,55,31,424</b>	<b>0.33</b>
<b>Total</b>	<b>7,73,81,44,280</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March, 2011**




100  
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## Shareholder Information

### Top Ten Shareholders as on 31st March, 2011

Sl. No.	Name of the Shareholder	No. of Shares held	%
1	Tobacco Manufacturers (India) Limited	1,98,55,64,880	25.66
2	Life Insurance Corporation of India	1,00,01,60,528	12.92
3	Specified Undertaking of the Unit Trust of India	89,67,21,090	11.59
4	Myddleton Investment Company Limited	32,42,07,960	4.19
5	The New India Assurance Company Limited	16,68,54,545	2.16
6	General Insurance Corporation of India	14,56,90,158	1.88
7	ICICI Prudential Life Insurance Company Limited	14,12,83,403	1.83
8	The Oriental Insurance Company Limited	13,22,76,560	1.71
9	National Insurance Company Limited	13,08,22,220	1.69
10	Rothmans International Enterprises Limited	10,33,03,260	1.33

### Global Depository Receipts

Pursuant to the offer of Global Depository Receipts (GDRs) made by the Company in 1993, 2,55,31,424 GDRs\*, representing 2,55,31,424 underlying shares of the Company i.e. 0.33% of the issued and subscribed Share Capital, were outstanding as on 31st March, 2011.

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 2011 has been paid to the said Exchange.

\* The numbers increased as compared to the last year consequent upon Bonus shares issued in 2010-11.

### Listing of Shares on Stock Exchanges with Stock Code

Stock Exchange	Stock Code
National Stock Exchange of India Ltd. Exchange Plaza, 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
Bombay Stock Exchange Ltd. 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. 7, Lyons Range Kolkata 700 001 Telephone nos. : 033-2210 4470/77 Facsimile no. : 033-2210 4500 e-mail : cseisc@cse-india.com website : www.cse-india.com	10000018

The Listing Fees for the financial year 2011-12 have been paid to the aforesaid Stock Exchanges.

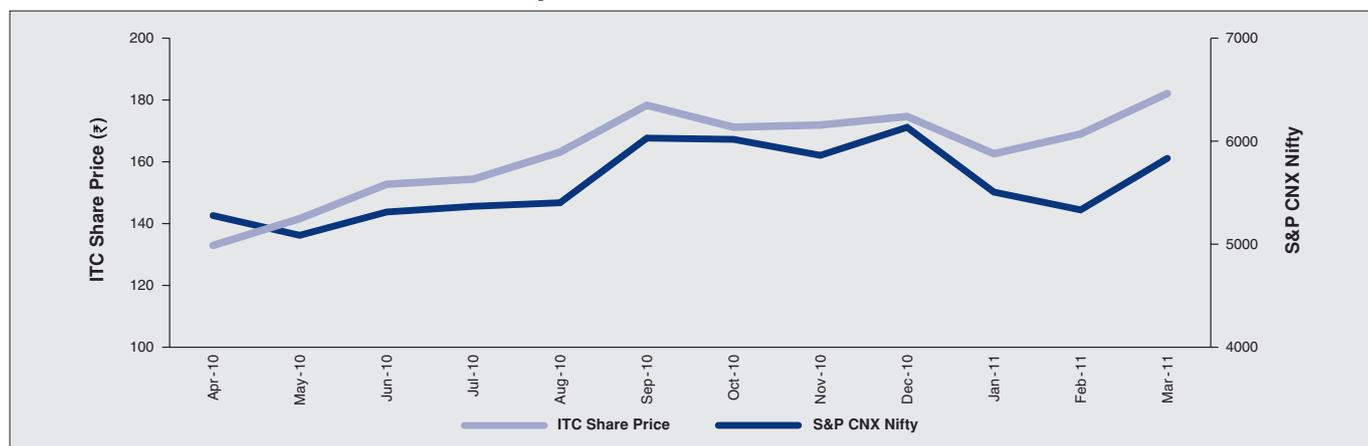
Stock Exchange	Reuters Code	Bloomberg
National Stock Exchange of India Ltd.	ITC.NS	ITC IS
Bombay Stock Exchange Ltd.	ITC.BO	ITC IB

**Monthly High and Low Quotes and Volume of Shares traded on National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Calcutta Stock Exchange (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.)
2010 APRIL	136.90	130.05	105461	136.30	130.30	10475	132.30	132.20	28	3.05	2.73	79
MAY	143.85	122.50	168456	142.95	126.93	21543	137.05	131.75	52	3.06	2.74	86
JUNE	153.95	137.60	150984	153.90	138.05	21634	145.75	140.03	79	3.75	2.96	100
JULY	155.95	133.20	135686	155.85	144.95	14771	152.50	149.98	13	3.33	3.08	Nil
AUGUST	166.30	151.55	119387	165.95	151.50	13435	156.00	155.85	4	3.56	3.27	41
SEPTEMBER	180.85	161.40	157183	181.50	161.25	17229	Nil	Nil	Nil	3.96	3.49	121
OCTOBER	181.80	165.00	167244	184.70	165.50	16630	Nil	Nil	Nil	4.03	3.76	27
NOVEMBER	179.40	164.00	139354	178.90	163.70	9512	Nil	Nil	Nil	4.03	3.66	5
DECEMBER	176.35	164.15	131798	176.25	164.40	10647	Nil	Nil	Nil	3.90	3.67	6
2011 JANUARY	181.00	160.95	150586	181.00	161.40	14649	Nil	Nil	Nil	3.96	3.51	54
FEBRUARY	170.00	149.00	166706	170.00	150.00	17674	Nil	Nil	Nil	3.73	3.35	27
MARCH	184.00	165.60	171137	183.00	165.50	21036	Nil	Nil	Nil	4.07	3.72	25

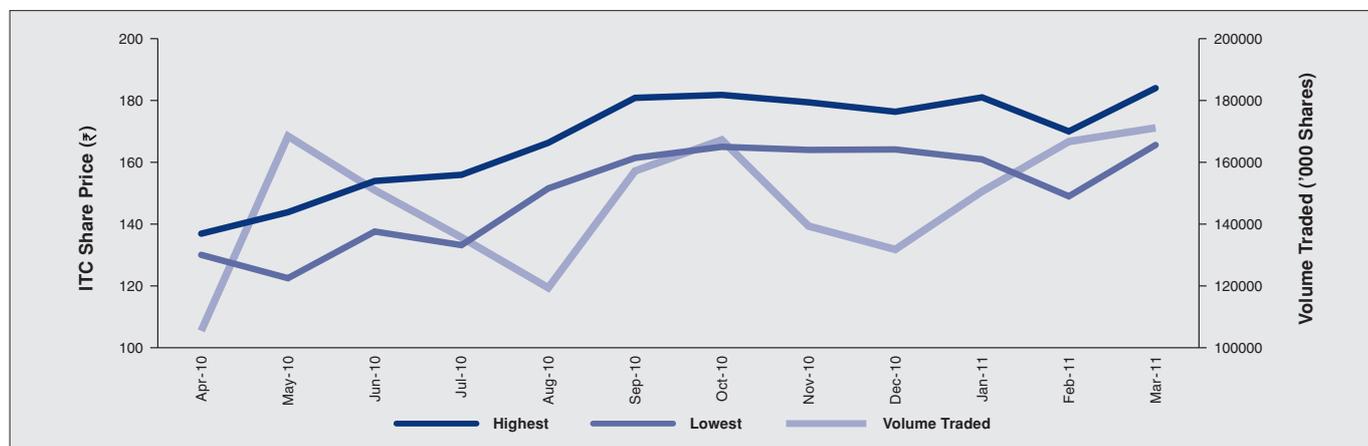
Notes: Share Price & Volume adjusted to reflect Bonus shares issued in 2010-11.

**ITC Share Price vis-à-vis S&P CNX Nifty**



Notes: Indicates monthly closing positions.  
Share Price adjusted to reflect Bonus shares issued in 2010-11.

**ITC Share Price & Volume traded on NSE**



Notes: Indicates monthly high & low price and monthly volume.  
Share Price & Volume adjusted to reflect Bonus shares issued in 2010-11.



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## Shareholder Information

### Dividend History (Last 10 Years)

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

Financial Year	Dividend per Share (₹)	Total Dividend (₹ in Crores)
2010-11	4.45 *	3443.47 *
2009-10	10.00 **	3818.18 **
2008-09	3.70	1396.53
2007-08	3.50	1319.02
2006-07	3.10	1166.29
2005-06	2.65 ***	995.12 ***
2004-05	3.10 #	773.25
2003-04	2.00 #	495.36
2002-03	1.50 #	371.27
2001-02	1.35 #	334.14

\* On expanded Share Capital arising out of Bonus shares issued in the ratio of 1:1; such dividend is subject to approval of Shareholders 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 2011-12		
1	First Quarter Results	July 2011
2	Second Quarter and Half-Year Results	October 2011
3	Third Quarter Results	January 2012
4	Fourth Quarter and Annual Results	May 2012

### Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
99th	2009-10	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046	23/07/2010	10.30 a.m.	<ul style="list-style-type: none"> <li>Appointment of Auditors.</li> <li>Amendment of Articles of Association to reflect increase in the Authorised Share Capital.</li> <li>Issue of shares under new Employee Stock Option Scheme.</li> </ul>
98th	2008-09		24/07/2009		<ul style="list-style-type: none"> <li>Appointment of Auditors.</li> </ul>
97th	2007-08		30/07/2008		<ul style="list-style-type: none"> <li>Appointment of Auditors.</li> <li>Payment of commission to Non-Executive Directors.</li> </ul>

### 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. Sheraton Chola Hotel  
Cathedral Road  
Chennai 600 086

**Jaipur**

5. Sheraton Rajputana Hotel  
Palace Road  
Jaipur 302 006

**Kolkata**

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

**Mumbai**

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

**New Delhi**

9. ITC Maurya\*  
Sardar Patel Marg  
Diplomatic Enclave  
New Delhi 110 021

10. Sheraton New Delhi Hotel  
District Centre, Saket  
New Delhi 110 017

**Licensed Hotels**
**Kota**

11. WelcomHeritage  
Umed Bhawan Palace  
Palace Road  
Kota 324 001

**Port Blair**

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

**Vadodara**

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

**Hotels Under Operating Services**
**Aurangabad**

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

**Chennai**

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

**Hyderabad**

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

**Visakhapatnam**

17. 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

**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  
Village Bollaram  
Medak District  
Andhra Pradesh 502 325

**Sarapaka**

2. Sarapaka Village  
Khammam District  
Andhra Pradesh 507 128

**Thekkampatty**

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

**Tribeni**

4. P.O. Chandrahati  
Hooghly District  
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

**CHOUHAL SAAGARS - RURAL SERVICES CENTRES**
**Amravati**

1. Old Survey No. 12/5-12/7  
Patwari Halka No. 48  
Mouza Degaon  
Pargana Nandgaon Peth  
Tehsil & District Amravati  
Maharashtra 444 901

**Badaun**

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

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



100  
Inspiring Years

## Shareholder Information

### Bahraich

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

### Chandouli

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

### Chindwara

5. Khasra No. 16/1, 16/4, 16/5 Patwari Halka No. 34 Village Imaliya Bohata District Chindwara Madhya Pradesh 480 001

### Dewas

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

### Dhar

7. Plot No. 438, Halka No. 13 Village Jaitpura Ahmedabad - Indore Road Dhar Madhya Pradesh 454 001

### Gonda

8. Khasra No. 421-424, 427-428, 431, 433-434, 442-446, 451-454, 420 (Part), 447 (Part), 448 (Part) & 457 (Part) Village Haripur Tehsil, Pargana & District Gonda Uttar Pradesh 271 001

### Hardoi

9. Khasra No. 658 & 659 Village Korriyan Pargana Gopamau Shahjahanpur Road Tehsil & District Hardoi Uttar Pradesh 241 001

### Hathras

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

### Itarsi

11. Survey No. 309/5, 310/2 & 310/3 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 Sultanpur Uttar Pradesh 227 817

### Mandsaur

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

### Mhow

14. Village Gawli Palasia Patwari Halka No. 20 Tehsil Ambedkar Nagar, Mhow District Indore Madhya Pradesh 453 441

### Nagda

15. Khasra No. 1393-1394, 1396-1397 Village Padliya Kala, Nagda Junction Tehsil Nagda District Ujjain Madhya Pradesh 456 335

### Parbhani

16. Vasmat Road Gate No. 803 Near Water Filter Plant (Assola) 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 Village Kharakhedi Tehsil & District Ratlam Madhya Pradesh 457 001

### Sehore

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

### Ujjain

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

### Vidisha

21. Survey No. 18 Patwari Halka No. 35 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, Akola Road Taluka & District Washim Maharashtra 444 505

### Yavatmal

24. Bhumapan No. 15/2-H Village Parwa Taluka & District Yavatmal Maharashtra 445 001

## LIFESTYLE RETAILING

### Design & Technology Centre

#### Gurgaon

86, Industrial Estate, Phase I  
Udyog Vihar  
Gurgaon  
Haryana 122 016

### Wills Lifestyle Stores

#### Agra

1. ITC Mughal Taj Ganj Agra 282 001  
Tel No: 0562-4021700

#### Ahmedabad

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

#### Amritsar

4. Unit No. GF-07, Ground Floor The Celebration Mall Batala Road Amritsar 143 001  
Tel No: 0183-5095820

#### Aurangabad

5. Unit No. F-50, Plot No. P/80 API Compound, Airport Road MIDC, Chikalthana Aurangabad 431 005  
Tel No: 0240-6618187

#### Bengaluru

6. No. 6, Brigade Road Bengaluru 560 001  
Tel No: 080-41123662
7. 664, Binnamangala First Stage, 100 Ft. Road Indira Nagar Bengaluru 560 038  
Tel No: 080-41715665
8. ITC Gardenia No. 1, Residency Road Bengaluru 560 025  
Tel No: 080-43455301
9. 11th Main, Sri Arcade No. 16 (Old No.17) III Block East, Jayanagar Bengaluru 560 011  
Tel No: 080-41211435

#### Bhopal

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

#### Bhubaneshwar

11. No. 794, Shaheed Nagar Janpath Bhubaneshwar 751 007  
Tel No: 0674-2544386

12. Shop No. 202, Second Floor  
Pal Height, Jaidev Vihar  
Bhubaneswar 751 006  
Tel No: 0674-2361043

#### Chandigarh

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

#### Chennai

14. 19, Ground Floor, Quaiser Tower  
Khader Nawaz Khan Road  
Nungambakkam  
Chennai 600 034  
Tel No: 044-28332515
15. Shop No. 6, Ground Floor  
Chennai Citi Centre  
10 & 11, Dr. Radhakrishna Salai  
Chennai 600 004  
Tel No: 044-43536214
16. Shop No. 23, Ampa Skyline Mall  
N. M. Road, Aminjikarai  
Chennai 600 029  
Tel No: 044-42082522
17. Shop No. 109, Express Avenue  
49, 50L, Whites Road  
Royapettah  
Chennai 600 014  
Tel No: 044-28464431
18. Shop No. 114, Express Avenue  
49, 50L, Whites Road  
Royapettah  
Chennai 600 014  
Tel No: 044-28464236

#### Coimbatore

19. G-24, Brooke Fields Mall  
67-71, Krishnasamy Road  
Coimbatore 641 001  
Tel No: 0422-2255544

#### Dehradun

20. 52/A, Rajpur Road  
Dehradun 248 001  
Tel No: 0135-2749941

#### Ernakulam

21. Ground Floor, No. 40/7182  
M. G. Road  
Ernakulam 682 035  
Tel No: 0484-3918800

#### Ghaziabad

22. Shop No. G-37, Mahagun  
Metro Mall, Plot No. VC-3, Vaishali  
Ghaziabad 201 010  
Tel No: 0120-6492890

#### Gurgaon

23. Shop No. 17-20  
The Metropolitan  
Mehrauli - Gurgaon Road  
Gurgaon 122 002  
Tel No: 0124-4104444
24. Shop No. G 64 & 65  
Ambi Mall, Ambience Island  
National Highway No. 8  
Gurgaon 122 001  
Tel No: 0124-6460667

#### Guwahati

25. Shop No. A,B,C,E,P  
Adam's Plaza  
GS Road  
Christian Basti  
Guwahati 781 005  
Tel No: 0361-2349922

#### Hyderabad

26. Shop No. G 4 & 5  
G. S. Chambers  
Nagarjuna Circle  
Hyderabad 500 082  
Tel No: 040-66364700
27. Shop No. 1 & 2  
H. No. 3-6-108/2  
Kuchkulla House  
Himayat Nagar  
Hyderabad 500 029  
Tel No: 040-64255160
28. Shop No. 11 & 12  
Lower Ground Floor  
Road No. 1, GVK Mall  
Banjara Hills  
Hyderabad 500 034  
Tel No: 040-44767660

#### Indore

29. 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

#### Jaipur

30. Gulab Niwas  
M. I. Road  
Jaipur 302 001  
Tel No: 0141-2365017
31. Shop No. G23-25  
Triton The Mega Mall  
Jhotwara Road  
Near Chomu Pulia  
Jaipur 302 012  
Tel No: 0141-5156731

#### Jalandhar

32. GF-18, Viva Collage Mall  
G. T. Road  
Jalandhar 144 005  
Tel No: 0181-3053222

#### Jammu

33. 5 & 6 Residency Road  
Jammu 180 001  
Tel No: 0191-2573153

#### Kolkata

34. 19B, Shakespeare Sarani  
Kolkata 700 071  
Tel No: 033-22826102
35. C-008 & C-010, City Centre  
Block-DC, Sector 1  
Salt Lake City  
Kolkata 700 064  
Tel No: 033-23589152
36. Shop No. S026  
South City Mall  
375, Prince Anwar Shah Road  
Kolkata 700 068  
Tel No: 033-40072206

37. Tollygunge Club  
120, Deshapran Sasmal Road  
Kolkata 700 033  
Tel No: 033-24732316

#### Kanpur

38. Shop No. 8, 1st Floor  
Zsquare Mall  
16/113, M. G. Marg  
Bada Choraha  
Kanpur 208 001  
Tel No: 0512-2302975

#### Lucknow

39. Shop No. 2108  
B-1, First Floor  
Fun Republic Mall  
Gomti Nagar  
Lucknow 226 010  
Tel No: 0522-4060666
40. Shop No. 25, Sahara Ganj  
Hazrat Ganj, Shah Nazaf Road  
Lucknow 226 001  
Tel No: 0522-3062555
41. F-08, First Floor  
Phoenix United Mall  
Alambagh  
Lucknow 226 005  
Tel No: 0522-3295388

#### Ludhiana

42. 85/4A, The Mall  
Ludhiana 141 001  
Tel No: 0161-2441423
43. Shop No. 44-45, 50-51  
First Floor, The Westend Mall  
Ferozpur Road  
Ludhiana 141 001  
Tel No: 0161-4644436

#### Mumbai / Thane

44. Shop No. 2, 3 & 32  
Ruki Mahal Co-operative  
Housing Society Ltd.  
Colaba  
Mumbai 400 005  
Tel No: 022-22818261
45. G-24, Inorbit Mall  
Plot No. 39/1, Sector 30 A  
Vashi  
Navi Mumbai 400 705  
Tel No: 022-65251162
46. F-8 & 9, Inorbit Mall  
MindSpace, Malad Link Road  
Malad (West)  
Mumbai 400 064  
Tel No: 022-40032086
47. Unit No. 10, SSP Building  
Nirmal Lifestyle  
LBS Marg, Mulund (West)  
Mumbai 400 080  
Tel No: 022-66490407
48. Unit No. 4 & 5  
Skyzone Level 1, Block 2  
Phoenix Mills Compound  
462, Senapati Bapat Marg  
Lower Parel  
Mumbai 400 013  
Tel No: 022-40040604



Inspiring Years

## Shareholder Information

49. Shop No. G11, Mega Mall  
Malad Linking Road  
Oshiwara, Andheri (West)  
Mumbai 400 104  
Tel No: 022-40167330
50. F21 & 22, Korum Mall  
Mangal Pandey Road  
Eastern Express Highway  
District Thane (West) 400 606  
Tel No: 022-25417474
51. Shop No. F 34  
Oberoi Mall, Goregaon (East)  
Mumbai 400 063  
Tel No: 022-28432127

### Nagpur

52. Jagat Millennium  
Amravati Road  
Dharampeth  
Nagpur 440 014  
Tel No: 0712-6647192

### Nashik

53. UG-Shop No. 7, City Centre Mall  
Lawate Nagar, Untwadi  
Nashik 422 002  
Tel No: 0253-2232172

### New Delhi

54. F-41, South Extension - I  
New Delhi 110 049  
Tel No: 011-41648524
55. Plot No. 1B3, Citi Centre Mall  
Sector 10, Twin District Centre 1  
Rohini  
New Delhi 110 085  
Tel No: 011-64640766
56. Shop No. 033, First Floor  
Pacific Mall  
Subhash Nagar  
New Delhi 110 018  
Tel No: 011-64707472
57. E-2, Inner Circle  
Connaught Place  
New Delhi 110 001  
Tel No: 011-64717773
58. M-12, Greater Kailash - I  
New Delhi 110 048  
Tel No: 011-29232555
59. ITC Maurya  
Sardar Patel Marg  
Diplomatic Enclave  
New Delhi 110 021  
Tel No: 011-42099200
60. Shop No. GF 10 & 11  
TDI Mall, Plot No.11  
Shivaji Place  
Rajouri Garden  
New Delhi 110 027  
Tel No: 011-25105150
61. Select Citywalk, G 3 & 4  
Ground Floor  
Plot No. A3  
District Centre Saket  
New Delhi 110 017  
Tel No: 011-42658267

### Noida

62. Shop No. G 32, Unitech Mall  
Noida Amusement Park  
Sector 38A, Great India Place  
Noida 201 301  
Tel No: 0120-2458992
63. F-14, Sector 18  
Noida 201 301  
Tel No: 0120-6491802

### Panjim

64. 3293, M. G. Road  
Panjim 403 001  
Tel No: 0832-6641222

### Pune

65. 1204/22, Ground Floor  
Shivaji Nagar  
Junglee Maharaj Road  
Pune 411 004  
Tel No: 020-66019401
66. 11, Moledina Road  
Pune 411 001  
Tel No: 020-26121222

### Raipur

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

### Ranchi

68. Shop No. 1  
Eastern Block of Second Floor  
GEL Church-Commercial Complex  
Main Building, Main Road  
Ranchi 834 001  
Tel No: 0651-2330909

### Siliguri

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

### Surat

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

### Vadodara

71. Shop No. 42-44  
Siddharth Complex  
R. C. Dutt Road, Alkapuri  
Vadodara 390 005  
Tel No: 0265-2325756
72. Centre Square Mall  
Near Genda Circle  
Sarabhai Road, Wadi-Wadi  
Vadodara 390 007  
Tel No: 0265-6453740

### Visakhapatnam

73. Shop No.1, Rednam Manor  
Dwarka Nagar, Near Diamond Park  
Visakhapatnam 530 016  
Tel No: 0891-2702881
74. The Landmark, Shop No. G-4  
Block No. 9, Waltair Road  
Waltair Uplands  
Visakhapatnam 530 019  
Tel No: 0891-6645672

### John Players Stores\*

#### Bengaluru

75. No. 12/29, Gentry Plaza  
11th Main, 4th Block  
Jayanagar  
Bengaluru 560 011  
Tel No: 080-41103337
76. Shop No. 8-9, Total Mall  
Madiwala  
Bengaluru 560 068  
Tel No: 080-41730902
77. 174, Brigade Road  
Bengaluru 560 001  
Tel No: 080-41512823
78. Shop No. 383, 2nd Main Road  
Sampige Road  
Malleswaram  
Bengaluru 560 003  
Tel No: 080-42199528
79. Shop No.1, Total Mall  
Sarjapur Road  
Bengaluru 560 037  
Tel No: 080-41486573

#### Chennai

80. Shop No. 68 (Old No. 89)  
Sir Thygaraya Road  
Pondy Bazaar, T. Nagar  
Chennai 600 017  
Tel No: 044-43502651
81. Shop No. 129A  
Spencer Plaza, Phase III  
First Floor, 769, Anna Salai  
Chennai 600 002  
Tel No: 044-28492449
82. Shop No. 145, AA Block  
Third Avenue, Anna Nagar  
Chennai 600 040  
Tel No: 044-42170007
83. No. 3/109, 100 Feet Road  
Velacherry  
Chennai 600 042  
Tel No: 044-22447565
84. PC 5, Bazaar Road  
Collector Nagar, Mogapair East  
Chennai 600 037  
Tel No: 044-43550425
85. Shop No. 141, Plot No. 616  
LB Road, Thiruvamyur  
Chennai 600 020  
Tel No: 044-42117806

#### Hyderabad

86. Shop No. 211, Second Floor  
City Centre  
Banjara Hills  
Hyderabad 500 034  
Tel No: 040-66662221
87. Shop No. 16-11-704/5/A/9 & 10  
Opp. Kala Niketan  
Dilsukhnagar  
Hyderabad 500 060  
Tel No: 040-66562102
88. Shop No. 1, MIG No. 329  
Main Road, Dr. A. S. Rao Nagar  
Hyderabad 500 062  
Tel No: 09247070250

89. D.No. 3-6-138/5 & 6  
Papalal Chambers, Main Road  
Himayat Nagar  
Hyderabad 500 029  
Tel No: 040-42203175
- Kolkata**
90. 25B, Camac Street  
Kolkata 700 016  
Tel No: 033-22896244
91. 6/1, Lindsay Street  
Kolkata 700 087  
Tel No: 033-22497887
92. 200/2C, Rashbehari Avenue  
Gariahat  
Kolkata 700 029  
Tel No: 033-24664928
93. 8, Brahma Samaj Road  
Behala  
Kolkata 700 034  
Tel No: 033-24989752
94. 97, K. N. C. Road  
Barasat  
Kolkata 700 124  
Tel No: 09830055468
95. 138/1, Bidhan Sarani  
Shyam Bazaar  
Kolkata 700 004  
Tel No: 033-65267891
96. P-12, New Howrah Bridge  
Approach Road  
Kolkata 700 001  
Tel No: 033-22343779
97. P/157/1, CIT Road  
Scheme-VII-M, Ultadanga Crossing  
Kolkata 700 054  
Tel No: 033-65295719
- Mumbai / Thane**
98. 20, Cusrow Bagh  
Colaba  
Mumbai 400 005  
Tel No: 022-22876454
99. Nakshatra Mall  
Unit No. 21, 22, 23 & 24  
Gokhle Road, Dadar  
Mumbai 400 028  
Tel No: 022-24360794
100. Shop No. 2 & 2A, First Floor  
Akshay Plaza Co-operative Society  
Chembur  
Mumbai 400 071  
Tel No: 022-25290004
101. Shop No. 1-4  
Nadiadwala Chawl  
SV Road, Opp. Paaneri  
Andheri (West)  
Mumbai 400 058  
Tel No: 022-26203990
102. Shop No. F-23, Centre One  
Sector No. 30-A  
Near Vashi Railway Station  
Navi Mumbai 400 705  
Tel No: 022-64481500
103. 107 / 108, First Floor  
Little World Mall, Sector 2  
Kharghar  
Mumbai 410 210  
Tel No: 09022949391
104. Shop No. 1, Chandarvakar Lane  
Borivali West  
Mumbai 400 092  
Tel No: 022-28946880
105. Shop No. 4, Ground Floor  
Eternity Mall  
Near Eastern Expressway  
Tin Hath Naka  
District Thane (West) 400 601  
Tel No: 022-25801526
106. Shop No. 1  
Martuvaibhav Naugar  
Vasai  
District Thane (West) 401 202  
Tel No: 0250-2335477
107. Shop No. 9, Pratik Avenue  
Nehru Road  
Vile Parle (East)  
Mumbai 400 057  
Tel No: 022-26136111
108. Shop No. 21 & 25 G/F  
Kasturi Plaza Shopping Centre  
Manpada Road  
Dombivli (East)  
Mumbai 421 201  
Tel No: 0251-2863932
- New Delhi / NCR**
109. D-35, Lajpat Nagar  
Central Market - II  
New Delhi 110 024  
Tel No: 011-29830440
110. E-149, Kamla Nagar  
New Delhi 110 007  
Tel No: 011-47036020
111. Shop No. 7/2, West Patel Nagar  
New Delhi 110 008  
Tel No: 011-25889043
112. F-16, District Centre  
Janak Place, Janakpuri  
New Delhi 110 058  
Tel No: 011-25618031
113. G-54, Laxmi Nagar  
Vikas Marg  
New Delhi 110 092  
Tel No: 011-22542495
114. Shop No. FF 101 & 102  
Plot No. 12, V3S, Laxmi Nagar  
District Centre  
New Delhi 110 092  
Tel No: 011-22446327
115. 13/29-30, Rachna Building  
Ajmal Khan Road  
Karol Bagh  
New Delhi 110 005  
Tel No: 011-25810440
116. Shop No. 188  
Sarojini Nagar Market  
New Delhi 110 023  
Tel No: 011-24676188
117. G-4, Bhagwati Plaza  
Plot No.12, Sector 5  
Dwarka  
New Delhi 110 075  
Tel No: 011-45700997
118. Shop No. FF-12, 2nd Floor  
MGF City Square  
Rajouri Garden  
New Delhi 110 027  
Tel No: 011-47131809
119. E-2/5, Ground Floor  
Malviya Nagar, Main Road  
New Delhi 110 017  
Tel No: 011-46108386
120. D-12/201, Sector - 8  
Rohini  
New Delhi 110 085  
Tel No: 011-27941274
121. FF-33, First Floor, MGF Mall  
The Metropolitan  
Mehrauli - Gurgaon Road  
Gurgaon 122 002  
Tel No: 0124-4379101
122. Shop No. 4-6, Arjun Plaza  
Jagat Farm, Gamma - 1  
Greater Noida 201 301  
Tel No: 0120-2322563
123. Shop No. F-6, First Floor  
Ansal Crown Plaza  
Sector 15A  
Faridabad 121 001  
Tel No: 0129-4014077
124. P-16, Pandav Nagar  
Mayur Vihar Phase - 1  
New Delhi 110 091  
Tel No: 011-22759456
125. SRS Multiplex  
Sector 12, Main Mathura Road  
Faridabad 121 007  
Tel No: 0129-4090100
126. 24, Gyan Deep Building  
Chaudhary More  
Ghaziabad 201 002  
Tel No: 0120-4112376
127. Shop No. 30  
Mahagun Metro Mall  
Vaishali  
Ghaziabad 201 305  
Tel No: 0120-4287684
128. 17, New Gandhi Nagar  
Ghaziabad 201 001  
Tel No: 0120-4316713
129. Shop No. AG-84, Etan Floor  
Ansal Plaza  
Greater Noida 201 308  
Tel No: 0120-4205024

\* In addition to the above, there are over 225 John Players Stores spread across the country in other cities / towns.



100  
Inspiring Years

## Shareholder Referencer

### Unclaimed Dividend

Unclaimed dividend for the years prior to and including the financial year 2002-03 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, II 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](http://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. Attention is drawn that the unclaimed dividend for the financial year 2003-04, pertaining to both ITC Limited and erstwhile ITC Hotels Limited are due for transfer to IEPF on 4th September, 2011 and 18th August, 2011, respectively.

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

### ITC Limited

Financial Year	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2011		Due for transfer to IEPF on
				(₹)	%	
2003-04	74th	30th July, 2004	4,95,35,77,020.00	2,57,78,280.00	0.52	4th September, 2011*
2004-05	75th	29th July, 2005	7,73,24,56,356.00	3,98,03,194.00	0.51	3rd September, 2012
2005-06	76th	21st July, 2006	9,95,12,91,267.00	5,47,83,609.00	0.55	26th August, 2013
2006-07	77th	27th July, 2007	11,66,29,29,029.00	7,29,75,577.00	0.63	1st September, 2014
2007-08	78th	30th July, 2008	13,19,01,73,540.00	7,89,18,235.00	0.60	4th September, 2015
2008-09	79th	24th July, 2009	13,96,53,10,312.00	8,67,08,611.00	0.62	29th August, 2016
2009-10	80th	23rd July, 2010	38,18,17,67,900.00	24,03,47,980.00	0.63	29th August, 2017

\* It will not be possible to entertain any claim received by ISC after 2nd September, 2011.

### Erstwhile ITC Hotels Limited

Financial Year	Date of Declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2011		Due for transfer to IEPF on
			(₹)	%	
2003-04	14th July, 2004	6,04,32,984.00	6,59,370.00	1.09	18th August, 2011*

\* It will not be possible to entertain any claim received by ISC after 17th August, 2011.

### Bank Details

Shareholders holding shares in the physical form are requested to notify / send the following to ISC to facilitate better servicing:

- any change in their address / mandate / bank details / email address, and
- particulars of the bank account in which they wish their dividend to be credited, in case the same have not been furnished earlier.

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

In the event Shareholders wish to receive dividend in a bank account other than the one specified by them while opening their Depository Account, they may advise the same to their Depository Participants.

### Permanent Account Number (PAN)

Shareholders holding shares in the physical form are advised that SEBI has made it mandatory that copy of PAN Card is to be furnished in the following cases:

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

### Remittance of Dividend through National Electronic Clearing Service (NECS)

The Company provides the facility for remittance of dividend to the Shareholders through NECS. This facility can be availed by Shareholders across the country provided they maintain accounts with those branches of the banks which have implemented the Core Banking System (CBS) and participated in the NECS facility extended by the Reserve Bank of India.

Shareholders who have not availed the NECS facility so far and wish to avail the same may –

#### For shares held in Dematerialised Form –

- Have their new bank account number under CBS updated with their respective Depository Participants (DPs).

#### For shares held in Physical Form –

- Send their NECS mandate in the prescribed form to the Company, which can be downloaded from the Company's corporate website [www.itcportal.com](http://www.itcportal.com) under the section 'Investor Relations' or can be furnished by ISC on request.

### 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, may submit to ISC the prescribed Form 2B. This Form can be downloaded from the Company's corporate website [www.itcportal.com](http://www.itcportal.com) under the section 'Investor Relations' or can be furnished by ISC on request.

### 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 Floor  
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](mailto:info@nsdl.co.in)  
website : [www.nsdl.co.in](http://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 : [investors@cdslindia.com](mailto:investors@cdslindia.com)  
website : [www.cdslindia.com](http://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](mailto:isc@itc.in)  
website : [www.itcportal.com](http://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, to facilitate prompt response, account numbers / DP ID & Client ID numbers are required to be furnished. Shareholders are requested to also provide their e-mail addresses and telephone / fax numbers.

# Report of the Directors

## &

### Management Discussion and Analysis

For the Financial Year Ended 31st March, 2011

Your Directors submit their Report for the financial year ended 31st March, 2011.

#### **SOCIO-ECONOMIC ENVIRONMENT**

World output staged a smart recovery in 2010 growing by 5% during the year after a decline of 0.6% in 2009. While growth in the first half of the year stood at 5.25%, there was a marked deceleration in the second half which recorded a growth of 3.75%. Receding fears of a global depression in 2009 initially led to a lower rate of destocking by business and subsequently to a phase of rebuilding depleted inventories. This fostered a sharp rebound in industrial production and trade which lasted through the first half of 2010. Simultaneously, accommodative policies adopted by most governments, improvement in business confidence and financial conditions encouraged investments and helped arrest rising unemployment levels and boost consumption. Consequently, recovery has become more self-sustaining and the risk of a double-dip recession in advanced economies has abated. The recovery, however, is broadly moving at two speeds. While economic growth in the advanced economies remained modest at around 3% in 2010 after a decline of 3.4% in 2009, emerging and developing economies recorded robust growth in excess of 7% during the year – led primarily by China and India. According to the International Monetary Fund (IMF), world real GDP growth for 2011 is forecast at 4.4%, representing a modest slowdown from 2010 levels. Real GDP in the advanced economies is expected to grow by 2.5% while that in the emerging and developing economies is forecast to grow by 6.5%. However, downside risks to these estimates continue to outweigh the upsides. In the case of advanced economies, the key concerns revolve around weak sovereign balance sheets, the possibility of financial troubles in peripheral Euro area spreading to core Europe, high levels of unemployment, the continued weakness of the US real estate market and the lack of progress in formulating

medium-term fiscal consolidation plans. In the emerging economies, key risks relate to overheating, asset price bubbles, rapid rise in inflationary pressures, spurt in commodity prices and the potential for boom-bust cycles could eventually result in a hard landing in these economies. With emerging markets accounting for 40% of global consumption and two-thirds of global growth, a slowdown in these economies could dent global recovery significantly.

Closer home, after growing at 8.0% in 2009/10, the Indian economy picked up further steam in 2010/11 recording a real GDP growth of 8.6% during the year. While the Agricultural sector posted an above-trend growth of 5.4% aided in part by a low base effect, Industry and Services grew by 8.1% and 9.6% respectively. After clocking an impressive growth of 8.9% in the first half of the year, the economy showed signs of moderation in the second half especially in capital goods production and investment spending. A good performance on the external front with exports growing by 37.5% even as imports grew by 21.6% during the year helped reduce the Current Account Deficit to approximately 2.5% of GDP from 2.8% in the previous year. The Centre's Fiscal Deficit for the year stood at 5.1% of GDP – a significant improvement from 6.4% recorded in 2009/10 – driven by buoyant tax collections and proceeds of the 3G spectrum auction. However, amongst these positives, the persistently high level of inflation in the economy despite good monsoons was a key cause for concern. The year-on-year headline WPI inflation started trending up from December 2009 through to April 2010 when it touched 11%. After remaining in double digits from April 2010 to July 2010, headline inflation moderated progressively to 7.5% in November 2010 before reversing the trend from December 2010 mainly due to supply bottlenecks in food items. Inflation levels remained elevated in the December 2010 to March 2011 period mainly on account of fuel, power and non-food manufacturing products. Thus, the inflationary pressures,

India is expected to be the third largest economy by 2050. Studies indicate a near tripling of household disposable incomes and a burgeoning middle-class which will comprise over 40% of India's population. These trends augur well for the nation and could provide enormous opportunities for private enterprise and sustaining the growth trajectory.

which emanated from food items clearly spilled over and became generalised, as the year progressed. The recent slowdown in Industrial growth, as reflected by the Index of Industrial Production (IIP) and data pertaining to the six core industries, is also a cause for concern.

According to the monetary policy statement released on May 3, 2011, RBI's baseline growth projection for the Indian economy is expected to slow down to 8% with year-end WPI inflation estimated at 6% with an upward bias. As the policy challenge shifts to taming inflation, the economy will have to contend with high interest rates which in turn could impact growth. Risks to global recovery as stated earlier, high commodity prices especially of oil - with Brent crude crossing USD 120 per barrel in April 2011 triggered by events in the MENA (Middle East and North Africa) region, elevated levels of inflation including in food prices, high subsidy burden arising out of high oil prices and commitments arising out of the proposed implementation of the National Food Security Bill pose the key downside risks to economic growth in the near term. In the medium to long term, India's economic growth engine is expected to be powered by multiple drivers such as the increasing momentum in the savings and investment rates (which should further improve with India's demographic dividend playing out in the ensuing years), a vibrant services sector, a large domestic demand base and the emergence of internationally competitive firms. The challenge of raising the growth bar to the desired double-digit levels, however, remains daunting and would require, inter-alia, significant improvement in agricultural productivity, step up in investments especially in physical and social infrastructure, skill development, achieving energy security, job creation and addressing the governance deficit. As captured in the Union Finance Minister's 2011 Budget speech, "...in the medium term perspective, our three priorities of sustaining a high growth trajectory; making development more inclusive; and improving our institutions, public delivery and governance practices, remain relevant."

India's rapid economic growth in recent years and the prospects of building further on this momentum in the medium to long-term has led it to command a new respect in the world order. According to recent studies

India is expected to be the third largest economy by 2050. India's demographic trends indicate that the nation will add over 200 million people to the working age population over the next 20 years, more than any other country in the world. Several studies indicate a near tripling of household disposable incomes and a burgeoning middle-class which will comprise over 40% of India's population and grow ten-fold to touch 583 million people by 2025. These trends augur well for the nation and could provide enormous opportunities for private enterprise and sustaining the growth trajectory. Yet, with 17% of the world's population, 2.4% of global land mass, 4% of the world's freshwater resources and 1% of the world's forest resources, the pressure of economic growth on the country's natural capital will be enormous. Equally, the need to make economic growth more equitable and inclusive is compelling.

A comprehensive growth strategy for rural India, including the agricultural sector which continues to underperform, is necessary to address the serious issues relating to sustainability and inclusive growth. The government's focus on social sector programmes such as Bharat Nirman, National Rural Employment Guarantee Scheme (NREGS), Sarva Shiksha Abhiyan, food security legislation and strategies to improve benefit delivery mechanisms have the potential to transform the Indian rural landscape. It is here that unique business models like the ones forged by your Company can supplement the efforts of the government in creating societal value and enhancing societal capital. It is an essential pre-requisite of rural development that markets are co-created with local communities and in a constructive public-private-people partnership.

Your Company's e-Choupal network is a close replica of this model. It provides the farming community with value-added services such as crop advisories, advance weather forecasts, output price discovery, direct communication tools and distribution of unadulterated agri inputs. The footprint of this network is well established to source most requirements of your Company's Branded Packaged Foods business and is poised to grow in line with entry into newer categories. Similarly, your Company's unique and path-breaking 'Choupal Pradarshan Khet' (CPK) initiative, a collaborative and paid extension service aimed towards enhancing farm productivity with emphasis

Unique business models like the ITC e-Choupal can supplement the efforts of the government in creating societal value and enhancing societal capital. It is an essential pre-requisite of rural development that markets are co-created with local communities and in a constructive public-private-people partnership.



## Report of the Directors

on adoption of sustainable agricultural best practices, continues to attract the interest of both farmers and partnering companies. The demonstration plots under CPK have recorded significant productivity gains as compared to control plots. An estimated 40,000 farmers participated in this programme during the year.

In line with the national agenda of pursuing sustainable and inclusive growth, your Company is proactively engaged in enlarging its contribution across the three dimensions of the 'Triple Bottom Line' - economic, environmental and social - through investments and operations that foster the competitiveness of entire value chain that it is engaged in. In line with this philosophy, it is your Company's endeavour to embed larger societal goals in its various business models. Major initiatives in this direction include the e-Choupal network which is contributing to increasing rural incomes by providing a wide range of support services to the farming community, the Social and Farm Forestry programmes which create sustainable livelihoods among marginal farmers and poor tribals, adoption of environment friendly technologies including the increasing use of renewable sources of energy, recycling processes and creation of rainwater harvesting structures. Such initiatives have combined to make ITC the only Company in the world, of comparable size, to be 'carbon positive', 'water positive' and 'waste recycling positive'.

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

### FINANCIAL PERFORMANCE

Your Company, in its Centenary Year, posted yet another year of stellar performance with an impressive topline growth and high quality earnings reflecting the robustness of its corporate strategy of creating multiple drivers of growth. This performance is particularly noteworthy when viewed against the backdrop of the extremely challenging business context in which this was achieved, namely, the steep increase in excise duties in the Union Budget 2010 coupled with the amplified impact of arbitrary increases in VAT on cigarettes, brand building and incubation costs of the new FMCG businesses, the impact of the significant investments made in augmenting distribution infrastructure and the gestation costs of the large investments in the Hotels business.

Gross Turnover for the year grew by 16.5% to ₹ 30604.39 crores. Net Turnover at ₹ 21167.58 crores grew by 16.6% primarily driven by a 23.1% growth in the non-cigarette FMCG businesses, 22.9% growth in Agri business and 17.6% growth in the Hotels segment. Pre-tax profits increased by 20.8% to ₹ 7268.16 crores while Post-tax profits at ₹ 4987.61 crores registered a growth of 22.8%. Earnings Per Share for the year stands at ₹ 6.49 (previous year - adjusted for Bonus Issue - ₹ 5.34). Cash flows from Operations stood at ₹ 7460 crores compared to ₹ 6632 crores in the previous year.

Your Company completed 100 years in August 2010. It is a matter of great pride to reflect on the enormous progress made by your Company over the years. Your Company today is the leading FMCG marketer in India, the second largest Hotel chain, the clear market leader in the Indian Paperboard and Packaging industry and the country's foremost Agri business player. Additionally, 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.

Over the last fifteen years, your Company has created multiple drivers of growth by developing a portfolio of world class businesses. During this period, your Company's Gross Turnover and Post-tax profits recorded an impressive compounded growth of 12.7% and 21.7% per annum respectively. Profitability, as measured by Return on Capital Employed improved substantially from 28.4% to 43.4% during this period. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, grew at a compounded rate of 25.6% during this period, placing your Company amongst the foremost in the country in terms of efficiency of servicing financial capital. It is indeed a matter of pride that your Company was ranked, by The Boston Consulting Group, an international management consultancy firm, amongst the top 10 global consumer goods companies in terms of sustained shareholder value creation for the period 2005 - 2009. Your Company today is one of India's most admired and valuable corporations with a market capitalisation in excess of ₹ 140000 crores and has consistently been, over the last fifteen years, amongst the top 10 private sector companies in terms of market capitalisation.

Net Turnover at ₹ 21167.58 crores grew by 16.6% primarily driven by a 23.1% growth in the non-cigarette FMCG businesses, 22.9% growth in Agri business and 17.6% growth in the Hotels segment.

Last year, in celebration of your Company completing a 100 years, your Directors had recommended and you had approved a Special Centenary Dividend of ₹ 5.50 per share (adjusted for bonus issue - ₹ 2.75 per share) in addition to a Dividend of ₹ 4.50 per share (adjusted for bonus issue - ₹ 2.25 per share). Your Directors had also recommended and you had approved a 1:1 Bonus issue in the Centenary year. This year, on the occasion of your Company convening its milestone Hundredth Annual General Meeting, your Directors are pleased to recommend a Special Dividend of ₹ 1.65 per share (previous year – Nil) in addition to a Dividend of ₹ 2.80 per share (previous year - adjusted for bonus issue - ₹ 2.25) for the year ended 31st March, 2011.

Total cash outflow in this regard will be ₹ 4002.09 crores (previous year ₹ 4452.33 crores) including Dividend Distribution Tax of ₹ 558.62 crores (previous year ₹ 634.15 crores). Your Board further recommends a transfer to General Reserve of ₹ 498.76 crores (previous year ₹ 406.10 crores). Consequently, your Board recommends leaving an unappropriated balance in the Profit and Loss Account of ₹ 548.67 crores (previous year ₹ 61.31 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 USD 4.5 billion, of which agri exports constituted 57%. Earnings from agri exports are an indicator of your Company's contribution to the rural economy through effectively linking small farmers with international markets.

During the financial year 2010/11, your Company and its subsidiaries earned ₹ 3123 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 2814 crores (₹ 2354 crores in 2009-10), powered by exports of major agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1254 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1028 crores and import of capital goods at ₹ 226 crores. Details of foreign exchange earnings and outgo are provided in Schedule 19 to the Accounts.

### PROFITS, DIVIDENDS AND RETENTION

(₹ in Crores)

	2011	2010
a) Profit before Tax	7268.16	6015.31
b) Income Tax	2280.55	1954.31
c) Profit after Tax	4987.61	4061.00
d) Add: Profit brought forward from previous year	61.31	858.14
e) Surplus available for Appropriation	<b>5048.92</b>	<b>4919.14</b>
f) Transfer to General Reserve	498.76	406.10
g) Proposed Dividend for the financial year		
– Ordinary Dividend of ₹ 2.80 per ordinary share of ₹ 1/- each (previous year - adjusted for Bonus Issue - ₹ 2.25 per share)	2166.68	1718.18
– Special Centenary Dividend of Nil per ordinary share of ₹ 1/- each (previous year - adjusted for Bonus Issue - ₹ 2.75 per share)	–	2100.00
– Special Dividend of ₹ 1.65 per ordinary share of ₹ 1/- each (previous year - adjusted for Bonus Issue – Nil)	1276.79	–
h) Income Tax on proposed dividends	558.62	634.15
i) Earlier year's provision no longer required	(0.60)	(0.60)
j) Retained Profit carried forward to the following year	548.67	61.31
	<b>5048.92</b>	<b>4919.14</b>

### BUSINESS SEGMENTS

#### A. FAST MOVING CONSUMER GOODS

##### FMCG – Cigarettes

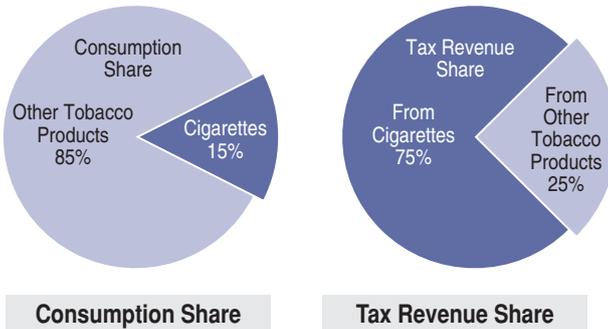
Disproportionate taxation coupled with a growing incidence of smuggling and illegal manufacture, continue to be the biggest challenge for the Indian cigarette industry. In western countries, the belief is that loading the cigarette sector with high taxation would lead to a reduction in overall tobacco consumption. This approach, when followed in India, is flawed as it overlooks the critical fact that, in India, cigarettes constitute less than 15% of tobacco consumption whilst the larger proportion of tobacco consumption in the country is through other forms such as bidi, khaini, gutkha, zarda etc. These products, over and above being lightly taxed, also avoid substantial taxes by virtue of being products of the unorganised sector. Consequently, cigarettes, despite accounting for a minor

Disproportionate taxation coupled with a growing incidence of smuggling and illegal manufacture, continue to be the biggest challenge for the Indian cigarette industry.

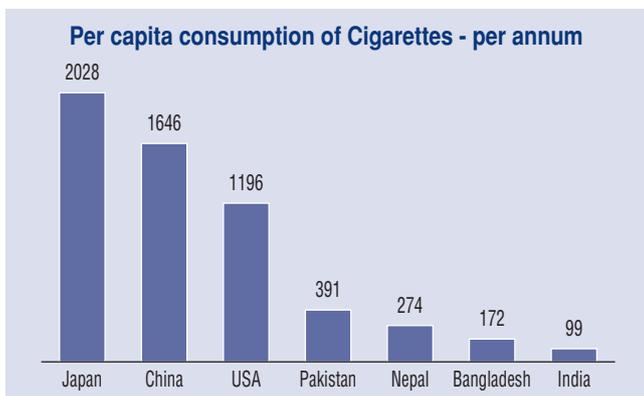


## Report of the Directors

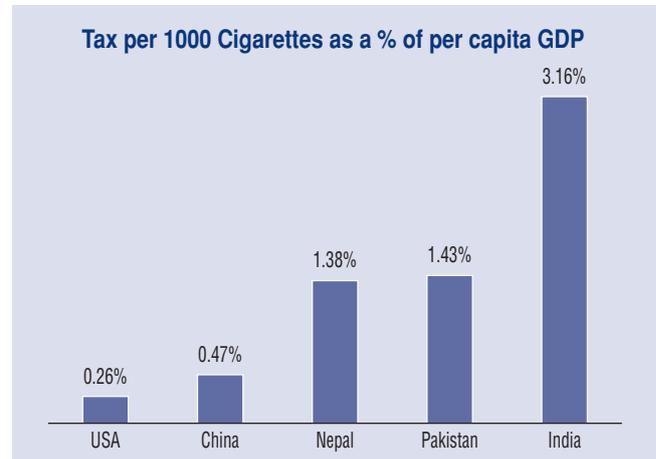
portion of tobacco consumption, contribute more than 75% of taxes raised from the tobacco sector.



Latest research findings published in the Global Adult Tobacco Survey (GATS) - conducted under the stewardship of the Ministry of Health and Family Welfare, Government of India – show that cigarettes are the least popular form of tobacco consumption in India - only 5.7% of all adults smoke cigarettes while almost 35% adults consume tobacco. The low share of cigarettes is a clear reflection of the impact of prolonged high taxation in this sector. In fact, the disproportionate ‘tax to consumption’ ratio of cigarettes encourages mass migration of consumers to other forms of tobacco products that, by virtue of being lightly taxed, are much cheaper. In fact, per capita consumption of cigarettes in India is among the lowest in the world while tax per 1000 cigarettes as a percentage of per capita GDP is one of the highest, as is evident from the following:



Source: The Tobacco Atlas – 3rd Edition



Source:  
 “Tax per 1000 Cigarettes” – Industry estimates  
 “Tax” includes Excise Duty, VAT and Other State Taxes on Cigarettes  
 “per capita GDP” – [http://en.wikipedia.org/wiki/list\\_of\\_countries\\_by\\_GDP\\_\(nominal\)\\_per\\_capita](http://en.wikipedia.org/wiki/list_of_countries_by_GDP_(nominal)_per_capita).

Disproportionate and high taxation on cigarettes has led to a dwindling of its share in total tobacco consumption from about 25% in the 1970s to about 15% currently. However, at the same time total tobacco consumption in the country has continued to grow by way of increased consumption of other revenue inefficient forms of tobacco. The high taxation of cigarettes has not only sub-optimised the revenue potential from the tobacco sector but has also failed to achieve the objective of reducing aggregate tobacco consumption in the country.

The problem of discriminatory central taxation on cigarettes was exacerbated during the year under review with many States increasing the rate of VAT on cigarettes from the revenue neutral rate of 12.5%. These rate increases by the States is completely against the basic tenets of VAT enshrined in the White Paper on VAT issued by the Empowered Committee of State Finance Ministers, wherein it is unequivocally stated – “...the multiplicity of rates in the existing structure will be done away with under the VAT system... Under 4% VAT rate category, there will be the largest number of goods (about 270), common for all States, the remaining commodities, common for all States, will fall under the general VAT rate of 12.5%.”

Latest research findings published in the Global Adult Tobacco Survey (GATS) show that cigarettes are the least popular form of tobacco consumption in India - only 5.7% of all adults smoke cigarettes while almost 35% adults consume tobacco. Per capita consumption of cigarettes in India is among the lowest in the world while tax per 1000 cigarettes as a percentage of per capita GDP is one of the highest.

Your Company has, during the year, repeatedly drawn the attention of policy-makers to the fact that:

- Sub-optimal taxation practices of States – like differential VAT rates – may well derail the implementation of GST with a unitary standard rate of tax across the Indian common market.
- Being highly taxed products, cigarettes are vulnerable to large scale smuggling.
- The differential rate of VAT across the States only encourages unscrupulous tax arbitrage.
- In line with international trends, the illegal trade in cigarettes results in funds flowing in to the coffers of criminal syndicates with consequential detrimental impact on civil society by way of heightened law and order problems.

In addition to the taxation challenge, the legitimate domestic industry is grappling with another complex problem – the burgeoning illegal trade in cigarettes which, according to recent independent international market studies, accounts for more than 16% of the total industry size. The high rates of Central Excise and VAT have helped fuel the menace of illegal trade in cigarettes. It is estimated that the illegal cigarette trade costs the Exchequer more than ₹ 3000 crores per annum in lost revenues apart from offering products of dubious and inferior quality to consumers. According to recent independent international market studies, India now ranks 6th globally in illicit cigarette trade with one of the highest growth rates - 58% over the period 2004 – 2009. Despite the rapid growth in illegal trade the rate of taxation on legitimate domestic cigarettes continues to grow. The rate of Central Excise Duty on cigarettes was increased by 17% effective March 2010 whilst several State governments increased the rate of VAT.

Your Company continues to engage with the authorities on this issue, highlighting the fact that punitive rates of tax and lack of tax harmonisation across States fuels the menace of illicit cigarette trade with consequential adverse impact on the legitimate industry. While there have been some reports of seizure of such illegal stocks by enforcement agencies, illicit cigarette units continue to mushroom and grow. Illicit cigarette trade has serious concerns for the country and needs to be reined in

quickly through appropriate policy and enforcement attention. The effective and sustainable solution lies in eliminating the tax arbitrage that encourages these activities by ensuring harmonious and moderate tax rates on cigarettes.

The year under review also saw unprecedented activity including new brand launches by global cigarette companies trying to gain a foothold in India. The challenges in the market place were met by uncompromising and continuous value creation through innovative and differentiated products and investments in trade marketing and channel engagements. Your Company's continuing leadership position and market standing was nurtured by successfully fortifying the business and growing its portfolio of brands catering to diverse consumer preferences across segments.

'Innovation' across all areas of operation was the central theme around which enhanced market standing and competitive superiority was achieved. Inherent expertise in the areas of contemporary product development, cutting-edge technology and robust go-to-market processes, combined with your Company's deep consumer insights saw the launch of several new and exciting offers, in line with the strategy of continually meeting emerging consumer needs. 'Lucky Strike' was launched during the year, further enhancing your Company's position at the premium end of the cigarette industry. 'Classic' and 'Gold Flake' further strengthened their position through the launch of differentiated offers like 'Classic Menthol Rush', 'Gold Flake Sleek Line Kings' and 'Gold Flake Arctic Menthol'. 'Players Gold Leaf' and a variant of 'Gold Flake Premium Filter' were also launched during the year.

The year also saw your Company's premium line of hand-rolled cigars consolidating its position in the market. 'Armenteros', which is specially manufactured for your Company in the Dominican Republic, has already carved a niche for itself amongst discerning cigar aficionados, further reaffirming your Company's reputation of delivering fully against consumer expectations of top quality tobacco products.

During the year, the new cigarette factory set up at Ranjangaon scaled up operations to full capacity, enabling your Company to service the markets better.

India now ranks 6th globally in illicit cigarette trade with one of the highest growth rates - 58% over the period 2004 – 2009. It is estimated that the illegal cigarette trade costs the Exchequer more than ₹ 3000 crores per annum in lost revenues apart from offering products of dubious and inferior quality to consumers.

## Report of the Directors

Your Company also continued the strategic initiatives of upgrading primary and secondary technology platforms and running continuous improvement programmes in the areas of operating efficiencies and quality at all cigarette factories. The 'Process Improvement Practices' initiative, using structured problem-solving methodologies such as 'Lean' and 'Six Sigma' have not only contributed to quality and productivity improvements but also resulted in improvements in operating metrics and internal processes across all the factories.

In line with your Company's commitment to building sustainable environmental capital, the business continues to invest in wind energy farms to increase usage of renewable sources of energy. Till date 14.7 Megawatt (MW) of wind energy farms have been commissioned in Karnataka and 6.3 MW of wind energy farms are in the process of being implemented in Maharashtra. Cigarette factories continue to recycle 100% of the solid waste generated. They also maintained the highest standards of Environment Health and Safety (EHS) and won recognition by way of numerous awards. The Munger Factory was awarded the 'Prashansa Patra' Safety Award under the National Safety Council of India Safety Award Scheme – 2009 (Manufacturing Sector), Energy Efficient Unit under the CII National Energy Award 2010, Globe of Honour Award from the British Safety Council and Certificate of Appreciation at the CII Eastern Region Energy Conservation Award. The Bengaluru factory won the Energy Efficient Unit under the CII National Energy Award 2010, Globe of Honour Award from the British Safety Council, Most Innovative Environment Project Award and Most Useful Environment Project Award under the CII Environmental Best Practices Award 2011 and the Best Fuel Efficient Industrial Boiler Award from the Karnataka State Safety Institute. The Kidderpore factory won the Water Efficient Unit Award at the CII National Award for Excellence in Water Management 2011.

The punitive rates of taxation and the menace of illegal trade remain the most serious concerns for the cigarette industry. To serve the interests of all stakeholders of the industry your Company, as always, will continue to engage with policy makers on:

- Implementation of a balanced regulatory and fiscal framework for tobacco,

- Harmonisation of VAT rates across the States and
- Creation of a true Indian common market through implementation of GST with a unitary, standard rate of tax.

Despite the manifold challenges, your Company remains confident that the continuing support of consumers, coupled with the resilience of its brands, superior execution of competitive strategies, leveraging of its internationally benchmarked product quality and its ability to innovate will enable it to retain and reinforce its leadership position.

### FMCG - Others

The Indian FMCG industry is estimated to be over ₹ 1,30,000 crores in size and accounts for 2.2% of the GDP of the country. 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 robust macroeconomic conditions, rising income levels, increasing urbanisation and favourable demographic trends. These drivers are expected to continue to favourably impact the industry which is estimated to further triple in size in the next ten years to ₹ 4,00,000 crores by 2020 (Source: CII, FMCG Roadmap to 2020). Relatively low levels of per capita consumption of many FMCG products, the growing population of working women and increased government spending on education are some of the other key factors that augur well for the sector's growth prospects. According to a study by the consultancy firm Deloitte Touche Tohmatsu Limited 'Consumer 2020: Reading the signs', India will emerge as the world's fifth largest consumer market by 2025 providing significant opportunities in the FMCG space.

Given these positive fundamentals, your Company has been rapidly scaling-up its new FMCG businesses comprising Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Lifestyle Retailing, Safety Matches and Incense Sticks (Agarbattis) with Segment Revenues growing at an impressive compound annual growth rate of 35% during the last 5 years.

Your Company's unwavering 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.



Within a relatively short span of time, your Company has established several strong consumer brands in the Indian FMCG market. Segment Results reflect the gestation costs of these businesses largely comprising costs associated with brand building, product development, R&D and infrastructure creation. The year under review saw a 23% growth in Segment Revenues and a significant improvement in Segment Results which recorded a positive swing of ₹ 52 crores at the PBIT level.

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Highlights of progress in each category are set out below.

### Branded Packaged Foods

Your Company's Branded Packaged Foods business continued to expand rapidly with sales recording an impressive growth of 25% over the previous year. During the year, the business focused on enhancing consumer franchise through new product launches, heightened communication and increased levels of consumer activation. Value capture was improved through cost reductions across the supply chain and optimisation of working capital deployment. A wide range of well-differentiated products, supported by significant

investments in product development, innovation, manufacturing technology and unmatched distribution infrastructure have substantially enhanced the market standing and consumer franchise of your Company's brands. The quality of your Company's products continues to be 'best-in-class' and is seen as a benchmark in the industry across all segments.

The year saw unprecedented inflation in food prices around the world. In India, food inflation had spiralled to an all time high of around 18% with commodities such as edible vegetable oils and dairy products witnessing close to 50% inflation owing to several global and India centric causes. The inflationary pressure on input costs was mitigated through a combination of smart sourcing, increased internal efficiencies and cost saving actions across the supply chain, thereby minimizing the cost burden on the consumer.

During the year, your Company launched 'Sunfeast Yippee!' noodles in the fast growing 'instant noodles' category in two exciting flavours. Extensive consumer research and product development were undertaken to incorporate consumer relevant differentiation and uniqueness in the offerings. This was further fortified by an effective communication campaign highlighting the product differentiators. 'Sunfeast Yippee!' has received an encouraging consumer response and holds out the promise of emerging as a sizeable winner.

In the Staples business, 'Aashirvaad' atta sustained its leadership position. 'Aashirvaad' multigrain atta, launched last year, was well received by consumers and is witnessing significant growth. Your Company also scaled up its presence in the branded Spices segment during the year with the launch of 'Aashirvaad' rasam and sambhar blended powders in target markets, leveraging the brand's market standing of superior and consistent quality.

In the Biscuits category, your Company's 'Sunfeast' brand recorded significant growth, especially in the value-added and premium end. The year witnessed the launch of a slew of products in new and exciting formats. Research on consumer preferences and understanding of regional palates were undertaken and led to the launch of differentiated milk cookies for consumers in target markets. The 'Sunfeast' range witnessed enrichment

Your Company's Branded Packaged Foods business continued to expand rapidly with sales recording an impressive growth of 25% over the previous year.



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and premiumisation of its product mix with the re-launch of 'Dark Fantasy' and the introduction of premium 'Dark Fantasy Choco Fills' biscuits.

In the Confectionery category, 'Candyman' is the clear market leader in the hard boiled segment. Further, growth through flavour extensions continued with the launch of 'mint-O GOL' Orange which was very well received by consumers.

In the Savoury Snacks segment, 'Bingo!' demonstrated robust sales performance during the year and penetrated new markets, gaining further consumer franchise, driven by innovative product development and impactful, clutter breaking communication. The entire product portfolio ranging from Potato Chips to Finger Snacks continued to witness robust growth.

The business continues to invest in manufacturing and distribution infrastructure to support larger scale in the wake of growing volumes and exploit the benefits of distributed manufacture to service proximal markets. The business continued to focus on supply chain improvements to enhance market servicing and margins.

In the backdrop of a resilient economy, the year ahead is expected to witness robust growth in the Branded Packaged Foods category despite anticipated inflationary pressures. Product development and brand building will be critical to driving sales. Innovative interventions will continue to be essential for building strong consumer franchise. Well researched and robust product development processes will continue to be leveraged to launch innovative and differentiated products across all segments. With effective and cost-efficient servicing of target markets continuing to be a key success factor, the business will continue to leverage your Company's sales and distribution network to achieve deep penetration, visibility and availability for its products.

### Personal Care Products

Your Company's Personal Care Products business made significant strides in gaining consumer franchise during the year. The business continues to roll out its product offerings under the 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel' and 'Superia' brands and is focused on addressing

various consumer benefit segments with the introduction of new variants in the soaps and shampoos categories.

The business continues to receive accolades for its product innovation initiatives. Last year the 'Fiama Di Wills' gel bathing bar was voted the 'Product of the Year' in the soap category and this year three of its products, namely 'Fiama Di Wills Aqua Pulse' shower gel, 'Vivel Active Fair' skin cream and 'Vivel Deo Spirit' soap, have been voted 'Product of the Year' in the shower gel, fairness cream and soap categories respectively.

This year saw the successful introduction of 'Vivel Active Fair', your Company's newest foray into the growing fairness cream category. In a very short period of time, the brand has garnered a healthy market share in launch markets. 'Fiama Di Wills' with its new 'Aqua Pulse Bath Care' line of shower gel and bathing bar has augmented the brand franchise to men. The Men's range has been well received in launch markets. It is estimated that 'Vivel' and 'Superia' soaps and shampoos have together reached over 9.9 crore households so far (according to IMRB Household Panel: February 2011).

The business continues to focus on leveraging more effective ways of communicating with consumers through multiple channels, including TV, digital social-networking, print / outdoor advertising, point of sale merchandising and one-on-one consumer interactions. The business grew at a pace distinctly ahead of industry despite extreme competitive pressures from entrenched players. This was achieved through a judicious mix of innovative consumer offers and by leveraging the distribution network of your Company to reach consumers even in remote areas. This has helped the business garner significant market share in a short span of three years.

During the year, the manufacturing unit at Haridwar received certifications for ISO 9001:2008 (Quality Management System), ISO 14001 (Environment Management System) and OHSAS 18001 (Occupational Health & Safety Assessment System). To broad-base process excellence knowledge as well as lead improvement initiatives across the business, a program using 'Six Sigma' and 'Lean' methodologies was put in place and is contributing to the competitiveness of the business.

The Personal Care Product business continues to receive accolades for its product innovation initiatives. Last year the 'Fiama Di Wills' gel bathing bar was voted the 'Product of the Year' in the soap category and this year three of its products, namely 'Fiama Di Wills Aqua Pulse' shower gel, 'Vivel Active Fair' skin cream and 'Vivel Deo Spirit' soap, have been voted 'Product of the Year'.

Product innovation and quality continue to be focus areas and are expected to provide the requisite competitive advantage and impetus for growth in the near future. Investments have been made, over the past few years, on product development and research capabilities to support creation of new consumer-centric products with enhanced consumer benefits. These interventions will enable your Company to further strengthen its portfolio of value-added products.

The Personal Care industry in India continues to be on a long term growth path, with rising disposable incomes and changing consumer preference for enhanced personal grooming. Your Company is positioning itself to actively participate in the emerging growth opportunities in this sector.

### Education & Stationery Products

The Education & Stationery Products business recorded an impressive sales growth powered by brand 'Classmate' which continued to consolidate its leadership position in student notebooks. Sales of non-paper categories registered an impressive growth of 100% indicating a growing consumer acceptance of 'Classmate' pens, pencils, mathematical instruments, erasers & sharpeners. The year also witnessed the launch of art stationery under the 'Classmate-Colour Crew' brand.

On the occasion of ITC's Centenary, your Company rolled out the 'Classmate Ideas for India Challenge' (CIIC) – a contest that provided a platform for India's youth to express their ideas for nation building. The event reached out to 25 lakh students across 30 cities and received nearly 60,000 entries that culminated in 11 national winners. Winning ideas covered potential solutions to India's health, education, water, energy and transportation problems. These interventions have enhanced the level of consumer awareness of Classmate's growing product basket beyond its flagship category of notebooks. Brand health indicators have shown a strong improvement across all markets. In addition, the distribution footprint of the business continues to grow.

The 'Classmate' range of notebooks continued to be sourced from small scale manufacturers, who have continuously improved their delivery and quality

capabilities. A majority of them, with your Company's assistance, are ISO 9001:2008 certified. Paper and recycled board are sourced from your Company's mills at Bhadrachalam and Kovai respectively. The paper used in 'Classmate' notebooks leverages your Company's world class fibre line at Bhadrachalam which is India's first ozone treated elemental chlorine free facility. 'Classmate' notebooks continue to feature different aspects of sustainability as core themes, such as 'Global Warming', 'Save the Environment' and 'Save the Tiger', to name a few. These product values, which are contributing significantly to creating sustainability awareness among the country's younger generation, have distinctly enhanced Classmate's brand equity. Every 'Classmate' notebook also carries a powerful social message that reflects your Company's commitment to improve the quality of primary education in rural India.

During the year, the business took significant steps to promote 'Paperkraft', its executive and office supplies stationery brand. Working in tandem with your Company's Paperboards & Specialty Papers Division, the business has positioned 'Paperkraft' as the finest green paper for business applications viz. copy-scan-print-fax. Paperkraft's green credentials are supported, among other factors, by your Company's membership of the prestigious Global Forest & Trade Network, an international initiative of the WWF (World Wide Fund for Nature) and your Company's social forestry programme which has created a green cover of nearly 1,14,000 hectares by planting high yielding varieties of trees. Paperkraft's 'green profile' has begun to appeal to a number of corporate and other institutional consumers who are switching over to 'Paperkraft' to symbolise their commitment to reducing carbon footprint. The 'Paperkraft' range of executive notebooks was enriched with the launch of a 'Green Impression Series' which showcases your Company's sustainability performance.

The education & stationery products industry continues to grow on the back of massive government and private investments in the education sector. The government's flagship Sarva Shiksha Abhiyan programme coupled with the mid-day meals initiative is successfully enhancing enrolment and reducing dropouts at the primary school level. Efforts are also underway to improve the enrolment

The Education & Stationery Products business recorded an impressive sales growth powered by brand 'Classmate' which continued to consolidate its leadership position in student notebooks.



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ratios at the secondary and tertiary levels. Progressive reforms will enable flow of private sector investments into capacity building and quality enhancement in education delivery. The recent enactment of The Right of Children to Free and Compulsory Education Act, 2009 will further accelerate growth in the education and stationery supplies sectors. Your Company, with its widening high quality product range and excellent distribution infrastructure, is poised advantageously to respond to this opportunity.

### Lifestyle Retailing

During the year, your Company's Lifestyle Retailing business further strengthened its position in the branded apparel market. Leveraging the revival in consumer sentiment after a protracted period of sluggish demand post the global economic slowdown, the business undertook several initiatives to further fortify its brands, expand its retail reach and improve product and range vitality.

In the Premium segment, 'Wills Lifestyle', with its high fashion imagery, growing desirability and richer product mix, continues to enjoy strong market standing and consumer bonding. During the year, the brand reach was expanded to 73 exclusive stores in 40 cities and more than 150 'shop-in-shops' in leading departmental stores. This was further supported by significant improvements in product range, enhanced availability and impactful visibility resulting in impressive growth in volumes. During the year, the premium imagery of the brand was further reinforced through its association with the 'Wills Lifestyle India Fashion Week', the country's most prestigious lifestyle event. Under the business' 'Ramp to Racks' initiative, the brand has tied up with leading designers of the country such as Rohit Bal, Tarun Tahiliani, Rohit Gandhi-Rahul Khanna, Rajesh Pratap Singh, JJ Valaya, Satya Paul and Ranna Gill to exclusively co-create the 'Wills Signature' range of designer wear. This initiative has been very well received by consumers and has enhanced the brand's exclusive aura, strengthened its premium standing and deepened its aspirational dimension. Product equity and premiumness was further enhanced through several initiatives undertaken during the year. The 'Wills Classic'

'Luxuria' range of super-premium formals for men, finely crafted from luxurious cotton with high end trims and superior garmenting, was introduced during the year and received extremely encouraging response from consumers. The Women's range was further augmented by offerings in stylised formals, an extensive variety of trendy silhouettes and an international collection crafted by a leading Milan-based design house.

During the year, 'Wills Lifestyle' opened its first Men's luxury store in Chennai offering a comprehensive 'Formals' collection of shirts, trousers, suits & jackets and accessories aimed at the premium business consumer. The business added a 'Wills Lifestyle' boutique store in your Company's hotel, ITC Gardenia, Bengaluru, enhancing brand availability to high-end business and leisure travellers. This is in addition to the existing boutique stores in ITC Maurya, New Delhi and ITC Mughal, Agra.

The customer privileges programme 'Club Wills' comprising over 1,10,000 loyal and discerning members contributed significantly to sales. Social media was also leveraged effectively to engage with customers, enhancing 'word-of-mouth' and driving footfalls to stores.

In the popular segment, 'John Players' has established a strong pan India presence with over 280 Flagship Stores and 1,100 Multi Brand Outlets and Departmental Stores. During the year, the retail footprint was expanded significantly, with nearly 100 new stores being opened, increasing brand reach, penetrating more markets and acquiring new consumers. 'John Players' continues to have a strong presence and has become a leading brand in the segment, with new products such as denims, knits and jackets. The continued celebrity association with the popular film star, Ranbir Kapoor, was well received by consumers, further enhancing brand desirability.

During the year, the business received several industry recognitions, including 'Retailer of the year – Fashion & Lifestyle' and 'Best Retail Marketing Campaign of the Year' at the Asia Retail Congress 2011 and 'Winner – Customer & Brand Loyalty' at the Loyalty Awards 2011.

Rising cotton prices and the re-imposition of Excise Duty on branded apparel in this year's Union Budget will exert

During the year, ITC's Lifestyle Retailing business received several industry recognitions, including 'Retailer of the year – Fashion & Lifestyle' and 'Best Retail Marketing Campaign of the Year' at the Asia Retail Congress 2011 and 'Winner – Customer & Brand Loyalty' at the Loyalty Awards 2011.

inflationary pressure on costs in the coming year. However, the business has initiated a number of strategic cost management actions along with operational efficiency improvement measures to minimise its impact on consumers.

Improvements in business processes for creation of designs, including incorporation of regional preferences in product design for wider brand appeal and further strengthening of the supply chain led to better 'sell-thrus' and improved margins during the year. Retail productivity continues to be a key focus area, and the business undertook several initiatives to strengthen capabilities at the frontline through training, knowledge and skill inputs. Investments are also being made in store design, visual merchandising and customer service to enhance the international quality shopping experience that has become synonymous with 'Wills Lifestyle'.

The business will continue to increase the fashion quotient of its offerings on the basis of a deep understanding of consumer preferences, and delivering products benchmarked to world class quality standards.

### Safety Matches

Your Company's Safety Matches business sustained its market standing through continued consumer preference for its strong brand portfolio across all market segments.

Domestic volumes were impacted during the year as a result of proliferation of cheaper low quality formats in the marketplace. Despite increased competition, your Company's flagship brand 'Aim', continued to grow. While steep escalations in the prices of raw materials like wood, paperboard and key chemicals subjected the industry to severe margin pressure during the year, the business mitigated some of the adverse impact through a series of strategic cost management and pricing initiatives.

Your Company continues to partner the small scale sector by sourcing a significant portion of its requirement from multiple units in this sector. This has helped improve the competitive ability of these units with your Company providing technical inputs to strengthen their process capabilities.

Technology induction in manufacturing is crucial for the long term sustainability of this industry. A uniform taxation framework which provides a level playing field to all manufacturers is necessary to trigger the required investments for modernising this industry and enabling it to become globally competitive.

### Incense sticks (Agarbattis)

Market standing of your Company's 'Mangaldeep' brand of incense sticks was further strengthened during the year with sales recording an impressive growth of 54%, driven by increasing consumer franchise for the brand combined with enhanced distribution reach and innovative product offerings. 'Mangaldeep' is currently the second largest national brand. During the year the business launched a new variant in the premium category, 'Sarvatra' under the umbrella brand 'Mangaldeep'. This introduction has received wide consumer acceptance and is being rolled out across India.

The business continues to contribute to your Company's commitment to the 'Triple Bottom Line', by providing livelihood opportunities to more than 12,000 persons through small scale entrepreneurs, NGOs and Self Help Groups across India. This business initiative and the continuing partnerships with the governments of Orissa, Assam and Tripura for setting up sourcing centres are creating sustainable livelihood opportunities for rural women through Agarbatti rolling.

Your Company continues to partner small and medium enterprises in raising their process and quality standards.

### B. HOTELS

The year witnessed a gradual recovery for the Indian hotels industry after two successive years of decline aided by a gradual revival in source markets like the USA and Europe and the strong showing of the Indian economy. The buoyancy, however, was muted on account of several reasons including the run up to the elections in a number of States. Inbound travel fell short of projections even for large events like the Commonwealth Games.

The Agarbatti business continues to contribute to your Company's commitment to the 'Triple Bottom Line' by providing livelihood opportunities to more than 12,000 persons through small scale entrepreneurs, NGOs and Self Help Groups across India.

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In the backdrop of this mixed business environment, your Company's Hotels business witnessed robust growth of 18% and 23% in Revenues and Pre-tax profits respectively, reversing the declining trend witnessed in the last 2 years. The business continues to maintain its leadership position in terms of its operating efficiency with a PBDIT to Net Revenues ratio of 36%.

Your Company's Hotels business continues to be rated amongst the fastest growing hospitality chains, with over 105 properties at more than 90 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 arrangements for two international brands – 'The Luxury Collection' and 'Sheraton' from the Starwood Group. These offerings make your Company one of the leading hotel chains in India.

ITC Gardenia, launched last year, has rapidly established itself as the premier hotel in Bengaluru and delivered profits in its first full year of operations.

ITC Mughal, Agra has undergone a major refurbishment. The hotel now offers a richer ambience with the refurbishment of the public areas and the creation of a special new wing, the 'Khwab Mahal', featuring various categories of rooms, including two luxurious Presidential Suites. These suites offer private plunge pools and spa rooms, where special treatments from the hotel's award-winning spa can be experienced. ITC Mughal's award winning 'Kaya Kalp' – The Royal Spa, continues to attract attention and receive accolades from all over the world.

Food and beverage has been one of the business' main strengths over the years, regularly bringing accolades and awards from domestic and international media. Its restaurants 'Bukhara', 'Dum Pukht', 'Dakshin', 'Kebabs & Kurries', 'Pan Asian' and 'West View' are today well renowned and powerful cuisine brands. To this enviable collection, your Company debuted its first Japanese offering with the opening of the 'Edo' at ITC Gardenia. 'Edo' has earned rave reviews and many awards for its superlative quality of authentic Japanese food, ambience and informal dining style.

In pursuit of your Company's 'Triple Bottom Line' objectives, the business has increased investments in wind energy to provide clean power to its hotels in Bengaluru (ITC Windsor and ITC Gardenia) and Jaipur (WelcomHotel Rajputana). Further investments in wind energy are on the anvil. These are in addition to the wind energy investments made in the previous year for ITC Maratha in Mumbai.

Your Company's commitment to 'Responsible Luxury' has given it the unique distinction of being the only green hotel chain in India. ITC Maurya is now the first and the largest hotel in the world to receive the Leadership in Energy and Environment Design (LEED) Platinum rating for an existing building. In addition, ITC Maratha, ITC Grand Central, ITC Windsor, ITC Mughal, ITC Kakatiya and ITC Sonar have also successfully obtained the LEED Platinum rating. These together with ITC Gardenia, which achieved the LEED Platinum rating in the previous year, uniquely position your Company as the first hotel chain in the world to have all its premium luxury hotels rated at the highest LEED Platinum rating.

In view of the positive long term outlook for the Indian hotel industry, your Company continues to sustain its aggressive investment led growth strategy. Construction activity of new super luxury properties at Chennai, Kolkata and at Classic Golf Resort near Gurgaon are progressing satisfactorily. In addition, several new projects including joint ventures and management contracts are on the anvil to rapidly scale up the business across all four market segments.

During the year, the 'Fortune' brand which caters to the mid-market to upscale segment, forged new alliances taking the total number of hotels in its fold to 63 with an aggregate room inventory of 4,915. The brand now has 38 operating hotels and 4 more hotels are slated to be commissioned during the course of the next financial year. The remaining 21 hotels are in various stages of development. The brand is now well established as a front-runner among the mid-market to upscale segment of hotels in India. The 'WelcomHeritage' brand continues to be India's most successful and largest chain of heritage hotels with 53 operating properties, spread across 18 States in India.

With all ITC's premium luxury hotels successfully obtaining the LEED Platinum rating, your Company is uniquely positioned as the world's first hotel chain to achieve this distinction.

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

### C. PAPERBOARDS, PAPER AND PACKAGING

The Paperboards, Paper and Packaging segment recorded yet another year of steady growth in revenues and profits. Segment revenues grew by 13% over the previous year to touch ₹ 3667 crores. Segment results at ₹ 819 crores reflect a growth of 20%.

#### Paperboards & Specialty Papers

The global demand for paper & paperboard recovered strongly to post a growth of nearly 7% over the previous year driven by resurgence in demand in Western Europe, North America and growth in emerging Asian and Latin American economies.

The domestic paperboard industry also grew at about 8% aided by the strong showing of the Indian economy with value-added paperboard growing at a much faster rate. Though India has 17% of the world's population, it consumes only about 2% of global paper production. Per capita consumption is very low at only 9 kgs compared to a global level of 55 kgs. Going forward, the continued growth of the Indian economy coupled with favourable demographics, demand expansion in rural markets, rising demand for branded and packaged products supported by growth in organised retail and differentiated packaging, are expected to augur well for the paperboard industry. Aided by these facilitating drivers, value-added paperboard is expected to grow at a faster rate of around 15% within the overall paperboard industry growth of 8% over the next five years. FMCG, pharma, liquid packaging, apparel and consumer durables will continue to provide the overall impetus for accelerated growth in derived demand for paperboard. The growing potential of this industry is also attracting the attention of global players who are keenly looking at Asia as their next growth engine. While most majors have taken up large manufacturing positions in China, some of them are also exploring opportunities in other countries in Asia, including India.

The domestic paper industry is estimated at 10.3 million tonnes per annum, out of which paperboard demand is estimated to be 2.3 million tonnes per annum. Your Company, with its wide range of products in the paperboard segment, is the market leader with a value market share of 26% and a significantly higher share of the fast-growing value-added paperboard segment. To further consolidate its pre-eminent position in the paperboard segment, the business is in the process of investing in a state-of-the-art machine which is expected to be operational by early 2013.

The 'Writing and Printing' paper segment, estimated at 3.3 million tonnes grew by 7% in 2010-11. Your Company's state-of-the-art paper machine is being currently optimally utilised to meet the demand for high quality copier and writing paper, leveraging the strong forward linkages with your Company's Education and Stationery Products business. The growth in the value-added writing and printing paper segment will continue to be fuelled by initiatives like Sarva Shiksha Abhiyan, together with increasing literacy levels, changing demographic profiles and GDP growth. This segment is expected to grow at around 8% per annum during the next 5 years, with higher growth expected in the Copier paper and Fine paper categories at 16%.

Specialty papers, with an estimated market size of 4 lakh tonnes, is expected to grow at 9% over the next 5 years, with increased spends on infrastructure and construction driving demand for quality décor and insulating grades. Your Company is the largest manufacturer of cigarette tissue in India and continues to be the market leader with a share of 65% of the domestic market. In the growing décor segment, your Company maintained its market share of 26%.

In consonance with your Company's value proposition of delivering sustainable value to all its stakeholders, the business participated in the 'Check Your Paper' rating system developed by WWF - World Wide Fund for Nature's Global Forest and Trade Network, which evaluates paper and paperboard on parameters such as Forest, Climate and Water performance and awards star ratings and an overall score. During the year, two grades of paperboard manufactured by your Company were submitted for evaluation and received 4 and 5 star ratings and scores which are comparable to those achieved by global paperboard majors. Your Company

The continued growth of the Indian economy coupled with favourable demographics, demand expansion in rural markets, rising demand for branded and packaged products supported by growth in organised retail and differentiated packaging, are expected to augur well for the paperboard industry.



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has commenced this initiative with recycled board grades and will gradually include more paper and paperboard products. In addition, the business improved its service delivery to its customers through shortened order servicing timelines. It also facilitated customers in the usage of your Company's Forestry Stewardship Certified boards. During the year a number of new paperboard applications have been successfully developed for the communication, entertainment and packaging industries.

Your Company continued with its aggressive clonal propagation strategy with the distribution of over 54 million saplings to farmers during the year. Research on clonal development has resulted in the introduction of topography specific, high yielding and disease resistant clones. This initiative, besides securing the long term supply of fibre at competitive costs, also assists in generating farm incomes through utilisation of marginal wastelands. Enhanced R&D activity has resulted in the development of high yielding eucalyptus and 'subabul' clones and 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 R&D is actively collaborating with several expert agencies to further leverage bio-technology for enhancing both farm and manufacturing yields. In the last 15 years, your Company's bio-technology based research initiatives have resulted in the planting of nearly 487 million saplings which are currently sown in nearly 1,14,000 hectares of plantations, including around 12,000 hectares planted during the year under review. These pioneering initiatives have generated over 51 million person days of employment opportunities over this period for small farmers and poor tribals.

Agro-forestry has an important role to play in developing countries like India, both for food and wood security and conservation of the environment. During the year under review, your Company facilitated the introduction of agro forestry models which incorporate inter-cropping practices where eucalyptus trees are grown on the same land as agricultural crops, in Andhra Pradesh and Madhya Pradesh. By integrating tree growing with crop production, the problems of poor agricultural production, worsening wood shortages and environmental degradation can be

addressed simultaneously. Furthermore, inter-cropping technologies/practices also help to take pressure off the remaining natural forests and to increase the diversity of vegetation on existing farms.

Your Company continues to represent to policy makers the need to introduce appropriate amendments to the Forest (Conservation) Act, 1980 and related Rules to permit industry to use degraded forest land for afforestation linked to the end-use of such wood. An enabling policy framework that encourages public-private partnerships for the development of degraded forest lands would serve the multiple objectives of enhancing the competitiveness of the Indian paper and paperboard industry, creating sustainable livelihoods in rural India and contributing to the national objective of enhancing the country's green cover.

Your Company's collaborative initiative called 'Wealth out of Waste' (WOW) continues to promote and facilitate waste paper recycling, another major environmental objective to conserve scarce resources. This initiative has now been extended to 6 cities in Southern India scaling up significantly from the 2 cities where this programme was launched earlier. Existing processes and systems in the areas of collection, sorting and recycling were further strengthened to improve the overall efficacy of the initiative. A first-of-its-kind 'National Recycling Day' was initiated to build awareness and increase involvement amongst target consumers. Celebrated on the 1st of July 2010 at Hyderabad, this event attracted large participation from school children as well as government and corporate bodies. With a growing base, the business is also in the process of enhancing its capability to handle larger volumes of recycled waste.

Your Company has invested significantly in the deployment of contemporary technologies including environment-friendly Elemental Chlorine-Free (ECF) and Ozone bleaching for pulp thereby improving environmental standards of its manufacturing operations. Such investments are expected to provide customers with a sophisticated product, way ahead of legislation, creating new dimensions in environmental stewardship.

In the last 15 years, your Company's bio-technology based research initiatives have resulted in the planting of nearly 487 million saplings which are currently sown in nearly 1,14,000 hectares of plantations. These pioneering initiatives have generated over 51 million person days of employment opportunities over this period for small farmers and poor tribals.

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.

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 over 1,19,000 tonnes of waste paper during the year has further consolidated the business' overall positive solid waste recycling footprint. In addition, your Company is also working on various Clean Development Mechanism (CDM) projects under the Kyoto Protocol to enable full realisation of potential benefits in this area. Your Company's unique social forestry project has been the first of its kind in India to be registered with the United Nations Framework Convention on Climate Change (UNFCCC) as a CDM project. The net benefits from this project will be passed on to the partnering farming communities.

The Bhadrachalam and Tribeni units were awarded the 'Sword of Honour' by the British Safety Council. All manufacturing units of the business received the '5 Star Rating' from the British Safety Council for the third successive year. The Bhadrachalam unit also won the 'Most Innovative Project on Environment Best Practices' Award 2011 from CII, Indian Paper Manufacturers Association (IPMA) - Paper Mill of the year 2010 award and SIEMENS - Ecovatives award 2011. The Kovai unit won the CII - National award for Excellence in Energy Management 2010.

After having laid a strong foundation in implementing Total Productive Maintenance (TPM) at its units in Bhadrachalam and Bollaram, the programme has now been extended to Tribeni and Kovai units. This is expected to further improve operational excellence and profitability.

During the year, the industry faced enormous challenges on account of steep hike in costs of key domestic raw materials, coal and imported pulp. This hike in input costs, coupled with the large additions to capacity in the industry, adversely impacted overall industry profitability. It is expected that continuing inflation in the cost of domestic raw materials and imported pulp will continue to impact industry profitability in the near term. Your Company with its unwavering focus on quality, cost

consciousness, integrated operations, customer service and ability to create new market segments is well placed to mitigate the impact of these 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 on the one hand and a robust forward linkage with the Education and Stationery Products business on the other – strategically positions your Company to further consolidate and enhance its leadership status in the Indian paper and paperboard industry.

### Packaging and Printing

Your Company's Packaging and Printing business continues to invest in 'best-in-class' technology and skills to provide the most contemporary and superior value delivery in paper, paperboard and flexible packaging. The business continued to provide strategic support to your Company's FMCG businesses by ensuring security of supplies in addition to sustaining international quality at competitive cost.

During the year, business from external trade grew significantly, driven by growth in volumes from existing customers as well as an enlargement of its customer base. Your Company continues to be a leading supplier of value-added packaging to the Consumer Electronics and FMCG segments.

The further consolidation of the business' operations in the flexibles packaging segment at its state-of-the-art manufacturing facilities at Chennai and Haridwar continued to provide innovative packaging solutions to your Company's FMCG businesses. This in-house capability has enabled your Company to facilitate quicker turnarounds of designs, pack changes and reduced product launch timelines, thereby providing a source of competitive advantage in the market place.

The business is augmenting capability and capacity at its Haridwar plant to cater to the increased packaging requirements of your Company's FMCG business and external trade customers based in the northern region.

The business won several national awards for excellence in packaging solutions and also won 20 'India Star'

Your Company's Packaging and Printing business continues to invest in 'best-in-class' technology and skills to provide the most contemporary and superior value delivery in paper, paperboard and flexible packaging.



## Report of the Directors

awards in printing in several categories instituted by the Indian Institute of Packaging for excellence in packaging during the year.

The 14.1 MW wind energy farm, which was commissioned in 2008, continued operating at optimum levels providing clean energy to the Chennai unit. The initiative flowing from your Company's commitment to the 'Triple Bottom Line', is now a certified project under the Clean Development Mechanism of the Kyoto Protocol under the auspices of the United Nations Framework Convention on Climate Change and is generating carbon credits and contributing to the reduction in your Company's carbon footprint.

The factories at Chennai, Munger and Haridwar continued to maintain their highest standards in Environment, Health and Safety (EHS) and quality management during the year. The Chennai unit was awarded the British Safety Council 'Globe of Honour' for Environment Management. The unit was also awarded 'National Water Management' Award 2010 by CII for being an excellent water efficient unit. During the year, Chennai and Munger units were also certified for ISO 9001:2008, ISO 14001:2004 Quality Management System and have been re-certified for OHSAS 18001:2007 Occupational Health and Safety Management System. All the three units at Chennai, Munger and Haridwar received the '5 Star Rating' for safety from the British Safety Council.

With substantial investments in world class technology, best-in-class quality management systems, multiple locations and diversified packaging solutions portfolio, the business is well poised to continue servicing all the requirements of your Company's FMCG businesses and to rapidly grow its external trade.

### D. AGRI BUSINESS

#### Cigarette Leaf Tobacco

Against a backdrop of a decline in global leaf production in key regions over the past two to three years and low inventory pipeline with international cigarette majors, the current year saw global leaf production grow by 4% with countries like Zimbabwe, Malawi, Tanzania, India and Brazil driving overall supply. On the demand side, the year witnessed global cigarette production remaining

flat, primarily as a result of the slow and tentative recovery in the advanced economies, as well as the growth in illicit trade triggered by excessive taxation. This dramatically altered the demand-supply scenario during the year. In India, leaf tobacco crop grew by 14% in 2010 supported by a favourable price trend.

With global cigarette production tempered and record crop sizes projected in key tobacco growing countries like Brazil, Zimbabwe, Malawi and European Union, it is expected that global leaf demand would be benign in the near term. A correction in this cycle is expected in the medium term with the anticipated revival of the global economy coupled with growing consumption in Asian and African countries. In the Indian market, it has been seen that the consumption of other non cigarette forms of tobacco, particularly chewing tobacco, is growing at a much faster rate.

Despite these adverse conditions, your Company was able to sustain the demand for Indian tobacco through focused strategies based on delivering superior value to the customer, variety offerings in the burley and oriental segment through collaborative and customised programs and an enlarged customer base. The business is exploring market opportunities in the growing smokeless tobacco segment through customised offerings. While flavour has not been a source of competitive strength for Indian tobaccos, focused attention to reliability, scalability, product integrity, service and competitive pricing would continue to be the imperatives to sustain and grow market share.

The business continued to provide strategic sourcing support to your Company's cigarette business.

Your Company's pioneering R&D efforts on varietal improvements in leaf tobacco was further fortified with the development of various burley and oriental type tobaccos. These initiatives such as improved nursery management designed for higher efficiencies in seed use, optimised usage of crop production chemicals and other agronomic practices are improving the potential of the newly developed varieties. These efforts are not only helping to secure global demand for Indian leaf tobacco, but also in improving the socio-economic status of the small/tribal farmers and providing enhanced value to global customers. Vertical growth to achieve enhanced

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.

productivity continues to be the focus area of research and crop development initiatives. Similarly, substantial progress has been made to strengthen the pipeline of new hybrid combinations for deployment in the growth zones. Capitalising on your Company's R&D efforts on varietal improvement, the growing areas of Flue-Cured Virginia hybrids were substantially increased in collaboration with the Central Tobacco Research Institute and the Tobacco Board of India. Significant milestones were achieved towards the development of a new curing regime in tobacco and further experimental trials are underway to bring forth a unique product portfolio.

Your Company continues to focus on maintaining the highest quality and safety standards in all its units. During the year, the Chirala unit won the 'Globe of Honour' award from the British Safety Council for best environmental practices and the 'Best Management Award' from the Government of Andhra Pradesh for industrial relations & employee welfare. The Anaparti unit won the Gold Medal and Silver Medal awards for Quality Circles in competitions held by 'Quality Circle Forum of India' at regional level competitions and 'Distinguished Awards' at National level competitions. Total Cost Management Maturity Model Level 3 from CII for Total Cost Management was awarded to both the Chirala and Anaparti units.

In order to service the growing demand for leaf tobacco, your Company is in the process of commissioning additional capacities in Karnataka. The business is in the process of reorganising the supply chain to address the ever increasing complexity of the leaf supply chain from a strategic cost management perspective.

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

Global trade grew by 12% on the strength of robust growth witnessed in developing and emerging

economies as also on account of the fiscal stimulus provided by advanced nations. This has been achieved despite the sluggish post recession recovery in the world economy, reduced availability of credit and trade volumes which are still ruling below the pre-recession levels in countries severely affected by the financial crisis. Food grain production in the country is expected to touch 232 million tonnes representing a growth of 6.4% over the previous year. Despite this impressive growth, food inflation continued to be high and a cause of worry. Consequently, the ban on export of some key commodities like wheat, rice and sugar continued during the year.

A decline in global soya bean production led by a sharp drop in Argentina resulted in good demand for Indian soya bean and soya meal in the international markets. Aided by good monsoons in the crop growing regions, Indian soya crop output registered an increase over last year. Your Company, a leading player in the Indian soya bean market, was able to benefit from this opportunity and record significant increase in business size and profits. The agri-business model has been reoriented to focus on providing comprehensive assistance to customers on all aspects of commodity sourcing viz. procurement, inventory, logistics and costs. The target customer segments comprise brand owners, private labels, food processors and exporters. The new model has enabled your Company to deliver relatively risk free returns even as the markets remained volatile. Your Company proposes to further strengthen this model to scale up business in the future.

Your Company continued to source identity preserved, specific high quality wheat through its e-Choupal channel for its Foods business. The initiative of procuring a part of its wheat requirement directly at the processing plants on a 'just-in-time' basis was scaled up during the year. This yielded significant reduction in freight, warehousing and other operational costs without diluting its stringent quality norms.

In sourcing chip stock potato for its 'Bingo!' potato chips business, your Company continued its initiative of

New initiatives launched will progressively transform the e-Choupal network into an all-weather venture – relatively de-risked from regulatory uncertainties and market volatility – even as it continues to provide strategic sourcing support to your Company's Foods business as well as to serve as an efficient intervention model for rural development.

## Report of the Directors

sourcing locally grown potatoes (closer to manufacturing units) in order to provide encouragement to local farmers and to minimise logistics costs. During the year, 57% of the consumption at your Company's Haridwar processing plant was sourced locally. Trials on development of new varieties and new areas continued during the year.

India is the world's largest producer, consumer and exporter of spices. Exports of spices from India have been growing at 16% and the domestic market for branded spice powders is growing at 11%. With the growing concerns of food safety and product integrity, there is an increasing demand for suppliers with 'end-to-end' capabilities having complete custody of the supply chain, supported by appropriate technology to deliver quality and augmented with traceability management systems to provide the required product assurance. Your Company seeks to harness this opportunity by building a business model based on customised products and services with requisite crop development, state-of-the-art infrastructure and tailor made products and processes to garner an increasing share of the fast growing domestic and export market. In the last five years, the spices business, apart from providing support to the 'Aashirvaad' range of spice powders has gained considerable market standing amongst large domestic and export customers as a supplier of assured quality with customised processes and infrastructure, with a significantly high level of 'source credibility'.

Your Company's initiative of marketing Kisan Credit Cards on behalf of the State Bank of India continued to receive encouraging response from the farmers. Credit camps were organised by your Company to help farmers improve awareness of Kisan Credit Cards, and were received enthusiastically by the farming community. This increased awareness and continuous communication at the field level, significantly improved the quality of documentation, lowered application rejection levels while improving turnaround times.

The rural retailing business of your Company continued to make good progress by registering an overall increase in sales by 87% facilitated by expansion of product range, introduction of reputed brands of apparel, footwear and other products at affordable prices and quicker product replenishment. The 'Kisan Vikas Yojana', a unique customer loyalty scheme designed to cater to the requirements of the farmers was received very well by the farming community. The range of agri-inputs was expanded to include products and brands specifically to meet local requirements. This resulted in a 90% increase

in sales of agri-inputs. Your Company also organised mass consumer awareness programmes - 'Choupal Mahotsav' in the premises of the stores, which comprise of product / brand familiarisation, product demonstration and entertainment. Based on the considerable interest evinced by customers towards this programme, as evident in the enhanced footfalls at your Company's stores, plans are afoot to scale up the programme in the coming years.

Last year, your Company launched an initiative to strengthen and expand the distribution reach of its e-Choupal network for FMCG products in the rural markets. The year saw throughputs increasing by more than 40%. Based on the learnings over the last few years, your Company now proposes to synchronise its rural marketing and rural distribution businesses. Towards this end, your Company has piloted convergence programmes engaging a large number of rural consumers. These convergence programmes which are called 'Choupal Haats', focus on product awareness, demonstration and brand marketing and targets higher availability of quality FMCG products in rural retail outlets.

Last year, your Company had launched an employment portal 'Rozgarduniya.com' in alliance with Monster India – an online career and recruitment firm, to assist the rural youth in finding jobs in the non-agricultural sector. During the year, the initiative was extended across several locations and a large number of rural youth were registered for employment search. The portal also partnered many companies who are potential employers. Your Company has definite plans to increase the number of partners, geographical reach and sectors under this portal.

Your Company has piloted a 'Market Based Partnership for Health' programme in alliance with United States Agency for International Development (USAID) and other partners. The pilot, which has been launched in Gonda and Chandauli districts of Uttar Pradesh focuses on improvement of maternal and child health and general hygiene and thereby reducing mortality rates. Under the programme, several village health workers have been trained. These village health workers will create awareness among the rural womenfolk and will market products from partnering companies which address health and hygiene issues. In the year ahead, your Company plans to focus on market activation through these convergence platforms, awareness creation through village level contacts by village health workers and making the products available at the villages. These initiatives will progressively transform the

e-Choupal network into an all-weather venture – relatively de-risked from regulatory uncertainties and market volatility – even as it continues to provide strategic sourcing support to your Company's Foods business as well as to serve as an efficient intervention model for rural development.

## 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 at the 'Shareholder Value' section of your Company's website, [www.itcportal.com](http://www.itcportal.com) in a downloadable format.

ITC Global Holdings Pte. Limited, Singapore ('ITC Global'), a subsidiary of your Company, was under Judicial Management from 8th November, 1996 till 30th November, 2007. On an application of the Judicial Managers of ITC Global, the High Court of the Republic of Singapore on 30th November, 2007 ordered winding up of ITC Global, appointed a Liquidator and discharged the Judicial Managers. Consequently, your Company is not in a position to consolidate the accounts of ITC Global and its subsidiaries for the financial year ended 31st December, 2010 or to make available copies of the same for inspection by shareholders.

### Surya Nepal Private Limited

The unsettled political environment in Nepal continued through the year under review. After several months of functioning under a caretaker Prime Minister, a coalition government assumed charge but the absence of consensus amongst coalition partners stalled the formation of a full cabinet.

Social, economic and political disruptions continued to take place from time to time. Workers of several companies in Nepal, including those at the company's factories, went on strike on 27th March, 2011, demanding inter-alia, 100% increase in wages. While the factories have since resumed normal operations, negotiations

involving various unions, the Government of Nepal and industry continue. While GDP growth for the financial year ending mid July 2011 is estimated at 3.5%, such tensions coupled with the political uncertainties have restrained the economy from performing at a higher level.

Amidst the challenging operating environment, the company maintained its growth trajectory during the year under review. In the twelve-month period ended 14th March, 2011 (30th Falgun 2067), the company recorded a 25% growth in sales with Gross Turnover (net of VAT) increasing to Nepalese Rupees (NRs.) 1256 crores from NRs. 1005 crores in the previous year. Profit After Tax at NRs. 237 crores increased by 31% over the previous year. The company retains its status as the single largest private sector contributor to the exchequer accounting for about 3.5% of the total revenues of the Government of Nepal.

The company consolidated its leadership position in the cigarette market through its investments in product development and quality. Despite the agro-climatic challenges of growing tobacco in Nepal, the company's continuous engagement with tobacco farmers from the stage of seed development to crop harvesting have helped in enhancing productivity and quality at the farm level, thereby enhancing returns to the farmers. Encouraged by the interventions of the company, farmers have sharply stepped up the acreage under tobacco cultivation. Efforts are underway to further improve the quality of the domestic grades of tobacco.

On the manufacturing front, the company continued to invest in new technology cigarette making and packing lines, additional infrastructure and development of human talent to sustain superior and consistent product quality and augment capacity. Energy conservation measures were further reinforced. Construction of a second cigarette factory near Pokhara has commenced and will position the company well for servicing consumer demand for its products over the longer term.

The garments export business, while continuing to service orders for the 'John Players' and 'Wills Lifestyle' range of apparels, strengthened its forays into new export markets and increased such export volumes significantly over the previous year.

In the domestic garments market, 'John Players' continued to retain its leadership status in the branded apparel segment while 'Springwood', the company's mass market brand, positioned as an alternative to low price imports from China and South East Asia, has further consolidated its position in the 'value for money' segment.

## Report of the Directors

In the Safety Matches business, the company's brand 'Tir', has established a strong consumer franchise within a few years of its launch.

The company continued to remain committed to its role as a responsible corporate citizen and promoted sports and tourism in the country under the Surya Nepal Khelpariyatan programme, in collaboration with Nepal Tourism Board.

The company declared a dividend of NRs. 90/- per equity share of NRs. 100/- each for the year ended 16th July, 2010 (32nd Ashad 2067).

### ITC Infotech India Limited

While global Information Technology (IT) spends in hardware and software improved in 2010, growth in IT Services was relatively moderate. Further, in the US, although the recessionary conditions eased towards the latter part of the financial year, client budgets continued to be tightly monitored. These trends reflect the continuing uncertainty during the economic recovery. Surveys by global analysts suggest that IT services are expected to grow during the next 24 months on the back of increased IT spends on implementation of software application systems and infrastructural support.

Despite the sluggish market conditions, the company grew total income for the year by 13%. During the year, the business focused on building differentiated capability and in strengthening its sales and technical delivery teams. Although these investments, predominantly in manpower, impacted margins for the year, it has at the same time strengthened its capability platform for future growth.

For the year under review:

- (a) ITC Infotech India Limited registered an Income of ₹ 426.42 crores (previous year ₹ 377.71 crores) and a Profit After Tax of ₹ 7.46 crores (previous year ₹ 34.01 crores);
- (b) ITC Infotech Limited, UK, (I2B) a wholly owned subsidiary of the company, registered a Turnover of GBP 22.22 million (previous year GBP 19.44 million) and a Net Profit of GBP 1.03 million (previous year GBP 0.69 million).
- (c) ITC Infotech (USA), Inc., (I2A) a wholly owned subsidiary of the company, together with its wholly owned subsidiary Pyxis Solution LLC, registered Total Revenues of US\$ 38.43 million (previous year US\$ 30.99 million) and a Net Profit of US\$ 0.01 million (previous year US\$ 0.08 million).

In line with its focus on continuously providing quality deliverables to its customers, the company's delivery processes have been certified at a maturity Level 3 of the Software Engineering Institute's (SEI) Capability Maturity Model Integration (CMMI) framework. The company continues to invest in improving program management processes to ensure the highest levels of quality in technical delivery.

As mentioned earlier, the company also continues to invest in building differentiated capabilities. Some of these capabilities include solutions in the areas of 'customer loyalty', end-to-end transformational services in IT outsourcing and Global Reporting Initiative (GRI) based sustainability reporting. Further, the company has maintained its partnerships with the world's leading Independent Software Vendors (ISVs) in building niche solutions to address white spaces and joint go-to-market initiatives. ITC Infotech India has been ranked 26th in the Leader's Category for the 2011 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP). This is the fifth consecutive year that the company has featured in this prestigious list.

The partner co-innovation strategy and the focused strategy of launching solutions which demonstrate value to clients in addressing some of their critical business challenges such as effective client relationship management and lowering the cost of operations, have yielded encouraging results and led to the acquisition of several marquee, high potential clients and a growing funnel of prospects. During the year, the company has renewed its focus on India and the larger Asia-Pacific region and this has already resulted in significant traction in acquiring new customers, particularly in India. Market focus has also been extended to specific regions in Western Europe.

Based on a survey commissioned through a reputed external agency, existing customers of the company have given satisfaction scores which are amongst the highest in the industry.

On the talent front, as expected, there has been a build-up of pressure on availability of quality talent. The company has addressed this through a process of growing and nurturing talent internally through continuous employee engagement and training programs.

With strategies in place to expand to new markets, a portfolio of differentiated solutions, the ability to provide superior customer care and excellence in delivery through project management capabilities, knowledge management, solution accelerators and a robust quality system, the company is poised to achieve rapid growth.

### Russell Credit Limited

During the year, the company registered an Income of ₹ 27.72 crores and a Profit After Tax of ₹ 19.97 crores.

As stated in earlier Reports, 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) Regulation, 1997, as a competitive bid, pursuant to a Public Offer made by an Acquirer, which closed on 13th June, 2001. The High Court at Calcutta, while refusing to grant such an injunction, instructed that the acquisition of shares pursuant to the Counter Offer by the company and the other Acquirer would be subject to the final order of the High Court, which is still awaited. Similar suits filed by an individual and two shareholders of VST, in the High Courts of Delhi at New Delhi and Andhra Pradesh at Hyderabad, had earlier been dismissed by the respective High Courts.

### Wimco Limited

The company achieved a Turnover of ₹ 192 crores during the year and posted a net loss for the year of ₹ 59.65 crores against ₹ 16.24 crores loss in the previous year, primarily as a result of one-time separation costs (₹ 37 crores) and steep increases in input costs.

During the year under review, margins in the Matches business continued to remain under pressure due to a very sharp escalation in the prices of raw materials, primarily wood, splints, paperboard and key chemicals. Several measures were taken to rationalise costs and improve margins in this highly competitive category.

Availability of critical raw materials like wood at competitive prices is crucial for the success of this industry. The Agro Forestry business of the company is taking steps towards this end by supplying high quality poplar saplings to farmers in northern India. Apart from creating a long term sustainable supply of a critical raw material, the company's initiative of creating sustainable and meaningful linkages across the farmer community is helping to create employment and livelihood and in improving the green cover in the region.

The continuing differentials in taxation between the mechanised and non-mechanised sectors have forced the company to evaluate alternatives to arrive at a viable business model. As a first step, a voluntary separation scheme was effected at Chennai and Ambarnath

factories, during the year, to enable better leveraging of the underlying asset base.

The Engineering business of the company continued to be supported by steady orders with the improving investment climate. This business is poised for further growth through new customer acquisitions, both in the domestic and overseas markets. The business plans to leverage new and improved product designs to offer superior packaging solutions to customers.

The initiatives taken by the company during the year to restructure its operations are expected to yield positive results in the years to come.

### Srinivasa Resorts Limited

During the financial year ended 31st March, 2011, the company recorded an Income of ₹ 56.04 crores (previous year ₹ 54.57 crores) and a Profit Before Tax of ₹ 12.85 crores (previous year ₹ 14.11 crores). Profit After Tax stood at ₹ 9.26 crores (previous year ₹ 9.62 crores) after providing for income tax of ₹ 3.59 crores (previous year ₹ 4.49 crores).

The financial performance of the company's hotel at Hyderabad, ITC Kakatiya, was adversely impacted by the continuing political uncertainty in the State. The hotel initiated various measures to contain costs and improve profitability without compromising on the quality of superior guest experience.

The hotel received the 'Times Food Guide' awards for 'Kebabs & Kurries' and 'Dakshin' - with both being rated the best restaurants in their respective categories.

The Board of Directors of the company has recommended a dividend of ₹ 2/- per equity share of ₹ 10/- each for the year ended 31st March, 2011.

### Fortune Park Hotels Limited

During the financial year ended 31st March, 2011, the company recorded an Income of ₹ 18.01 crores (previous year ₹ 14.92 crores) and earned a Profit After Tax of ₹ 4.12 crores (previous year ₹ 2.13 crores) after providing for income tax of ₹ 1.90 crores (previous year ₹ 1.20 crores).

The company, which caters to the 'mid-market to upscale' segment, forged new alliances during the year taking the total number of properties under the 'Fortune' brand to 63, with a total room count of 4,915. Of these, 38 properties are operating hotels. Additionally, 4 hotels are slated to be commissioned during the course of the financial year 2011-12. The remaining 21 hotel

## Report of the Directors

projects are under various stages of development. The company seeks to be a leading player in the mid market to upscale segment, providing quality products and services that would position 'Fortune' as the premier 'value' brand in the Indian hospitality sector.

The Board of Directors of the company has recommended a dividend of ₹ 7/- per equity share of ₹ 10/- each for the year ended 31st March, 2011.

### Bay Islands Hotels Limited

During the year 2010-11, the company earned an Income of ₹ 1.12 crores (previous year ₹ 1.01 crores) and Profit After Tax of ₹ 0.76 crores (previous year ₹ 0.68 crores) after providing for income tax of ₹ 0.30 crores (previous year ₹ 0.27 crores).

The Board of Directors of the company has recommended a dividend of ₹ 50/- per equity share of ₹ 100/- each for the year ended 31st March, 2011.

### Landbase India Limited

Landbase India Limited 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 under construction and the project is progressing as per schedule.

During the year, the company issued and allotted to ITC Limited, 25,00,000 Redeemable Preference Shares of ₹ 100/- each for cash at par, aggregating ₹ 25 crores. The proceeds from the Preference Share issue are being utilised by the company for the construction of the destination luxury resort.

### Technico Pty Limited

The company continued to focus on the commercialisation of its TECHNITUBER® technology and subsequent field multiplication of seed potatoes 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.

During the year under review, Technico's leadership in the production of early generation seed potatoes and strong agronomy skills have been leveraged by your Company's Branded Packaged Foods business for its chip stock sourcing operations for the 'Bingo!' brand of potato chips as well as by the Other Agri Commodities

business in servicing the seed potato requirements of its farmer base in key States.

For the year under review:

- a) Technico Pty Limited, Australia registered a Turnover of Australian Dollar (A\$) 1.58 million (previous year: A\$ 1.95 million) and a Net Profit of A\$ 0.10 million (previous year: A\$ 0.71 million). Sales and Post-tax profits for the year under review were adversely affected by the appreciation in the Australian Dollar versus the US Dollar, which is the invoicing currency for the company.
- b) Technico Agri Sciences Limited, India registered a Turnover of ₹ 47.65 crores (previous year: ₹ 54.31 crores) and a Profit After Tax of ₹ 7.02 crores (previous year: ₹ 14.02 crores). During the year under review, a record potato crop drove down table potato prices. Consequently, sales realisation during the year for seed potatoes were also lower compared to the prices achieved in the previous financial year. While this resulted in lower Post-tax profits relative to the previous year, the company was successful in wiping-out its accumulated losses and looks forward to the future with confidence.
- c) Technico ISC Pty Limited, a dormant entity since its incorporation, was voluntarily deregistered on 3rd November, 2010.
- d) Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China
  - There were no major 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. It also provides your Company, marketing research and business development services related to the US Market for FMCG and other products.

During the year under review, KMM continued to face a challenging operating environment, post the Federal Excise Tax increases of the previous year, which resulted in a decline of cigarette volumes and the end of the Roll Your Own (RYO) industry segment. In the year under review, the Food and Drug Administration (FDA) initiated cigarette packing changes in June 2010 and most States

adopted the costlier Low Ignition Propensity (LIP) cigarette law. Discontinuation of RYO coupled with regulatory changes viz., changes in LIP cigarette law, inter-alia, resulted in inventory obsolescence. The company used this occasion to rationalise its product offers, while focusing on developing its brands.

The year also saw the large multinational cigarette companies operating in the US, investing in the discount segment in which the company operates. Growth of Pipe tobaccos as a substitute for RYO, cigarette manufacturing machine at retail, presence of flavoured little cigars akin to cigarettes, discount cigarettes manufactured in Native American reservations and illicit trade, all challenged the company's ability to drive volume upturns. Consequently, revenues declined by 32% over the previous year. However, improved productivity and cost saving actions enabled improved profitability.

The FDA is expected to announce several new initiatives in the next two years to regulate product standards and packaging of cigarette products. The company will continue to review the regulatory and market environment for tobacco, to fine-tune its strategies in the US Market.

#### **ITC Global Holdings Pte. Limited**

The Judicial Managers had been conducting the affairs of ITC Global Holdings Pte. Limited ('Global') from 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 USD 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 earlier 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 has filed an appeal in the Singapore High Court against the Assistant Registrar's decision.

#### **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 & MRR Trading and Investment Company Limited**

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

#### **NOTES ON JOINT VENTURES**

##### **ITC Filtrona Limited**

Gross sales for the year ended 31st December, 2010 at ₹ 139 crores represents a growth of 3% over the previous year. Pre-tax profits at ₹ 12.1 crores was adversely impacted by high input costs and pricing pressures.

The company continued its modernisation programme aimed at upgrading its filter making machines to sustain the company's technological edge over competition and to further consolidate its position as the market leader. In addition, the company plans to augment its capacity to address future market potential. While striking a balance between the need to sustain investments for growth and the shareholder's expectation for growing income, the Directors of the company have recommended a dividend of ₹ 9/- per Equity share of ₹ 10/- each for the year ended 31st December, 2010.

While quality continues to be its prime focus, innovation and support to customers for product development has resulted in the company attaining the status of a preferred supplier.

### Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Pvt. Limited, currently operates 53 heritage properties under the 'WelcomHeritage' brand and continues to grow, with additional 14 properties under development.

### Espirit Hotels Private Limited

During the year, your Company entered into a joint venture towards 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 Pvt. Ltd. (EHPL) and will, inter-alia, provide hotel management services to EHPL under an Operating Services Agreement upon commissioning of the hotel.

### 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 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 have confirmed that all relevant risks have been identified, assessed, evaluated and appropriate mitigation systems 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

The human resource philosophy and strategy of your Company has been designed to attract and retain the best talent on offer. In practice it creates and nurtures workplace challenges that keep employees engaged, motivated and innovative. This talent has, through strong alignment with your Company's vision, successfully built and sustained your Company's standing as one of India's most admired and valuable corporations despite unrelenting competitive pressures.

Your Company has conscientiously fostered a culture that rewards continuous learning, collaboration and development across the organisation to be future-ready and meet the challenges posed by ever-changing market realities. Employees are your Company's most valuable assets and your Company's processes are designed to empower employees and support creative approaches in order to create enduring value. Your Company's unflinching commitment to investing in talent development ensures performance and achievement of the highest order.

Your Company's human resource management systems and processes aim to enhance organisational capability and vitality, so that each business is world class and equipped to seize emerging market opportunities. The strategy of organisation and its ongoing emphasis on

developing and nurturing distributed leadership has ensured that each of your Company's businesses are managed by a team of competent, passionate and inspiring leaders, capable of building a future-ready organisation through continuous learning, innovation and world class execution.

Your Company's unswerving belief in the mutuality of interests of key stakeholders binds all employees to a shared vision and purpose, thus providing it with the vital force for winning in the market place. During the year under review, your Company successfully concluded long-term agreements at several of its manufacturing units and hotel properties, strengthening the collaborative spirit across all sections of employees. Continuous investment in contemporary management practices and manufacturing systems has resulted in significant enhancement in quality and productivity.

Your Company's 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. Over 24,000 of your Company's employees have collectively envisioned the next hundred years with commitment to realising your Company's vision of creating enduring value for your Company and for the country.

## SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

The societal challenges arising out of widespread poverty and alarming degradation of the environment, exacerbated now by the spectre of climate change, continue to be major threats for the future sustainability of the economy and indeed the nation. It is critically important for all organs of society to recognise these challenges and align its forces to find innovative solutions to ensure a secure, sustainable and equitable future. Your Company has achieved wide acclaim and significant business advantage by foreseeing these challenges and crafting sustainable and inclusive growth strategies that are in consonance with a larger societal purpose. Your Company's 'Triple Bottom Line' philosophy of creating value that encompasses the economic, environmental and social dimension summarises this approach and has indeed made your Company a global exemplar of Corporate Citizenship.

Your Company's environmental leadership is manifest in the unique position it has achieved as the only company in the world, of comparable size, to be 'carbon



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positive', 'water positive' and 'waste recycling positive'. These path-breaking initiatives taken by your Company have not only helped in demonstrating its leadership in responsible corporate stewardship, but have also enabled significant cost savings and nurtured the creation of environmental and societal capital, transforming the lives of many living at the margin. Your Company's sustainability initiatives are in line with the Prime Minister's vision for corporate participation in ensuring sustainable economic development with equity and are also in full alignment with the Government of India's National Action Plan on Climate Change.

Your Company's 7th Sustainability Report published during the year and independently assured by Ernst & Young is in accordance with the Global Reporting Initiative G3 Guidelines and at the highest A+ level. The report, ranked 7th globally in 'best carbon disclosure' by the Corporate Responsibility Reporting Awards, details your Company's progress across all dimensions of the 'Triple Bottom Line'. The 8th Sustainability Report covering the sustainability performance during the year 2010-11 is in the process of publication and will continue to be independently assured by Ernst & Young.

Your Company has pro-actively pursued a low carbon growth strategy that addresses climate change mitigation and adaptation through several innovative and pioneering initiatives. This integrated strategy encompasses large scale afforestation initiatives for carbon sequestration, increasing use of renewable energy in its operations, continuous efforts towards energy conservation and efficiency, establishment of inspirational green buildings, extensive watershed development programmes and promotion of sustainable agricultural practices amongst farming communities. This is manifest in your Company's Social and Farm Forestry programme that covers nearly 1,14,000 hectares, its Integrated Watershed Development programmes that spans nearly 65,000 hectares of water-stressed land, as well as initiatives under the credo of 'Responsible Luxury' of your Company's Hotels business which is today the world's greenest hotel chain, with all luxury hotels being LEED Platinum rated. In the process, your Company has significantly added to the environmental and social capital of the nation.

Your Company has actively participated in market-based mechanisms for mitigating the impact of climate change under Clean Development Mechanism (CDM) developed by the United Nations Framework Convention on Climate Change (UNFCCC). Eight CDM projects are presently registered with the UNFCCC and many of them have already started earning carbon credits. In addition, a number of new CDM projects are also at various stages of registration. Furthermore, your Company is also positioned to take advantage of other opportunities in voluntary carbon markets and India specific schemes on the anvil, such as the Perform, Achieve and Trade (PAT) promoted by the Government of India.

Your Company's focus on carbon reduction is also reflected in its commitment to reduce its dependence on fossil fuel based energy. Towards this, your Company has progressively made investments in renewable resources of energy. In addition to the 20.1 MW wind energy capacity set-up earlier, a 90 tonnes per hour biomass fired boiler has also been in operation for over a year. Reinforcing this capacity, your Company has now installed a 21 MW wind energy unit in Karnataka and a 2.5 MW unit in Rajasthan. These investments and better utilisation of biomass in the Paperboards and Specialty Papers business ensure that 35.3% of your Company's total energy requirements come from renewable sources.

Recognising that more than half of India's districts are acutely water stressed, your Company has developed several water conservation initiatives to enhance its positive water footprint. These include adopting the best available technologies and benchmarked practices to achieve zero effluent discharges, enhance rainwater harvesting both within units and in socially relevant areas as well as provide treated wastewater for irrigation as an alternate option for farmers in water stressed areas. All these initiatives have resulted in the creation of rainwater harvesting potential which is over two times the net water consumption of your Company.

Continuing in the low carbon growth path, your Company has been at the forefront of establishing iconic green buildings certified to the highest levels of energy efficiency and environmental design. A journey that began with the ITC Green Centre in Gurgaon (the largest

Your Company's leadership in sustainability is manifest in the unique position it has achieved as the only Company in the world, of comparable size, to be 'carbon positive', 'water positive' and 'solid waste recycling positive'. ITC's businesses create sustainable livelihoods for over 5 million people.

LEED - Leadership in Energy and Environment Design - Platinum rated office space in the world in 2004) and the ITC Gardenia in Bengaluru (the World's largest LEED Platinum rated hotel), has now inspired the implementation of validated green/sustainability standards in existing hotels and factories. As a testament to these efforts, during the year under review, ITC Maurya in New Delhi became the first LEED Platinum rated hotel worldwide in the existing building category, followed closely by ITC Grand Central, ITC Maratha, ITC Windsor, ITC Mughal, ITC Sonar and ITC Kakatiya, all of whom received the LEED Platinum rating from the US Green Building Council (USGBC). This remarkable achievement makes your Company the greenest hospitality chain in the world.

Your Company's 'WOW – Wealth Out of Waste' programme has been instrumental in creating awareness amongst the public on the benefits of the 'Reduce-Reuse-Recycle' approach. The waste recycling initiatives implemented by the programme have contributed significantly to the protection of the environment, as well as in improving civic amenities, public health and hygiene. This initiative has received several accolades from the government, NGOs, commercial institutions and the public at large, including the prestigious 'Papyrus Award' from the Bureau of International Recycling (BIR). Your Company benefits from the generation of sustainable raw material sources at competitive prices, while conserving precious environmental resources and also generating considerable livelihood opportunities.

All units of your Company are mandated to achieve total recycling of solid waste generated by their operations. The Paperboards and Specialty Papers business, which accounts for more than 91% of total waste generated in your Company, has recycled over 99% of the total waste generated by its operations. This business has also recycled an additional 1,19,002 tonnes of externally sourced waste paper, thereby reinforcing your Company's waste recycling positive status for the 4th consecutive year.

Your Company continued with its commitment towards 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 and state-of-art fire detection and protection measures. The Environment, Occupational Health and Safety Management Systems in all manufacturing units and hotels conform to the best international standards. Overall accident statistics show

a continual improvement trend which has been reaffirmed by several national & international safety awards and certifications.

The 'CII – ITC Centre of Excellence for Sustainable Development', set up by your Company and the apex national chamber CII in 2006, continues its endeavours to promote sustainable business practices amongst corporates across the country. It has enhanced its activities to meet the core objectives of creating awareness, promoting thought leadership and building capacity amongst Indian enterprises in their quest for sustainable growth solutions. 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. It is heartening that the number of aspirants for the Award is steadily increasing year on year.

The CII-ITC 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 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 and is also represented on the Board of the Central Pollution Control Board and other bodies. During the year, the Centre introduced three new service lines in the areas of stakeholder engagement, climate change strategies and training of sustainability assurance professionals. It is the only certified trainer for sustainability assurance professionals in South-East and South Asia.

In pursuit of your Company's commitment to the Triple Bottom Line, your Company's Social Investments strategy continues to be driven by the needs and concerns of two important stakeholders - the rural communities with whom your Company's Agri business has forged a long and enduring partnership and the communities (both rural and urban) residing in close proximity of your Company's manufacturing units. The Social Investments Programme aims to address certain key challenges that these stakeholders face in terms of livelihoods. For rural India, the major challenge is that of a deteriorating agri-production base that is likely to worsen, due to the adverse impacts of climate change. For households around the units, the challenge is that of providing the necessary social infrastructure to enable a decent quality of life.



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Your Company addresses these challenges through a range of activities with the overarching objective of creating sustainable sources of livelihood for the stakeholders: (a) For rural communities, the attempt is to diversify farming systems by broad-basing the farm and off-farm based livelihoods portfolio of the poor. This is sought to be achieved through an integrated approach that includes the development of wastelands, watersheds, agriculture and milch animals. (b) In the catchment habitations of manufacturing units, your Company's focus is on nurturing and developing social capital to create a level playing field in the market for relevant and contemporary skills and to compete with the demands for higher productivity. This is being achieved through the promotion of gender-centric economic empowerment programmes for women, enhancing the quality of primary education and improving health and sanitation conditions focusing on the mother and child.

The footprints of your Company's Social Investments Programme has spread to 51 districts in the States of Andhra Pradesh, Bihar, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Haryana, Uttar Pradesh and West Bengal.

Your Company's pioneering Social and Farm Forestry initiative covers nearly 1,14,000 hectares today and is aligned to your Company's pulpwood supply chain which creates a sustainable source of raw material for your Company and also meets the energy requirements of rural households. Within this, the Social Forestry Programme covers 19,820 hectares in 541 villages, impacting 24,382 poor households.

The coverage of your Company's Soil and Moisture Conservation programme, designed to assist farmers in identified moisture-stressed districts, increased by another 13,204 hectares. 416 water-bodies were created during the year. The total area covered under the watershed programme cumulatively stands at 64,498 hectares. A significant achievement this year was the partnerships forged with a number of State governments for implementing watershed programmes. Agreements have been signed with the governments of Maharashtra, Rajasthan and Madhya Pradesh to bring 92,000 hectares under soil and moisture conservation over the next five years.

The Sustainable Livelihoods initiative of your Company strives to create alternative employment for surplus labour and decrease pressure on arable land by promoting non-farm incomes. The programme for improvement of cattle through artificial insemination to produce high-yielding crossbred progenies has been

given special emphasis because it reaches out to the most impoverished and has the potential to enable them to live with social and economic dignity. 49 Cattle Development Centres were established during the year, taking the total to 210 centres, which provided 1.67 lakh artificial inseminations during the year.

With the objective of improving the quality of life of people living in the proximity of the manufacturing units, the Women's Empowerment Programme covered 15,068 women through 1,314 self-help groups (SHG) with total savings of ₹ 206 lakhs. More than 37,000 women were gainfully employed either through micro-enterprises or assisted with loans to pursue income generating activities. Over 2,47,000 children have been covered under the Supplementary Education Programme till date, through the 2,523 Supplementary Learning Centres. Infrastructural support has been provided to 741 government schools till date.

The advances made towards contributing to India's sustainable development goals have been possible, in large measure, to your Company's partnerships with some globally renowned NGOs like BAIF Institute for Rural Development, DHAN Foundation, Foundation for Ecological Security (FES), Mysore Resettlement and Development Agency (MYRADA), Pratham, Self Employed Women Association (SEWA), Self Reliant Initiatives through Joint Actions (SRIJAN) and Watershed Organisation Trust (WOTR). 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 grassroot solutions to some of India's worst problems of development in the years to come.

### R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company, over the years, has invested significantly in its Research & Development (R&D) programme to develop a unique source of sustainable competitive advantage by leveraging contemporary advances in several relevant areas of science and technology and blending the same with classical concepts of product development.

This challenging task of creating a culture of science-led product innovation in your Company was 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, your Company's R&D Centre is staffed with world class scientists and

equipped with state-of-the-art equipment for carrying out research and securing proprietary technologies for your Company's businesses.

Your Company's Agrisciences R&D team continued its efforts in evaluating and introducing several germplasm lines of tobacco and eucalyptus to increase the genetic and trait diversities in these crops, which in turn will strengthen the research programs for developing new varieties with higher yields, better quality and other relevant traits for its businesses. Several research collaborations have been initiated with globally recognised Centres of Excellence to fast track its journey towards 'proof of concepts'. These collaborations cover both Tobacco and Eucalyptus and are designed in a manner whereby your Company will gain fundamental insights to several technical aspects of plant breeding and genetics of these species. This will accelerate efforts in creating future generations of these crops with greater genetic and trait diversities, which indigenous crops currently lack, thereby supporting your Company's businesses. These outcomes have the potential of making a meaningful contribution to the nation as well.

Your Company's Biosciences R&D team continued to pursue strategies to leverage the potential of convergence amongst agricultural science, food science and the scientific dimensions of its personal care products portfolio. During the year under review, the R&D team continued to progress several long-term research platforms, which over time, will form the basis for launching new and competitively superior products.

Your Company's R&D strategy is anchored on a clear vision and road map and is supported by a well-crafted Intellectual Property strategy. With scale, speed, science and sustainability considerations, your Company's R&D is poised to deliver long term competitive advantage and play a leading role in creating significant business impact.

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 extended its 'Lean' practices programme to cover more business processes, in addition to the continuing implementation of the 'Six Sigma Quality Process' supported by trained teams of black and green belts. This will further enhance capability to create superior customer value through a service excellence framework. The Paperboards, Paper & Packaging

business have implemented the 'Total Productive Maintenance' (TPM) techniques in all units, resulting in substantial cost savings and productivity improvements.

All manufacturing units of your Company have ISO quality certification. Almost all contract manufacturing units in the Foods business and hotels have stringent food safety and quality systems certified by an accredited 'third party' in accordance with 'Hazard Analysis Critical Control Points' (HACCP) standards. 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, the demand for ₹ 27.58 crores made by Central Excise Department, Bangalore, in respect of a period prior to March 1983, was set aside by the Commissioner (Appeals), Bangalore, 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 before CESTAT, Kolkata, which are pending. Your Company has 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 Bangalore, during the year 1995, filed criminal complaints in the Special Court for Economic Offences at Kanpur, Patna and Bangalore, charging your Company and some of its Directors and employees who were employed with your Company during the period 1975 to 1983 with



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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 Bangalore 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 19 (iv) in the Schedules to the Accounts and Note 19 (iii) in the Schedules 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, USA, a decree for US\$ 12.19 million together with interest and costs against Suresh and Devang Chitalia of USA 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, the return of non-relied documents in possession of the Enforcement Directorate, pursuant to the request of your Company, is in progress. 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 remain focused on proactive management of temporary surplus liquidity and foreign exchange exposures within a well-defined risk management framework.

The year under review was characterised by rising interest rates and tight liquidity conditions in the monetary system. Against the backdrop of high inflation and the consequent policy rate increases by the Central Bank, interest rates hardened across maturities. In the environment of rising interest rates, your Company by appropriately managing portfolio duration continued to improve its treasury performance within the ambit of strong risk management processes.

All investment decisions in deployment of temporary surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. During the year, timely positioning of the portfolio in shorter maturity assets

like Liquid Mutual Funds, Fixed Maturity Plans and Bank Fixed Deposits enabled your Company to take advantage of rising interest rates and enhancing yields. The portfolio mix was constantly rebalanced in line with the changing risk/return scenario. 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 appreciated gradually during the year on the strength of FII inflows with intermittent volatility. In a scenario where the US Dollar was under pressure, your Company adopted an appropriate forex management strategy, including use of foreign exchange forward contracts and plain vanilla options to manage volatility and reduce risks/costs. However, it refrained from entering into any exotic derivative structures.

As in earlier years, commensurate with the 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 function.

### 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, 2011, there were no deposits due for repayment except in respect of 2 deposit holders for ₹ 0.20 lakhs 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

During the year, the ISO 9001:2008 Quality Management System Certification for investor servicing by Investor Service Centre (ISC) was renewed by Messrs. Det Norske Veritas (DNV) for a further period of three years. DNV also accorded Level 5 rating to ISC, the highest possible rating level, for the second consecutive year, for its systems and processes, which stands testimony to the exemplary standards of investor servicing practices by the ISC.

ISC continues to operate with an experienced team of professionals backed by state-of-the-art infrastructure and systems focused towards meeting the increasing expectations of investors and regulatory authorities.

### DIRECTORS

Mr. Krishnamoorthy Vaidyanath, Wholetime Director, retired from your Company after 35 years of service, with effect from close of business on 2nd January, 2011 on completion of his term. Your Directors would like to record their appreciation of the services rendered by Mr. Vaidyanath. The Board of Directors (the 'Board') at its meeting held on 22nd December, 2010, appointed Mr. Vaidyanath as Non-Executive Director of your Company with effect from 3rd January, 2011 to draw upon his knowledge and vast experience.

Mr. Anup Singh ceased to be Additional Wholetime Director on 23rd July, 2010, the date of the last Annual General Meeting (AGM) of your Company.

Mr. Nakul Anand and Mr. Pradeep Vasant Dhobale were appointed by the Board at its meeting held on 22nd December, 2010, as Additional Wholetime Directors of your Company with effect from 3rd January, 2011.

By virtue of the provisions of Article 96 of the Articles of Association of your Company and Section 260 of the Companies Act, 1956, Messrs. Vaidyanath, Anand and Dhobale will vacate office at the ensuing AGM of your Company.

Your Board at its meeting held on 20th May, 2011, recommended for the approval of the Members the appointment of Messrs. Anand and Dhobale as Directors, liable to retire by rotation, and also as Wholetime Directors of your Company for a period of three years from 3rd January, 2011. Your Board at the said meeting also recommended for the approval of the Members the appointment of Mr. Vaidyanath as Non-Executive Director of your Company, liable to retire by rotation, with effect from the date of the ensuing AGM of your Company.

## Report of the Directors

Your Board at its meeting held on 20th May, 2011 recommended for the approval of the Members the re-appointment of Mr. Yogesh Chander Deveshwar as a Director, not liable to retire by rotation, and also as Wholtime Director and Chairman of your Company, for a period of five years from 5th February, 2012.

Notices have been received from Members of your Company under Section 257 of the Companies Act, 1956 for the appointments / re-appointment of Messrs. Anand, Dhobale, Vaidyanath and Deveshwar, who have filed their consents to act as Directors of your Company, if appointed.

Appropriate resolutions seeking your approval to their appointments / re-appointment are appearing in the Notice convening the 100th AGM of your Company.

In accordance with the provisions of Article 91 of the Articles of Association of your Company, Mr. Hugo Geoffrey Powell, Dr. Basudeb Sen, Mr. Balakrishnan Vijayaraghavan and Mr. Serajul Haq Khan 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.

### CHANGES IN SHARE CAPITAL

During the year, the following changes were effected in the Share Capital of your Company:-

- (i) Increase in Authorised Share Capital  
The Authorised Share Capital of your Company was increased from ₹ 500 crores to ₹ 1000 crores divided into 1000,00,00,000 Ordinary Shares of ₹ 1/- each, with effect from 23rd July, 2010.
- (ii) Issue of Bonus Shares  
382,67,01,530 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued as Bonus Shares, in the ratio of 1 (One) Bonus Share for every existing 1 (One) Ordinary Share of ₹ 1/- each held on 4th August, 2010, being the Record Date fixed for the purpose. The Bonus Shares were allotted on 6th August, 2010.
- (iii) Issue of Shares under the ITC Employee Stock Option Schemes  
9,32,65,960 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted during the year upon exercise of 93,26,596 Options under your Company's Employee Stock Option Schemes.

Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2011, stands increased to ₹ 773,81,44,280/- divided into 773,81,44,280 Ordinary Shares of ₹ 1/- each.

The new Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

### 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.

### EMPLOYEE STOCK OPTION SCHEME

Details of the Options granted up to 31st March, 2011, 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:

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

- (d) prepared the Annual Accounts on a going concern basis.

### 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, 2011 stood at 24,027.

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.

There were no changes to your Company's significant Accounting Policies.

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 31 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, 2011. 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 your Company's position as one of India's most admired and valuable companies through world class performance, creating enduring value for all stakeholders, including the shareholders and the Indian society. 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 of the entire value chain of which it is 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.

20th May, 2011  
Virginia House  
37 J L Nehru Road  
Kolkata 700071  
India

On behalf of the Board

Y. C. DEVESHWAR *Chairman*  
P. V. DHOBALE *Director*

## Annexure to the Report of the Directors

Statement as at 31st March, 2011, 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.

Sl. No.	Year of Grant	No. of Options Granted (i)	No. of Bonus Options Allocated* (ii)	Total (i) + (ii)	Exercise Price per Option (₹)	Adjusted Exercise Price per Option (₹)**
(A)	<b>ITC Employee Stock Option Scheme</b>					
	2001	3,39,119	–	3,39,119	779.95	–
	2002	6,27,070	–	6,27,070	617.90	–
	2003	9,99,115	1,83,501	11,82,616	679.90	453.27
	2004	8,57,208	2,85,987	11,43,195	880.45	586.97
	2005	9,72,433	4,75,638	14,48,071	1,531.65	1,021.10
	2006	60,95,625	18,30,137	79,25,762	1,814.00	907.00
	<b>Total</b>	<b>98,90,570</b>	<b>27,75,263</b>	<b>1,26,65,833</b>	–	–
	<b>ITC Employee Stock Option Scheme - 2006</b>					
	2007	55,77,343	38,29,364	94,06,707	1,661.00	830.50
	2008	59,69,437	51,30,034	1,10,99,471	1,896.00	948.00
	2009	43,46,161	42,69,672	86,15,833	2,180.00	1,090.00
	2010	42,30,600	42,21,225	84,51,825	2,923.50	1,461.75
	<b>Total</b>	<b>2,01,23,541</b>	<b>1,74,50,295</b>	<b>3,75,73,836</b>	–	–
<p>* Bonus Options were allocated in 2005-06 and 2010-11 in the same ratio as Bonus Shares issued (i.e. in the ratio of 1 Bonus Share for every 2 Ordinary Shares &amp; in the ratio of 1 Bonus Share for every 1 Ordinary Share, respectively) in accordance with the ITC Employee Stock Option Schemes read with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.</p> <p>** As adjusted on allocation of Bonus Options.</p>						
(B)	Pricing Formula	:	The Pricing Formula, as approved by the Shareholders of the Company, shall be 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.			
			<b>ITC Employee Stock Option Scheme (i)</b>	<b>ITC Employee Stock Option Scheme - 2006 (ii)</b>	<b>Total (i) + (ii)</b>	
(C)	Total number of Options vested	:	1,16,93,812	1,74,82,469	2,91,76,281	
(D)	Total number of Options exercised (Each Option represents 10 Ordinary Shares of ₹ 1/- each)	:	1,11,69,757	60,78,656	1,72,48,413	
(E)	Total number of Ordinary Shares of ₹ 1/- each arising as a result of exercise of Options	:	11,16,97,570	6,07,86,560	17,24,84,130	
(F)	Total number of Options lapsed	:	13,33,225	18,97,251	32,30,476	
(G)	Variation of terms of Options	:	Nil			
(H)	Money realised by exercise of Options	:	₹ 1247.48 crores	₹ 623.31 crores	₹ 1870.79 crores	
(I)	Total number of Options in force	:	1,62,851	2,95,97,929	2,97,60,780	

(J) Details of Options granted to					
(i) Senior managerial personnel :			As provided below -		
Sl. No.	Name	No. of Options granted during the financial year <sup>#</sup>	Sl. No.	Name	No. of Options granted during the financial year <sup>#</sup>
1	Y. C. Deveshwar	1,35,000	24	S. Kaul	13,750
2	N. Anand <sup>^</sup>	20,000	25	U. Lall	11,500
3	P. V. Dhobale <sup>^</sup>	20,000	26	H. Malik	13,750
4	K. N. Grant	67,500	27	A. K. Mukerji	13,750
5	A. Baijal	10,000	28	A. Nayak	20,000
6	S. H. Khan	10,000	29	A. R. Noronha	13,750
7	S. B. Mathur	10,000	30	R. Parasuram	13,750
8	H. G. Powell	10,000	31	A. Pathak	13,750
9	P. B. Ramanujam	10,000	32	S. Puri	20,000
10	A. Ruys	10,000	33	R. Rai	13,750
11	K. Vaidyanath <sup>@</sup>	67,500	34	V. L. Rajesh	9,725
12	S. M. Ahmad	11,500	35	A. Rajput	20,000
13	N. Arif	15,000	36	T. V. Ramaswamy	20,000
14	P. Banerjea	8,625	37	S. Rangrass	13,750
15	S. Basu	13,750	38	S. Janardhana Reddy	13,750
16	M. S. Bhatnagar	13,750	39	R. Senguttuvan	9,725
17	A. Chand	13,750	40	S. K. Singh	13,750
18	S. Chandrasekhar	11,500	41	S. Sivakumar	20,000
19	L. C. Chandrasekharan	15,000	42	R. Sridhar	13,750
20	B. B. Chatterjee	20,000	43	B. Sumant	13,750
21	C. Dar	20,000	44	K. S. Suresh	20,000
22	C. S. Das	13,750	45	R. Tandon	20,000
23	D. Haksar	13,750			
<sup>#</sup> Bonus Options were also allocated consequent to the Bonus Share issue in 2010-11. <sup>^</sup> Options granted prior to appointment as Executive Director. <sup>@</sup> Options granted when he was Executive Director.					
(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'.	₹ 6.41																								
(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 2010-11 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.	₹ 338.40 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: <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td colspan="2"><b>Profit After Tax</b></td> <td style="text-align: right;"><b>₹ in Crores</b></td> </tr> <tr> <td>As reported</td> <td></td> <td style="text-align: right;">4987.61</td> </tr> <tr> <td>Add: Intrinsic Value Compensation Cost</td> <td></td> <td style="text-align: right;">Nil</td> </tr> <tr> <td>Less: Fair Value Compensation Cost (Black Scholes model)</td> <td></td> <td style="text-align: right;">338.40</td> </tr> <tr> <td><b>Adjusted Profit</b></td> <td></td> <td style="text-align: right;"><b>4649.21</b></td> </tr> <tr> <td><b>Earnings Per Share</b></td> <td style="text-align: center;"><b>Basic (₹)</b></td> <td style="text-align: center;"><b>Diluted (₹)</b></td> </tr> <tr> <td>As reported</td> <td style="text-align: center;">6.49</td> <td style="text-align: center;">6.41</td> </tr> <tr> <td>As adjusted</td> <td style="text-align: center;">6.05</td> <td style="text-align: center;">5.97</td> </tr> </table>	<b>Profit After Tax</b>		<b>₹ in Crores</b>	As reported		4987.61	Add: Intrinsic Value Compensation Cost		Nil	Less: Fair Value Compensation Cost (Black Scholes model)		338.40	<b>Adjusted Profit</b>		<b>4649.21</b>	<b>Earnings Per Share</b>	<b>Basic (₹)</b>	<b>Diluted (₹)</b>	As reported	6.49	6.41	As adjusted	6.05	5.97
<b>Profit After Tax</b>		<b>₹ in Crores</b>																								
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As reported	6.49	6.41																								
As adjusted	6.05	5.97																								
(M)	Weighted average exercise prices and weighted average fair values of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price per Option : ₹ 1,461.75 <i>(Adjusted for Bonus Share Issue 1:1)</i> Weighted average fair value per Option : ₹ 436.17																								
(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: <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td>(i) Risk-free interest rate</td> <td style="text-align: right;">6.91%</td> </tr> <tr> <td>(ii) Expected life</td> <td style="text-align: right;">3.19 years</td> </tr> <tr> <td>(iii) Expected volatility</td> <td style="text-align: right;">34.98%</td> </tr> <tr> <td>(iv) Expected dividends</td> <td style="text-align: right;">1.97%</td> </tr> <tr> <td>(v) The price of the underlying shares in market at the time of Option grant</td> <td style="text-align: right;">₹ 1,488.50</td> </tr> </table> <i>(Adjusted for Bonus Share Issue 1:1)</i>	(i) Risk-free interest rate	6.91%	(ii) Expected life	3.19 years	(iii) Expected volatility	34.98%	(iv) Expected dividends	1.97%	(v) The price of the underlying shares in market at the time of Option grant	₹ 1,488.50														
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Kolkata, 20th May, 2011

On behalf of the Board  
 Y. C. DEVESHWAR *Chairman*  
 P. V. DHOBALE *Director*

# Annexure to the Report of the Directors

## For the Financial Year Ended 31st March, 2011

**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.**

Ahmad S M	57	Executive V.P. - Marketing (ITD)	68,58,292	33,52,091	M.A.	34	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Anand Nakul	54	Executive Director	1,20,16,461	47,60,618	B.A. (Hons.)	31	01.12.1979	@
Chandrasekhar S	58	Services on Loan to Subsidiary Co.	60,65,958	30,02,419	B.Sc., F.C.A.	33	01.01.1978	@
Chandrasekharan L C (Dr.)	56	Chief Scientist - Research & Technology Innovation (Corp. R & D)	81,34,344	53,32,409	Ph.D.	29	01.10.2005	G.E. India, Director, Mfg. Engg.
Chatterjee B B	58	Executive V.P. & Company Secretary	74,35,678	42,55,172	B.Com. (Hons.), F.C.A., F.C.S., LL.B.	33	16.05.1983	Wacsgen, Deputy Mgr.
Dar C	55	Divisional Chief Executive - FD	83,39,246	39,18,620	B.Tech. (Hons.), P.G.D.M.	32	01.05.1981	Tata Eng. & Loco. Co., Shift Supvr.
Deveshwar Y C	64	Executive Chairman	9,59,81,297	4,72,90,589	B.Tech. (Mech.)	42	11.02.1994	Air India Ltd., Chairman & M.D.
Dhobale P V	55	Executive Director	1,04,43,973	47,75,687	B.Tech. (Chem.)	34	01.07.1977	#
Grant K N	53	Executive Director	1,29,06,201	54,69,991	B.A. (Hons.), M.B.A.	32	02.06.1980	DCM Ltd., Mgmt. Trainee
Janardhana Reddy S	62	Executive V. P. - Corporate Affairs	62,75,407	32,45,478	B.Sc. (Ag.)	38	27.12.1972	Nil
Lall U	60	Services on Loan to Tobacco Institute of India	65,87,289	32,75,565	B.A. (Hons.)	39	03.01.1972	PARCO, Officer on Spl. Duty
Malik Hemant	44	Head of TM & D (ITD)	60,06,720	29,17,717	B.A., M.B.A	22	01.06.1989	Nil
Mukerji Arup K	52	Corporate Financial Controller	62,86,166	31,29,604	B.Com. (Hons.), A.C.A.	29	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Nayak Anand	59	Executive V.P. - Corporate Human Resources	1,02,29,193	55,03,138	B.Sc., P.G.D.I.R.	38	14.05.1973	Nil
Pathak Arun	51	Executive V.P. - Finance (HD)	70,40,454	30,50,004	B.Com. (Hons.), F.C.A.	28	20.06.1983	Nil
Puri Sanjiv	48	Divisional Chief Executive - ITD	97,50,881	36,23,714	B.Tech.	26	20.01.1986	TELCO Ltd., Trainee
Rajput A K	55	Senior V.P. - Corporate Affairs	77,48,288	37,10,510	B.Com., M.B.A.	35	10.04.1976	Nil
Ramaswamy T V	59	Group Head - R & D, Projects, EHS	84,83,504	40,37,494	B.E., M.M.S.	37	01.07.1974	Nil
Rangrass S	50	Divisional Chief Executive - ABD - ILTD	64,42,273	28,49,451	B. Tech.	29	01.07.1982	Nil
Singh S K	54	Divisional Chief Executive - PSPD	61,34,426	30,18,074	B.Tech. (Chem.),	34	21.06.1977	#
Sivakumar S	50	Divisional Chief Executive - ABD	89,37,539	48,31,464	B.Sc., P.G. Dip. in Rural Mgmt.	28	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Suresh K S	51	General Counsel	83,28,864	39,86,237	B.A., B.L., P.G.D.P.M., I.R. & L.W.	28	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Tandon R	57	Chief Financial Officer	83,79,691	39,50,117	B.Sc., F.C.A.	33	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.

**Employed for a part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month.**

Gooptu T K	60	Sr. Administrator - Salaries & Retirement Funds	32,83,142	15,21,920	B.Com. (Hons.), LL.B., M.I.M.A.	39	15.11.1991	Brooke Bond (I) Ltd., Accountant, Welfare Funds
Madhok M K	57	Assistant General Counsel	5,82,220	4,77,232	B.A.(Hons.), LL.B., LL.M.C., P.G. Dip. in H.R.M.	33	07.12.1998	Indian Navy, Dy. Director
Singh A	66	Executive Director	2,60,35,912	1,28,05,054	B. Tech. (Hons.)	43	01.03.1968	Nil
Singh L B	53	Services on Loan to Subsidiary Company	10,03,779	6,78,805	B.A. (Hons.), M.A.	30	01.07.1982	Mayo College, Teacher
Srinivasan R	59	Not Assigned - Employment Ceased w.e.f. 30th April, 2010	59,67,031	33,39,038	B.Tech. (Hons.)	37	10.09.1974	DCM Usha Sales, Mgmt. Trainee
Tandon A K	60	Sr. Legal Advisor	47,57,385	25,97,897	B.Sc., LL.B., F.C.S.	36	01.09.1982	@

**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
Vaidyanath K	61	Executive Director	4,05,28,418	2,07,00,851	B.Com.(Hons.), M.B.A.	38	16.01.1976	Shriram Refrigeration Industries Ltd., Mgmt. Trainee
Verma P K	64	Sr. Exec. V.P.- Hotels Operations (HD)	39,53,653	22,10,167	B.Sc.(Chem. Tech.), M.B.A., Dip. in Hotel Mgmt.	39	31.01.1986	@

Abbreviations denote :

ITD	:	India Tobacco Division
PSPD	:	Paperboards & Specialty Papers Division
ABD	:	Agri Business Division
ABD - ILTD	:	Agri Business, Leaf Tobacco
FD	:	Foods Division
HD	:	Hotels 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 :**

1. 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.
2. Net remuneration comprises cash income less : a) income tax & education cess deducted at source.  
b) manager's own contribution to Provident Fund.
3. All appointments are/were contractual in accordance with terms and conditions as per Company rules.
4. 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, 20th May, 2011

## 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 efficiency 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. Optimisation in energy consumption by replacing air-cooled chillers with higher efficiency water-cooled chillers, installing high efficiency burners in existing boilers and improved waste heat recovery.
- II. Improvement in energy usage efficiency in lighting systems by installation of automated lighting controls & sensors, changing over to higher efficiency lighting solutions such as Light Emitting Diodes and increased daylight harvesting.
- III. Obtaining LEED (Leadership in Energy and Environment Design) Platinum rating from US Green Building Council (USGBC) in the Existing Building (EB) category, as part of a holistic approach towards sustainability, for ITC Maurya, ITC Maratha, ITC Grand Central, ITC Sonar, ITC Mughal and ITC Windsor. This has helped achieve significant energy savings.
- IV. Installation of renewable energy sources like wind turbine generators and harnessing solar energy through thermal & photovoltaic systems.
- V. Appropriate fuel switching measures from furnace oil to piped natural gas and producer gas across different business units.

- VI. Retrofitting measures and replacement of motors, pumps, boilers, air compressors, cooling towers and transformers by high-energy efficiency sets across different business units.

#### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- I. Renewable sources such as wind turbines and micro hydel projects.
- II. Process improvements across different factories and installation of more energy efficient technologies.
- III. Solar pre-heating arrangement for boiler feed water and furnace oil at different factories.
- IV. Replacement of pumps, motors, compressors, blowers etc. with higher efficiency sets.
- V. Installation of capacitor sets to improve power factor of electrical system.

#### c) Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The holistic approach towards energy costs reduction by focusing on specific energy costs and increasing investments on renewable energy options have resulted in significant energy cost savings for the Company. The various process improvements brought about by retrofitting and implementation of newer and better technologies have also resulted in more efficient processes. Continuing focus on sustainable business practices have led to several units of the Company such as ITC Windsor, ITC Gardenia, ITC Maratha, Welcomhotel Rajputana, ITC InfoTech Park Bengaluru, ITC R&D Bengaluru and Printing & Packaging Business unit at Tiruvottiyur Chennai, meeting most of their energy requirements from renewable sources. Wherever feasible, less carbon intensive fuels are also being adopted to deal with the concerns of climate change and a continual system of periodic energy audits ensures that all energy conservation opportunities are realised. The Company has also 8 registered CDM (Clean Development Mechanism) projects under UNFCCC (United Nations Framework Convention on Climate Change) which have generated significant amount of Certified Emission Reductions (CERs) during the year.

## A) POWER AND FUEL CONSUMPTION

### Relating to Paperboards & Paper

	For the Year ended 31st March, 2011	For the Year ended 31st March, 2010
<b>1. Electricity (Excluding Consumption in Colony)</b>		
a) Purchased Units (KwH in Lakhs)	230	254
Total Amount (₹ in Lakhs)	1714	1459
Rate/Unit (₹)	7.47	5.74
b) Own Generation		
i) Through Diesel Generator Units (KwH in Lakhs)	6	17
Units/Litre of Diesel Oil	3.03	2.98
Cost/Unit (₹)	12.60	10.91
ii) Through Steam Turbine/Generator Units (KwH in Lakhs)	4115	3899
Units/Kg. of Coal	1.45	1.62
Cost/Unit (₹) {considering all fuel types}	2.76	2.57

	For the Year ended 31st March, 2011			For the Year ended 31st March, 2010		
	Process	Power	Total	Process	Power	Total
<b>2. Coal (Specify Quantity &amp; Where Used) B/C/D/E/F Grades Coal Used Coal</b>						
Quantity (MT)	398260	284708	682968	365811	240950	606761
Total Cost (₹ in Lakhs)			13809			11539
Average Rate (₹ per MT)			2021.96			1901.66
<b>3. Furnace Oil</b>						
Quantity (KL)			11947			16049
Total Amount (₹ in Lakhs)			3548			4228
Average Rate (₹ per KL)			29696.22			26344.76
<b>4. Others/Internal Generation De Oiled Bran &amp; Saw Dust etc.</b>						
Quantity (MT)			118118			96784
Total (₹ in Lakhs)			2402			2079
Rate/Unit (₹)			2033.97			2148.49
<b>LP Gas</b>						
Quantity (MT)			1100			1112
Total (₹ in Lakhs)			516			452
Rate/Unit (₹)			46880.34			40613.60

## B) CONSUMPTION PER UNIT OF PRODUCTION

	For the Year ended 31st March, 2011	For the Year ended 31st March, 2010
Products (Paper in MT)	602099	587624
Electricity (KwH)	1036	1024
Coal C/F Grade (MT)	0.71	0.67
Furnace Oil (Litre)	30	34
Others - De Oiled Rice Bran/ Saw Dust/Raw Lignite/ LP Gas, etc. (MT)	0.100	0.101

## 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 the Company:

- I. Research projects for enhancing analytical capabilities, new product development and cost management.
- II. Development of eco-friendly paper, food grade paper, premium printing papers and coated papers and paperboards with high strength and better print aesthetics.
- III. Development of site specific and disease resistant clones of Eucalyptus, Casuarina and Subabul trees.
- IV. Control of eucalyptus gall insect (leptocybe invasa) in association with the National Bureau of Agriculturally Important Insects (NBAIL, CSIR), Bengaluru.
- V. Development of new grades of digital printing paperboards and modification of existing products benchmarked to global standards.
- VI. Development of botanical formulations compatible with the 'Integrated Pest Management' strategies of field and commercial crops.

## 2. Benefits derived as a result of the above R&D:

- I. Cost reduction, import substitution, safer environment and strategic resource management.
- II. Meeting the statutory requirements of US EPA and FDA in respect of food grade paper.
- III. High survival and growth of clonal plantations of Eucalyptus, Casuarina and Subabul resulting in increased productivity of wood biomass and higher returns to farmers.
- IV. Development and evaluation of a new botanical formulation with neem based active ingredients for use against stored product pests.

## 3. Future Plan of Action:

- I. Reduction in Specific fuel consumption and reduction in carbon footprint.
- II. Continuing research on improvement of pulp yield of Eucalyptus, Casuarina, Subabul and other pulp wood trees.
- III. Development of eucalyptus gall wasp management protocol and breeding of wasp insect resistant eucalyptus trees.
- IV. Design and development of modified curing methods, optimal use of solar energy and evaluation of alternative fuel options for curing tobacco.
- V. Enhance packaging through increased use of eco-friendly materials.

	<b>For the year ended 31st March, 2011</b>
<b>4. Expenditure on R&amp;D :</b>	<b>(₹ in Lakhs)</b>
i) Capital	2482.00
ii) Recurring	9023.87
iii) <b>Total</b>	<b><u>11505.87</u></b>
iv) Total R&D Expenditure as a % of	
– Gross Turnover	0.38%
– Net Turnover	0.54%

## Technology Absorption, Adoption and Innovation

- I. Induction of contemporary making and packing technologies across multiple speed platforms for Cigarette business.
- II. Establishment of wind energy farms in Karnataka and Rajasthan.
- III. Continuous improvement projects towards reducing process variability, cycle time and wastages while enhancing manufacturing productivity.
- IV. Innovations in manufacturing and engineering technologies through indigenous interventions.
- V. Operating state-of-the-art printing and conversion equipment for packaging.

## Benefits Derived

- I. World class quality and differentiated products.
- II. Improved productivity and process control.
- III. Conservation of fuel and reduced emissions.
- IV. Enhanced state-of-the-art capacity.
- V. Reduction in carbon foot print.

On behalf of the Board

Kolkata  
20th May, 2011

Y. C. DEVESHWAR *Chairman*  
P. V. DHOBAL *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, 2011, 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.

Kolkata, 20th May, 2011

For Deloitte Haskins & Sells  
*Chartered Accountants*  
(Registration No. 302009E)

P. R. Ramesh  
*Partner*  
(Membership No. 70928)

## 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, 2011 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, 2011 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,  
20th May, 2011

## Balance Sheet as at 31st March, 2011

	Schedule	31st March, 2011 (₹ in Crores)		31st March, 2010 (₹ in Crores)	
<b>I. Sources of Funds</b>					
<b>1. Shareholders' Funds</b>					
a) Capital	1	773.81		381.82	
b) Reserves and Surplus	2	15179.46	<b>15953.27</b>	13682.56	<b>14064.38</b>
<b>2. Loan Funds</b>					
a) Secured Loans	3	1.94		–	
b) Unsecured Loans	4	97.26	<b>99.20</b>	107.71	<b>107.71</b>
<b>3. Deferred Tax - Net</b>					
	5		<b>801.85</b>		<b>785.01</b>
<b>Total</b>			<b>16854.32</b>		<b>14957.10</b>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
	6				
a) Gross Block		12765.82		11967.86	
b) Less: Depreciation		4420.75		3825.46	
c) Net Block		8345.07		8142.40	
d) Capital Work-in-Progress		1333.40	<b>9678.47</b>	1008.99	<b>9151.39</b>
<b>2. Investments</b>					
	7		<b>5554.66</b>		<b>5726.87</b>
<b>3. Current Assets, Loans and Advances</b>					
a) Inventories	8	5267.53		4549.07	
b) Sundry Debtors	9	907.62		858.07	
c) Cash and Bank Balances	10	2243.24		1126.28	
d) Other Current Assets	11	347.49		288.44	
e) Loans and Advances	12	1418.09		1306.06	
		<b>10183.97</b>		<b>8127.92</b>	
<b>Less :</b>					
<b>4. Current Liabilities and Provisions</b>					
a) Liabilities	13	4457.94		3499.14	
b) Provisions	14	4104.84		4549.94	
		<b>8562.78</b>		<b>8049.08</b>	
<b>Net Current Assets</b>			<b>1621.19</b>		<b>78.84</b>
<b>Total</b>			<b>16854.32</b>		<b>14957.10</b>

Notes to the Accounts	19
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The Schedules referred to above form an integral part of the Balance Sheet.

In terms of our report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants  
P. R. RAMESH  
Partner

Kolkata, 20th May, 2011

On behalf of the Board

P. V. DHOBALÉ	Director	Y. C. DEVESHWAR	Chairman
R. TANDON	Chief Financial Officer	B. B. CHATTERJEE	Secretary

# Profit and Loss Account for the year ended 31st March, 2011

Schedule	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>IA. Gross Income</b>	<b>31423.23</b>	<b>26874.34</b>
<b>IB. Net Income</b>		
Gross Sales	30604.39	26259.60
Less : Excise Duties and Taxes on Sales of Services	19(xiv) 9436.81	8106.41
Net Sales	21167.58	18153.19
Other Income	15 818.84	614.74
	<b>21986.42</b>	<b>18767.93</b>
<b>II. Expenditure</b>		
Raw Materials etc.	16 8126.50	7007.26
Manufacturing, Selling etc. Expenses	17 5935.77	5136.65
Depreciation	655.99	608.71
	<b>14718.26</b>	<b>12752.62</b>
<b>III. Profit</b>		
Profit before Taxation	7268.16	6015.31
Provision for Taxation	18 2280.55	1954.31
Profit after Taxation	4987.61	4061.00
Profit brought forward	61.31	858.14
Available for appropriation	<b>5048.92</b>	<b>4919.14</b>
<b>IV. Appropriations</b>		
General Reserve	498.76	406.10
Proposed Dividend		
- Ordinary Dividend	2166.68	1718.18
- Special Centenary Dividend	-	2100.00
- Special Dividend	1276.79	-
Income Tax on Proposed Dividend		
- Current year	558.62	634.15
- Earlier year's provision no longer required	(0.60)	(0.60)
Profit carried forward	548.67	61.31
	<b>5048.92</b>	<b>4919.14</b>
Earnings Per Share (Face Value ₹ 1.00 each)	19(iii)	
Basic	₹ 6.49	₹ 5.34
Diluted	₹ 6.41	₹ 5.28

<b>Notes to the Accounts</b>	19
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The Schedules referred to above form an integral part of the Profit and Loss Account.

In terms of our report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants

P. R. RAMESH  
Partner

Kolkata, 20th May, 2011

On behalf of the Board

P. V. DHOBALE

Director

Y. C. DEVESHWAR

Chairman

R. TANDON Chief Financial Officer

B. B. CHATTERJEE

Secretary



100  
Inspiring Years

# Cash Flow Statement for the year ended 31st March, 2011

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

	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>A. Cash Flow from Operating Activities</b>		
NET PROFIT BEFORE TAX	7268.16	6015.31
ADJUSTMENTS FOR :		
Depreciation	655.99	608.71
Interest – Net	(58.67)	(54.54)
Income from Long Term Investments	(83.75)	(77.65)
Income from Current Investments	(207.12)	(135.68)
Fixed Assets – Loss on Sale – Net	24.44	30.88
Profit on Sale of Current Investments – Net	(54.92)	(11.24)
Profit on Sale of Long Term Investments	(63.01)	(31.70)
Doubtful and Bad Debts	2.28	12.47
Doubtful and Bad Advances, Loans and Deposits	2.93	11.28
Excess of Carrying Cost over Fair Value of Current Investments – Net	–	9.95
Excess of Cost of Current Investments over Fair Value, reversed – Net	(2.57)	–
Unrealised Gain on Exchange – Net	(0.15)	(0.27)
Doubtful Debts, Claims and Advances – previous years	(1.36)	(1.07)
Liability no longer required written back	(27.47)	(36.04)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7454.78	6340.41
ADJUSTMENTS FOR :		
Trade and Other Receivables	(195.05)	(289.54)
Inventories	(718.46)	50.65
Trade and Other Payables	918.71	530.32
CASH GENERATED FROM OPERATIONS	7459.98	6631.84
Income Tax Paid	(2195.74)	(1990.01)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5264.24</b>	<b>4641.83</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1281.46)	(1094.47)
Sale of Fixed Assets	8.06	2.86
Purchase of Current Investments	(68486.95)	(57866.98)
Sale/Redemption of Current Investments	68939.54	55449.27
Purchase of Long Term Investments from Subsidiary	–	(387.31)
Purchase of Long Term Investments	(176.59)	–
Investment in Joint Venture	(45.47)	–
Investment in Subsidiary	(25.00)	(147.00)
Sale of Long Term Investments	103.58	66.47
Income from Long Term Investments Received	83.75	77.65
Income from Current Investments Received	186.29	133.80
Interest Received	110.24	129.33
Loans Given	(239.61)	(811.33)
Loans Realised	207.40	905.22
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(616.22)</b>	<b>(3542.49)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital	903.82	720.73
Proceeds from Long Term Borrowings	1.40	1.85
Repayments of Long Term Borrowings	(11.85)	(10.06)
Net increase/(decrease) in Cash/Export Credit Facilities	1.94	(61.63)
Interest Paid	(15.80)	(33.77)
Net increase in Statutory Restricted Accounts Balances	20.58	6.04
Dividends Paid	(3818.18)	(1396.53)
Income Tax on Dividends Paid	(633.55)	(236.74)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3551.64)</b>	<b>(1010.11)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1096.38</b>	<b>89.23</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>1082.93</b>	<b>993.70</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>2179.31</b>	<b>1082.93</b>

**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	2179.31	1082.93
Balances in Statutory Restricted Accounts	63.93	43.35
Cash and Bank Balances (Schedule 10)	2243.24	1126.28

In terms of our report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants

P. R. RAMESH  
Partner

Kolkata, 20th May, 2011

On behalf of the Board

P. V. DHOBALÉ Director Y. C. DEVESHWAR Chairman  
R. TANDON Chief Financial Officer B. B. CHATTERJEE Secretary

## Schedules to the Accounts

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

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>1. Capital</b>		
Authorised		
10,00,00,00,000 Ordinary Shares of ₹ 1.00 each (2010 - 5,00,00,00,000 Ordinary Shares of ₹ 1.00 each)	1000.00	500.00
Issued & Subscribed		
7,73,81,44,280 Ordinary Shares of ₹ 1.00 each, fully paid (2010 - 3,81,81,76,790 Ordinary Shares of ₹ 1.00 each, fully paid)	773.81	381.82

A) Of the above, following were allotted :

a) as fully paid up Bonus Shares -

3,79,00,000 in 1978-79 by Capitalisation of Capital Reserve, Securities Premium Reserve and General Reserve;

4,54,80,000 in 1980-81 by Capitalisation of Capital Reserve and General Reserve;

33,16,81,100 in 1989-90 by Capitalisation of Capital Reserve, Securities Premium Reserve, Export Promotion Reserve and General Reserve;

39,80,17,320 in 1991-92 by Capitalisation of General Reserve;

1,21,31,81,770 in 1994-95 by Capitalisation of General Reserve;

1,25,17,12,290 in 2005-06 by Capitalisation of General Reserve;

3,82,67,01,530 in 2010-11 by Capitalisation of Securities Premium Reserve.

b) as fully paid up Shares -

10,59,50,750 in 1991-92 consequent to the amalgamation of erstwhile Tribeni Tissues Limited to the Shareholders of erstwhile Tribeni Tissues Limited.

2,09,69,820 in 2002-03 consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited to the Shareholders of erstwhile ITC Bhadrachalam Paperboards Limited.

1,21,27,470 in 2005-06 consequent to the amalgamation of erstwhile ITC Hotels Limited & Ansal Hotels Limited to the Shareholders of erstwhile ITC Hotels Limited & Ansal Hotels Limited.

B) Under Employee Stock Option Schemes the Company has granted (net of Options lapsed):

a) 13,60,568 (2010 - 13,77,495) Options in 2005-06 (including 4,75,638 Bonus Options allocated in 2005-06), of which 13,60,568 vested Options have been exercised.

b) 69,81,311 (2010 - 51,64,746) Options in 2006-07 (including 18,30,137 Bonus Options allocated during the year), of which 68,18,460 vested Options have been exercised.

c) 85,69,960 (2010 - 47,82,423) Options in 2007-08 (including 38,29,364 Bonus Options allocated during the year), of which 42,21,931 vested Options have been exercised.

d) 1,03,06,545 (2010 - 53,22,009) Options in 2008-09 (including 51,30,034 Bonus Options allocated during the year), of which 15,55,885 vested Options have been exercised.

e) 84,52,930 (2010 - 42,94,210) Options in 2009-10 (including 42,69,672 Bonus Options allocated during the year), of which 3,00,840 vested Options have been exercised.

f) 83,47,150 Options in 2010-11 (including 42,21,225 Bonus Options allocated during the year), of which none of the Options have vested and been exercised.

**Note :**

Each Option entitles the holder thereof to apply for and be allotted 10 Ordinary Shares of the face value of ₹ 1.00 each.

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
<b>2. Reserves and Surplus</b>				
General Reserve				
At commencement of the year	11907.55		11501.45	
Add: From Profit and Loss Account	<u>498.76</u>	<b>12406.31</b>	<u>406.10</u>	<b>11907.55</b>
Securities Premium				
At commencement of the year	1293.48		577.13	
Add: On issue of Shares	894.50		716.35	
Less: Utilised for issue of Bonus Shares	<u>382.67</u>	<b>1805.31</b>	<u>—</u>	<b>1293.48</b>
Capital Reserve		<b>2.48</b>		<b>2.48</b>
Capital Redemption Reserve		<b>0.30</b>		<b>0.30</b>
Revaluation Reserve				
At commencement of the year	54.39		55.09	
Less: To Profit and Loss Account				
– Depreciation	0.60		0.70	
– Disposal of Fixed Assets	<u>0.45</u>	<b>53.34</b>	<u>—</u>	<b>54.39</b>
Contingency Reserve		<b>363.05</b>		<b>363.05</b>
Profit and Loss Account		<b>548.67</b>		<b>61.31</b>
		<u><b>15179.46</b></u>		<u><b>13682.56</b></u>
<b>3. Secured Loans</b>				
Loans from Banks				
Cash Credit Facilities *		<u>1.94</u>		<u>—</u>
		<u><b>1.94</b></u>		<u><b>—</b></u>

\* Secured by hypothecation of inventories of the Company, both present and future.

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>4. Unsecured Loans</b>		
Other Loans		
From Banks (Due within one year ₹ 5.56 Crores, 2010 - ₹ 9.73 Crores)	6.27	16.00
From Others – Sales tax deferment loan (interest free) (Due within one year ₹ 5.29 Crores, 2010 - ₹ 2.12 Crores)	90.99	91.71
	<b>97.26</b>	<b>107.71</b>
<b>5. Deferred Tax - Net</b>		
Deferred Tax Liabilities		
On fiscal allowances on fixed assets	984.88	922.75
On excise duty on closing stock	218.15	196.64
Other timing differences	7.13	1.85
	<b>1210.16</b>	<b>1121.24</b>
Deferred Tax Assets		
On employees' separation and retirement etc.	39.53	32.97
On provision for doubtful debts/advances	11.68	11.52
On State and Central taxes etc.	326.21	285.33
Other timing differences	30.89	6.41
	<b>408.31</b>	<b>336.23</b>
<b>Deferred Tax - Net</b>	<b>801.85</b>	<b>785.01</b>



Inspiring Years

## Schedules to the Accounts

(₹ in Crores)

6. Fixed Assets	Gross Block				Depreciation				Net Book Value	
	Particulars	@ As at 31st March, 2010	Additions	Withdrawals and adjustments	@ As at 31st March, 2011	Upto 31st March, 2010	For the year	On Withdrawals and adjustments	Upto 31st March, 2011	As at 31st March, 2011
Trademarks & Goodwill	10.94	-	-	10.94	9.70	0.60	-	10.30	0.64	1.24
Know-how, Business and Commercial Rights	60.36	1.40	-	61.76	39.29	6.36	-	45.65	16.11	21.07
Land Freehold	802.03	47.19	0.51	848.71	-	-	-	-	848.71	802.03
Buildings Freehold	2225.01	124.22	(7.93)	2357.16	315.23	50.81	2.03	364.01	1993.15	1909.78
Leasehold Properties	196.35	22.17	0.02	218.50	9.24	2.09	0.01	11.32	207.18	187.11
Licensed Properties - Building Improvement	41.09	8.97	3.27	46.79	17.50	5.26	1.63	21.13	25.66	23.59
Railway Sidings etc.	1.17	0.58	0.03	1.72	0.80	0.05	0.03	0.82	0.90	0.37
Plant & Machinery	7526.56	574.65	60.83	8040.38	2866.01	469.66	39.26	3296.41	4743.97	4660.55
Capitalised Software	182.89	57.77	0.10	240.56	81.64	37.89	0.10	119.43	121.13	101.25
Computers, Servers and Other I.T. Equipments	380.76	34.02	6.17	408.61	243.01	42.97	8.85	277.13	131.48	137.75
Furniture & Fittings	472.57	12.09	23.99	460.67	224.08	34.45	6.43	252.10	208.57	248.49
Motor Vehicles etc.	68.13	7.85	5.96	70.02	18.96	6.45	2.96	22.45	47.57	49.17
	<b>11967.86</b>	<b>890.91</b>	<b>92.95</b>	<b>12765.82</b>	<b>3825.46</b>	<b>656.59</b>	<b>61.30</b>	<b>4420.75</b>	<b>8345.07</b>	<b>8142.40</b>
Capital Work-in-Progress	1008.99	1164.06	839.65	1333.40	-	-	-	-	1333.40	1008.99
<b>Total</b>	<b>12976.85</b>	<b>2054.97</b>	<b>932.60</b>	<b>14099.22</b>	<b>3825.46</b>	<b>656.59</b>	<b>61.30</b>	<b>4420.75</b>	<b>9678.47</b>	<b>9151.39</b>
Previous Year	11772.71	2792.87	1588.73	12976.85	3286.74	609.41	70.69	3825.46	9151.39	

@ Original Cost/Professional Valuation as at 30th June, 1986

Land Freehold includes the provisional purchase price of (a) ₹ 17.29 Crores (2010 - ₹ 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 (2010 - ₹ 8.92 Crores) in respect of land at Mysore. 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 6 years time from the date of agreement.

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 ₹ 720.38 Crores (2010 - ₹ 670.07 Crores), aggregate cost of building on leasehold land situated at various locations. "Trademarks & Goodwill" includes purchased Trademark amounting to ₹ 6.04 Crores (2010 - ₹ 6.04 Crores) which are being amortised over 10 years.

Out of the total amount of "Know-how, Business and Commercial Rights" aggregating ₹ 61.76 Crores (2010 - ₹ 60.36 Crores) :-

- ₹ 48.74 Crores (2010 - ₹ 47.34 Crores) acquired during the year and in earlier years are being amortised over 10 years.

- ₹ 8.05 Crores (2010 - ₹ 8.05 Crores) acquired in earlier years are being amortised over 5 years.

- ₹ 4.97 Crores (2010 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.

Applications for exemption in respect of vacant land under the Urban Land (Ceiling & Regulation) Act, 1976 have been made, wherever applicable.

Capital expenditure commitments are ₹ 1976.62 Crores (2010 - ₹ 991.81 Crores).

Capital Work-in-Progress includes intangible assets yet to be capitalised ₹ 10.66 Crores (2010 - ₹ 11.88 Crores).

Depreciation for the year includes ₹ 0.60 Crore (2010 - ₹ 0.70 Crore) transferred from Revaluation Reserve in respect of revalued assets.

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments</b>				
<b>Long Term</b>				
<b>A. TRADE INVESTMENTS</b>				
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	
Espirit Hotels Private Limited 4,54,69,200 Equity Shares of ₹ 10.00 each, fully paid (4,54,69,200 Equity Shares acquired during the year)		45.47		–
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 *		1.19		1.19
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid		0.90		0.90
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
VST Industries Limited 11,11,748 (2010 - 15,75,748) Equity Shares of ₹ 10.00 each, fully paid (4,64,000 Equity Shares sold during the year)	18.47		26.18	
Agro Tech Foods Limited 8,93,465 (2010 - 33,93,064) Equity Shares of ₹ 10.00 each, fully paid (24,99,599 Equity Shares sold during the year)	11.75		44.61	
Hotel Leelaventure Limited 3,20,23,542 Equity Shares of ₹ 2.00 each, fully paid	100.82		100.82	
EIH Limited 8,56,21,473 (2010 - 5,88,64,763) Equity Shares of ₹ 2.00 each, fully paid (2,67,56,710 Equity Shares subscribed through Rights Issue during the year)	392.29		215.70	
<b>B. SUBSIDIARY COMPANIES</b>				
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 1,26,00,000 (2010 - 1,01,00,000) Redeemable Preference Shares of ₹ 100.00 each, fully paid (25,00,000 Redeemable Preference Shares acquired during the year)		58.57 126.00		58.57 101.00
ITC Global Holdings Pte. Limited (in liquidation) 89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid *		25.58		25.58
Carried over	525.92	1022.28	389.90	951.81

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
Brought forward	525.92	1022.28	389.90	951.81
<b>SUBSIDIARY COMPANIES (Contd.)</b>				
BFIL Finance Limited				
2,00,00,000 Equity Shares of ₹ 10.00 each, fully paid *		20.00		20.00
15,00,000 - 18.5% Non - Convertible Debentures of ₹ 100.00 each, renewed at 0% *		15.00		15.00
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
<b>C. DEPOSITS WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES</b>				
Government Securities [cost ₹ 76,000.00 (2010 - ₹ 78,000.00)]		0.01		0.01
<b>D. OTHER INVESTMENTS</b>				
Coffee Futures Exchange India Limited				
1 Equity Share of ₹ 10,000.00 each, fully paid (cost ₹ 10,000.00)		...		...
Woodlands Hospital & Medical Research Centre Limited				
1/2% Registered Debentures, fully paid (cost ₹ 15,200.00)		...		...
5% Registered Debentures, fully paid		0.01		0.01
Tourism Finance Corporation of India Limited				
25,000 Equity Shares of ₹ 10.00 each, fully paid	0.05		0.05	
Hill Properties Limited				
3 class 'A' Equity Shares of ₹ 1,20,000.00 each, ₹ 1,18,000.00 per share paid		0.04		0.04
Modern Flats Private Limited				
4,300 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 43,000.00)		...		...
Andhra Pradesh Gas Power Corporation Limited				
8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Cuffe Parade Sealord Co-operative Housing Society Limited				
10 Shares of ₹ 50.00 each, fully paid (cost ₹ 500.00)		...		...
Tulsiani Chambers Premises Co-operative Society Limited				
Nil (2010 - 5 Shares) of ₹ 50.00 each, fully paid (cost ₹ 250.00) (5 Shares sold during the year)		—		...
Atur Park Co-operative Housing Society Limited				
5 Shares of ₹ 50.00 each, fully paid (cost ₹ 250.00)		...		...
<b>Total Long Term Investments (At Cost)</b>	<b>525.97</b>	<b>1099.14</b>	<b>389.95</b>	<b>1028.67</b>
<b>Current</b>				
<b>OTHER INVESTMENTS</b>				
Indian Railway Finance Corporation Limited				
10,000 6.30% Tax Free Bonds of ₹ 1,00,000.00 each, fully paid		96.64		100.00
Carried over		96.64		100.00

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward		96.64	100.00
<b>IIFCL</b>				
6.85% 2014 Tax Free Bonds (22/01/2014) 43,070 (2010 - 31,510) 6.85% Tax Free Bonds of ₹ 1,00,000.00 each, fully paid (11,560 Bonds acquired during the year)		430.70		316.13
6.85% 2014 Tax Free Bonds (20/03/2014) 3,000 6.85% Tax Free Bonds of ₹ 1,00,000.00 each, fully paid		30.00		30.00
<b>ICICI Bank Limited</b>				
310 Non-Cumulative, Non-Participating, Non-Voting Preference Shares of ₹ 1,00,00,000.00 each, fully paid		120.44		107.95
<b>National Housing Bank 2018 (24/12/2018)</b>				
1,03,785 Zero Coupon Bonds of ₹ 10,000.00 each, fully paid		54.99		51.41
<b>NABARD</b>				
Bhavishya Nirman Bond 2017 (01/08/2017) 4,100 Zero Coupon Bonds 2017 of ₹ 20,000.00 each, fully paid		4.89		4.50
Bhavishya Nirman Bond 2019 (01/01/2019) 1,41,270 Zero Coupon Bonds 2019 of ₹ 20,000.00 each, fully paid		148.90		139.44
<b>SBI</b>				
<b>SBI Series 4 Lower Tier II Bonds</b>				
6,066 (2010 - Nil) 9.45% LT 2 Bonds (16/03/2026) of ₹ 10,000.00 each, fully paid, purchased during the year	6.07			—
11,570 (2010 - Nil) 9.95% LT 2 Bonds (16/03/2026) of ₹ 10,000.00 each, fully paid, purchased during the year	11.91			—
<b>Birla Sun Life Fixed Term Plan Series CG Growth</b>				
3,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (3,00,00,000 Units purchased during the year)	30.00			—
<b>Birla Sun Life Fixed Term Plan Series CI-Growth</b>				
2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			—
<b>Birla Sun Life Fixed Term Plan Series CK Dividend - Payout</b>				
5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00			—
<b>Birla Sun Life Fixed Term Plan Series CO Growth</b>				
2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			—
<b>Birla Sun Life Savings Fund Institutional - Growth</b>				
Nil (2010 - 2,95,80,832) Units of ₹ 10.00 each (2,95,80,832 Units sold during the year)		—		50.01
<b>Birla Sun Life Short Term FMP Series 4 Dividend - Payout</b>				
7,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (7,50,00,000 Units purchased during the year)	75.00			—
<b>BSL Medium Term Plan - Institutional - Weekly Dividend - Reinvestment</b>				
10,08,03,045 (2010 - Nil) Units of ₹ 10.00 each (10,08,03,045 Units purchased during the year)		101.12		—
<b>BSL Quarterly Interval - Series 4 - Dividend - Payout</b>				
2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (9,00,00,000 Units purchased and 6,50,00,000 Units sold during the year)		25.00		—
	Carried over	222.98	1012.68	799.44

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)		
	Quoted	Not Quoted	Quoted	Not Quoted	
<b>7. Investments (Contd.)</b>					
<b>Current</b>					
OTHER INVESTMENTS (Contd.)	Brought forward		222.98	1012.68	799.44
Birla Sun Life Short Term Opportunities Fund - Institutional - Weekly Dividend Nil (2010 - 14,77,08,515) Units of ₹ 10.00 each (2,35,374 Units purchased and 14,79,43,889 Units sold during the year)				–	147.74
Birla Sun Life Fixed Term Plan Series CJ Dividend - Payout 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00			–	
BSL Interval Income Fund - Institutional - Quarterly - Series 1 - Dividend Nil (2010 - 5,00,00,000) Units of ₹ 10.00 each (6,13,890 Units purchased and 5,06,13,890 Units sold during the year)				–	50.00
BSL Interval Income Fund - Institutional - Quarterly - Series 2 - Dividend - Payout Nil (2010 - 5,00,04,027) Units of ₹ 10.00 each (5,00,04,027 Units sold during the year)				–	50.00
BNP Paribas Money Plus Institutional Growth (Formerly known as Fortis Money Plus Institutional Growth) 5,28,96,512 (2010 - 7,79,69,070) Units of ₹ 10.00 each (2,50,72,558 Units sold during the year)				71.23	105.00
Canara Robeco FMP - Series 5 -13 months (Plan A) Dividend Payout 2,00,00,000 Units of ₹ 10.00 each	20.00				20.00
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Institutional Dividend Fund Nil (2010 - 5,00,00,000) Units of ₹ 10.00 each (6,26,714 Units purchased and 5,06,26,714 Units sold during the year)				–	50.00
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund Nil (2010 - 18,38,09,866) Units of ₹ 10.00 each (94,11,35,966 Units purchased and 1,12,49,45,832 Units sold during the year)				–	228.05
DSP BlackRock FMP - 12M Series 10 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
DSP BlackRock FMP 13M Series 3 - Dividend 2,50,00,000 Units of ₹ 10.00 each	25.00				25.00
DSP BlackRock FMP - 12M Series 11 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
DSP BlackRock FMP - 12M Series 12 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
DSP BlackRock FMP - 12M Series 13 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
DSP BlackRock FMP - 12M Series 14 - Growth 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00				–
DSP BlackRock FMP - 3M Series 27 - Dividend Payout 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00				–
	Carried over		517.98	1083.91	1475.23

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward			1475.23
DSP BlackRock FMP - 3M Series 28 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00	1083.91	—	
DSP BlackRock FMP - 3M Series 29 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
DSP BlackRock FMP - 3M Series 32 - Dividend Payout 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)	15.00		—	
DSP BlackRock FMP - 13M Series 2 - Dividend 4,50,00,000 Units of ₹ 10.00 each	45.00			45.00
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend 3,14,464 (2010 - Nil) Units of ₹ 1,000.00 each (3,93,25,292 Units purchased and 3,90,10,828 Units sold during the year)		31.46		—
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvest Nil (2010 - 7,81,26,226) Units of ₹ 10.00 each (11,19,27,187 Units purchased and 19,00,53,413 Units sold during the year)		—		78.27
DWS Ultra Short Term Fund - Institutional Growth Nil (2010 - 4,77,20,852) Units of ₹ 10.00 each (4,77,20,852 Units sold during the year)		—		50.00
DWS Fixed Term Fund Series 67 - Dividend Plan - Payout 2,50,00,000 Units of ₹ 10.00 each	25.00			25.00
DWS Fixed Term Fund - Series 77 - Dividend Plan - Payout 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00		—	
DWS Fixed Term Fund - Series 79 - Dividend Plan - Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
DWS Fixed Term Fund - Series 76 - Dividend Plan - Payout 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00		—	
DWS Money Plus Fund - Institutional Plan Weekly Dividend - Reinvestment 4,97,90,382 (2010 - Nil) Units of ₹ 10.00 each (4,97,90,382 Units purchased during the year)		50.00		—
DWS Short Maturity Fund - Premium Plus Weekly Dividend - Reinvestment 5,00,74,399 (2010 - Nil) Units of ₹ 10.00 each (5,00,74,399 Units purchased during the year)		50.07		—
DWS Treasury Fund Investment - Institutional Plan - Growth Nil (2010 - 2,00,00,000) Units of ₹ 10.00 each (2,00,00,000 Units sold during the year)		—		20.00
Fidelity Ultra Short Term Debt Fund Super Institutional - Daily Dividend Nil (2010 - 10,20,44,061) Units of ₹ 10.00 each (13,66,16,002 Units purchased and 23,86,60,063 Units sold during the year)		—		102.07
HDFC FMP 370D November 2010 (1) - Growth - Series XVII 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
	Carried over	722.98	1215.44	1795.57



Inspiring Years

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)		
	Quoted	Not Quoted	Quoted	Not Quoted	
<b>7. Investments (Contd.)</b>					
<b>Current</b>					
OTHER INVESTMENTS (Contd.)	Brought forward		722.98	1215.44	1795.57
ICICI Prudential Interval Fund Half Yearly Interval Plan - I Institutional Dividend 5,00,01,063 (2010 - Nil) Units of ₹ 10.00 each (5,00,01,063 Units purchased during the year)				50.00	–
ICICI Prudential Banking and PSU Debt Fund Premium Plus Daily Dividend Nil (2010 - 9,51,09,358) Units of ₹ 10.00 each (11,66,569 Units purchased and 9,62,75,927 Units sold during the year)				–	95.28
ICICI Prudential Flexible Income Plan Premium - Growth Nil (2010 - 30,18,545) Units of ₹ 100.00 each (30,18,545 Units sold during the year)				–	50.00
ICICI Prudential FMP Series 51 - 1 Year Plan B Dividend 2,50,00,000 Units of ₹ 10.00 each	25.00				25.00
ICICI Prudential FMP Series 51 - 13 Months Plan C Dividend 2,50,00,000 Units of ₹ 10.00 each	25.00				25.00
ICICI Prudential FMP Series 51 - 14 Months Plan D Dividend 2,50,00,000 Units of ₹ 10.00 each	25.00				25.00
ICICI Prudential FMP Series 49 - 1 Year Plan B Institutional Growth Nil (2010 - 3,00,00,000) Units of ₹ 10.00 each (3,00,00,000 Units sold during the year)			–		30.00
ICICI Prudential FMP Series 53 - 1 Year Plan F Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
ICICI Prudential FMP Series 53 - 6 Months Plan A Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
ICICI Prudential FMP Series 55 - 1 Year Plan A Cumulative 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00				–
ICICI Prudential FMP Series 53 - 1 Year Plan C Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
ICICI Prudential FMP Series 55 - 1 Year Plan B Cumulative 7,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (7,50,00,000 Units purchased during the year)	75.00				–
ICICI Prudential Interval Fund II Quarterly Interval Plan F Institutional Dividend 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)				15.00	–
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)				15.00	–
ICICI Prudential Interval Fund II Quarterly Interval Plan Institutional Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)				25.00	–
IDFC Fixed Maturity 100 Days Series -1 Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–
	Carried over		982.98	1320.44	30.00 2015.85

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)		
	Quoted	Not Quoted	Quoted	Not Quoted	
<b>7. Investments (Contd.)</b>					
<b>Current</b>					
OTHER INVESTMENTS (Contd.)	Brought forward		30.00	2015.85	
IDFC Fixed Maturity 100 Days Series - 3 Dividend 2,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,00,00,000 Units purchased during the year)	20.00		–		
IDFC - FMP - Thirteen Months Series 1 - Plan B - Growth Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (2,50,00,000 Units sold during the year)	–		25.00		
IDFC Fixed Maturity Plan Yearly Series 37 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Daily Dividend Nil (2010 - 14,84,84,394) Units of ₹ 10.00 each (20,46,852 Units purchased and 15,05,31,246 Units sold during the year)		–		148.71	
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Growth Nil (2010 - 6,30,49,022) Units of ₹ 10.00 each (6,30,49,022 Units sold during the year)		–		89.00	
IDFC Money Manager Fund - Treasury Plan - Institutional Plan B - Growth Nil (2010 - 2,31,51,036) Units of ₹ 10.00 each (2,31,51,036 Units sold during the year)		–		33.00	
JM Money Manager Fund Super Plus Plan - Daily Dividend Nil (2010 - 24,79,26,101) Units of ₹ 10.00 each (73,68,75,673 Units purchased and 98,48,01,774 Units sold during the year)		–		248.06	
JPMorgan India Fixed Maturity Plan 367D Series 1 - Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)		25.00		–	
JPMorgan India Fixed Maturity Plan 400D Series 1 - Growth Plan 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00		–		
JPMorgan India Treasury Fund - Super Institutional Growth Plan 5,68,14,390 (2010 - 8,57,67,854) Units of ₹ 10.00 each (2,89,53,464 Units sold during the year)		66.24		100.00	
Kotak Floater Long Term - Growth 10,45,70,180 Units of ₹ 10.00 each		150.00		150.00	
Kotak FMP Series 28 - Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
Kotak FMP 13M Series 5 - Growth Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)	–		10.00		
Kotak FMP 370 Days Series 1 - Growth Nil (2010 - 3,00,00,000) Units of ₹ 10.00 each (3,00,00,000 Units sold during the year)	–		30.00		
Kotak FMP Series 32 - Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
Kotak FMP 370Days Series 9 Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
	Carried over	1152.98	1561.68	95.00	2784.62



Inspiring Years

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)		
	Quoted	Not Quoted	Quoted	Not Quoted	
<b>7. Investments (Contd.)</b>					
<b>Current</b>					
OTHER INVESTMENTS (Contd.)	Brought forward		95.00	2784.62	
Kotak FMP 370Days Series 3 Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00			50.00	
Kotak FMP Series 30 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
Kotak FMP Series 34 - Growth 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00		–		
Kotak FMP Series 37 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
Kotak Quarterly Interval Plan Series 6 - Dividend Nil (2010 - 9,84,25,864) Units of ₹ 10.00 each (10,00,00,000 Units purchased and 19,84,25,864 Units sold during the year)		–		98.43	
Kotak Quarterly Interval Plan Series 10 - Dividend 5,00,06,947 (2010 - Nil) Units of ₹ 10.00 each (5,00,06,947 Units purchased during the year)	50.00		–		
Kotak Quarterly Interval Plan Series 5 - Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
LIC NOMURA MF Income Plus Fund - Daily Dividend Plan (Formerly known as LICMF Income Plus Fund - Daily Dividend Plan) Nil (2010 - 1,90,01,483) Units of ₹ 10.00 each (77,87,15,662 Units purchased and 79,77,17,145 Units sold during the year)		–		19.00	
LIC NOMURA MF Income Plus Fund - Growth Plan (Formerly known as LICMF Income Plus Fund - Growth Plan) Nil (2010 - 12,39,89,966) Units of ₹ 10.00 each (12,39,89,966 Units sold during the year)		–		150.02	
LIC NOMURA MF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan (Formerly known as LICMF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan) Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (3,17,815 Units purchased and 2,53,17,815 Units sold during the year)		–		25.00	
L&T Fixed Maturity Plan Series - 12 - Plan 15 M - March 10 - I - Dividend (Payout) 1,50,00,000 Units of ₹ 10.00 each	15.00			15.00	
L&T Fixed Maturity Plan Series 12 - Plan 91 D - March 10 - I - Dividend (Payout) Nil (2010 - 1,50,00,000) Units of ₹ 10.00 each (1,50,00,000 Units sold during the year)		–		15.00	
L&T Fixed Maturity Plan Series 12 - Plan 91 D - March 10 - II - Dividend (Payout) Nil (2010 - 1,50,00,000) Units of ₹ 10.00 each (1,50,00,000 Units sold during the year)		–		15.00	
Principal Pnb Fixed Maturity Plan 385 Days - Series XI Mar 09 - Institutional Growth Plan Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)		–	10.00		
	Carried over	1392.98	1561.68	105.00	3172.07

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)			
	Quoted	Not Quoted	Quoted	Not Quoted		
<b>7. Investments (Contd.)</b>						
<b>Current</b>						
OTHER INVESTMENTS (Contd.)	Brought forward		1392.98	1561.68	105.00	3172.07
Reliance Fixed Horizon Fund - XII - Series 3 - Super Institutional Plan - Growth Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (2,50,00,000 Units sold during the year)			–		25.00	
Reliance Fixed Horizon Fund - XIII - Series 1 - Growth Plan Nil (2010 - 4,00,00,000) Units of ₹ 10.00 each (4,00,00,000 Units sold during the year)			–		40.00	
Reliance Fixed Horizon Fund - XIII - Series 2 - Growth Plan Nil (2010 - 3,00,00,000) Units of ₹ 10.00 each (3,00,00,000 Units sold during the year)			–		30.00	
Reliance Fixed Horizon Fund - XIII - Series 6 - Growth Plan 1,50,00,000 Units of ₹ 10.00 each			15.00		15.00	
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan Nil (2010 - 4,99,84,005) Units of ₹ 10.00 each (2,60,44,428 Units purchased and 7,60,28,433 Units sold during the year)				–		50.00
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan Nil (2010 - 1,09,887) Units of ₹ 1,000.00 each (37,52,623 Units purchased and 38,62,510 Units sold during the year)				–		11.00
Reliance Money Manager Fund - Institutional Option - Growth Plan 2,18,184 (2010 - 6,30,271) Units of ₹ 1,000.00 each (4,12,087 Units sold during the year)				26.66		77.00
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan 9,99,90,438 (2010 - 2,49,90,753) Units of ₹ 10.00 each (9,99,90,438 Units purchased and 2,49,90,753 Units sold during the year)				100.00		25.00
Reliance Quarterly Interval Fund - Series II - Institutional Dividend Plan 4,99,60,531 (2010 - 2,47,76,435) Units of ₹ 10.00 each (9,99,44,909 Units purchased and 7,47,60,813 Units sold during the year)				50.00		24.78
Reliance Fixed Horizon Fund - XIX - Series 1 - Growth Plan 3,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (3,00,00,000 Units purchased during the year)			30.00		–	
Reliance Fixed Horizon Fund - XVI - Series 5 - Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)			25.00		–	
Reliance Fixed Horizon Fund - XVI - Series 8 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)			25.00		–	
Reliance Fixed Horizon Fund - XVII - Series 1 - Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)			25.00		–	
Reliance Fixed Horizon Fund - XVII - Series 2 - Growth Plan 2,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,00,00,000 Units purchased during the year)			20.00		–	
Reliance Fixed Horizon Fund - XVII - Series 6 - Dividend Payout 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)			50.00		–	
	Carried over		1582.98	1738.34	215.00	3359.85

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)			
	Quoted	Not Quoted	Quoted	Not Quoted		
<b>7. Investments (Contd.)</b>						
<b>Current</b>						
OTHER INVESTMENTS (Contd.)	Brought forward		1582.98	1738.34	215.00	3359.85
Reliance Fixed Horizon Fund - XVIII - Series 7 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–	
Reliance Fixed Horizon Fund - XVII - Series 4 - Dividend Payout 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00				–	
Religare Active Income Fund - Institutional - Monthly Dividend Nil (2010 - 3,01,13,110) Units of ₹ 10.00 each (1,94,730 Units purchased and 3,03,07,840 Units sold during the year)				–		30.12
Religare Fixed Maturity Plan - Series IV - Plan F - Dividend Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–	
Religare Fixed Maturity Plan - Series - II Plan B (15 Months) - Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00					50.00
Religare Fixed Maturity Plan - Series - II Plan C (15 Months) - Dividend 2,50,00,000 Units of ₹ 10.00 each	25.00					25.00
Religare Fixed Maturity Plan - Series - II Plan F (13 Months) - Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00					50.00
Religare Fixed Maturity Plan - Series - V Plan C (3 Months) - Dividend - Dividend Plan 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)	15.00				–	
Religare Fixed Maturity Plan - Series VI - Plan E (367 Days) - Growth Plan 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)				15.00		–
Religare Fixed Maturity Plan - Series - II Plan A (13 Months) - Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00					50.00
Religare Ultra Short Term Fund - Institutional Growth Nil (2010 - 4,08,17,993) Units of ₹ 10.00 each (4,08,17,993 Units sold during the year)				–		50.00
Religare Yearly FMP Series I - Plan A (375 Days) - Institutional Growth Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)				–		10.00
Religare FMP Series V Plan A 368 Days Growth - Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–	
SBI Debt Fund Series - 90 Days - 39 - Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00				–	
SBI Debt Fund Series - 90 Days - 42 - Dividend 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)				50.00		–
SBI Debt Fund Series - 180 Days - 9 - Dividend Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (2,50,00,000 Units sold during the year)				–		25.00
SBI Debt Fund Series - 15 Months - 5 - Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00					50.00
	Carried over		1972.98	1803.34	225.00	3689.97

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)			
	Quoted	Not Quoted	Quoted	Not Quoted		
<b>7. Investments (Contd.)</b>						
<b>Current</b>						
OTHER INVESTMENTS (Contd.)	Brought forward		1972.98	1803.34	225.00	3689.97
Sundaram FTP 367 Days Series 8 Super Institutional - Growth (Formerly known as SBNPP FTP 367 Days Series 8 Super Inst - Growth) Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)			–		10.00	
Sundaram FTP 367 Days Series P - Growth (Formerly known as Sundaram BNP Paribas FTP 367 Days Series P - Growth) Nil (2010 - 2,00,01,600) Units of ₹ 10.00 each (2,00,01,600 Units sold during the year)			–		20.00	
Sundaram Fixed Term Plan AS 367 Days Dividend 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)			10.00		–	
Sundaram Fixed Term Plan AP 367 Days Growth 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)			10.00		–	
Sundaram Fixed Term Plan AW 366 Days Growth 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)			10.00		–	
Sundaram Interval Fund Quarterly - Plan C - Institutional Dividend 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)				10.00		–
Tata Fixed Income Portfolio Fund Scheme B3 Institutional Monthly Dividend 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)				10.00		–
Tata Fixed Income Portfolio Fund Scheme C3 Institutional Monthly Dividend Nil (2010 - 1,50,55,298) Units of ₹ 10.00 each (1,04,988 Units purchased and 1,51,60,286 Units sold during the year)				–		15.05
Tata Fixed Income Portfolio Fund Scheme B3 Reg Quarterly Dividend Nil (2010 - 2,45,00,676) Units of ₹ 10.00 each (3,04,224 Units purchased and 2,48,04,900 Units sold during the year)				–		25.00
Tata Fixed Maturity Plan Series 25 Scheme A - Super High Invest Plan - Growth 2,50,00,000 Units of ₹ 10.00 each			25.00		25.00	
Tata Fixed Maturity Plan Series 28 Scheme A Dividend 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)			15.00		–	
Tata Fixed Maturity Plan Series 29 Scheme A Dividend 2,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,00,00,000 Units purchased during the year)			20.00		–	
Tata Fixed Maturity Plan Series 29 Scheme C - Growth 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)			15.00		–	
Tata Fixed Maturity Plan Series 30 Scheme A Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)			25.00		–	
Tata Fixed Maturity Plan Series 26 Scheme A - Quarterly Dividend 1,50,00,000 Units of ₹ 10.00 each			15.00			15.00
	Carried over		2117.98	1823.34	280.00	3745.02

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward			
	2117.98	1823.34	280.00	3745.02
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Plan - Payout Nil (2010 - 4,99,91,002) Units of ₹ 10.00 each (15,99,96,500 Units purchased and 20,99,87,502 Units sold during the year)		–		50.00
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I - Institutional Dividend Plan - Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)		25.00		–
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Dividend Plan - Payout Nil (2010 - 10,00,01,765) Units of ₹ 10.00 each (4,99,86,004 Units purchased and 14,99,87,769 Units sold during the year)		–		100.00
UTI - Fixed Income Interval Fund - Monthly Interval Plan - II - Institutional Dividend Plan - Reinvestment Nil (2010 - 5,00,00,000) Units of ₹ 10.00 each (2,16,137 Units purchased and 5,02,16,137 Units sold during the year)		–		50.00
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Institutional Dividend Plan - Payout Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)		–		10.00
UTI Fixed Income Interval Fund - Quarterly Plan Series - III - Institutional Dividend Plan - Re-investment Nil (2010 - 5,00,00,000) Units of ₹ 10.00 each (6,06,656 Units purchased and 5,06,06,656 Units sold during the year)		–		50.00
UTI - Floating Rate Fund - Short Term Plan (Growth Option) Nil (2010 - 2,31,197) Units of ₹ 1000.00 each (2,31,197 Units sold during the year)		–		33.00
UTI - Floating Rate Fund - Short Term Plan - Institutional Growth Option 2,48,309 Units of ₹ 1000.00 each		25.00		25.00
UTI FMP Yearly Series (YFMP 03/09) Institutional Growth Plan Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)		–	10.00	
UTI Treasury Advantage Fund - Institutional Plan (Growth Option) Nil (2010 - 1,42,092) Units of ₹ 1000.00 each (1,42,092 Units sold during the year)		–		17.00
<b>Total Current Investments (At lower of carrying cost and fair value)</b>	<b>2117.98</b>	<b>1873.34</b>	<b>290.00</b>	<b>4080.02</b>
<b>Total of Quoted and Unquoted Investments</b>		<b>5616.43</b>		<b>5788.64</b>
Less : Provision for Long Term Investments *		61.77		61.77
<b>TOTAL OF INVESTMENTS</b>		<b>5554.66</b>		<b>5726.87</b>

Total Market Value of Quoted Investments : 2011 - ₹ 3096.14 Crores (2010 - ₹ 1355.62 Crores); Total Value of Unquoted Investments : 2011 - ₹ 2972.48 Crores (2010 - ₹ 5108.69 Crores). Total Value of Quoted Investments : 2011 - ₹ 2643.95 Crores (2010 - ₹ 679.95 Crores).

## Schedules to the Accounts

### 7. Investments (Contd.)

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

- (1) 3,49,675 Units of AIG India Liquid Fund Super Institutional Daily Dividend at cost of ₹ 35.00 Crores
- (2) 3,49,76,484 Units of AIG India Treasury Fund Super Institutional Daily Dividend at cost of ₹ 35.01 Crores
- (3) 2,20,017 Units of Bharti AXA Liquid Fund - Institutional Plan - Daily Dividend (Re-investment) at cost of ₹ 22.00 Crores
- (4) 2,20,193 Units of Bharti AXA Treasury Advantage Fund - Institutional Plan - Daily Dividend (Re-investment) at cost of ₹ 22.02 Crores
- (5) 2,95,69,42,909 Units of Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment at cost of ₹ 2962.71 Crores
- (6) 1,47,48,49,088 Units of Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment at cost of ₹ 1475.85 Crores
- (7) 5,00,00,000 Units of Birla Sun Life Short Term FMP Series 3 Dividend - Payout at cost of ₹ 50.00 Crores
- (8) 10,04,38,734 Units of Birla Sun Life Cash Manager - Institutional Plan - Weekly Dividend - Reinvestment at cost of ₹ 100.49 Crores
- (9) 5,00,00,000 Units of BSL Interval Income Fund - Institutional - Quarterly - Series 1 - Dividend - Payout at cost of ₹ 50.00 Crores
- (10) 5,00,07,156 Units of Birla Sun Life Short Term FMP Series 1 Dividend - Payout at cost of ₹ 50.01 Crores
- (11) 2,50,00,000 Units of Canara Robeco Interval Series 2 - Quarterly Plan 2 - Institutional Dividend Fund at cost of ₹ 25.00 Crores
- (12) 2,44,37,71,263 Units of Canara Robeco Liquid Super Institutional Daily Dividend Reinvestment Fund at cost of ₹ 2457.21 Crores
- (13) 1,09,92,37,577 Units of DWS Insta Cash Plus Fund - Super Institutional Plan Daily Dividend - Reinvestment at cost of ₹ 1102.58 Crores
- (14) 2,50,00,000 Units of DSP BlackRock FMP - 3M Series 19 - Dividend Payout at cost of ₹ 25.00 Crores
- (15) 5,00,00,000 Units of DSP BlackRock FMP - 3M Series 21 - Dividend Payout at cost of ₹ 50.00 Crores
- (16) 5,00,00,000 Units of DSP BlackRock FMP - 3M Series 22 - Dividend Payout at cost of ₹ 50.00 Crores
- (17) 8,00,00,000 Units of DSP BlackRock FMP - 3M Series 23 - Dividend Payout at cost of ₹ 80.00 Crores
- (18) 2,50,00,000 Units of DSP BlackRock FMP - 3M Series 24 - Dividend Payout at cost of ₹ 25.00 Crores
- (19) 5,00,00,000 Units of DSP BlackRock FMP - 3M Series 25 - Dividend Payout at cost of ₹ 50.00 Crores
- (20) 55,96,511 Units of DSP BlackRock Floating Rate Fund - Institutional Plan - Daily Dividend at cost of ₹ 559.96 Crores
- (21) 49,84,361 Units of DSP BlackRock Money Manager Fund - Institutional Plan - Daily Dividend at cost of ₹ 498.83 Crores
- (22) 13,42,77,903 Units of Fidelity Cash Fund (Super Institutional) - Daily Dividend Option at cost of ₹ 136.41 Crores
- (23) 1,50,00,000 Units of Fidelity FMP Series 3 - Plan A - Dividend at cost of ₹ 15.00 Crores
- (24) 2,50,00,000 Units of Fidelity FMP Series 4 - Plan C - Dividend at cost of ₹ 25.00 Crores
- (25) 1,00,00,000 Units of Fidelity FMP Series 3 - Plan C - Dividend at cost of ₹ 10.00 Crores
- (26) 1,50,00,000 Units of BNP Paribas Fixed Term Fund Series 17D Cal Quarterly Dividend at cost of ₹ 15.00 Crores (Formerly known as Fortis Fixed Term Fund Series 17D Cal Quarterly Dividend)
- (27) 2,50,03,119 Units of BNP Paribas Fixed Term Fund Series 18C Cal Quarterly Dividend at cost of ₹ 25.00 Crores (Formerly known as Fortis Fixed Term Fund Series 18C Cal Quarterly Dividend)
- (28) 66,94,51,845 Units of BNP Paribas Money Plus Institutional Plan Daily Dividend at cost of ₹ 669.69 Crores (Formerly known as Fortis Money Plus Institutional Plan Daily Dividend)
- (29) 44,94,48,251 Units of BNP Paribas Overnight Fund - Institutional Daily Dividend at cost of ₹ 449.58 Crores (Formerly known as Fortis Overnight Fund - Institutional Daily Dividend)

## Schedules to the Accounts

### 7. Investments (Contd.)

- (30) 24,24,06,796 Units of BNP Paribas Overnight Fund - Institutional Plus - Daily Dividend at cost of ₹ 242.48 Crores (Formerly known as Fortis Overnight Fund - Institutional Plus-Daily Dividend)
- (31) 57,42,85,028 Units of HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment at cost of ₹ 610.83 Crores
- (32) 24,74,11,069 Units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Option : Reinvestment at cost of ₹ 248.19 Crores
- (33) 2,50,00,000 Units of HDFC FMP 100D August 2010 (2) - Dividend - Series XIV Option : Payout at cost of ₹ 25.00 Crores
- (34) 2,50,00,000 Units of HDFC FMP 100D October 2010 (1) - Dividend - Series XIV Option : Payout at cost of ₹ 25.00 Crores
- (35) 4,76,78,802 Units of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Reinvestment - Daily at cost of ₹ 48.06 Crores
- (36) 2,00,00,000 Units of HDFC FMP 100D October 2010 (3) - Dividend - Series XIV Option : Payout at cost of ₹ 20.00 Crores
- (37) 2,50,00,000 Units of HDFC FMP 35D October 2010 (1) - Dividend - Series XVII Option : Payout at cost of ₹ 25.00 Crores
- (38) 9,39,54,996 Units of HSBC Cash Fund- Institutional Plus - Daily Dividend at cost of ₹ 94.01 Crores
- (39) 4,85,02,052 Units of HSBC Ultra Short Term Bond Fund - Institutional Plus - Daily Dividend at cost of ₹ 49.04 Crores
- (40) 2,54,36,500 Units of ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Dividend at cost of ₹ 25.44 Crores
- (41) 13,33,47,312 Units of ICICI Prudential Flexible Income Plan Premium - Daily Dividend at cost of ₹ 1409.95 Crores
- (42) 29,83,73,255 Units of ICICI Prudential Liquid Super Institutional Plan - Dividend - Daily at cost of ₹ 2984.40 Crores
- (43) 2,49,99,500 Units of ICICI Prudential Interval Fund V - Monthly Interval Plan A Institutional Dividend at cost of ₹ 25.00 Crores
- (44) 2,50,03,523 Units of ICICI Prudential Interval Fund II Quarterly Interval Plan A Institutional Dividend at cost of ₹ 25.00 Crores
- (45) 3,41,38,372 Units of IDFC Cash Fund - Super Institutional Plan C - Daily Dividend at cost of ₹ 34.15 Crores
- (46) 2,50,00,000 Units of IDFC - FMP - Quarterly Series 61 - Dividend at cost of ₹ 25.00 Crores
- (47) 6,39,17,839 Units of ING Liquid Fund Super Institutional - Daily Dividend Option at cost of ₹ 63.95 Crores
- (48) 3,30,03,635 Units of ING Treasury Advantage Fund - Institutional Daily Dividend at cost of ₹ 33.01 Crores
- (49) 3,18,57,90,099 Units of JM High Liquidity Fund - Super Institutional Plan - Daily Dividend at cost of ₹ 3191.05 Crores
- (50) 2,71,74,89,109 Units of JPMorgan India Liquid Fund - Super Institutional Daily Dividend Plan - Reinvestment at cost of ₹ 2719.64 Crores
- (51) 1,07,64,32,717 Units of JPMorgan India Treasury Fund - Super Institutional - Daily Dividend Plan - Reinvestment at cost of ₹ 1077.39 Crores
- (52) 2,00,00,000 Units of Kotak FMP Series 31 - Dividend at cost of ₹ 20.00 Crores
- (53) 10,01,51,312 Units of Kotak Flexi Debt Scheme Institutional - Daily Dividend at cost of ₹ 100.63 Crores
- (54) 55,78,68,629 Units of Kotak Floater Long Term - Daily Dividend at cost of ₹ 562.32 Crores
- (55) 12,06,23,690 Units of Kotak Floater Short Term - Daily Dividend at cost of ₹ 122.03 Crores
- (56) 9,99,50,040 Units of Kotak Quarterly Interval Plan Series 2 - Dividend at cost of ₹ 100.00 Crores
- (57) 1,08,03,28,500 Units of Kotak Liquid (Institutional Premium) - Daily Dividend at cost of ₹ 1321.04 Crores
- (58) 5,00,05,958 Units of Kotak Quarterly Interval Plan Series 4 - Dividend at cost of ₹ 50.01 Crores
- (59) 4,99,97,500 Units of Kotak Quarterly Interval Plan Series 7 - Dividend at cost of ₹ 50.00 Crores

## Schedules to the Accounts

### 7. Investments (Contd.)

(60)	4,99,99,000 Units of Kotak Quarterly Interval Plan Series 8 - Dividend at cost of ₹ 50.00 Crores
(61)	7,50,04,784 Units of Kotak Quarterly Interval Plan Series 9 - Dividend at cost of ₹ 75.01 Crores
(62)	2,50,03,010 Units of L&T FMP - I (August 91 D A) - Dividend (Payout) at cost of ₹ 25.00 Crores
(63)	1,00,00,000 Units of L&T FMP - II (December 91 D A) - Dividend (Payout) at cost of ₹ 10.00 Crores
(64)	46,22,56,938 Units of L&T Freedom Income STP Institutional - Daily Dividend Reinvestment Plan at cost of ₹ 469.43 Crores
(65)	48,77,95,363 Units of L&T Liquid Institutional Daily Dividend Reinvestment Plan at cost of ₹ 493.47 Crores
(66)	2,48,13,14,156 Units of LIC NOMURA MF Liquid Fund - Dividend Plan at cost of ₹ 2724.51 Crores (Formerly known as LICMF Liquid Fund - Dividend Plan)
(67)	6,00,07,133 Units of LIC NOMURA MF Interval Fund - Series 1 - Monthly Dividend Plan at cost of ₹ 60.01 Crores (Formerly known as LICMF Interval Fund - Series 1 - Monthly Dividend Plan)
(68)	2,49,96,500 Units of LIC NOMURA MF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan at cost of ₹ 25.00 Crores (Formerly known as LICMF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan)
(69)	98,56,99,647 Units of Principal Cash Management Fund - Dividend Reinvestment Daily at cost of ₹ 985.77 Crores (Formerly known as Principal Cash Management Fund - Liquid Option Institutional Premium Plan Dividend Reinvestment Daily)
(70)	36,29,36,328 Units of Principal Near - Term Fund Conservative Plan - Dividend Reinvestment Daily at cost of ₹ 363.38 Crores (Formerly known as Principal Floating Rate Fund FMP - Institutional - Option - Dividend Re-investment Daily )
(71)	1,00,00,000 Units of Principal Pnb Fixed Maturity Plan (FMP - 64) 91 Days - Series XXV - Oct10 - Regular Dividend Plan at cost of ₹ 10.00 Crores
(72)	2,00,02,348 Units of Reliance Fixed Horizon Fund - XV Series 3 - Dividend Plan at cost of ₹ 20.00 Crores
(73)	36,00,83,024 Units of Reliance Liquid Fund - Cash Plan - Daily Dividend Option at cost of ₹ 401.19 Crores
(74)	87,78,65,542 Units of Reliance Liquidity Fund - Daily Dividend Reinvestment Option at cost of ₹ 878.31 Crores
(75)	24,99,34,840 Units of Reliance Monthly Interval Fund - Series I - Institutional Dividend Plan (IV- ID) - Dividend Payout at cost of ₹ 250.03 Crores
(76)	4,99,52,597 Units of Reliance Interval Fund - Quarterly Plan - Series I - Institutional Dividend Plan at cost of ₹ 50.01 Crores
(77)	9,58,39,177 Units of Religare Credit Opportunities Fund - Institutional Monthly Dividend at cost of ₹ 95.98 Crores
(78)	2,50,00,000 Units of Religare Fixed Maturity Plan - Series - IV Plan A (3 Months) - Dividend at cost of ₹ 25.00 Crores
(79)	1,55,37,24,175 Units of Religare Liquid Fund - Super Institutional Daily Dividend at cost of ₹ 2374.24 Crores
(80)	62,48,63,666 Units of Religare Ultra Short Term Fund - Institutional Daily Dividend at cost of ₹ 650.42 Crores
(81)	2,50,02,940 Units of SBI Debt Fund Series - 180 days - 11 - Dividend at cost of ₹ 25.00 Crores
(82)	50,63,73,901 Units of SBI - Magnum Insta Cash Fund - Daily Dividend Option at cost of ₹ 848.19 Crores
(83)	1,23,04,76,336 Units of SBI Premier Liquid Fund - Super Institutional - Daily Dividend at cost of ₹ 1234.48 Crores
(84)	1,00,00,000 Units of SBI Debt Fund Series - 90 Days - 36 - Dividend at cost of ₹ 10.00 Crores
(85)	1,50,00,000 Units of SBI Debt Fund Series - 90 Days - 37 - Dividend at cost of ₹ 15.00 Crores
(86)	1,65,18,06,166 Units of SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend at cost of ₹ 1652.80 Crores
(87)	1,50,00,000 Units of Sundaram Interval Fund Quarterly - Plan - E - Institutional Dividend at cost of ₹ 15.00 Crores (Formerly known as SBNPP Interval Fund Quarterly - Plan - E - Institutional Dividend)
(88)	1,00,01,377 Units of Sundaram Interval Fund Quarterly - Plan - D - Institutional Dividend at cost of ₹ 10.00 Crores (Formerly known as SBNPP Interval Fund Quarterly - Plan - D - Institutional Dividend)

## Schedules to the Accounts

### 7. Investments (Contd.)

- (89) 1,00,00,000 Units of Sundaram Interval Fund Quarterly - Plan - A - Institutional Dividend at cost of ₹ 10.00 Crores (Formerly known as SBNPP Interval Fund Quarterly - Plan - A - Institutional Dividend)
- (90) 1,21,38,33,724 Units of Sundaram Money Fund Super Institutional Daily Dividend Reinvestment at cost of ₹ 1225.40 Crores (Formerly known as SBNPP Money Fund Super Institutional Daily Dividend Reinvestment)
- (91) 61,32,52,971 Units of Sundaram Ultra ST Fund Super Institutional Dividend Reinvestment Daily at cost of ₹ 615.52 Crores (Formerly known as SBNPP Ultra ST Fund Super Institutional Dividend Reinvestment Daily)
- (92) 2,51,10,920 Units of Tata Fixed Income Portfolio Fund Scheme A2 Institutional Monthly Dividend at cost of ₹ 25.11 Crores
- (93) 2,46,20,788 Units of Tata Fixed Income Portfolio Fund Scheme A3 Regular Monthly Dividend at cost of ₹ 25.10 Crores
- (94) 3,01,50,036 Units of Tata Fixed Income Portfolio Fund Scheme A3 Institutional Monthly Dividend at cost of ₹ 30.15 Crores
- (95) 1,99,76,816 Units of Tata Fixed Income Portfolio Fund Scheme B2 Institutional Quarterly Dividend at cost of ₹ 20.00 Crores
- (96) 2,85,84,19,253 Units of TATA Floater Fund - Daily Dividend at cost of ₹ 2868.60 Crores
- (97) 2,71,83,594 Units of TATA Liquid Super High Investment Fund - Daily Dividend at cost of ₹ 3029.67 Crores
- (98) 1,91,31,566 Units of Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment at cost of ₹ 1914.44 Crores
- (99) 1,67,80,45,939 Units of Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment at cost of ₹ 1679.99 Crores
- (100) 12,50,00,000 Units of UTI - Fixed Income Interval Fund - Monthly Interval Plan - II - Institutional Dividend Plan - Payout at cost of ₹ 125.00 Crores
- (101) 20,14,906 Units of UTI - Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Re-investment at cost of ₹ 201.65 Crores
- (102) 3,83,48,925 Units of UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment at cost of ₹ 3909.46 Crores
- (103) 5,00,00,000 Units of UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan IV - Institutional Dividend Plan - Payout at cost of ₹ 50.00 Crores
- (104) 2,49,22,424 Units of UTI Treasury Advantage Fund - Institutional Plan (Daily Dividend Option) - Re-investment at cost of ₹ 2492.78 Crores



## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>11. Other Current Assets</b>		
Good and Unsecured		
Deposits with Government, Public Bodies and Others @	329.89	282.02
Interest accrued on Loans, Deposits etc.	9.02	2.27
Interest accrued on Investments	8.58	4.15
Doubtful and Unsecured		
Deposits with Government, Public Bodies and Others	5.13	3.54
	<b>352.62</b>	<b>291.98</b>
Less : Provision for Doubtful Deposits	5.13	3.54
	<b>347.49</b>	<b>288.44</b>

@ Includes Deposits with Director - ₹ 0.03 Crore (2010 - ₹ 0.08 Crore).  
(The maximum indebtedness during the year was ₹ 0.08 Crore; 2010 - ₹ 0.08 Crore).  
Deposits with Subsidiary Companies ₹ 2.56 Crores (2010 - ₹ 2.56 Crores).

<b>12. Loans and Advances</b>		
Good and Secured		
Advances to Others	6.07	2.45
Good and Unsecured		
Loans to Subsidiaries	149.24	110.88
Loans to Others *	28.26	34.41
Advances recoverable in cash or in kind or for value to be received **	679.44	540.90
Current Taxation (net of provisions)	157.54	225.76
Fringe Benefit Tax (net of provisions)	3.63	3.38
Advances with Government and Public Bodies	368.24	360.57
Advances with Subsidiaries	25.67	27.71
Doubtful and Unsecured		
Loans to Subsidiaries	32.55	32.55
Loans to Others	3.63	3.63
Advances recoverable in cash or in kind or for value to be received	10.51	10.45
	<b>1464.78</b>	<b>1352.69</b>
Less : Provision for Doubtful Loans and Advances	46.69	46.63
	<b>1418.09</b>	<b>1306.06</b>

Loans to Subsidiaries comprise of :

Interest free loans to wholly owned subsidiaries :

- ITC Infotech India Limited ₹ 149.24 Crores (2010 - ₹ 110.88 Crores)  
(The maximum outstanding during the year was ₹ 206.25 Crores; 2010 - ₹ 207.44 Crores).
- BFIL Finance Limited ₹ 32.55 Crores (2010 - ₹ 32.55 Crores)  
(The maximum outstanding during the year was ₹ 32.55 Crores; 2010 - ₹ 32.99 Crores).
- Landbase India Limited ₹ Nil (2010 - ₹ Nil)  
(The maximum outstanding during the year was ₹ Nil; 2010 - ₹ 40.00 Crores).
- Russell Credit Limited ₹ Nil (2010 - ₹ Nil)  
(The maximum outstanding during the year was ₹ Nil; 2010 - ₹ 396.90 Crores).

\* Includes Loans to Directors and to Company Secretary - ₹ 0.46 Crore (2010 - ₹ 0.39 Crore),  
of which ₹ 0.21 Crore pertains to loans given to managers who became Directors during the year.  
(The maximum indebtedness during the year was ₹ 0.60 Crore; 2010 - ₹ 0.46 Crore).

\*\* Includes Capital Advances of ₹ 339.19 Crores (2010 - ₹ 264.69 Crores).

## Schedules to the Accounts

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>13. Liabilities</b>		
Acceptances	2.45	2.10
Sundry Creditors		
Total outstanding dues of micro enterprises and small enterprises	4.60	3.95
Total outstanding dues of creditors other than micro enterprises and small enterprises *	4377.53	3440.96
Sundry Deposits	27.33	24.04
Unclaimed Dividend	63.93	43.35
Interest Accrued but not due on Loans and Deposits	0.90	0.02
	<b>4476.74</b>	<b>3514.42</b>
Less : Deposits from normal Trade Debtors - Contra	18.80	15.28
	<b>4457.94</b>	<b>3499.14</b>

There is no amount due and outstanding to be credited to Investor Education and Protection Fund. For this purpose an amount of ₹ 0.30 Crore (2010 - ₹ 0.30 Crore) maintained with a bank has not been considered on account of a pending legal dispute for which the Company has filed a suit.

\* Includes amounts due to Subsidiary Companies ₹ 57.96 Crores (2010 - ₹ 54.62 Crores).

<b>14. Provisions</b>		
Provision for Retirement Benefits	57.25	69.30
Provision for Other Long Term Employee Benefits	45.50	28.31
Proposed Dividend	3443.47	3818.18
Income Tax on Proposed Dividend	558.62	634.15
	<b>4104.84</b>	<b>4549.94</b>

## Schedules to the Accounts

	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>15. Other Income</b>		
Miscellaneous Income	240.05	155.40
Doubtful Debts, Claims and Advances - previous years	1.36	1.07
Gain on Exchange - Net	31.79	46.67
Income/Dividend from Long Term Investments – Trade	13.25	1.32
– Others	... 13.25	... 1.32
Dividend Income from Subsidiary Companies	70.50	76.33
Income from Current Investments – Others	207.12	135.68
Interest on Loans, Deposits etc.	106.80	119.29
Profit on Sale of Long Term Investments	63.01	31.70
Profit on Sale of Current Investments - Net	54.92	11.24
Liability no longer required Written Back	27.47	36.04
Excess of Cost of Current Investments over Fair Value, reversed - Net	2.57	–
	<b>818.84</b>	<b>614.74</b>

The Income from Investments and Interest are stated Gross, the amount of Income Tax deducted is ₹ 11.60 Crores (2010 - ₹ 16.72 Crores).

<b>16. Raw Materials etc.</b>		
(a) Raw Materials including Packing Materials Consumed		
Opening Stock	3053.84	2652.55
Purchases	7391.72	6356.59
	10445.56	9009.14
Less : Closing Stock	3415.39	3053.84
	7030.17	5955.30
(b) Purchase of Finished Goods for Resale	1379.80	1016.75
(c) (Increase)/Decrease in Finished Goods, Intermediates, Stock in Process		
Finished Goods		
Opening Stock	1203.03	1655.34
Closing Stock	1493.52	1203.03
	(290.49)	452.31
Intermediates		
Opening Stock	47.57	49.50
Closing Stock	69.37	47.57
	(21.80)	1.93
Stock in Process		
Opening Stock	68.61	63.84
Closing Stock	86.54	68.61
	(17.93)	(4.77)
	(330.22)	449.47
<b>Total</b>	<b>8079.75</b>	<b>7421.52</b>
Less : Waste/Raw Material Sales	29.18	140.03
	<b>8050.57</b>	<b>7281.49</b>
Excise Duties on Increase/(Decrease) of Finished Goods	75.93	(274.23)
	<b>8126.50</b>	<b>7007.26</b>

## Schedules to the Accounts

	For the year ended 31st March, 2011 (₹ in Crores)		For the year ended 31st March, 2010 (₹ in Crores)	
<b>17. Manufacturing, Selling etc. Expenses</b>				
Employee Cost				
Salaries/ Wages and Bonus	935.27		795.70	
Contribution to Provident and Other Funds	122.15		118.33	
Workmen and Staff Welfare Expenses	121.04		102.30	
	<u>1178.46</u>		<u>1016.33</u>	
Less : Recoveries/Reimbursements	19.05	1159.41	13.56	1002.77
Power and Fuel		421.68		387.34
Consumption of Stores and Spare Parts		212.96		195.66
Contract Processing Charges		451.51		361.20
Rent		184.88		172.20
Rates and Taxes		319.66		243.08
Insurance		29.44		25.75
Repairs				
– Buildings		40.83		41.21
– Machinery		109.06		97.38
– Others		33.25		38.92
Maintenance and Upkeep		102.01		86.40
Outward Freight and Handling Charges		659.30		559.84
Warehousing Charges		65.32		61.03
Advertising/Sales Promotion		623.59		511.97
Market Research		53.62		51.21
Design and Product Development		23.89		30.84
Hotel Reservation/Marketing Expenses		28.30		23.99
Retail Accessories		211.18		156.38
Brokerage and Discount - Sales		8.94		9.01
Commission to Selling Agents		27.14		23.85
Doubtful and Bad Debts		2.28		12.47
Doubtful and Bad Advances, Loans and Deposits		2.93		11.28
Bank and Credit Card Charges		19.79		17.28
Information Technology Services		161.25		145.30
Travelling and Conveyance		162.93		140.71
Training and Development		16.29		15.58
Legal Expenses		20.65		15.78
Consultancy/Professional Fees		85.94		72.00
Postage, Telephone etc.		22.97		22.50
Printing and Stationery		14.06		13.78
Excess of Carrying Cost over Fair Value of Current Investments - Net		–		9.95
Interest Expenses				
– Fixed Period Loans	12.40		21.94	
– Others	45.92		51.06	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	10.19	48.13	8.25	64.75
Loss on Sale of Fixed Assets - Net		24.44		30.88
Loss on Sale of Stores - Net		0.70		6.91
Miscellaneous Expenses		647.98		549.33
		<u>5996.31</u>		<u>5208.53</u>
Deduct : Transfers to Fixed Assets		60.54		71.88
		<u>5935.77</u>		<u>5136.65</u>
Miscellaneous Expenses include :				
(1) Auditors' Remuneration and Expenses (excluding taxes):				
Audit Fees	1.35		1.35	
Tax Audit Fees	0.40		0.38	
Fees for Limited Review [includes ₹ Nil (2010 - ₹ 0.15 Crore)]*	0.60		0.55	
Fees for Other Services [includes ₹ 0.02 Crore (2010 - ₹ 0.40 Crore)]*	0.73		0.43	
Reimbursement of Expenses	0.32		0.03	
(2) Cost Auditor's Fee	0.04		0.04	

Interest received on Trading Debts, Deposits with Govt. Bodies etc. is stated Gross, the amount of Income Tax deducted is ₹ 0.65 Crore (2010 - ₹ 0.43 Crore).

\* Includes remuneration for professional services rendered by firms of auditors in which some of the partners of the statutory auditors firm are partners.

## Schedules to the Accounts

	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>18. Provision for Taxation</b>		
Income Tax for the year :		
Current Tax	2288.02	2062.26
Deferred Tax	(0.33)	(96.83)
	<b>2287.69</b>	<b>1965.43</b>
Less : Adjustments/(Credits) related to previous years - Net		
Current Tax	24.06	25.39
Deferred Tax	(17.17)	(14.65)
Fringe Benefit Tax	0.25	0.38
	<b>7.14</b>	<b>11.12</b>
	<b>2280.55</b>	<b>1954.31</b>

### 19. Notes to the Accounts

- (i) Exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account in the subsequent accounting period amounts to ₹ 0.26 Crore (2010 - ₹ 0.54 Crore).
- (ii) (a) Claims against the Company not acknowledged as debts ₹ 255.17 Crores (2010 - ₹ 258.73 Crores). These comprise:
- Excise Duty, Sales Taxes and other Indirect Taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 182.87 Crores (2010 - ₹ 193.74 Crores).
  - Local Authority Taxes/Cess/Royalty on property, utilities etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 33.83 Crores (2010 - ₹ 33.49 Crores).
  - Third party claims arising from disputes relating to contracts aggregating ₹ 35.08 Crores (2010 - ₹ 29.22 Crores).
  - Other matters ₹ 3.39 Crores (2010 - ₹ 2.28 Crores).
- (b) Uncalled liability on shares partly paid ₹ 26.40 Crores (2010 - ₹ 26.40 Crores).

	2011	2010
(iii) Earnings per share		
Earnings per share has been computed as under :		
(a) Profit after Taxation (₹ Crores)	4987.61	4061.00
(b) Weighted average number of Ordinary Shares outstanding	7,68,06,73,807	7,61,18,44,333*
(c) Effect of potential Ordinary Shares on Employee Stock Options outstanding	10,22,43,533	8,02,57,258*
(d) Weighted average number of Ordinary Shares in computing diluted earnings per share [(b)+ (c)]	7,78,29,17,340	7,69,21,01,591
(e) Earnings per share on profit after taxation (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 6.49	₹ 5.34
– Diluted [(a)/(d)]	₹ 6.41	₹ 5.28

\* After considering Bonus issue.

During the year Bonus Shares in the ratio of 1:1 were allotted on 6th August, 2010. Previous year figures have been restated for the purpose of computation of Earnings per share.

- (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 ₹ 90.24 Crores (2010 - ₹ 77.08 Crores).

## Schedules to the Accounts

### 19. Notes to the Accounts (Contd.)

(vi) (a) Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2011 and recognised in the financial statements in respect of Employee Benefit Schemes :

		For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
<b>I</b>	<b>Components of Employer Expense</b>						
	1 Current Service Cost	38.96	16.57	4.01	29.71	12.89	3.76
	2 Interest Cost	32.66	12.36	3.33	24.34	9.64	2.83
	3 Expected Return on Plan Assets	(35.25)	(15.66)	–	(27.16)	(12.42)	–
	4 Curtailment Cost/(Credit)	–	–	–	–	–	–
	5 Settlement Cost/(Credit)	–	–	–	–	–	–
	6 Past Service Cost	–	–	–	–	–	–
	7 Actuarial Losses/(Gains)	19.17	2.03	6.87	39.52	4.27	5.01
	8 <b>Total expense recognised in the Statement of Profit &amp; Loss Account</b>	<b>55.54</b>	<b>15.30</b>	<b>14.21</b>	<b>66.41</b>	<b>14.38</b>	<b>11.60</b>
	The Pension and Gratuity Expenses have been recognised in “Contribution to Provident and Other Funds” and Leave Encashment in “Salaries/Wages and Bonus” under Schedule 17.						
		<b>Pension</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Pension</b>	<b>Gratuity</b>	<b>Leave Encashment</b>
<b>II</b>	<b>Actual Returns</b>	35.83	16.25	–	34.50	14.74	–
<b>III</b>	<b>Net Asset/(Liability) recognised in Balance Sheet</b>						
	1 Present Value of Defined Benefit Obligation	482.51	181.13	54.59	425.44	159.40	45.21
	2 Fair Value of Plan Assets	479.85	207.08	–	401.35	184.32	–
	3 Status [Surplus/(Deficit)]	(2.66)	25.95	(54.59)	(24.09)	24.92	(45.21)
	4 Unrecognised Past Service Cost	–	–	–	–	–	–
	5 <b>Net Asset/(Liability) recognised in Balance Sheet</b>	<b>(2.66)</b>	<b>25.95</b>	<b>(54.59)</b>	<b>(24.09)</b>	<b>24.92</b>	<b>(45.21)</b>
<b>IV</b>	<b>Change in Defined Benefit Obligations (DBO)</b>						
	1 Present Value of DBO at the Beginning of Period	425.44	159.40	45.21	370.84	145.04	38.15
	2 Current Service Cost	38.96	16.57	4.01	29.71	12.89	3.76
	3 Interest Cost	32.66	12.36	3.33	24.34	9.64	2.83
	4 Curtailment Cost/(Credit)	–	–	–	–	–	–
	5 Settlement Cost/(Credit)	–	–	–	–	–	–
	6 Plan Amendments	–	–	–	–	–	–
	7 Acquisitions	–	–	–	–	–	–
	8 Actuarial (Gains)/Losses	19.75	2.62	6.87	46.86	6.59	5.01
	9 Benefits Paid	(34.30)	(9.82)	(4.83)	(46.31)	(14.76)	(4.54)
	10 <b>Present Value of DBO at the End of Period</b>	<b>482.51</b>	<b>181.13</b>	<b>54.59</b>	<b>425.44</b>	<b>159.40</b>	<b>45.21</b>

# Schedules to the Accounts

## 19. Notes to the Accounts (Contd.)

		For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)								
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment						
<b>V</b>	<b>Change in Fair Value of Assets</b>												
1	Plan Assets at the Beginning of Period	401.35	184.32	–	374.69	170.31	–						
2	Acquisition Adjustment	–	–	–	–	–	–						
3	Expected Return on Plan Assets	35.25	15.66	–	27.16	12.42	–						
4	Actuarial Gains/(Losses)	0.58	0.59	–	7.34	2.32	–						
5	Actual Company Contributions	76.97	16.33	–	38.47	14.03	–						
6	Benefits Paid	(34.30)	(9.82)	–	(46.31)	(14.76)	–						
7	<b>Plan Assets at the End of Period</b>	<b>479.85</b>	<b>207.08</b>	<b>–</b>	<b>401.35</b>	<b>184.32</b>	<b>–</b>						
<b>VI</b>	<b>Actuarial Assumptions</b>												
1	Discount Rate (%)	8.00	8.00	8.00	7.00	7.00	7.00						
2	Expected Return on Plan Assets (%)	8.00	8.00	–	7.00	7.00	–						
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.													
<b>VII</b>	<b>Major Category of Plan Assets as a % of the Total Plan Assets</b>	<b>As at 31st March, 2011</b>			<b>As at 31st March, 2010</b>								
1	Government Securities/Special Deposit with RBI	27%			26%								
2	High Quality Corporate Bonds	28%			26%								
3	Insurance Companies*	40%			42%								
4	Mutual Funds	3%			4%								
5	Cash and Cash Equivalents	2%			2%								
* 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.													
<b>VIII</b>	<b>Basis used to determine the Expected Rate of Return on Plan Assets</b>	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.											
		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)		For the year ended 31st March, 2008 (₹ in Crores)		For the year ended 31st March, 2007 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>IX</b>	<b>Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>												
1	Present Value of Defined Benefit Obligation	482.51	181.13	54.59	425.44	159.40	45.21	370.84	145.04	45.64	341.30	136.22	40.36
2	Fair Value of Plan Assets	479.85	207.08	–	401.35	184.32	–	374.69	170.31	–	355.53	155.39	–
3	Status [Surplus/(Deficit)]	(2.66)	25.95	(54.59)	(24.09)	24.92	(45.21)	3.85	25.27	(45.64)	14.23	19.17	(40.36)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	4.99	2.55	–	7.34	2.32	–	1.50	3.53	–	2.96	(0.53)	–
5	Experience Adjustment of obligation [(Gain)/Loss]	42.85	20.19	8.96	(12.56)	2.37	3.64	(18.42)	(0.81)	2.96	(19.19)	0.24	2.52

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and Other Funds” in Schedule 17: ₹ 51.31 Crores (2010 - ₹ 37.54 Crores).

## Schedules to the Accounts

### 19. Notes to the Accounts (Contd.)

(vii) Micro and Medium scale business entities :

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2011. 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 Schedule 17.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows :

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
Not later than one year	9.47	7.10
Later than one year and not later than five years	12.57	10.57
Later than five years	0.88	2.94

(ix) The following donations were made to political parties during the year : Indian National Congress – ₹ 0.50 Crore (2010 – ₹ 2.50 Crores), Bharatiya Janata Party – ₹ Nil (2010 – ₹ 2.50 Crores), Samajwadi Party – ₹ Nil (2010 – ₹ 0.42 Crore), Rashtriya Janata Dal – ₹ Nil (2010 – ₹ 0.33 Crore), Dravida Munnetra Kazhagam – ₹ Nil (2010 – ₹ 0.22 Crore), Shiv Sena ₹ Nil (2010 – ₹ 0.17 Crore) and Nationalist Congress Party – ₹ Nil (2010 – ₹ 0.14 Crore).

(x) 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, 2011	Percentage of Ownership interests as at 31st March, 2010
Maharaja Heritage Resorts Limited	India	25%	25%
Espirit Hotels Private Limited	India	26%	–

The Company's interest in these Joint Ventures is reported as Long Term Investments (Schedule - 7) 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, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>I ASSETS</b>		
1 Fixed Assets	44.99	0.05
2 Current Assets, Loans and Advances		
a) Sundry Debtors	0.59	0.61
b) Cash and Bank Balances	0.22	...
c) Loans and Advances	0.37	0.26
3 Deferred Tax - Net	0.38	0.25

## Schedules to the Accounts

### 19. Notes to the Accounts (Contd.)

		As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>II</b>	<b>LIABILITIES</b>		
1	Secured Loans	0.02	–
2	Current Liabilities and Provisions		
	a) Liabilities	1.59	1.05
	b) Provisions	0.01	0.01

		For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>III</b>	<b>INCOME</b>		
1	Sales	1.01	0.85
2	Other Income	0.01	0.01
<b>IV</b>	<b>EXPENSES</b>		
1	Excise Duties and Taxes on Sales of Services	0.10	0.08
2	Manufacturing, Selling etc. Expenses	1.69	1.16
3	Depreciation	0.01	0.02
4	Provision for Taxation	(0.13)	(0.23)

#### (xi) DIRECTORS' REMUNERATION

Salaries	5.40	4.43
Performance Bonus to Executive Directors	9.66	7.84
Other Benefits	1.05	0.82
Commission to Non-Executive Directors	0.67	0.59
Directors' Fees	0.38	0.26
	<b>17.16</b>	<b>13.94</b>

The above (a) excludes contribution to the approved group pension and gratuity funds and provisions for leave encashment, which are actuarially determined on an overall Company basis and (b) includes ₹ 0.89 Crore, in respect of two Executive Directors, Mr. P. V. Dhobale and Mr. N. Anand, whose appointment by the Board of Directors for tenures commencing from 3rd January, 2011 are subject to approval of the Members at the forthcoming Annual General Meeting.

Computation of Net Profits in accordance with Section 198 of the Companies Act, 1956 and Directors' Commission :

Profit before Taxation	7268.16	6015.31
Add :		
– Directors' Remuneration	17.16	13.94
– Wealth Tax - Net	5.33	2.35
– Depreciation	655.99	608.71
	678.48	625.00
	7946.64	6640.31
Less :		
– Depreciation under Section 350 of the Companies Act, 1956	655.99	608.71
Profit on Sale of Long Term Investments	63.01	31.70
Profit for the purpose of Directors' Commission	7227.64	5999.90
Non-Executive Directors' Commission @ 1%	72.28	60.00
Payable for the Year	0.67	0.59

## Schedules to the Accounts

### 19. Notes to the Accounts (Contd.)

(xii) 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 :

(in Million)

Currency	Cross Currency	As at 31st March, 2011		As at 31st March, 2010	
		Buy	Sell	Buy	Sell
US Dollar	Indian Rupees	9.00	84.40	37.50	128.50
EURO	US Dollar	57.40	–	10.55	–
CHF	US Dollar	0.92	–	–	–
GBP	US Dollar	3.00	–	4.00	–
SEK	US Dollar	3.20	–	–	–
JPY	US Dollar	483.08	–	–	–

b) Currency Option Contracts outstanding as at year end :

(in Million)

Currency	Cross Currency	As at 31st March, 2011		As at 31st March, 2010	
		Buy	Sell	Buy	Sell
US Dollar	Indian Rupees	20.00	45.00	–	–
EURO	US Dollar	6.00	–	–	–

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, 2011			As at 31st March, 2010		
		Buy	Sell	Net*	Buy	Sell	Net*
US Dollar	Indian Rupees	133.88	120.50	13.38	62.16	57.90	4.26
EURO	US Dollar	1.64	3.66	(2.02)	7.17	6.88	0.29
GBP	US Dollar	2.07	1.96	0.11	2.04	2.06	(0.02)
JPY	US Dollar	94.20	–	94.20	15.07	–	15.07
SEK	US Dollar	2.69	–	2.69	16.89	–	16.89
CHF	US Dollar	0.70	–	0.70	2.82	–	2.82
SGD	US Dollar	0.86	–	0.86	0.12	–	0.12
CAD	US Dollar	–	0.10	(0.10)	–	0.06	(0.06)
AUD	US Dollar	0.20	–	0.20	0.29	–	0.29
AED	US Dollar	–	–	–	0.04	–	0.04
MYR	US Dollar	0.04	–	0.04	–	–	–

\* Figures in brackets indicate Open Exports. Figures without brackets indicate Open Imports.

(xiii) 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.

(xiv) Excise Duties and Taxes on Sales of Services comprise :

	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
Excise Duties	9360.30	8046.39
Taxes on Sale of Services	76.51	60.02

## Schedules to the Accounts

### 19. Notes to the Accounts (Contd.)

(xv) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

#### (A) Licensed & Installed Capacity and Actual Production

Class of Goods	Unit of Quantity	CAPACITY				PRODUCTION	
		Registered/Licensed		Installed		2011	2010
		2011	2010	2011	2010		
Cigarettes	Million	1,23,547 (a)	1,23,547 (a)	1,41,754	1,34,383	69,171	68,857
Smoking Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	26	39
Printing and Packaging including Flexibles	Tonne	N.A.	N.A.	1,07,852	1,06,148	72,814 (b)	73,807 (b)
Unmanufactured Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	1,04,624 (b)	1,05,101 (b)
Pulp	Tonne	N.A.	N.A.	2,35,000 (c)	2,35,000 (c)	2,55,511 (b)	2,51,369 (b)
Paperboards and Paper	Tonne	N.A.	N.A.	4,52,500 (c)	4,52,500 (c)	5,58,884 (b)	5,47,931 (b)
Packaged Food Products	Tonne	N.A.	N.A.	1,07,724	87,029	46,101	29,948
Personal Care Products	Tonne	N.A.	N.A.	2,35,962	2,35,962	36,704	25,398

a) The "Registered/Licensed Capacity" (including as approved by "Letters of Intent") is exclusive of additional capacities permissible under the policy of the Government of India.

b) Includes production meant for internal consumption.

c) Based on Capacity rated by equipment manufacturers/project consultants at the time of installation.

N.A. – Not Applicable

#### (B) Particulars in respect of Sales\*

	Unit of Quantity	QUANTITY		VALUE (₹ in Crores)	
		2011	2010	2011	2010
Cigarettes and Smoking Tobacco					
– Cigarettes	Million	81,723	84,040	19821.16	17277.91
– Smoking Tobacco	Tonne	27	54	4.50	4.31
Agri/Aqua Products and Commodities					
– Unmanufactured Tobacco	Tonne	75,812	85,242	1291.41	1442.53
– Soya Extraction	Tonne	96,970	31,332	177.20	62.94
– Soya Oil	Tonne	20,815	10,670	105.95	46.25
– Soya Seeds	Tonne	1,92,927	1,08,395	433.53	242.30
– Coffee	Tonne	33,662	23,563	325.50	217.33
– Fruit Pulp	Tonne	15,940	16,749	81.86	84.30
– Others (Spices, Rice, Chillies, Aqua, Agri Inputs etc.)				356.27	205.05
Paperboards, Paper and Packaging					
– Paperboards and Paper	Tonne	4,26,478	4,31,885	2017.67	1808.57
– Printed Materials	Tonne	26,076	23,831	297.91	236.17
Packaged Food Products	Tonne	7,75,469	7,11,034	2893.71	2317.29
Matches	Million Boxes	4,119	4,424	252.51	253.16
Hotel Sales/Income from Hotel Services				1067.98	904.92
Others (Branded Garments, Education and Stationery products, Personal Care products, Agarbattis etc.)				1477.23	1156.57
<b>TOTAL</b>				<b>30604.39</b>	<b>26259.60</b>

\* Net of Sales Returns and Damaged Stocks

# Schedules to the Accounts

## 19. Notes to the Accounts (Contd.)

### (C) Details of Finished Goods

	Unit of Quantity	Quantity		Value (₹ in Crores)	
		2011	2010	2011	2010
<b>(i) Opening Stock</b>					
Cigarettes and Smoking Tobacco					
– Cigarettes	Million	5,200	9,382	731.84	1148.24
– Smoking Tobacco	Tonne	2	17	0.28	0.59
Agri/Aqua Products and Commodities					
– Soya Extraction	Tonne	1,676	522	2.66	0.28
– Soya Oil	Tonne	495	–	2.24	–
– Coffee	Tonne	2,138	3,059	18.01	27.88
– Fruit Pulp	Tonne	10,912	6,962	38.19	32.29
– Others (Spices, Rice, Chillies, Aqua, Agri Inputs etc.)				25.03	11.31
Paperboards, Paper and Packaging					
– Paperboards and Paper	Tonne	17,667	22,285	65.64	83.71
– Printed Materials	Tonne	684	404	4.74	3.83
Packaged Food Products	Tonne	26,485	31,127	86.12	78.97
Matches	Million Boxes	253	271	14.75	14.27
Others (Branded Garments, Education and Stationery products, Personal Care products, Agarbattis etc.)				213.53	253.97
				<b>1203.03</b>	<b>1655.34</b>
<b>(ii) Closing Stock</b>					
Cigarettes and Smoking Tobacco					
– Cigarettes	Million	5,990	5,200	837.76	731.84
– Smoking Tobacco	Tonne	1	2	0.04	0.28
Agri/Aqua Products and Commodities					
– Soya Extraction	Tonne	5,224	1,676	7.69	2.66
– Soya Oil	Tonne	456	495	2.27	2.24
– Coffee	Tonne	3,492	2,138	34.64	18.01
– Fruit Pulp	Tonne	7,075	10,912	33.74	38.19
– Others (Spices, Rice, Chillies, Aqua, Agri Inputs etc.)				26.39	25.03
Paperboards, Paper and Packaging					
– Paperboards and Paper	Tonne	12,487	17,667	51.34	65.64
– Printed Materials	Tonne	801	684	6.49	4.74
Packaged Food Products	Tonne	32,225	26,485	133.98	86.12
Matches	Million Boxes	295	253	18.23	14.75
Others (Branded Garments, Education and Stationery products, Personal Care products, Agarbattis etc.)				340.95	213.53
				<b>1493.52</b>	<b>1203.03</b>
<b>(iii) Purchase of Finished Goods for Resale</b>					
Agri/Aqua Products and Commodities					
– Soya Extraction	Tonne	3,714	3,236	6.09	7.91
– Soya Oil	Tonne	78	5,180	0.95	22.33
– Soya Seeds	Tonne	1,92,927	1,08,395	433.11	247.70
– Coffee	Tonne	15,893	15,582	156.04	135.09
– Fruit Pulp	Tonne	8,051	18,359	38.16	55.40
– Others (Spices, Rice, Chillies, Aqua, Agri Inputs etc.)				108.95	88.87
Packaged Food Products	Tonne	83,384	94,388	15.30	21.04
Matches	Million Boxes	4,168	4,424	238.77	239.62
Others (Branded Garments, Education and Stationery products, Personal Care products, Agarbattis etc.)				382.43	198.79
				<b>1379.80</b>	<b>1016.75</b>

## Schedules to the Accounts

### 19. Notes to the Accounts (Contd.)

#### (D) Details of Raw Materials including Packing Materials Consumed during the year\*

	Unit of Quantity	Quantity		Value (₹ in Crores)	
		2011	2010	2011	2010
Unmanufactured Tobacco	Tonne	1,63,997	1,73,203	1811.04	1795.02
Waste Paper and Pulp	Tonne	2,49,988	2,36,936	560.46	460.08
Hardwood and Bamboo	BDT**	10,67,126	6,38,841	284.13	282.19
Soya Seeds	Tonne	1,23,674	36,519	228.24	92.72
Wheat	Tonne	4,90,465	5,05,357	639.20	625.75
Coffee	Tonne	23,977	9,614	178.87	66.83
Board	Tonne	13,491	10,527	114.77	75.26
Filter Rods	Million	14,017	13,591	191.40	183.03
Aluminium Foil/Metallised Paper	Bobbin	7,04,136	6,40,808	62.21	56.80
Film and Laminates	Tonne	13,027	14,293	202.59	174.32
Wheat Flour (Maida)	Tonne	1,50,979	1,27,159	236.40	197.76
Sugar	Tonne	86,921	70,165	270.81	195.84
Hydrogenated Vegetable Oil	Tonne	42,834	33,729	195.68	145.54
Surfactants	Tonne	46,877	38,335	244.75	170.12
Inks, Solvents and Adhesives	Various			126.89	118.61
Chemicals and Fragrances	Various			408.31	360.39
Packing Materials	Various			209.77	179.06
Others #				1064.65	775.98
				<b>7030.17</b>	<b>5955.30</b>

\* Relates to the Company's main products and the principal raw materials.

\*\* BDT - Bone Dry Tonne

# Others primarily include Hotel Consumables, Spices, Skimmed Milk Powder, Fabrics, Agri Inputs etc.

Note : The Board of Directors of the Company have specifically consented to the continued disclosure of certain items individually constituting less than 10% of the total value of turnover, purchases, opening and closing stocks, and raw materials consumed, covered in (B), (C) and (D), as appropriate, in the Additional Information provided above.

#### (E) Contract Processing Charges

Cigarettes	Million	13,392	11,069	30.21	19.60
Agri/Aqua Products and Commodities					
– Unmanufactured Tobacco	Tonne	36,188	36,455	40.50	39.66
– Soya Extraction	Tonne	96,940	29,249	8.65	2.41
– Soya Oil	Tonne	20,805	5,935	5.28	1.66
– Coffee	Tonne	19,159	6,793	3.79	1.25
– Fruit Pulp	Tonne	4,241	2,365	2.87	1.76
– Others (Spices, Rice, Chillies, Aqua, Agri Inputs etc.)				7.52	4.60
Packaged Food Products	Tonne	6,53,825	5,86,957	193.66	172.02
Others (Branded Garments, Education and Stationery products, Personal Care products etc.)				159.03	118.24
				<b>451.51</b>	<b>361.20</b>

## Schedules to the Accounts

### 19. Notes to the Accounts (Contd.)

(F) Value of Raw Materials, Spare Parts and Components Consumed during the year	(Percentage)		Value (₹ in Crores)	
	2011	2010	2011	2010
Raw Materials				
Imported	13.35	12.00	938.50	714.48
Indigenous	86.65	88.00	6091.67	5240.82
	<b>100.00</b>	<b>100.00</b>	<b>7030.17</b>	<b>5955.30</b>
Spare Parts and Components				
Imported	29.31	29.45	62.41	57.62
Indigenous	70.69	70.55	150.55	138.04
	<b>100.00</b>	<b>100.00</b>	<b>212.96</b>	<b>195.66</b>

(G) Earnings etc. in Foreign Exchange during the year (on realisation basis)	2011 (₹ in Crores)	2010 (₹ in Crores)
Export of Goods (F.O.B.)	2295.18	1929.72
Hotel Earnings	476.27	398.51
Freight and Insurance recoveries	32.60	21.21
Other Earnings *	10.22	4.83
	<b>2814.27</b>	<b>2354.27</b>

\* Primarily consist of Finance & Storage Charges, Certified Emission Reduction (CER) credits and sundry recoveries.

(H) Value of Imports during the year (C.I.F. Basis)	2011	2010
Raw Materials	844.90	603.94
Components and Spare Parts	77.12	68.25
Capital Goods	225.94	267.50
Other Goods *	16.96	11.12
	<b>1164.92</b>	<b>950.81</b>

\* Including Packing materials, Hotel Consumables and sundry items.

(I) Expenditure in Foreign Currency during the year (on payment basis)	2011	2010
Professional Fees	28.32	29.22
Hotel Reservation/Marketing Expenses	26.11	24.04
Export Promotion Expenses	5.37	5.99
Agency Commission	8.02	9.48
Storage and Warehousing	3.56	4.09
Licence Fees	1.05	1.41
Miscellaneous Expenditure *	17.03	17.42
	<b>89.46</b>	<b>91.65</b>

\* Including Advertising/Sales promotion, Training, Subscription fees, Export Claims etc.

(J) Dividend Remittance in Foreign Currency	Year of Remittance	On Account of Financial Year	No. of Non-Resident Shareholders	No. of Shares held	(₹ in Crores)
	2010/2011	2009/2010	56	1,22,14,39,474	1221.44
	2009/2010	2008/2009	58	1,22,53,13,612	453.37

# Schedules to the Accounts

## 20. Segment Reporting

### PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(₹ in Crores)

	2011			2010		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
<b>1. Segment Revenue</b>						
FMCG - Cigarettes	19827.56	—	19827.56	17283.03	—	17283.03
FMCG - Others	4473.72	8.63	4482.35	3638.73	2.95	3641.68
<b>FMCG - Total</b>	<b>24301.28</b>	<b>8.63</b>	<b>24309.91</b>	<b>20921.76</b>	<b>2.95</b>	<b>20924.71</b>
Hotels	1067.98	9.41	1077.39	904.92	5.89	910.81
Agri Business	2919.55	1828.44	4747.99	2388.18	1473.96	3862.14
Paperboards, Paper and Packaging	2315.58	1351.30	3666.88	2044.74	1188.87	3233.61
<b>Segment Total</b>	<b>30604.39</b>	<b>3197.78</b>	<b>33802.17</b>	<b>26259.60</b>	<b>2671.67</b>	<b>28931.27</b>
Eliminations			(3197.78)			(2671.67)
<b>Total Revenue</b>			<b>30604.39</b>			<b>26259.60</b>
<b>2. Segment Results</b>						
FMCG - Cigarettes			5766.75			4938.12
FMCG - Others			(297.59)			(349.51)
<b>FMCG - Total</b>			<b>5469.16</b>			<b>4588.61</b>
Hotels			266.56			216.64
Agri Business			566.29			447.75
Paperboards, Paper and Packaging			819.24			684.26
<b>Segment Total</b>			<b>7121.25</b>			<b>5937.26</b>
Eliminations			(71.57)			(31.07)
<b>Consolidated Total</b>			<b>7049.68</b>			<b>5906.19</b>
Unallocated corporate expenses net of unallocated income			251.56			191.74
<b>Profit before Interest etc. and Taxation</b>			<b>6798.12</b>			<b>5714.45</b>
Interest paid - Net			48.13			64.75
Interest earned on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc. - Net			518.17			365.61
<b>Profit before Taxation</b>			<b>7268.16</b>			<b>6015.31</b>
Provision for Taxation			2280.55			1954.31
<b>Profit after Taxation</b>			<b>4987.61</b>			<b>4061.00</b>
<b>3. Other Information</b>						
	<b>Segment Assets</b>	<b>Segment Liabilities*</b>		<b>Segment Assets</b>	<b>Segment Liabilities*</b>	
FMCG - Cigarettes	4684.53	1622.39		4336.38	1375.59	
FMCG - Others	2420.13	523.01		2098.47	432.12	
<b>FMCG - Total</b>	<b>7104.66</b>	<b>2145.40</b>		<b>6434.85</b>	<b>1807.71</b>	
Hotels	2949.10	220.66		2669.60	212.25	
Agri Business	2150.27	588.62		1910.13	330.57	
Paperboards, Paper and Packaging	4241.58	471.46		4056.47	345.20	
<b>Segment Total</b>	<b>16445.61</b>	<b>3426.14</b>		<b>15071.05</b>	<b>2695.73</b>	
Unallocated Corporate Assets/Liabilities	9379.80	6446.00		8271.36	6582.30	
<b>Total</b>	<b>25825.41</b>	<b>9872.14</b>		<b>23342.41</b>	<b>9278.03</b>	
	<b>Capital Expenditure</b>	<b>Depreciation</b>	<b>Non Cash expenditure other than depreciation</b>	<b>Capital Expenditure</b>	<b>Depreciation</b>	<b>Non Cash expenditure other than depreciation</b>
FMCG - Cigarettes	312.89	192.16	2.58	443.95	168.29	4.23
FMCG - Others	112.05	93.24	6.68	166.35	81.67	16.57
<b>FMCG - Total</b>	<b>424.94</b>	<b>285.40</b>	<b>9.26</b>	<b>610.30</b>	<b>249.96</b>	<b>20.80</b>
Hotels	322.30	85.19	3.61	417.94	77.83	3.78
Agri Business	91.07	22.75	1.66	11.58	34.02	2.34
Paperboards, Paper and Packaging	249.53	231.32	14.26	208.08	216.72	23.48
<b>Segment Total</b>	<b>1087.84</b>	<b>624.66</b>	<b>28.79</b>	<b>1247.90</b>	<b>578.53</b>	<b>50.40</b>

\* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 755.60 Crores (2010 - ₹ 628.64 Crores) in respect of disputed Taxes, the recovery of which has been stayed or where States' Special Leave Petitions are pending before the Supreme Court. These have been included under 'Unallocated Corporate Liabilities'.

## Schedules to the Accounts

### 20. Segment Reporting (Contd.)

#### SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2011	2010
<b>1. Segment Revenue</b>		
– Within India	28140.72	24020.27
– Outside India	2463.67	2239.33
<b>Total</b>	<b>30604.39</b>	<b>26259.60</b>
<b>2. Segment Assets</b>		
– Within India	16439.68	15063.52
– Outside India	5.93	7.53
<b>Total</b>	<b>16445.61</b>	<b>15071.05</b>
<b>3. Capital Expenditure</b>		
– Within India	1087.84	1247.90
– Outside India	–	–
<b>Total</b>	<b>1087.84</b>	<b>1247.90</b>

#### 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 & 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 (Staples, Biscuits, Confectionery, Snack Foods, Noodles, Ready to Eat Foods), Garments, Educational and other Stationery products, Matches, Agarbattis and Personal Care products.
	Hotels	– Hoteliering.
	Paperboards, Paper and Packaging	– Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
	Agri Business	– Agri commodities such as rice, soya, 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 Branded Packaged Foods and Personal Care Products businesses.
- (5) The Company's Agri Business markets agri commodities in the export and domestic markets; supplies agri raw materials to the Branded Packaged Foods Business 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.

# Schedules to the Accounts

## 21. 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) Russell Credit Limited and its subsidiaries
  - Greenacre Holdings Limited
  - Wimco Limited and its subsidiaries
    - Pavan Poplar Limited
    - Prag Agro Farm Limited
  - Technico Pty Limited, Australia and its subsidiaries
    - Technico ISC Pty Limited, Australia (deregistered on 03.11.2010)
    - Technico Agri Sciences Limited
    - Technico Technologies Inc., Canada
    - Technico Asia Holdings Pty Limited, Australia and its subsidiary
      - Technico Horticultural (Kunming) Co. Limited, China
- e) ITC Infotech India Limited and its subsidiaries
  - ITC Infotech Limited, UK
  - ITC Infotech (USA), Inc. and its subsidiary
    - Pyxis Solutions, LLC
- f) Wills Corporation Limited
- g) Gold Flake Corporation Limited
- h) Landbase India Limited
- i) BFIL Finance Limited and its subsidiary
  - MRR Trading & Investment Company Limited
- j) Surya Nepal Private Limited
- k) King Maker Marketing, Inc.

The above list does not include :

- a) ITC Global Holdings Pte. Limited, Singapore (in liquidation) and its subsidiaries
  - Hup Hoon Traders Pte. Limited, Singapore (struck off w.e.f. 31.03.2011 by the Registrar of Companies, Singapore)
  - AOZT "Hup Hoon", Moscow
  - Hup Hoon Impex SRL, Romania, and
- b) BFIL Securities Limited (a subsidiary of BFIL Finance Limited) which is under voluntary winding up proceedings.

#### 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

## Schedules to the Accounts

### 21. Related Party Disclosures (contd.)

- e) ATC Limited  
- being associate of Gold Flake Corporation Limited

#### Joint Ventures

- a) Maharaja Heritage Resorts Limited  
b) Espirit Hotels Private Limited (w.e.f. 24.09.2010)  
- being joint ventures of the Company

#### Joint Venture of the Company's subsidiary

- a) ITC Filtrona Limited  
- being joint venture of Gold Flake Corporation Limited

#### ii) a) Key Management Personnel (KMP) :

Y. C. Deveshwar	Executive Chairman
N. Anand	Executive Director
P. V. Dhobale	Executive Director (KMP w.e.f. 26.07.2010)
K. N. Grant	Executive Director
A. Singh	Executive Director (upto 23.07.2010)
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
A. Ruys	Non-Executive Director
B. Sen	Non-Executive Director
K. Vaidyanath	Non-Executive Director
B. Vijayaraghavan	Non-Executive Director

#### Members - Corporate Management Committee

A. Nayak
S. Sivakumar
T. V. Ramaswamy
R. Tandon
B. B. Chatterjee
K. S. Suresh

#### 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 'B'  
o) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'  
p) ITC Bhadrachalam Paperboards Limited Staff Provident Fund  
q) ITC Hotels Limited Employees Superannuation Scheme  
r) ITC Hotels Limited Employees Gratuity Fund

## 21. Related Party Disclosures (contd.)

### 3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2011

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists						Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	Subsidiaries		Others		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
1. Sale of Goods/Services	181.06	169.60	0.01	0.02	0.86	0.84	6.42	7.25						188.35	177.71	
2. Purchase of Goods/Services	289.16	297.03		0.05	80.55	57.97	131.63	119.65						501.34	474.65	
3. Acquisition cost of Fixed Assets	1.39	19.34			0.09	0.05								1.39	19.39	
4. Sale of Fixed Assets/Scraps														0.09	0.05	
5. Investments Purchased from Subsidiary*	387.31													387.31		
6. Investments in Subsidiary	25.00	147.00					2.13							25.00	147.00	
7. Acquisition of Investments														2.13		
8. Interest Income									0.11	0.16				0.11	0.16	
9. Remuneration to Key Management Personnel																
- Directors [See Schedule 19 (xi)]									17.16	13.94				17.16	13.94	
- Others									6.89	6.50				6.89	6.50	
10. Rent Paid	4.01	3.58			0.19	0.15			0.11	0.25	0.57	0.72		4.69	4.55	
11. Remuneration of Managers on Deputation Reimbursed	0.91	0.69			2.87	0.61	1.43	1.16						1.10	0.84	
12. Remuneration of Managers on Deputation Recovered	10.41	8.50	1.78	1.99										14.71	10.27	
13. Donations														1.78	1.99	
14. Contributions to Employees' Benefit Plans													119.76	119.76	76.32	
15. Dividend Income	70.50	76.33			0.57	0.52								71.07	76.85	
16. Dividend Payments					992.78	367.33			5.43	0.95				992.21	368.28	
17. Expenses Recovered	12.81	10.75		0.04	1.40	1.14	0.36	0.37						14.57	12.30	
18. Expenses Reimbursed	1.63	1.65		0.02	0.24	0.37		0.02						1.87	2.06	
19. Loans Given	239.61	809.45							0.21	0.25				239.61	809.45	
20. Receipt towards Loans Repayment	201.25	905.15												201.46	905.40	
21. Advances Given during the year	1.27	10.68			1.80	0.10								1.27	10.78	
22. Adjustment/Receipt towards Refund of Advances	3.31	119.14				2.98								5.11	122.12	
23. Advances Received during the year	102.69	121.10												102.69	121.10	
24. Adjustment/Payment towards Refund of Advances	97.74	83.03							0.05	0.01	0.32			97.74	83.03	
25. Receipt towards Refund of Deposits														0.05	0.33	
26. Balances as on 31st March																
i) Debtors/Receivables	14.91	18.04		0.02	1.29	0.32	6.07	4.02						22.27	22.40	
ii) Advances Given	25.67	27.71			0.30	2.10						25.95	24.92	51.92	54.73	
iii) Loans Given	181.79	143.43							0.46	0.65				182.25	144.08	
iv) Deposits Given	2.56	2.56			0.10	0.10			0.03	0.08	0.29			2.98	3.03	
v) Advances Taken	54.34	49.39												54.34	49.39	
vi) Deposits Taken					0.06	0.06								0.06	0.06	
vii) Creditors/Payables	3.62	5.23			6.02	6.23	1.96	1.27				2.66	24.09	14.26	36.82	
viii) Investments in Non-Convertible Debentures	15.00	15.00												15.00	15.00	
27. Provision for subsidiary as at 31st March	47.55	47.55												47.55	47.55	
28. In addition, remuneration of managers on deputation, absorbed	1.46	1.87	0.21	0.27	0.41	1.98								2.08	4.12	

\* Investments have been purchased in 2010 from subsidiary at cost, the market value of such shares on date of acquisition was ₹ 1030.06 Crores.

# Schedules to the Accounts

## 21. Related Party Disclosures (contd.)

### 4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES

RELATED PARTY TRANSACTIONS SUMMARY		2011	2010	RELATED PARTY TRANSACTIONS SUMMARY		2011	2010	RELATED PARTY TRANSACTIONS SUMMARY		2011	2010
1.	Sale of Goods/Services Surya Nepal Private Limited Wimco Limited King Maker Marketing, Inc.	140.25	112.92	Remuneration of Managers on Deputation Recovered Srinivasa Resorts Limited Fortune Park Hotels Limited ITC Infotech India Limited Maharaja Heritage Resorts Limited ATC Limited	3.36	2.69	Advances Received during the Year Surya Nepal Private Limited	102.69	121.10		
		11.55	23.99		2.79	2.66					
		22.17	26.26		2.29	1.74					
2.	Purchase of Goods/Services ITC Infotech India Limited Wimco Limited International Travel House Limited ITC Filtrona Limited	91.67	79.35	Donations ITC Rural Development Trust	1.13	0.94	Adjustment/Payment towards Refund of Advances Surya Nepal Private Limited	97.74	83.03		
		184.08	205.84		2.14	—					
		59.23	45.83		1.78	0.05					
3.	Acquisition Cost of Fixed Assets Wimco Limited	131.41	119.46	Contributions to Employees' Benefit Plans IATC Provident Fund ITC Management Staff Gratuity Fund ITC Pension Fund	1.78	1.99	Receipt towards Refund of Deposits Mr. Y. C. Deveshwar	0.05	—		
		1.39	19.34		17.60	14.72					
4.	Sale of Fixed Assets/Scraps ATC Limited	0.09	0.05	Dividend Income Surya Nepal Private Limited	67.46	34.88	Balances as on 31st March Debtors/Receivables Surya Nepal Private Limited Maharaja Heritage Resorts Limited Wimco Limited	10.39	10.19		
		—	387.31		7.98	6.76		5.79	3.66		
5.	Investments Purchased from Subsidiary Russell Credit Limited	—	—	Dividend Payments Tobacco Manufacturers (India) Limited, UK	66.91	72.78	Advances Given Wimco Limited Employee Trust - Gratuity Funds	1.28	5.01		
		25.00	147.00		992.78	25.67		25.95	27.71	24.92	
6.	Investment in Subsidiary Landbase India Limited	2.13	—	Expenses Recovered Wimco Limited ITC Infotech India Limited Srinivasa Resorts Limited	3.90	4.30	Loans Given ITC Infotech India Limited BFIL Finance Limited	149.24	110.88		
		0.04	0.01		4.80	3.83		2.20	2.20		
7.	Acquisition of Investments Esprit Hotels Private Limited	0.04	0.01	Expenses Reimbursed Srinivasa Resorts Limited ITC Infotech India Limited Surya Nepal Private Limited ATC Limited Fortune Park Hotels Limited	1.61	1.20	Deposits Given Greenacre Holdings Limited	32.55	32.55		
		0.01	0.01		0.36	0.39		54.34	49.39		
8.	Interest Income Mr. K. Vaidyanath Mr. T. V. Ramaswamy Mr. N. Anand Mr. A. Singh Mr. A. Nayak	—	0.06	Loans Given ITC Infotech India Limited Russell Credit Limited	0.36	0.35	Deposits Taken Surya Nepal Private Limited	0.06	0.06		
		0.04	0.04		0.49	0.52		0.06	0.06		
9.	Remuneration to Key Management Personnel – Directors & Others Mr. Y. C. Deveshwar Mr. K. Vaidyanath Mr. A. Singh	9.83	7.59	Advances Given during the year Landbase India Limited Wimco Limited	0.22	0.36	Creditors/Payables International Travel House Limited ITC Infotech India Limited ITC Filtrona Limited	1.76	—		
		2.47	2.54		0.14	0.11		4.46	5.16		
10.	Rent Paid Bay Islands Hotels Limited Russell Credit Limited Wimco Limited BFIL Finance Limited Technico Agri Sciences Limited Mrs. B. Deveshwar	1.18	2.92	Loans Given ITC Infotech India Limited	239.61	148.25	Investments in Non-Convertible Debentures BFIL Finance Limited	1.96	1.27		
		1.00	0.84		—	661.00		0.56	2.02		
11.	Remuneration of Managers on Deputation Reimbursed Bay Islands Hotels Limited ITC Infotech India Limited International Travel House Limited	0.74	0.64	Receipt towards Loans Repayment Russell Credit Limited	—	199.40	Provision for Subsidiary as on 31st March BFIL Finance Limited - Debts	15.00	15.00		
		0.11	—		201.25	665.30		47.55	47.55		
12.	Remuneration of Managers on Deputation Recovered Srinivasa Resorts Limited Fortune Park Hotels Limited ITC Infotech India Limited Maharaja Heritage Resorts Limited ATC Limited	0.19	0.15	Advances Given during the year Landbase India Limited Wimco Limited	1.27	4.00	Managers on Deputation, Absorbed ATC Limited ITC Infotech India Limited Classic Infrastructure & Development Limited ITC Sangeet Research Academy	—	1.62		
		0.74	0.64		—	6.68		1.24	1.59		
13.	Acquisition Cost of Fixed Assets Wimco Limited	0.19	0.15	Adjustment/Receipt towards Refund of Advances Wimco Limited ATC Limited Landbase India Limited International Travel House Limited	—	4.00	In addition, Remuneration of Managers on Deputation, Absorbed ATC Limited ITC Infotech India Limited Classic Infrastructure & Development Limited ITC Sangeet Research Academy	0.41	0.36		
		0.11	—		105.14	0.21		0.27			

(₹ in Crores)

# Schedules to the Accounts

## 22. 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 as detailed below.

#### 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 and Intangible Assets 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.

#### Sales

To recognise Gross Sales 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 and taxes relating to services, payable by the Company. Net sales are stated after deducting such excise duty and taxes.

#### Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source.

#### 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.

## Schedules to the Accounts

### 22. Significant Accounting Policies (Contd.)

#### Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution scheme 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 (revised 2005) on “Employee Benefits”. To determine actuarial gains or losses and to recognise such gains or losses immediately in Profit and Loss Account 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 Profit and Loss Account.

#### 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 Fixed 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 substantially 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 Profit and Loss Account in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period.

To account for premium paid on currency options in the Profit and Loss Account 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 Profit and Loss Account 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 Profit and Loss Account on foreign exchange rate fluctuations relating to monetary items at the year end.

#### 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 Integrated Accounting System which unifies both Financial Books and Costing Records. The books of account and other records have been designed to facilitate compliance with the relevant provisions of the Companies Act on one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control on the other. To ensure that the Cost Accounts are designed to adopt Costing Systems appropriate to the business carried out by the Division with each Division incorporating into its Costing System, the basic tenets and principles of Standard Costing, Budgetary Control and Marginal Costing as appropriate.

On behalf of the Board

P. V. DHOBALÉ *Director*      Y. C. DEVESHWAR *Chairman*  
 R. TANDON *Chief Financial Officer*      B. B. CHATTERJEE *Secretary*

Kolkata  
 20th May, 2011

# Auditors' Report to the Members

1. We have audited the attached Balance Sheet of ITC Limited ("the Company") as at 31st March, 2011, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells  
*Chartered Accountants*  
(Registration No. 302009E)

P. R. Ramesh  
*Partner*

Kolkata  
May 20, 2011

(Membership No. 70928)

## Annexure to the Auditors' Report to the Members of ITC Limited

[Referred to in paragraph (3) thereof]

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 (iii), (v), (x), (xii), (xiii), (xv), (xviii), (xix) and (xx) of Companies (Auditor's Report) Order 2003, 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 explanation 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 excepting 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) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- (iii) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
- (iv) 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.
- (v) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (vi) To the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company excepting paper,

soaps & detergents, cosmetics & toiletries, for which, in our opinion, prima facie, the prescribed accounts and records have been maintained and are being made up. We are not required to and accordingly, have not made a detailed examination of the records.

- (vii) (a) 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, 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, 2011, according to the records of the Company and the information and explanations given to us, 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	7.52	1987-2010	Appellate Authority – upto Commissioners' / Revisional authorities level
		5.68	1994-2010	Appellate Authority – Tribunal level
		174.50	1997-2008	High Court
Customs Act, 1962	Customs duty	0.22	2005-2006	Appellate Authority – upto Commissioners' / Revisional authorities level
		1.27	2005-2007	Appellate Authority – Tribunal level
Central Excise Act, 1944	Excise duty	13.68	1980-2010	Appellate Authority – upto Commissioners' / Revisional authorities level
		25.65	1973-2010	Appellate Authority – Tribunal level
		0.47	1991-1996	Supreme Court
Finance Act, 1994	Service tax	2.65	2002-2010	Appellate Authority – upto Commissioners' / Revisional authorities level
		172.96	2003-2009	Appellate Authority – Tribunal level
		0.08	2007-2008	High Court
Income Tax Act, 1961	Income tax	2.85	1999-2006	Appellate Authority – upto Commissioners' / Revisional authorities level

Out of the total disputed dues aggregating ₹ 407.53 Crores as above, ₹ 374.07 Crores has been stayed for recovery by the relevant authorities.

- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) 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.
- (xii) 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*  
(Registration No. 302009E)

P. R. Ramesh  
*Partner*  
(Membership No. 70928)

Kolkata  
May 20, 2011



# Guide to Subsidiaries/Joint Ventures/Associates

## Subsidiaries of ITC Limited

### Russell Credit Limited (Russell)

#### 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.

#### Subsidiaries of Russell

Greenacre Holdings Limited, a wholly owned subsidiary, is engaged in property infrastructure maintenance.

Russell holds 96.82% of Wimco Limited, which is engaged primarily in the manufacture of matches. 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.

Russell also holds 100% of Technico Pty Limited, Australia (Technico), which is an agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology. 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.

### 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 Cigarette Components Limited, UK.

#### Nature of Business

Manufacture and sale of cigarette filter rods.

### 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 the 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 of I3L

I3L owns 100% of the shareholding of :

ITC Infotech Limited, UK

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 garments.

### 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 mid range to upscale segment. It currently operates 38 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.

### King Maker Marketing Inc., USA

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

Primarily trading in cigarettes and 'roll-your-own' smoking mixtures in USA.

### 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 53 hotel properties spread across 18 states under the "WelcomHeritage" brand.

#### 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 Hyderabad.

### 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 wholly owned 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 161.

### 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 Profit & Loss Account 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 profit and loss statement.

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.



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Inspiring Years

## Consolidated Balance Sheet as at 31st March, 2011

	Schedule	31st March, 2011 (₹ in Crores)		31st March, 2010 (₹ in Crores)	
<b>I. Sources of Funds</b>					
<b>1. Shareholders' Funds</b>					
a) Capital	1	773.81		381.82	
b) Reserves and Surplus	2	15688.24	16462.05	14076.49	14458.31
<b>2. Minority Interests</b>			140.82		126.38
<b>3. Loan Funds</b>					
a) Secured Loans	3	25.09		0.95	
b) Unsecured Loans	4	99.48	124.57	109.81	110.76
<b>4. Deferred Tax Liabilities - Net</b>			811.20		794.40
<b>Total</b>			17538.64		15489.85
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
a) Gross Block	6	13993.45		12992.74	
b) Less: Depreciation		4843.95		4212.79	
c) Net Block		9149.50		8779.95	
d) Capital Work-in-Progress		1367.95		1023.58	
		10517.45		9803.53	
e) Less: Provision for assets given on lease		5.67	10511.78	5.93	9797.60
<b>2. Investments</b>			4867.84		5000.48
<b>3. Deferred Tax Assets - Net</b>			13.13		13.83
<b>4. Current Assets, Loans and Advances</b>					
a) Inventories	8	5733.12		5092.02	
b) Sundry Debtors	9	1101.68		1009.30	
c) Cash and Bank Balances	10	2426.87		1348.58	
d) Other Current Assets	11	366.47		303.83	
e) Loans and Advances	12	1334.39		1248.74	
		10962.53		9002.47	
<b>Less :</b>					
<b>5. Current Liabilities and Provisions</b>					
a) Liabilities	13	4668.28		3737.99	
b) Provisions	14	4148.47		4586.75	
		8816.75		8324.74	
<b>Net Current Assets</b>			2145.78		677.73
<b>6. Miscellaneous Expenditure</b>			0.11		0.21
(To the extent not written off or adjusted)					
[See Schedule 19(viii)]					
<b>Total</b>			17538.64		15489.85
<b>Notes to the Accounts</b>	19				
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The Schedules referred to above form an integral part of the Balance Sheet.

In terms of our report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants

P. R. RAMESH  
Partner

Kolkata, 20th May, 2011

On behalf of the Board

P. V. DHOBALÉ

Director

R. TANDON Chief Financial Officer

Y. C. DEVESHWAR

Chairman

B. B. CHATTERJEE

Secretary

# Consolidated Profit and Loss Account for the year ended 31st March, 2011

Schedule	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>IA. Gross Income</b>	<b>32854.75</b>	<b>28254.93</b>
<b>IB. Net Income</b>		
Gross Sales [Includes share of Joint Ventures ₹ 10.93 Crores (2010 - ₹ 9.62 Crores)]	32078.24	27624.68
Less : Excise Duties and Taxes on Sales of Services [Includes share of Joint Ventures ₹ 6.46 Crores (2010 - ₹ 5.37 Crores)]	9804.58	8488.81
Net Sales	22273.66	19135.87
Other Income 15	776.51	630.25
	<b>23050.17</b>	<b>19766.12</b>
<b>II. Expenditure</b>		
Raw Materials etc. 16	8118.37	6986.96
Manufacturing, Selling etc. Expenses 17	6797.84	5889.55
Depreciation [Includes share of Joint Ventures ₹ 1.24 Crores (2010 - ₹ 1.23 Crores)]	699.09	643.90
	<b>15615.30</b>	<b>13520.41</b>
<b>III. Profit</b>		
Profit before Taxation	7434.87	6245.71
Provision for Taxation 18	2365.45	2034.93
Profit after Taxation before Share of Results of Associates and Minority Interests	5069.42	4210.78
Less : Minority Interests	61.10	48.84
Share of Net Profit of Associates	9.61	6.24
Net Profit	<b>5017.93</b>	<b>4168.18</b>
Profit brought forward	93.61	805.94
Available for appropriation	<b>5111.54</b>	<b>4974.12</b>
<b>IV. Appropriations</b>		
General Reserve	499.75	406.89
Special Reserve under Section 45-IC of RBI Act, 1934	3.99	8.39
Employees' Housing Reserve	6.97	5.34
Foreign Exchange Translation Reserve	-	6.70
Proposed Dividend		
– Ordinary Dividend	2166.68	1718.18
– Special Centenary Dividend	-	2100.00
– Special Dividend	1276.79	-
Income Tax on Dividend Proposed/ Paid	559.57	635.10
Earlier year's provision for Income Tax on Proposed Dividend no longer required	(0.60)	(0.60)
Share of Revenue Reserves of Joint Ventures carried forward	17.30	17.02
Profit carried forward	581.09	77.10
	<b>5111.54</b>	<b>4974.12</b>
Earnings Per Share (Face Value ₹ 1.00 each) 19(v)		
Basic	₹ 6.53	₹ 5.48
Diluted	₹ 6.45	₹ 5.42

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

In terms of our report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants  
P. R. RAMESH  
Partner

P. V. DHOBALE

R. TANDON *Chief Financial Officer*

On behalf of the Board

*Director*

Y. C. DEVESHWAR

B. B. CHATTERJEE

*Chairman*

*Secretary*

Kolkata, 20th May, 2011



Inspiring Years

# Consolidated Cash Flow Statement for the year ended 31st March, 2011

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

	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax</b>	<b>7434.87</b>	<b>6245.71</b>
ADJUSTMENTS FOR :		
Depreciation	699.09	643.90
Interest – Net [Excluding ₹ 0.21 Crore (2010 - ₹ 0.32 Crore) (Credit) in respect of financial enterprises consolidated]	(66.88)	(67.23)
Income from Long Term Investments	(15.01)	(15.90)
Income from Current Investments	(212.04)	(139.32)
Fixed Assets – Loss on Sale – Net	26.21	36.14
Profit on Sale of Current Investments – Net	(54.90)	(11.60)
Profit on Sale of Long Term Investments/Joint Venture	(63.01)	(61.86)
Doubtful and Bad Debts	2.97	14.99
Doubtful and Bad Advances, Loans and Deposits	3.34	3.24
Provision for Standard Assets	0.09	–
Excess of Carrying Cost over Fair Value of Current Investments – Net	–	9.95
Excess of Cost of Current Investments over Fair Value, reversed – Net	(2.57)	–
Unrealised Gain on Exchange – Net	(0.71)	(2.29)
Amortisation of Miscellaneous Expenditure	0.10	0.11
Doubtful Debts, Claims and Advances – previous years	(1.64)	(1.15)
Liability no longer required written back	(29.89)	(38.26)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>7720.02</b>	<b>6616.43</b>
ADJUSTMENTS FOR :		
Trade and Other Receivables	(232.36)	(320.42)
Inventories	(641.10)	(297.69)
Trade and Other Payables	885.42	533.31
<b>CASH GENERATED FROM OPERATIONS</b>	<b>7731.98</b>	<b>6531.63</b>
Income Tax Paid	(2278.41)	(2074.37)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5453.57</b>	<b>4457.26</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1429.49)	(1248.40)
Sale of Fixed Assets	8.78	7.10
Purchase of Current Investments	(69488.97)	(58538.20)
Sale/Redemption of Current Investments	69923.82	56101.82
Purchase of Long Term Investments	(260.00)	(71.01)
Investment in Associate	(1.04)	–
Payment of Contingent Purchase Consideration	(2.70)	(5.00)
Sale of Long Term Investments	103.58	26.90
Income from Long Term Investments Received	15.01	15.90
Income from Current Investments Received	191.27	137.44
Dividend from Associates	1.74	1.61
Sale of Interest in Joint Venture	–	66.47
Interest Received	117.83	143.24
Loans Given	–	(0.17)
Loans Realised	4.00	1.98
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(816.17)</b>	<b>(3360.32)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital	903.82	720.73
Proceeds from Long Term Borrowings	1.43	2.21
Repayments of Long Term Borrowings	(11.89)	(10.06)
Net increase/(decrease) in Cash/Export Credit Facilities	24.00	(68.05)
Interest Paid	(16.72)	(34.51)
Net increase in Statutory Restricted Accounts balances	20.58	5.94
Dividends Paid	(3866.21)	(1448.69)
Income Tax on Dividends Paid	(634.75)	(237.95)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3579.74)</b>	<b>(1070.38)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1057.66</b>	<b>26.56</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>1305.00</b>	<b>1278.44</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>2362.66</b>	<b>1305.00</b>
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. <b>CASH AND CASH EQUIVALENTS :</b>		
Cash and Cash Equivalents as above	2362.66	1305.00
Balance in Statutory Restricted Accounts	63.93	43.35
Unrealised Gain on Foreign Currency Cash and Cash Equivalents - Net	0.28	0.23
<b>Cash and Bank Balances (Schedule 10)</b>	<b>2426.87</b>	<b>1348.58</b>

In terms of our report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants  
P. R. RAMESH  
Partner  
Kolkata, 20th May, 2011

On behalf of the Board

P. V. DHOBALE Director Y. C. DEVESHWAR Chairman  
R. TANDON Chief Financial Officer B. B. CHATTERJEE Secretary

## Schedules to the Consolidated Accounts

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

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>1. Capital</b>		
Authorised		
10,00,00,00,000 Ordinary Shares of ₹ 1.00 each (2010 - 5,00,00,00,000 Ordinary Shares of ₹ 1.00 each)	1000.00	500.00
Issued & Subscribed		
7,73,81,44,280 Ordinary Shares of ₹ 1.00 each, fully paid (2010 - 3,81,81,76,790 Ordinary Shares of ₹ 1.00 each, fully paid)	773.81	381.82

A) Of the above, following were allotted :

a) as fully paid up Bonus Shares -

3,79,00,000 in 1978-79 by Capitalisation of Capital Reserve, Securities Premium Reserve and General Reserve;

4,54,80,000 in 1980-81 by Capitalisation of Capital Reserve and General Reserve;

33,16,81,100 in 1989-90 by Capitalisation of Capital Reserve, Securities Premium Reserve, Export Promotion Reserve and General Reserve;

39,80,17,320 in 1991-92 by Capitalisation of General Reserve;

1,21,31,81,770 in 1994-95 by Capitalisation of General Reserve;

1,25,17,12,290 in 2005-06 by Capitalisation of General Reserve;

3,82,67,01,530 in 2010-11 by Capitalisation of Securities Premium Reserve.

b) as fully paid up Shares -

10,59,50,750 in 1991-92 consequent to the amalgamation of erstwhile Tribeni Tissues Limited to the Shareholders of erstwhile Tribeni Tissues Limited;

2,09,69,820 in 2002-03 consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited to the Shareholders of erstwhile ITC Bhadrachalam Paperboards Limited;

1,21,27,470 in 2005-06 consequent to the amalgamation of erstwhile ITC Hotels Limited & Ansal Hotels Limited to the Shareholders of erstwhile ITC Hotels Limited & Ansal Hotels Limited.

B) Under Employee Stock Option Schemes the Company has granted (net of Options lapsed) :

a) 13,60,568 (2010 – 13,77,495) Options in 2005-06 (including 4,75,638 Bonus Options allocated in 2005-06), of which 13,60,568 vested Options have been exercised.

b) 69,81,311 (2010 – 51,64,746) Options in 2006-07 (including 18,30,137 Bonus Options allocated during the year), of which 68,18,460 vested Options have been exercised.

c) 85,69,960 (2010 – 47,82,423) Options in 2007-08 (including 38,29,364 Bonus Options allocated during the year), of which 42,21,931 vested Options have been exercised.

d) 1,03,06,545 (2010 – 53,22,009) Options in 2008-09 (including 51,30,034 Bonus Options allocated during the year), of which 15,55,885 vested Options have been exercised.

e) 84,52,930 (2010 – 42,94,210) Options in 2009-10 (including 42,69,672 Bonus Options allocated during the year), of which 3,00,840 vested Options have been exercised.

f) 83,47,150 Options in 2010-11 (including 42,21,225 Bonus Options allocated during the year), of which none of the Options have vested and been exercised.

### Note :

Each Option entitles the holder thereof to apply for and be allotted 10 Ordinary Shares of the face value of ₹ 1.00 each.

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
<b>2. Reserves and Surplus</b>				
Capital Reserve on Consolidation				
At commencement of the year	128.02		127.93	
Add: Consequent to change in Group's Interest	–	128.02	0.09	128.02
General Reserve				
At commencement of the year	12064.44		11657.55	
Add: From Profit and Loss Account	499.75	12564.19	406.89	12064.44
Securities Premium				
At commencement of the year	1264.64		548.29	
Add: On issue of Shares	894.50		716.35	
Less: Utilised for issue of Bonus Shares	382.67	1776.47	–	1264.64
Capital Reserve				
At commencement of the year	5.76		5.76	
Less: Minority Interest - Wimco Limited	0.01	5.75	–	5.76
Capital Redemption Reserve				
At commencement of the year	5.22		5.22	
Less: Minority Interest - Wimco Limited	0.16	5.06	–	5.22
Special Reserve under Section 45-IC of the RBI Act, 1934				
At commencement of the year	58.82		50.43	
Add: From Profit and Loss Account	3.99	62.81	8.39	58.82
Employees' Housing Reserve				
At commencement of the year	11.88		6.54	
Add: From Profit and Loss Account	6.97	18.85	5.34	11.88
Subsidy Reserve		0.23		0.23
Revaluation Reserve				
At commencement of the year	59.22		60.00	
Add: Created during the year - Wimco Limited	45.87		–	
Less: Minority Interest - Wimco Limited	1.45		–	
Less: To Profit and Loss Account				
– Depreciation	0.68		0.78	
– Disposal of Fixed Assets	0.45	102.51	–	59.22
Contingency Reserve		363.05		363.05
Foreign Exchange Translation Reserve				
At commencement of the year	20.21		18.90	
Add: Adjustment for translation of Non Integral Foreign Operations	41.31	61.52	1.31	20.21
Profit and Loss Account		581.09		77.10
<b>Total</b>		<b>15669.55</b>		<b>14058.59</b>
Share of Joint Ventures - Schedule 19 (i) (b)				
Revenue Reserves [includes General Reserve ₹ 1.80 Crores (2010 - ₹ 1.39 Crores)]		18.69		17.90
<b>Grand Total</b>		<b>15688.24</b>		<b>14076.49</b>
<b>3. Secured Loans</b>				
Loans from Banks				
Cash Credit Facilities *		24.00		–
Term Loans *		1.06		0.95
<b>Total</b>		<b>25.06</b>		<b>0.95</b>
Share of Joint Ventures - Schedule 19 (i) (b)*		0.03		–
<b>Grand Total</b>		<b>25.09</b>		<b>0.95</b>

\* Secured by hypothecation of certain fixed assets and current assets, both present and future.

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>4. Unsecured Loans</b>		
Other Loans		
From Banks (Due within one year ₹ 5.56 Crores, 2010 – ₹ 9.73 Crores)	6.27	16.00
From Financial Institution (Due within one year ₹ 0.32 Crore, 2010 – ₹ 0.04 Crore)	1.20	1.19
From Others		
Sales tax deferment loan (interest free) (Due within one year ₹ 5.29 Crores, 2010 – ₹ 2.12 Crores)	90.99	91.71
Others	1.02	0.91
<b>Grand Total</b>	<b>99.48</b>	<b>109.81</b>
<b>5A. Deferred Tax Liabilities - Net</b>		
Deferred Tax Liabilities		
On fiscal allowances on fixed assets	994.08	931.70
On excise duty on closing stock	218.15	196.64
Other timing differences	7.13	1.85
	<b>1219.36</b>	<b>1130.19</b>
Share of Joint Ventures - Schedule 19 (i) (b)	0.83	0.79
<b>Total Deferred Tax Liabilities</b>	<b>1220.19</b>	<b>1130.98</b>
Deferred Tax Assets		
On employees' separation and retirement etc.	39.82	33.13
On provision for doubtful debts/ advances	11.68	11.52
On State and Central taxes etc.	326.21	285.33
Other timing differences	31.21	6.50
	<b>408.92</b>	<b>336.48</b>
Share of Joint Ventures - Schedule 19 (i) (b)	0.07	0.10
<b>Total Deferred Tax Assets</b>	<b>408.99</b>	<b>336.58</b>
<b>Grand Total</b>	<b>811.20</b>	<b>794.40</b>
<b>5B. Deferred Tax Assets - Net</b>		
Deferred Tax Assets		
On fiscal allowances on fixed assets	0.95	0.38
On employees' separation and retirement etc.	6.13	5.59
On provision for doubtful debts/ advances	1.38	1.34
On unabsorbed tax losses and depreciation *	3.57	5.53
Other timing differences	0.88	1.67
	<b>12.91</b>	<b>14.51</b>
Share of Joint Ventures - Schedule 19 (i) (b)	0.78	0.52
<b>Total Deferred Tax Assets</b>	<b>13.69</b>	<b>15.03</b>
Deferred Tax Liabilities		
On fiscal allowances on fixed assets	0.14	1.18
Other timing differences	0.41	-
	<b>0.55</b>	<b>1.18</b>
Share of Joint Ventures - Schedule 19 (i) (b)	0.01	0.02
<b>Total Deferred Tax Liabilities</b>	<b>0.56</b>	<b>1.20</b>
<b>Grand Total</b>	<b>13.13</b>	<b>13.83</b>

\* Set up based on future profit projections/plans and, where applicable, past financial performance of individual subsidiaries.



Inspiring Years

## Schedules to the Consolidated Accounts

(₹ in Crores)

### 6. Fixed Assets

Particulars	Gross Block				Depreciation				Net Book Value			
	@ As at 31st March, 2010	Additions	Withdrawals and adjustments	Foreign Exchange Translation Reserve adjustments	@ As at 31st March, 2011	Upto 31st March, 2010	For the year	On Withdrawals and adjustments	Foreign Exchange Translation Reserve adjustments	Upto 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Goodwill on Consolidation	200.90	2.70	–	39.75	243.35	0.76	–	–	–	0.76	242.59	200.14
Trademarks & Goodwill	11.22	0.01	–	0.04	11.27	9.93	0.62	0.06	0.03	10.52	0.75	1.29
Know-how, Business and Commercial Rights	72.00	1.40	–	1.64	75.04	52.97	6.36	2.04	1.64	58.93	16.11	19.03
Land Freehold *	960.97	53.58	(45.37)	0.01	1059.93	1.68	–	–	–	1.68	1058.25	959.29
Buildings Freehold	2372.59	126.84	(7.71)	0.25	2507.39	397.63	53.14	2.10	0.23	448.90	2058.49	1974.96
Leasehold Properties	213.71	22.17	0.04	0.07	235.91	20.71	2.33	–	0.07	23.11	212.80	193.00
Licensed Properties - Building Improvement	52.77	10.88	3.25	–	60.40	23.58	7.03	2.27	–	28.34	32.06	29.19
Railway Sidings etc.	1.17	0.58	0.03	–	1.72	0.80	0.05	0.03	–	0.82	0.90	0.37
Plant & Machinery **	7871.08	625.94	69.39	0.42	8428.05	3054.17	495.04	42.94	0.40	3506.67	4921.38	4816.91
Capitalised Software	219.27	58.99	0.26	0.01	278.01	109.72	41.13	0.26	0.01	150.60	127.41	109.55
Computers, Servers and Other I.T. Equipments	410.05	42.20	7.25	(0.01)	444.99	261.11	47.66	9.85	(0.02)	298.90	146.09	148.94
Furniture & Fixtures	512.71	16.68	25.49	0.11	504.01	249.08	37.87	8.01	0.28	279.22	224.79	263.63
Motor Vehicles etc.	76.47	9.37	6.71	0.01	79.14	22.07	7.30	3.67	0.09	25.79	53.35	54.40
	<b>12974.91</b>	<b>971.34</b>	<b>59.34</b>	<b>42.30</b>	<b>13929.21</b>	<b>4204.21</b>	<b>698.53</b>	<b>71.23</b>	<b>2.73</b>	<b>4834.24</b>	<b>9094.97</b>	<b>8770.70</b>
Capital Work-in-Progress	1023.45	1232.97	888.48	–	1367.94	–	–	–	–	–	1367.94	1023.45
<b>Total (a)</b>	<b>13998.36</b>	<b>2204.31</b>	<b>947.82</b>	<b>42.30</b>	<b>15297.15</b>	<b>4204.21</b>	<b>698.53</b>	<b>71.23</b>	<b>2.73</b>	<b>4834.24</b>	<b>10462.91</b>	<b>9794.15</b>
Share of Joint Ventures - Schedule 19 (i) (b)												
Fixed Assets	17.83	46.56	0.15	–	64.24	8.58	1.24	0.11	–	9.71	54.53	9.25
Capital Work-in-Progress	0.13	1.41	1.53	–	0.01	–	–	–	–	–	0.01	0.13
<b>Total (b)</b>	<b>17.96</b>	<b>47.97</b>	<b>1.68</b>	<b>–</b>	<b>64.25</b>	<b>8.58</b>	<b>1.24</b>	<b>0.11</b>	<b>–</b>	<b>9.71</b>	<b>54.54</b>	<b>9.38</b>
<b>Total (a) + (b)</b>	<b>14016.32</b>	<b>2252.28</b>	<b>949.50</b>	<b>42.30</b>	<b>15361.40</b>	<b>4212.79</b>	<b>699.77</b>	<b>71.34</b>	<b>2.73</b>	<b>4843.95</b>	<b>10517.45</b>	<b>9803.53</b>
Provision for assets given on lease											5.67	5.93
<b>Grand Total</b>											<b>10511.78</b>	<b>9797.60</b>
Previous Year	12793.72	2889.79	1671.71	4.52	14016.32	3661.87	644.68	95.55	1.79	4212.79	9803.53	

@ 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 (2010 - ₹ 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 (2010 - ₹ 8.92 Crores) in respect of land at Mysore. 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 6 years time from the date of agreement. 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 ₹ 720.38 Crores (2010 - ₹ 670.07 Crores), aggregate cost of building on leasehold land situated at various locations.

"Trademarks & Goodwill" includes purchased Trademark amounting to ₹ 6.34 Crores (2010 - ₹ 6.33 Crores) which are being amortised over 10 years. Out of the total amount of "Know-how, Business and Commercial Rights" aggregating ₹ 61.76 Crores (2010 - ₹ 60.36 Crores) :-

– ₹ 48.74 Crores (2010 - ₹ 47.34 Crores) acquired during the year and in earlier years are being amortised over 10 years.

– ₹ 8.05 Crores (2010 - ₹ 8.05 Crores) acquired in earlier years are being amortised over 5 years.

– ₹ 4.97 Crores (2010 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.

Applications for exemption in respect of vacant land under the Urban Land (Ceiling & Regulation) Act, 1976 have been made, wherever applicable.

Capital expenditure commitments, including share of Joint Ventures ₹ 1.21 Crores (2010 - ₹ Nil), are ₹ 2037.30 Crores (2010 - ₹ 1027.82 Crores).

Capital Work-in-Progress includes intangible assets yet to be capitalised ₹ 10.66 Crores (2010 - ₹ 11.88 Crores).

Depreciation for the year includes ₹ 0.68 Crore (2010 - ₹ 0.78 Crore) transferred from Revaluation Reserve in respect of revalued assets.

\* Based on professional valuation, Wimco Limited has revalued a plot of land at Chennai by ₹ 45.87 Crores and the same has been transferred to Revaluation Reserve account.

\*\* Plant and Machinery includes ₹ 30.57 Crores (2010 - ₹ 29.17 Crores) being assets given on lease and these are depreciated over the primary period of the lease. In respect of assets aggregating ₹ 18.50 Crores (2010 - ₹ 19.63 Crores), the primary lease period has expired and balances reflected on this account have been fully realised or provided for.

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments</b>				
<b>Long Term</b>				
<b>A. TRADE INVESTMENTS</b>				
<b>In Associates</b>				
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 31.03.2011				
	21.87		21.87	
	35.07	56.94	28.36	50.23
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 31.03.2011				
	1.94		1.94	
	6.24	8.18	5.45	7.39
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 31.03.2011				
		0.83		0.83
		0.66	1.49	0.58
				1.41
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 31.03.2011				
		2.92		1.88
		0.27	3.19	0.20
				2.08
<b>In Other Companies</b>				
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 *				
			1.19	1.19
Bihar Hotels Limited				
8,00,000 Equity Shares of ₹ 2.00 each, fully paid				
		0.04		0.04
VST Industries Limited				
17,11,748 (2010 - 21,75,748) Equity Shares of ₹ 10.00 each, fully paid (4,64,000 Equity Shares sold during the year)				
	28.44		36.15	
Agro Tech Foods Limited				
8,93,465 (2010 - 33,93,064) Equity Shares of ₹ 10.00 each, fully paid (24,99,599 Equity Shares sold during the year)				
	11.75		44.61	
Hotel Leelaventure Limited				
4,99,53,055 (2010 - 3,20,23,542) Equity Shares of ₹ 2.00 each, fully paid (1,79,29,513 Equity Shares acquired during the year)				
	184.23		100.82	
EIH Limited				
8,56,21,473 (2010 - 5,88,64,763) Equity Shares of ₹ 2.00 each, fully paid (2,67,56,710 Equity Shares subscribed through Rights Issue during the year)				
	392.29		215.70	
<b>B. SUBSIDIARY COMPANIES</b>				
ITC Global Holdings Pte. Limited (in liquidation)				
89,99,645 Ordinary Shares of US \$1.00 each, fully paid *				
		25.58		25.58
<b>C. DEPOSIT WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES</b>				
Government Securities [cost ₹ 76,000.00 (2010 - ₹ 78,000.00)]				
		0.01		0.01
Government Securities - National Savings Certificates				
		...		...
National Savings Certificate fully paid (Deposited with Government Authorities)				
		...		...
Kisan Vikas Patra fully Paid (Deposited with Government Authorities) (cost ₹ 6000.00)				
		...		...
National Saving Certificate fully paid (Pledged with Mandi Samiti) [Cost - ₹ 32,000.00 (2010 - ₹ 27,000.00)]				
		...		...
	681.83	31.50	454.90	30.31
Carried over				



Inspiring Years

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
Brought forward	681.83	31.50	454.90	30.31
<b>D. OTHER INVESTMENTS</b>				
<b>In Associates</b>				
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)		4.27		4.27
Add/(Less) : Group Share of Profits/(Losses) upto 31.03.2011		4.05	8.32	3.90
Classic Infrastructure & Development Limited				
54,00,000 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 7.78 Crores)		10.40		10.40
Add/(Less) : Group Share of Profits/(Losses) upto 31.03.2011		0.44	10.84	0.41
Divya Management Limited				
41,82,915 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 1.09 Crores)		6.93		6.93
Add/(Less) : Group Share of Profits/(Losses) upto 31.03.2011		0.07	7.00	0.06
Antrang Finance Limited				
43,24,634 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 0.10 Crore)		4.40		4.40
Add/(Less) : Group Share of Profits/(Losses) upto 31.03.2011		0.07	4.47	0.04
<b>In Other Companies</b>				
Hill Properties Limited				
3 class 'A' Equity Shares of ₹ 1,20,000.00 each, ₹ 1,18,000.00 per share paid		0.04		0.04
Modern Flats Private Limited				
4,300 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 43,000.00)		...		...
Andhra Pradesh Gas Power Corporation Limited				
8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Cuffe Parade Sealord Co-operative Housing Society Limited				
10 Shares of ₹ 50.00 each, fully paid (cost ₹ 500.00)		...		...
Tulsiani Chambers Premises Co-operative Society Limited				
Nil (2010 - 5 Shares) of ₹ 50.00 each, fully paid (cost ₹ 250.00) (5 Shares sold during the year)		—		...
Atur Park Co-operative Housing Society Limited				
5 Shares of ₹ 50.00 each, fully paid (cost ₹ 250.00)		...		...
Lotus Court Private Limited				
2 Class 'G' Shares of ₹ 48,000.00 each, fully paid		2.34		2.34
Adyar Property Holding Co. Limited				
311 Equity Shares of ₹ 100.00 each, partly paid		43.86		43.86
Coffee Futures Exchange India Limited				
1 Equity Share of ₹ 10,000.00 each, fully paid (cost ₹ 10,000.00)		...		...
Woodlands Hospital & Medical Research Centre Limited				
1/2% Registered Debentures, fully paid (Cost ₹ 15,200.00)		...		...
5% Registered Debentures, fully paid		0.01		0.01
Tourism Finance Corporation of India Limited				
25,000 Equity Shares of ₹ 10.00 each, fully paid		0.05		0.05
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
Mirage Advertising and Marketing Limited				
12,488 Equity Shares of ₹ 10.00 each, fully paid *		0.01		0.01
Carried over	681.88	117.58	454.95	116.17

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
Brought forward	681.88	117.58	454.95	116.17
<b>OTHER INVESTMENTS (Contd.)</b>				
Bilaspur Cane Development Corporation Limited (cost ₹ 1000.00) 100 Equity Shares of ₹ 10.00 each, fully paid		...		...
Prime Golf Ranking Private Limited 150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)		...		...
Gilt Facilities India Private Limited 545 Redeemable Preference Shares (0.5%) of ₹ 1,00,000.00 each, fully paid *		5.45		5.45
<b>Total Long Term Investments (At Cost)</b>	<b>681.88</b>	<b>123.03</b>	<b>454.95</b>	<b>121.62</b>
<b>Current</b>				
<b>OTHER INVESTMENTS</b>				
Indian Railway Finance Corporation Limited 10,000 6.30% Tax Free Bonds of ₹ 1,00,000.00 each, fully paid		96.64		100.00
<b>IIFCL</b>				
6.85% 2014 Tax Free Bonds (22/01/2014) 43,070 (2010 - 31,510) 6.85% Tax Free Bonds of ₹ 1,00,000.00 each, fully paid (11,560 Bonds acquired during the year)		430.70		316.13
6.85% 2014 Tax Free Bonds (20/03/2014) 3,000 6.85% Tax Free Bonds of ₹ 1,00,000.00 each, fully paid		30.00		30.00
<b>ICICI Bank Limited</b>				
310 Non-Cumulative, Non-Participating, Non-Voting Preference Shares of ₹ 1,00,00,000.00 each, fully paid		120.44		107.95
<b>National Housing Bank 2018 (24/12/2018)</b>				
1,03,785 Zero Coupon Bonds of ₹ 10,000.00 each, fully paid		54.99		51.41
<b>NABARD</b>				
Bhavishya Nirman Bond 2017 (01/08/2017) 4,100 Zero Coupon Bonds 2017 of ₹ 20,000.00 each, fully paid		4.89		4.50
Bhavishya Nirman Bond 2019 (01/01/2019) 1,41,270 Zero Coupon Bonds 2019 of ₹ 20,000.00 each, fully paid		148.90		139.44
<b>SBI</b>				
<b>SBI Series 4 Lower Tier II Bonds</b>				
6,066 (2010 - Nil) 9.45% LT 2 Bonds (16/03/2026) of ₹ 10,000.00 each fully paid, purchased during the year	6.07			—
11,570 (2010 - Nil) 9.95% LT 2 Bonds (16/03/2026) of ₹ 10,000.00 each fully paid, purchased during the year	11.91			—
<b>AIG Short Term Fund - Institutional Weekly Dividend</b>				
Nil (2010 - 40,667) Units of ₹ 1,000.00 each (40,667 Units sold during the year)		—		4.07
<b>Birla Sun Life Fixed Term Plan Series CG Growth</b>				
3,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (3,00,00,000 Units purchased during the year)	30.00			—
<b>Birla Sun Life Fixed Term Plan Series CI - Growth</b>				
2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			—
<b>Birla Sun Life Fixed Term Plan Series CK Dividend - Payout</b>				
5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00			—
<b>Birla Sun Life Fixed Term Plan Series CO Growth</b>				
2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			—
Carried over	147.98	886.56	—	753.50



Inspiring Years

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)		
	Quoted	Not Quoted	Quoted	Not Quoted	
<b>7. Investments (Contd.)</b>					
<b>Current</b>					
OTHER INVESTMENTS (Contd.)	Brought forward		–	753.50	
Birla Sun Life Savings Fund Institutional - Growth Nil (2010 - 2,95,80,832) Units of ₹ 10.00 each (2,95,80,832 Units sold during the year)		–		50.01	
Birla Sun Life Short Term FMP Series 4 Dividend - Payout 7,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (7,50,00,000 Units purchased during the year)	75.00		–		
BSL Medium Term Plan - Institutional - Weekly Dividend - Reinvestment 10,08,03,045 (2010 - Nil) Units of ₹ 10.00 each (10,08,03,045 Units purchased during the year)		101.12		–	
BSL Qtly Interval - Series 4 - Dividend - Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (9,00,00,000 Units purchased and 6,50,00,000 Units sold during the year)		25.00		–	
Birla Sun Life Short Term Opportunities Fund - Institutional - Weekly Dividend Nil (2010-14,77,08,515) Units of ₹ 10.00 each (2,35,374 Units purchased and 14,79,43,889 Units sold during the year)		–		147.74	
Birla Sun Life Fixed Term Plan Series CJ Dividend - Payout 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00		–		
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend Reinvestment 1,09,78,592 (2010 - Nil) Units of ₹ 10.00 each (1,89,84,951 Units purchased and 80,06,359 Units sold during the year)		11.03		–	
BSL Interval Income Fund - Institutional - Quarterly - Series 1 - Dividend Nil (2010 - 5,00,00,000) Units of ₹ 10.00 each (6,13,890 Units purchased and 5,06,13,890 Units sold during the year)		–		50.00	
BSL Interval Income Fund - Institutional - Quarterly - Series 2 - Dividend - Payout Nil (2010 - 5,00,04,027) Units of ₹ 10.00 each (5,00,04,027 Units sold during the year)		–		50.00	
BNP Paribas Money Plus Institutional Growth (Formerly known as Fortis Money Plus Institutional Growth) 5,28,96,512 (2010 - 7,79,69,070) Units of ₹ 10.00 each (2,50,72,558 Units sold during the year)		71.23		105.00	
Canara Robeco FMP - Series 5 -13 months (Plan A) Dividend Payout 2,00,00,000 Units of ₹ 10.00 each	20.00			20.00	
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Institutional Dividend Fund Nil (2010 - 5,80,00,000) Units of ₹ 10.00 each (11,04,867 Units purchased and 5,91,04,867 Units sold during the year)		–		58.00	
Canara Robeco Treasury Advantage Fund - Daily Dividend Reinvest Nil (2010 - 1,37,99,207) Units of ₹ 10.00 each (32,82,764 Units purchased and 1,70,81,971 Units sold during the year)		–		17.12	
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund Nil (2010-18,38,09,866) Units of ₹ 10.00 each (94,11,35,966 Units purchased and 1,12,49,45,832 Units sold during the year)		–		228.05	
DSP BlackRock FMP-12M Series 10 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
	Carried over	317.98	1094.94	–	1479.42

## Schedules to the Consolidated Accounts

		As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
		Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>					
<b>Current</b>					
OTHER INVESTMENTS (Contd.)	Brought forward	317.98	1094.94	–	1479.42
DSP BlackRock FMP 13M Series 3 - Dividend	2,50,00,000 Units of ₹ 10.00 each	25.00			25.00
DSP BlackRock FMP - 12M Series 11- Growth	2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
DSP BlackRock FMP - 12M Series 12 - Dividend Payout	2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
DSP BlackRock FMP - 12M Series 13 - Growth	2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
DSP BlackRock FMP - 12M Series 14 - Growth	5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00		–	
DSP BlackRock FMP - 3M Series 27 - Dividend Payout	5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00		–	
DSP BlackRock FMP - 3M Series 28 - Dividend Payout	2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
DSP BlackRock FMP - 3M Series 29 - Dividend Payout	2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
DSP BlackRock FMP - 3M Series 32 - Dividend Payout	1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)	15.00		–	
DSP BlackRock FMP - 13M Series 2 - Dividend	4,50,00,000 Units of ₹ 10.00 each	45.00			45.00
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend	6,63,632 (2010 - Nil) Units of ₹ 1,000.00 each (3,96,74,460 Units purchased and 3,90,10,828 Units sold during the year)		66.39		–
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	Nil (2010- 7,81,26,226) Units of ₹ 10.00 each (11,19,27,187 Units purchased and 19,00,53,413 Units sold during the year)		–		78.27
DWS Ultra Short Term Fund - Institutional Growth	Nil (2010 - 4,77,20,852) Units of ₹ 10.00 each (4,77,20,852 Units sold during the year)		–		50.00
DWS Fixed Term Fund Series 67 - Dividend Plan - Payout	2,50,00,000 Units of ₹ 10.00 each	25.00			25.00
DWS Fixed Term Fund - Series 77- Dividend Plan - Payout	1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00		–	
DWS Fixed Term Fund - Series 79 - Dividend Plan - Payout	2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
DWS Fixed Term Fund - Series 76 - Dividend Plan- Payout	1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00		–	
	Carried over	697.98	1161.33	–	1702.69



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Inspiring Years

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)		
	Quoted	Not Quoted	Quoted	Not Quoted	
<b>7. Investments (Contd.)</b>					
<b>Current</b>					
OTHER INVESTMENTS (Contd.)	Brought forward		–	1702.69	
DWS Money Plus Fund - Institutional Plan Weekly Dividend - Reinvestment 4,97,90,382 (2010 - Nil) Units of ₹10.00 each (4,97,90,382 Units purchased during the year)		50.00		–	
DWS Short Maturity Fund - Premium Plus Weekly Dividend - Reinvestment 5,00,74,399 (2010 - Nil) Units of ₹10.00 each (5,00,74,399 Units purchased during the year)		50.07		–	
DWS Treasury Fund Investment - Institutional Plan - Growth Nil (2010 - 2,00,00,000) Units of ₹10.00 each (2,00,00,000 Units sold during the year)		–		20.00	
Fidelity Ultra Short Term Debt Fund Super Institutional - Daily Dividend Nil (2010 - 10,20,44,061) Units of ₹10.00 each (13,66,16,002 Units purchased and 23,86,60,063 Units sold during the year)		–		102.07	
Fortis Money Plus Regular Plan - Daily Dividend Nil (2010 - 3,85,798) Units of ₹10.00 each (3,85,798 Units sold during the year)		–		0.39	
HDFC FMP 370D November 2010 (1) - Growth - Series XVII 2,50,00,000 (2010 - Nil) Units of ₹10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
ICICI Prudential Interval Fund Half Yearly Interval Plan - I Institutional Dividend 5,00,01,063 (2010 - Nil) Units of ₹10.00 each (5,00,01,063 Units purchased during the year)		50.00		–	
ICICI Prudential Banking and PSU Debt Fund Premium Plus Daily Dividend Nil (2010 - 9,51,09,358) Units of ₹10.00 each (11,66,569 Units purchased and 9,62,75,927 Units sold during the year)		–		95.28	
ICICI Prudential Flexible Income Plan Premium - Growth Nil (2010 - 30,18,545) Units of ₹100.00 each (30,18,545 Units sold during the year)		–		50.00	
ICICI Prudential FMP Series 51 - 1 Year Plan B Dividend 2,50,00,000 Units of ₹10.00 each	25.00			25.00	
ICICI Prudential FMP Series 51 - 13 Months Plan C Dividend 2,50,00,000 Units of ₹10.00 each	25.00			25.00	
ICICI Prudential FMP Series 51 - 14 Months Plan D Dividend 2,50,00,000 Units of ₹10.00 each	25.00			25.00	
ICICI Prudential FMP Series 49 - 1 Year Plan B Institutional Growth Nil (2010 - 3,00,00,000) Units of ₹10.00 each (3,00,00,000 Units sold during the year)		–	30.00		
ICICI Prudential FMP Series 53 - 1 Years Plan F Dividend 2,50,00,000 (2010-Nil) Units of ₹10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
ICICI Prudential FMP Series 53 - 6 Months Plan A Dividend 2,50,00,000 (2010 - Nil) Units of ₹10.00 each (2,50,00,000 Units purchased during the year)	25.00		–		
ICICI Prudential FMP Series 55 - 1 Year Plan A Cumulative 1,00,00,000 (2010 - Nil) Units of ₹10.00 each (1,00,00,000 Units purchased during the year)	10.00		–		
	Carried over	857.98	1311.40	30.00	2045.43

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward		30.00	2045.43
ICICI Prudential FMP Series 53 - 1 Year Plan C Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
ICICI Prudential FMP Series 55 - 1 Year Plan B Cumulative 7,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (7,50,00,000 Units purchased during the year)	75.00		—	
ICICI Prudential Interval Fund II Quarterly Interval Plan F Institutional Dividend 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)		15.00		—
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)		15.00		—
ICICI Prudential Interval Fund II Quarterly Interval Plan Institutional Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)		25.00		—
IDFC Fixed Maturity 100 Days Series - 1 Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
IDFC Fixed Maturity 100 Days Series - 3 Dividend 2,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,00,00,000 Units purchased during the year)	20.00		—	
IDFC - FMP - Thirteen Months Series 1- Plan B - Growth Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (2,50,00,000 Units sold during the year)	—		25.00	
IDFC Fixed Maturity Plan Yearly Series 37 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Daily Dividend Nil (2010 - 14,84,84,394) Units of ₹ 10.00 each (20,46,852 Units purchased and 15,05,31,246 Units sold during the year)		—		148.71
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Growth Nil (2010 - 6,30,49,022) Units of ₹ 10.00 each (6,30,49,022 Units sold during the year)		—		89.00
IDFC Money Manager Fund - Treasury Plan - Institutional Plan B - Growth Nil (2010 - 2,31,51,036) Units of ₹ 10.00 each (2,31,51,036 Units sold during the year)		—		33.00
JM Money Manager Fund Super Plus Plan - Daily Dividend Nil (2010 - 24,79,26,101) Units of ₹ 10.00 each (73,68,75,673 Units purchased and 98,48,01,774 Units sold during the year)		—		248.06
JPMorgan India Fixed Maturity Plan 367D Series 1- Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)		25.00		—
JPMorgan India Fixed Maturity Plan 400D Series 1 - Growth Plan 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00		—	
	1077.98	1391.40	55.00	2564.20
	Carried over			



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Inspiring Years

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	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward		55.00	2564.20
JPMorgan India Liquid Plus Fund - Retail - Daily Dividend - Plan Reinvested Nil (2010 - 3,17,180 ) Units of ₹ 10.00 each (3,17,180 Units sold during the year )		–		0.32
JPMorgan India Treasury Fund - Super Institutional Growth Plan 5,68,14,390 (2010 - 8,57,67,854) Units of ₹ 10.00 each (2,89,53,464 Units sold during the year)		66.24		100.00
Kotak Floater Long Term - Growth 10,45,70,180 Units of ₹ 10.00 each		150.00		150.00
Kotak Floater Long Term - Daily Dividend Reinvest Nil (2010 - 1,20,25,893) Units of ₹ 10.00 each (1,40,53,545 Units purchased and 2,60,79,438 Units sold during the year)		–		12.12
Kotak Floater Fund Short term 69,21,384 (2010 - Nil) Units of ₹ 10.00 each (69,21,384 Units purchased during the year)		7.00		–
Kotak FMP Series 28 - Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
Kotak FMP 13M Series 5 - Growth Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)	–		10.00	
Kotak FMP 370Days Series 1 - Growth Nil (2010 - 3,00,00,000) Units of ₹ 10.00 each (3,00,00,000 Units sold during the year)	–		30.00	
Kotak FMP Series 32 - Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
Kotak FMP 370Days Series 9 Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
Kotak FMP 370Days Series 3 Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00			50.00
Kotak FMP Series 30 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
Kotak FMP Series 34 - Growth 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00		–	
Kotak FMP Series 37 - Growth 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
Kotak Quarterly Interval Plan Series 2 - Dividend 29,99,641 (2010 - Nil) Units of ₹ 10.00 each (29,99,641 Units purchased during the year)	3.00		–	
Kotak Quarterly Interval Plan Series 6 - Dividend Nil (2010 - 9,84,25,864) Units of ₹ 10.00 each (10,00,00,000 Units purchased during the year and 19,84,25,864 Units sold during the year)		–		98.43
	Carried over	1305.98 1614.64	95.00	2975.07

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	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.) Brought forward	1305.98	1614.64	95.00	2975.07
Kotak Quarterly Interval Plan Series 10 - Dividend 5,00,06,947 (2010 - Nil) Units of ₹ 10.00 each (5,00,06,947 Units purchased during the year)	50.00		–	
Kotak Quarterly Interval Plan Series 5 - Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		–	
LIC NOMURA MF Income Plus Fund - Daily Dividend Plan (Formerly known as LICMF Income Plus Fund - Daily Dividend Plan) Nil (2010 - 4,29,83,640) Units of ₹ 10.00 each (77,92,15,662 Units purchased and 82,21,99,302 Units sold during the year)		–		42.98
LIC NOMURA MF Income Plus Fund - Growth Plan (Formerly known as LICMF Income Plus Fund - Growth Plan) Nil (2010 - 12,39,89,966) Units of ₹ 10.00 each (12,39,89,966 Units sold during the year)		–		150.02
LIC NOMURA MF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan (Formerly known as LICMF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan) Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (3,17,815 Units purchased and 2,53,17,815 Units sold during the year)		–		25.00
LIC NOMURA MF Liquid Fund - Dividend Plan (Formerly known as LICMF Liquid Plan - Dividend Plan) Nil (2010 - 1,47,06,548) Units of ₹ 10.00 each (1,70,05,016 Units purchased and 3,17,11,564 Units sold during the year)		–		16.15
L&T Fixed Maturity Plan Series - 12 - Plan - 15 M - March 10 - I - Dividend (Payout) 1,50,00,000 Units of ₹ 10.00 each	15.00			15.00
L&T Fixed Maturity Plan Series 12 - Plan 91 D - March 10 - I - Dividend (Payout) Nil (2010 - 1,50,00,000) Units of ₹ 10.00 each (1,50,00,000 Units sold during the year)		–		15.00
L&T Fixed Maturity Plan Series 12 - Plan 91 D - March 10 - II - Dividend (Payout) Nil (2010 - 1,50,00,000) Units of ₹ 10.00 each (1,50,00,000 Units sold during the year)		–		15.00
Principal Pnb Fixed Maturity Plan 385 Days - Series XI Mar 09 - Institutional Growth Plan Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)		–	10.00	
Reliance Fixed Horizon Fund - XII - Series 3 - Super Institutional Plan - Growth Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (2,50,00,000 Units sold during the year)		–	25.00	
Reliance Fixed Horizon Fund - XIII - Series 1 - Growth Plan Nil (2010 - 4,00,00,000) Units of ₹ 10.00 each (4,00,00,000 Units sold during the year)		–	40.00	
Reliance Fixed Horizon Fund - XIII - Series 2 - Growth Plan Nil (2010 - 3,00,00,000) Units of ₹ 10.00 each (3,00,00,000 Units sold during the year)		–	30.00	
Reliance Fixed Horizon Fund - XIII - Series 6 - Growth Plan 1,50,00,000 Units of ₹ 10.00 each	15.00		15.00	
Carried over	1410.98	1614.64	215.00	3254.22



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Inspiring Years

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward		215.00	3254.22
Reliance Interval Fund MIP - Series 1 - Institutional Dividend Plan 24,98,376 (2010 - Nil) Units of ₹ 10.00 each (24,98,376 Units purchased during the year)	1410.98	1614.64		
		2.50		–
Reliance Interval Fund QIP - Series 1 - Institutional Dividend 20,19,065 (2010 - Nil) Units of ₹ 10.00 each (20,19,065 Units purchased during the year)		2.02		–
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan Nil (2010 - 4,99,84,005) Units of ₹ 10.00 each (2,60,44,428 Units purchased and 7,60,28,433 Units sold during the year)		–		50.00
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan Nil (2010 - 1,09,887) Units of ₹ 1,000.00 each (37,52,623 Units purchased and 38,62,510 Units sold during the year)		–		11.00
Reliance Money Manager Fund - Institutional Option - Growth Plan 2,18,184 (2010 - 6,30,271) Units of ₹ 1,000.00 each (4,12,087 Units sold during the year)		26.66		77.00
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan 9,99,90,438 (2010 - 2,49,90,753) Units of ₹ 10.00 each (9,99,90,438 Units purchased and 2,49,90,753 Units sold during the year)		100.00		25.00
Reliance Quarterly Interval Fund - Series II - Institutional Dividend Plan 4,99,60,531 (2010 - 2,47,76,435) Units of ₹ 10.00 each (9,99,44,909 Units purchased and 7,47,60,813 Units sold during the year)		50.00		24.78
Reliance Fixed Horizon Fund - XIX - Series 1 - Growth Plan 3,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (3,00,00,000 Units purchased during the year)	30.00			–
Reliance Fixed Horizon Fund - XVI - Series 5 - Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			–
Reliance Fixed Horizon Fund - XVI - Series 8 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			–
Reliance Fixed Horizon Fund - XVII - Series 1 - Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			–
Reliance Fixed Horizon Fund - XVII - Series 2 - Growth Plan 2,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,00,00,000 Units purchased during the year)	20.00			–
Reliance Fixed Horizon Fund - XVII - Series 6 - Dividend Payout 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00			–
Reliance Fixed Horizon Fund - XVIII - Series 7 - Dividend Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			–
Reliance Fixed Horizon Fund - XVII - Series 4 - Dividend Payout 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)	50.00			–
	Carried over	1660.98 1795.82	215.00	3442.00

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.) Brought forward	1660.98	1795.82	215.00	3442.00
Reliance Liquid Fund - Cash Plan - Daily Dividend Reinvestment 1,79,94,135 (2010 - Nil) Units of ₹ 10.00 each (1,79,94,135 Units sold during the year)		20.14		—
Religare Active Income Fund - Institutional - Monthly Dividend Nil (2010 - 3,01,13,110) Units of ₹ 10.00 each (1,94,730 Units purchased and 3,03,07,840 Units sold during the year)		—		30.12
Religare Fixed Maturity Plan - Series IV - Plan F - Dividend Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
Religare Fixed Maturity Plan - Series - II Plan B ( 15 Months ) - Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00			50.00
Religare Fixed Maturity Plan - Series - II Plan C (15 Months) - Dividend 2,50,00,000 Units of ₹ 10.00 each	25.00			25.00
Religare Fixed Maturity Plan - Series - II Plan F (13 Months) - Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00			50.00
Religare Fixed Maturity Plan - Series V Plan C (3 Months) - Dividend - Dividend Plan 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)	15.00		—	
Religare Fixed Maturity Plan - Series VI - Plan E (367 Days) - Growth Plan 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)		15.00		—
Religare Fixed Maturity Plan - Series - II Plan A (13 Months) - Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00			50.00
Religare Ultra Short Term Fund - Institutional Growth Nil (2010 - 4,08,17,993) Units of ₹ 1,000.00 each (4,08,17,993 Units sold during the year)		—		50.00
Religare Yearly FMP Series I - Plan A (375 Days) - Institutional Growth Nil (2010 -1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)	—		10.00	
Religare FMP Series V Plan A 368 Days Growth - Growth Plan 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
Religare Liquid Fund - Daily Dividend - Reinvestment 1,51,489 (2010 - Nil) Units of ₹ 1,000.00 each (1,51,489 Units purchased during the year)		15.19		—
SBI Debt Fund Series - 90 Days - 39 Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00		—	
SBI Debt Fund Series - 90 Days - 42 - Dividend 5,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (5,00,00,000 Units purchased during the year)		50.00		—
SBI Debt Fund Series - 180 Days - 9 Dividend Nil (2010 - 2,50,00,000) Units of ₹ 10.00 each (2,50,00,000 Units sold during the year)		—		25.00
SBI Debt Fund Series - 15 Months - 5 -Dividend 5,00,00,000 Units of ₹ 10.00 each	50.00			50.00
Carried over	1975.98	1896.15	225.00	3772.12



Inspiring Years

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward		225.00	3772.12
Sundaram FTP 367 Days Series 8 Super Institutional - Growth (Formerly known as SBNPP FTP 367 Days Series 8 Super Inst - Growth) Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)	1975.98	1896.15	10.00	
Sundaram FTP 367 Days Series P - Growth (Formerly known as Sundaram BNP Paribas FTP 367 Days Series P - Growth) Nil (2010 - 2,00,01,600) Units of ₹ 10.00 each (2,00,01,600 Units sold during the year)			20.00	
Sundaram Fixed Term Plan AS 367 Days Dividend 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00			
Sundaram Fixed Term Plan AP 367 Days Growth 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00			
Sundaram Fixed Term Plan AW 366 Days Growth 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)	10.00			
Sundaram Interval Fund Quarterly - Plan C - Inst Div 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)		10.00		
Tata Fixed Income Portfolio Fund Scheme A - 2 Institutional 35,00,865 (2010 - Nil) Units of ₹ 10.00 each (35,00,865 Units purchased during the year)		3.50		
Tata Fixed Income Portfolio Fund Scheme B3 Institutional Monthly Dividend 1,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,00,00,000 Units purchased during the year)		10.00		
Tata Fixed Income Portfolio Fund Scheme C3 Institutional Monthly Dividend Nil (2010 - 1,50,55,298) Units of ₹ 10.00 each (1,04,988 Units purchased and 1,51,60,286 Units sold during the year)				15.05
Tata Fixed Income Portfolio Fund Scheme B3 Reg Quarterly Dividend Nil (2010 - 2,45,00,676) Units of ₹ 10.00 each (3,04,224 Units purchased and 2,48,04,900 Units sold during the year)				25.00
Tata Fixed Maturity Plan Series 25 Scheme A - Super High Invest Plan - Growth 2,50,00,000 Units of ₹ 10.00 each	25.00		25.00	
Tata Fixed Maturity Plan Series 28 Scheme A Dividend 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)	15.00			
Tata Fixed Maturity Plan Series 29 Scheme A Dividend 2,00,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,00,00,000 Units purchased during the year)	20.00			
Tata Fixed Maturity Plan Series 29 Scheme C - Growth 1,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (1,50,00,000 Units purchased during the year)	15.00			
Tata Fixed Maturity Plan Series 30 Scheme A Dividend 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)	25.00			
	Carried over		280.00	3812.17
	2105.98	1919.65		

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)		As at 31st March, 2010 (₹ in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>7. Investments (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS (Contd.)	Brought forward		280.00	3812.17
Tata Fixed Maturity Plan Series 26 Scheme A - Quarterly Dividend 1,50,00,000 Units of ₹ 10.00 each	2105.98	1919.65		15.00
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Plan - Payout Nil (2010- 4,99,91,002) Units of ₹ 10.00 each (15,99,96,500 Units purchased and 20,99,87,502 Units sold during the year)				50.00
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series -I - Institutional Dividend Plan - Payout 2,50,00,000 (2010 - Nil) Units of ₹ 10.00 each (2,50,00,000 Units purchased during the year)		25.00		
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Dividend Plan - Payout Nil (2010 -10,00,01,765) Units of ₹ 10.00 each (4,99,86,004 Units purchased and 14,99,87,769 Units sold during the year)				100.00
UTI - Fixed Income Interval Fund - Monthly Interval Plan - II - Institutional Dividend Plan - Re-investment Nil (2010 - 5,00,00,000) Units of ₹ 10.00 each (2,16,137 Units purchased during the year and 5,02,16,137)				50.00
UTI - Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Institutional Dividend Plan - Payout Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)				10.00
UTI Fixed Income Interval Fund - Quarterly Plan Series - III - Institutional Dividend Plan - Re-investment Nil (2010 - 5,00,00,000) Units of ₹ 10.00 each (6,06,656 Units purchased and 5,06,06,656 Units sold during the year)				50.00
UTI - Floating Rate Fund - Short Term Plan (Growth Option) Nil (2010 - 2,31,197) Units of ₹ 1,000.00 each (2,31,197 Units sold during the year)				33.00
UTI - Floating Rate Fund -Short Term Plan - Institutional Growth Option 2,48,309 Units of ₹ 1,000.00 each		25.00		25.00
UTI FMP Yearly Series (YFMP 03/09) Institutional Growth Plan Nil (2010 - 1,00,00,000) Units of ₹ 10.00 each (1,00,00,000 Units sold during the year)			10.00	
UTI Treasury Advantage Fund - Institutional Plan (Growth Option) Nil (2010 - 1,42,092) Units of ₹ 1,000.00 each (1,42,092 Units sold during the year)				17.00
<b>Total Current Investments (At lower of carrying cost and fair value)</b>	<b>2120.98</b>	<b>1969.65</b>	<b>290.00</b>	<b>4162.17</b>
<b>Total of Quoted and Unquoted Investments</b>		<b>4895.54</b>		<b>5028.74</b>
Less : Provision for Long Term Investments *		32.23		32.23
<b>TOTAL OF INVESTMENTS</b>		<b>4863.31</b>		<b>4996.51</b>
Share of Joint Ventures - Schedule 19 (i) (b)	0.50	4.03		3.97
<b>Grand Total</b>		<b>4867.84</b>		<b>5000.48</b>

Total Market Value of Quoted Investments: ₹ 3274.43 Crores (2010 - ₹ 1436.77 Crores); Total Value of Unquoted Investments: ₹ 2096.71 Crores (2010 - ₹ 4287.76 Crores). Total Value of Quoted Investments: ₹ 2803.36 Crores (2010 - ₹ 744.95 Crores).

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>8. Inventories</b>		
(At lower of cost and net realisable value)		
Stocks and Shares	257.05	372.30
Stores and Spare Parts	216.82	189.68
Raw Materials including Packing Materials	3486.70	3102.37
Intermediates - Tissue Paper and Paper Board	69.37	47.57
Stock in Process	98.92	81.79
Finished Goods	1591.14	1286.27
<b>Total</b>	<b>5720.00</b>	<b>5079.98</b>
Share of Joint Ventures - Schedule 19 (i) (b)	13.12	12.04
<b>Grand Total</b>	<b>5733.12</b>	<b>5092.02</b>
<b>9. Sundry Debtors</b>		
Over 6 months old		
Good and Secured	4.02	4.41
Good and Unsecured	46.35	46.60
Doubtful and Unsecured	56.13	58.28
Other Debts		
Good and Secured	15.66	11.80
Good and Unsecured	1053.40	960.11
Doubtful and Unsecured	0.17	0.25
	<b>1175.73</b>	<b>1081.45</b>
Less : Provision for Doubtful Debts	56.30	58.53
	<b>1119.43</b>	<b>1022.92</b>
Less : Deposits from normal Trade Debtors - Contra	19.68	16.21
<b>Total</b>	<b>1099.75</b>	<b>1006.71</b>
Share of Joint Ventures - Schedule 19 (i) (b)	1.93	2.59
<b>Grand Total</b>	<b>1101.68</b>	<b>1009.30</b>
<b>10. Cash and Bank Balances</b>		
With Banks		
On Current Accounts etc.	182.63	217.10
On Deposit Accounts	2227.65	1117.97
Cheques on hand	12.02	9.34
Cash on hand	2.73	3.10
<b>Total</b>	<b>2425.03</b>	<b>1347.51</b>
Share of Joint Ventures - Schedule 19 (i) (b)	1.84	1.07
<b>Grand Total</b>	<b>2426.87</b>	<b>1348.58</b>

₹ 0.05 Crore (2010 - ₹ 0.05 Crore) on deposit in Karachi - Blocked Account considered doubtful, fully provided.

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>11. Other Current Assets</b>		
Good and Unsecured		
Deposits with Government, Public Bodies and Others @	342.78	294.64
Interest accrued on Loans, Deposits etc.	13.19	3.27
Interest accrued on Investments	8.65	4.28
Fixed Assets held for sale (at lower of cost and estimated realisable value)	1.74	1.55
Doubtful and Unsecured		
Deposits with Government, Public Bodies and Others	5.24	3.65
	<b>371.60</b>	<b>307.39</b>
Less : Provision for Doubtful Deposits	5.24	3.65
<b>Total</b>	<b>366.36</b>	<b>303.74</b>
Share of Joint Ventures - Schedule 19 (i) (b)	0.11	0.09
<b>Grand Total</b>	<b>366.47</b>	<b>303.83</b>

@ Includes Deposits with Director - ₹ 0.03 Crore (2010 - ₹ 0.08 Crore).  
(The maximum indebtedness during the year was ₹ 0.08 Crore; 2010 - ₹ 0.08 Crore).

<b>12. Loans and Advances</b>		
Good and Secured		
Loans to Others	1.57	1.86
Advances to Others	6.07	2.45
Good and Unsecured		
Loans to Others *	41.81	45.88
Advances recoverable in cash or in kind or for value to be received **	702.28	560.84
Advances with Government and Public Bodies	371.54	364.44
Current Taxation (net of provisions)	200.64	262.05
Fringe Benefit Tax (net of provisions)	3.63	3.59
MAT Credit Entitlement	3.50	4.79
Doubtful and Unsecured		
Loans to Others	3.87	3.80
Advances recoverable in cash or in kind or for value to be received	11.91	11.74
Advances with Government and Public Bodies	0.20	0.20
	<b>1347.02</b>	<b>1261.64</b>
Less : Provision for Doubtful Loans and Advances	15.98	15.74
<b>Total</b>	<b>1331.04</b>	<b>1245.90</b>
Share of Joint Ventures - Schedule 19 (i) (b)	3.35	2.84
<b>Grand Total</b>	<b>1334.39</b>	<b>1248.74</b>

\* Includes Loans to Directors and to Company Secretary - ₹ 0.46 Crore (2010 - ₹ 0.39 Crore), of which ₹ 0.21 Crore pertains to loans given to managers who became Directors during the year.  
(The maximum indebtedness during the year was ₹ 0.60 Crore; 2010 - ₹ 0.46 Crore).

\*\* Includes Capital Advances of ₹ 346.60 Crores (2010 - ₹ 265.50 Crores).

## Schedules to the Consolidated Accounts

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
<b>13. Liabilities</b>		
Acceptances	7.10	11.16
Sundry Creditors		
Total outstanding dues of micro enterprises and small enterprises	4.60	3.95
Total outstanding dues of creditors other than micro enterprises and small enterprises	4535.73	3625.28
Sundry Deposits	64.80	60.81
Unclaimed Dividend	63.93	43.35
Interest Accrued but not due on Loans and Deposits	1.81	0.12
	<b>4677.97</b>	<b>3744.67</b>
Less : Deposits from normal Trade Debtors - Contra	19.68	16.21
<b>Total</b>	<b>4658.29</b>	<b>3728.46</b>
Share of Joint Ventures - Schedule 19 (i) (b)	9.99	9.53
<b>Grand Total</b>	<b>4668.28</b>	<b>3737.99</b>

<b>14. Provisions</b>		
Provision for Taxation (net of advance payment)	27.36	20.60
Provision for Retirement Benefits	73.42	85.24
Provision for Other Long Term Employee Benefits	45.50	28.31
Proposed Dividend	3443.47	3818.18
Income Tax on Proposed Dividend	558.62	634.15
Provision for Standard Assets	0.09	-
<b>Total</b>	<b>4148.46</b>	<b>4586.48</b>
Share of Joint Ventures - Schedule 19 (i) (b)	0.01	0.27
<b>Grand Total</b>	<b>4148.47</b>	<b>4586.75</b>

## Schedules to the Consolidated Accounts

	For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)		
<b>15. Other Income</b>						
Profit on Sale of Stock in Trade – Net *			0.50			10.27
Miscellaneous Income			260.02			170.12
Doubtful Debts, Claims and Advances - previous years			1.62			1.15
Gain on Exchange – Net			19.59			49.13
Income/Dividend from Long Term Investments – Trade	14.65			15.54		
– Others	0.36	15.01		0.36	15.90	
Income from Current Investments – Others		211.85			139.14	
Interest on Loans, Deposits etc.		117.32			132.44	
Profit on Sale of Current Investments – Net		54.90			11.60	
Profit on Sale of Long Term Investments		63.01			11.23	
Profit on Disposal of Joint Venture		–			50.63	
Liability no longer required Written Back		29.89			38.26	
Excess of Cost of Current Investments over Fair Value, reversed – Net		2.57			–	
<b>Total</b>		<b>776.28</b>			<b>629.87</b>	
Share of Joint Ventures - Schedule 19 (i) (b)		0.23			0.38	
<b>Grand Total</b>		<b>776.51</b>			<b>630.25</b>	
* Profit on Sale of Stock in Trade (Stocks and Shares) – Net						
Sales		5859.06			1944.55	
Less : Purchases		5743.31			2294.20	
		<b>115.75</b>			<b>(349.65)</b>	
Increase/(Decrease) in Closing Stock in Trade		(115.25)			359.92	
Profit on Sale of Stock in Trade – Net		<b>0.50</b>			<b>10.27</b>	
<b>16. Raw Materials etc.</b>						
(a) Raw Materials including Packing Materials Consumed						
Opening Stock		3102.37			2695.49	
Purchases		7524.95			6469.70	
		10627.32			9165.19	
Less : Closing Stock		3486.70	7140.62		3102.37	6062.82
(b) Purchase of Finished Goods for Resale			1216.68			823.68
(c) (Increase) / Decrease in Finished Goods, Intermediates, Stock in Process						
Finished Goods						
Opening Stock	1286.27			1756.06		
Closing Stock	1591.14	(304.87)		1286.27	469.79	
Intermediates						
Opening Stock	47.57			49.50		
Closing Stock	69.37	(21.80)		47.57	1.93	
Stock in Process						
Opening Stock	81.79			77.75		
Closing Stock	98.92	(17.13)	(343.80)	81.79	(4.04)	467.68
		<b>8013.50</b>			<b>7354.18</b>	
Less : Waste/Raw Material Sales		30.14			141.11	
		<b>7983.36</b>			<b>7213.07</b>	
Excise Duties on Increase/(Decrease) of Finished Goods		85.24			(272.91)	
<b>Total</b>		<b>8068.60</b>			<b>6940.16</b>	
Share of Joint Ventures - Schedule 19 (i) (b)		49.77			46.80	
<b>Grand Total</b>		<b>8118.37</b>			<b>6986.96</b>	



100  
Inspiring Years

## Schedules to the Consolidated Accounts

	For the year ended 31st March, 2011 (₹ in Crores)		For the year ended 31st March, 2010 (₹ in Crores)	
<b>17. Manufacturing, Selling etc. Expenses</b>				
Employee Cost				
Salaries/Wages and Bonus	1450.54		1209.76	
Contribution to Provident and Other Funds	150.96		147.95	
Workmen and Staff Welfare Expenses	130.43		111.09	
	1731.93		1468.80	
Less : Recoveries/Reimbursements	7.92	1724.01	4.78	1464.02
Power and Fuel		447.22		410.37
Consumption of Stores and Spare Parts		222.67		205.68
Contract Processing Charges		472.65		382.65
Rent		192.79		182.18
Rates and Taxes		326.93		249.61
Insurance		42.12		37.25
Repairs				
– Buildings		44.48		47.05
– Machinery		119.26		105.90
– Others		37.19		43.20
Maintenance and Upkeep		110.00		93.49
Outward Freight and Handling Charges		683.10		577.38
Warehousing Charges		65.38		61.09
Advertising/Sales Promotion		654.55		542.20
Market Research		53.62		51.21
Design and Product Development		23.89		30.84
Hotel Reservation/Marketing Expenses		29.90		25.60
Retail Accessories		211.18		156.38
Brokerage and Discount – Sales		8.94		9.02
Commission to Selling Agents		27.60		24.51
Doubtful and Bad Debts		2.74		14.92
Doubtful and Bad Advances, Loans and Deposits		3.34		3.24
Provision for Standard Assets		0.09		–
Bank and Credit Card Charges		20.91		18.25
Information Technology Services		89.74		78.26
Travelling and Conveyance		212.73		178.75
Training and Development		19.13		18.98
Legal Expenses		30.55		21.36
Consultancy/Professional Fees		85.55		71.83
Postage, Telephone etc.		31.09		29.62
Printing and Stationery		14.67		14.56
Excess of Carrying Cost over Fair Value of Current Investments – Net		–		9.95
Interest Expenses				
– Fixed Period Loans	12.50		22.01	
– Others	48.34		51.53	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	10.64	50.20	8.77	64.77
Loss on Sale of Fixed Assets – Net		26.19		35.95
Loss on Sale of Stores – Net		2.38		6.96
Miscellaneous Expenses		766.55		692.04
		<b>6853.34</b>		<b>5959.07</b>
Deduct : Transfers to Fixed Assets		61.55		75.31
<b>Total</b>		<b>6791.79</b>		<b>5883.76</b>
Share of Joint Ventures - Schedule 19 (i) (b)		6.05		5.79
<b>Grand Total</b>		<b>6797.84</b>		<b>5889.55</b>

## Schedules to the Consolidated Accounts

	For the year ended 31st March, 2011 (₹ in Crores)	For the year ended 31st March, 2010 (₹ in Crores)
<b>18. Provision for Taxation</b>		
Income Tax for the year :		
Current Tax	2373.21	2140.46
Deferred Tax	0.49	(96.84)
	<u>2373.70</u>	<u>2043.62</u>
Less : Adjustments/(Credits) related to previous years - Net		
Current Tax	26.79	25.01
Deferred Tax	(17.21)	(14.65)
MAT Credit Entitlement	0.11	-
Fringe Benefit Tax	0.25	0.38
	<u>9.94</u>	<u>10.74</u>
<b>Total</b>	<b>2363.76</b>	<b>2032.88</b>
Share of Joint Ventures - Schedule 19 (i) (b)	1.69	2.05
<b>Grand Total</b>	<b>2365.45</b>	<b>2034.93</b>

### 19. Notes to the Accounts

(i) 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 alongwith 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, 2011	Percentage of ownership interest as at 31st March, 2010
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
Russell Credit Limited	India	100	100
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	India	100	100
Wimco Limited (a 96.82% subsidiary of Russell Credit Limited)	India	96.82	96.82
Prag Agro Farm Limited (a 100% subsidiary of Wimco Limited)	India	96.82	96.82
Pavan Poplar Limited (a 100% subsidiary of Wimco Limited)	India	96.82	96.82

## Schedules to the Consolidated Accounts

### 19. Notes to the Accounts (Contd.)

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2011	Percentage of ownership interest as at 31st March, 2010
Technico Pty Limited (a 100% subsidiary of Russell Credit Limited)	Australia	100	100
Technico ISC Pty Limited (a 100% subsidiary of Technico Pty Limited)	Australia	—*	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

\* Deregistered on 03.11.2010 by the Australian Securities & Investments Commission.

The subsidiaries not considered in the preparation of these Consolidated Financial Statements are :

- ITC Global Holdings Pte. Limited, Singapore (a wholly owned subsidiary of ITC Limited) in liquidation and its subsidiaries –
  - Hup Hoon Traders Pte. Limited, Singapore (struck off w.e.f. 31.03.2011 by the Registrar of Companies, Singapore)
  - AOZT "Hup Hoon", Moscow
  - Hup Hoon Impex SRL, Romania and
- BFIL Securities Limited (a subsidiary of BFIL Finance Limited), which is under voluntary winding up proceedings.

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 14th March.

## Schedules to the Consolidated Accounts

### 19. Notes to the Accounts (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, 2011	Percentage of ownership interest as at 31st March, 2010
Maharaja Heritage Resorts Limited	India	50	50
Espirit Hotels Private Limited	India	26*	–
ITC Filtrona Limited (a joint venture of Gold Flake Corporation Limited)	India	50	50

\* With effect from 24.09.2010

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 27% (2010 – 33%).

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, 2011	Percentage of ownership interest as at 31st March, 2010
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	47.31
Classic Infrastructure & 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 ₹ 1.74 Crores (2010 – ₹ 1.61 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.

## Schedules to the Consolidated Accounts

### 19. Notes to the Accounts (Contd.)

(ii) (a) Claims against the Group not acknowledged as debts, including share of Joint Ventures ₹ 1.53 Crores (2010 - ₹ 1.53 Crores), ₹ 340.87 Crores (2010 - ₹ 316.53 Crores). These comprise :

- Excise Duty, Sales Taxes and other Indirect Taxes claims disputed by the Group relating to issues of applicability and classification aggregating ₹ 195.50 Crores (2010 - ₹ 199.10 Crores).
- Local Authority Taxes/Cess/Royalty on property, utilities etc. claims disputed by the Group relating to issues of applicability and determination aggregating ₹ 37.48 Crores (2010 - ₹ 37.13 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 39.15 Crores (2010 - ₹ 33.07 Crores).
- Other matters, including share of Joint Ventures ₹ 1.53 Crores (2010 - ₹ 1.53 Crores), ₹ 68.74 Crores (2010 - ₹ 47.23 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.

As reported last year, 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. During the year, 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 :

- (i) Value Added Tax - ₹ 4.72 Crores [Nepalese Rupees (NRs.) 7.55 Crores] for the financial year 2001-02.
- (ii) Income Tax - ₹ 3.08 Crores (NRs. 4.93 Crores) for the financial year 2005-06.

SNPL's counsel appearing in the matter has opined that the above verdict of the Supreme Court of Nepal dated 29th October, 2009, which was delivered by a Full Bench of the Court, 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 raised/issued to SNPL which are based on similar untenable contention by the Revenue Authorities :

#### (i) Excise Demands and Show Cause Notice

1. SNPL received a demand letter dated 22nd February, 2008 from the Inland Revenue Office, Simra, Bara for ₹ 9.34 Crores (NRs. 14.95 Crores) relating to the financial years 2003-04 to 2005-06. SNPL's writ petition requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected was admitted and notices issued to the Revenue Authorities by the Supreme Court of Nepal on 2nd April, 2008, and the hearing on the matter is pending.
2. SNPL received a demand letter dated 30th November, 2008 from the Inland Revenue Office, Simra, Bara for ₹ 8.03 Crores (NRs. 12.85 Crores) relating to the financial year 2006-07. SNPL's writ petition requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected was admitted and notices issued to the Revenue Authorities by the Supreme Court of Nepal on 6th January, 2009, and the hearing on the matter is pending.
3. SNPL received a Show Cause Notice dated 19th January, 2010 from the Inland Revenue Office seeking to demand ₹ 12.28 Crores (NRs. 19.65 Crores) 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.

#### (ii) VAT Demands

1. SNPL received a demand letter dated 8th August, 2007 from the Large Taxpayers Office, Lalitpur, for ₹ 3.58 Crores (NRs. 5.72 Crores) relating to the financial year 2002-03. SNPL's writ petition requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected was admitted and notices issued to the Revenue Authorities by the Supreme Court of Nepal on 12th September, 2007, and the hearing on the matter is pending.
2. SNPL received a demand letter dated 5th August, 2008 from the Large Taxpayers Office, Lalitpur, for ₹ 0.67 Crore (NRs. 1.07 Crores) relating to the financial year 2003-04. SNPL's writ petition requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected was admitted and notices issued to the Revenue Authorities by the Supreme Court of Nepal on 5th September, 2008, and the hearing on the matter is pending.
3. SNPL received a demand letter dated 10th July, 2009 from the Large Taxpayers Office, Lalitpur, for ₹ 6.69 Crores (NRs. 10.70 Crores) relating to the financial years 2004-05 to 2006-07. SNPL's writ petition requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected was admitted and notices issued to the Revenue Authorities by the Supreme Court of Nepal on 9th August, 2009, and the hearing on the matter is pending.

## Schedules to the Consolidated Accounts

### 19. Notes to the Accounts (Contd.)

#### (iii) Income Tax Demands

1. SNPL received a demand letter dated 12th August, 2007 from the Large Taxpayers Office, Lalitpur, for a sum of ₹ 12.26 Crores (NRs. 19.61 Crores) relating to the financial year 2002-03. SNPL's writ petition requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected was admitted and notices issued to the Revenue Authorities by the Supreme Court of Nepal on 12th September, 2007, and the hearing on the matter is pending.
2. SNPL received a demand letter dated 15th September, 2008 from the Large Taxpayers Office, Lalitpur, 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 requesting that the said demand order be quashed and orders issued such that the tax demanded not be collected was admitted and notices issued to the Revenue Authorities by the Supreme Court of Nepal on 8th December, 2008, and the hearing on the matter is pending.
3. SNPL received a demand letter dated 16th October, 2009 from the Large Taxpayers Office, Lalitpur, 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 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.

- (b) Guarantees and Counter Guarantees outstanding Nil (2010 - ₹ 1.15 Crores).
- (c) Uncalled liability on shares partly paid ₹ 0.42 Crore (2010 - ₹ 0.77 Crore).
- (iii) 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.
- (iv) In respect of Russell Credit Limited (RCL), a petition was filed by an individual in the High Court at Calcutta seeking an injunction against the company's Counter Offer to the shareholders of VST Industries Limited made in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, as a competitive bid, pursuant to a Public Offer made by an Acquirer which closed on 13th June, 2001. The Hon'ble High Court while refusing to grant such an injunction, instructed that the acquisition of shares pursuant to the Counter Offer by RCL and the other Acquirer, would be subject to the final Order of the Hon'ble High Court, which is awaited.

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

#### (v) Earnings per share

Earnings per share has been computed as under :

- (a) Net Profit (₹ Crores)
- (b) Weighted average number of Ordinary Shares outstanding
- (c) Effect of potential Ordinary Shares on Employee Stock Options outstanding
- (d) Weighted average number of Ordinary Shares in computing diluted earnings per share [(b) + (c)]
- (e) Earnings per share on Net Profit  
(Face Value ₹ 1.00 per share)
- Basic [(a)/(b)]
- Diluted [(a)/(d)]

	2011	2010
(a) Net Profit (₹ Crores)	5017.93	4168.18
(b) Weighted average number of Ordinary Shares outstanding	7,68,06,73,807	7,61,18,44,333*
(c) Effect of potential Ordinary Shares on Employee Stock Options outstanding	10,22,43,533	8,02,57,258*
(d) Weighted average number of Ordinary Shares in computing diluted earnings per share [(b) + (c)]	7,78,29,17,340	7,69,21,01,591
(e) Earnings per share on Net Profit (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 6.53	₹ 5.48
– Diluted [(a)/(d)]	₹ 6.45	₹ 5.42

\* After considering Bonus issue.

During the year Bonus Shares in the ratio of 1:1 were allotted on 6th August, 2010. Previous year figures have been restated for the purpose of computation of Earnings per share.

## Schedules to the Consolidated Accounts

### 19. Notes to the Accounts (Contd.)

- (vi) Research and Development expenses for the year amount to ₹ 90.56 Crores (2010 - ₹ 77.35 Crores).
- (vii) 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 Schedule 17.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows :

	As at 31st March, 2011 (₹ in Crores)	As at 31st March, 2010 (₹ in Crores)
Not later than one year	9.47	7.10
Later than one year and not later than five years	12.57	10.57
Later than five years	0.88	2.94

- (viii) Landbase India Limited had incurred an expenditure of ₹ 1.05 Crores on erection of 11 KVA Feeder Line from Tauru Sub Station to Classic Golf Resort. Considering the nature of expenditure as being enduring in nature, the same is being amortised over a period of 10 years. Accordingly, an amount of ₹ 0.11 Crore (2010 - ₹ 0.21 Crore) has been treated as Deferred Revenue Expenditure and disclosed under Miscellaneous Expenditure (to the extent not written off or adjusted) after amortising an amount of ₹ 0.10 Crore (2010 - ₹ 0.11 Crore).
- (ix) The Group has adopted Accounting Standard 15 (AS 15) (revised 2005) 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, 2011 and recognised in the financial statements in respect of Employee Benefit Schemes :

I	Components of Employer Expense	For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
1	Current Service Cost	40.68	18.65	5.98	31.61	14.95	5.48
2	Interest Cost	34.05	14.02	4.07	25.29	10.89	3.36
3	Expected Return on Plan Assets	(36.18)	(17.37)	-	(27.95)	(13.96)	-
4	Curtailment Cost/(Credit)	-	-	-	-	-	-
5	Settlement Cost/(Credit)	-	-	-	-	-	-
6	Past Service Cost	-	0.03	-	-	-	-
7	Actuarial Losses/(Gains)	17.05	3.75	7.53	40.97	6.96	6.06
8	<b>Total expense recognised in the Statement of Profit &amp; Loss Account</b>	<b>55.60</b>	<b>19.08</b>	<b>17.58</b>	<b>69.92</b>	<b>18.84</b>	<b>14.90</b>

The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries/ Wages and Bonus" under Schedule 17.

## Schedules to the Consolidated Accounts

### 19. Notes to the Accounts (Contd.)

		For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
<b>II</b>	<b>Actual Returns</b>	36.83	17.86	–	35.45	15.29	–
<b>III</b>	<b>Net Asset/ (Liability) recognised in Balance Sheet</b>						
	1 Present Value of Defined Benefit Obligation	499.99	201.29	65.48	442.61	180.39	55.12
	2 Fair Value of Plan Assets	492.05	222.71	–	412.49	203.78	–
	3 Status [Surplus/(Deficit)]	(7.94)	21.42	(65.48)	(30.12)	23.39	(55.12)
	4 Unrecognised Past Service Cost	–	–	–	–	–	–
	5 <b>Net Asset/(Liability) recognised in Balance Sheet</b>	<b>(7.94)</b>	<b>21.42</b>	<b>(65.48)</b>	<b>(30.12)</b>	<b>23.39</b>	<b>(55.12)</b>
<b>IV</b>	<b>Change in Defined Benefit Obligations (DBO)</b>						
	1 Present Value of DBO at the Beginning of Period	442.61	180.39	55.12	385.36	162.26	46.21
	2 Current Service Cost	40.68	18.65	5.98	31.61	14.95	5.48
	3 Interest Cost	34.05	14.02	4.07	25.29	10.89	3.36
	4 Curtailment Cost/(Credit)	–	–	–	–	–	–
	5 Settlement Cost/(Credit)	–	–	–	–	–	–
	6 Past Service Cost	–	0.03	–	–	–	–
	7 Plan Amendments	–	–	–	–	–	–
	8 Acquisitions	–	–	–	–	–	–
	9 Actuarial (Gains)/Losses	17.70	4.24	7.53	48.47	8.29	6.06
	10 Benefits Paid	(35.05)	(16.04)	(7.22)	(48.12)	(16.00)	(5.99)
	11 <b>Present Value of DBO at the End of Period</b>	<b>499.99</b>	<b>201.29</b>	<b>65.48</b>	<b>442.61</b>	<b>180.39</b>	<b>55.12</b>
<b>V</b>	<b>Change in Fair Value of Assets</b>						
	1 Plan Assets at the Beginning of Period	412.49	203.78	–	386.04	189.82	–
	2 Acquisition Adjustment	–	–	–	–	–	–
	3 Expected Return on Plan Assets	36.18	17.37	–	27.95	13.96	–
	4 Actuarial Gains/(Losses)	0.65	0.49	–	7.50	1.33	–
	5 Actual company contributions	77.78	17.11	–	39.12	14.67	–
	6 Benefits Paid	(35.05)	(16.04)	–	(48.12)	(16.00)	–
	7 <b>Plan Assets at the End of Period</b>	<b>492.05</b>	<b>222.71</b>	<b>–</b>	<b>412.49</b>	<b>203.78</b>	<b>–</b>
<b>VI</b>	<b>Actuarial Assumptions</b>						
	1 Discount Rate (%)	8.00	8.00	8.00	7.00	7.00 - 7.50	7.00 - 7.50
	2 Expected Return on Plan Assets (%)	8.00	7.50 - 9.15	–	7.00	7.00 - 9.00	–
	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.						

## Schedules to the Consolidated Accounts

### 19. Notes to the Accounts (Contd.)

VII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2011	As at 31st March, 2010
1	Government Securities/Special Deposit with RBI	27%	26%
2	High Quality Corporate Bonds	28%	26%
3	Insurance Companies*	40%	42%
4	Mutual Funds/Direct Equity	3%	4%
5	Cash and Cash Equivalents	2%	2%

\* 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, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)			For the year ended 31st March, 2009 (₹ in Crores)			For the year ended 31st March, 2008 (₹ in Crores)			For the year ended 31st March, 2007 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment												
1	Present Value of Defined Benefit Obligation	499.99	201.29	65.48	442.61	180.39	55.12	385.36	162.26	53.70	351.82	150.60	46.94	320.53	139.61	38.46
2	Fair Value on Plan Assets	492.05	222.71	-	412.49	203.78	-	386.04	189.82	-	365.50	172.27	-	311.77	154.88	-
3	Status [Surplus/(Deficit)]	(7.94)	21.42	(65.48)	(30.12)	23.39	(55.12)	0.68	27.56	(53.70)	13.68	21.67	(46.94)	(8.76)	15.27	(38.46)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	4.08	2.27	-	7.50	1.28	-	1.60	3.93	-	2.94	(0.75)	-	-	-	-
5	Experience Adjustment of Obligation [(Gain)/Loss]	42.69	21.00	9.68	(13.79)	1.82	3.57	(16.25)	(0.05)	3.40	(19.17)	0.05	2.94	-	-	-

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Schedule 17.

# Schedules to the Consolidated Accounts

## 19. Notes to the Accounts (Contd.)

### (x) 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 Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend (including Dividend Distribution Tax)
					Long Term	Current	Total					
Russell Credit Limited	646.48	139.11	785.97	785.97	181.07	–	181.07	27.72	22.60	2.63	19.97	–
Greenacre Holdings Limited	42.06	10.76	52.82	52.82	6.63	5.31	11.94	2.72	1.10	0.25	0.85	–
Wimco Limited	114.42	43.00	170.46	170.46	...	–	...	211.11	(59.65)	–	(59.65)	–
Pavan Poplar Limited	5.51	1.45	6.96	6.96	–	–	–	0.82	0.04	...	0.04	–
Prag Agro Farm Limited	3.80	(7.49)	3.94	3.94	...	–	...	3.78	0.06	0.01	0.05	–
Srinivasa Resorts Limited	24.00	70.09	102.16	102.16	...	41.95	41.95	60.38	12.85	3.59	9.26	5.60
Fortune Park Hotels Limited	0.45	11.76	12.21	12.21	–	4.41	4.41	19.82	6.02	1.90	4.12	0.37
Bay Islands Hotels Limited	0.12	10.14	10.26	10.26	–	–	–	1.12	1.06	0.30	0.76	0.07
ITC Infotech India Limited	85.20	56.38	290.83	290.83	–	–	–	426.42	9.39	1.93	7.46	–
ITC Infotech Limited *	4.92	33.88	38.80	38.80	–	–	–	159.56	10.42	2.99	7.43	–
ITC Infotech (USA), Inc. §	81.16	(10.04)	71.83	71.83	–	–	–	147.57	3.50	0.23	3.27	–
Pyxis Solutions, LLC §	–	10.17	10.17	10.17	–	–	–	28.28	0.11	–	0.11	3.34@
Wills Corporation Limited	4.89	2.89	7.78	7.78	–	7.44	7.44	0.56	0.44	0.01	0.43	–
Gold Flake Corporation Limited	16.00	7.93	23.93	23.93	6.01	17.93	23.94	3.03	2.96	(0.01)	2.97	–
Landbase India Limited	176.00	(80.38)	95.62	95.62	...	–	...	10.23	(3.26)	–	(3.26)	–
BFIL Finance Limited	20.00	(60.33)	7.21	7.21	–	–	–	0.52	(0.46)	–	(0.46)	–
MRR Trading & Investment Company Limited	0.05	(0.04)	0.01	0.01	–	–	–	–	–	–	–	–
Surya Nepal Private Limited #	126.00	135.47	283.53	283.53	6.87	–	6.87	789.40	215.81	67.79	148.02	113.40@
King Maker Marketing, Inc. §	0.02	24.73	25.15	25.15	–	–	–	160.52	3.94	1.61	2.33	–
Technico Pty Limited ~	202.82	(136.29)	68.84	68.84	–	–	–	8.26	0.46	–	0.46	–
Technico Technologies Inc. ^	5.92	(5.22)	1.58	1.58	–	–	–	0.98	0.03	–	0.03	–
Technico Horticultural (Kunming) Co. Limited **	12.95	(3.75)	9.24	9.24	–	–	–	2.81	(0.04)	–	(0.04)	–
Technico Agri Sciences Limited	37.96	0.42	50.39	50.39	–	22.28	22.28	49.79	7.02	–	7.02	–
Technico Asia Holdings Pty Limited ~	16.99	(12.52)	4.47	4.47	–	–	–	–	–	–	–	–

\* Converted into Indian Rupees at the Exchange rate, 1GBP = ₹ 71.795 as on 31.03.2011

§ Converted into Indian Rupees at the Exchange rate, 1USD = ₹ 44.595 as on 31.03.2011

# Converted into Indian Rupees at the Exchange rate, 1N¥ = ₹ 0.625 as on 14.03.2011

~ Converted into Indian Rupees at the Exchange rate, 1AUD = ₹ 46.1075 as on 31.03.2011

^ Converted into Indian Rupees at the Exchange rate, 1CAD = ₹ 45.99 as on 31.03.2011

\*\* Converted into Indian Rupees at the Exchange rate, 1RMB = ₹ 6.8102 as on 31.03.2011

@ Dividend paid during the year

#### Notes :

- The aforesaid data in respect of the subsidiaries is for a period of 12 months as on 31st March, 2011 other than Surya Nepal Private Limited where it is as on 14th March, 2011.
- 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 Subsidiaries not considered in the preparation of the above statement are :
  - BFIL Securities Limited (a wholly owned subsidiary of BFIL Finance Limited) which is under voluntary winding up since 8th August, 2000. The Authorised and Paid-up Share Capital of BFIL Securities Limited at the time of initiation of the process of voluntary winding up was ₹ 2,00,00,000.
  - ITC Global Holdings Pte. Limited, Singapore, (ITC Global) a wholly owned subsidiary of ITC Limited, and its subsidiaries. ITC Global is under liquidation vide Singapore High Court's Order dated 30th November, 2007. The Authorised and Paid-up Share Capital of ITC Global at the time of initiation of the process of liquidation was USD 2,00,00,000 and USD 89,99,645 respectively. 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. The Authorised and Paid-up Share Capital of ITC Global and its subsidiaries when ITC Global was brought under Judicial Management was as follows :

Name	Authorised Share Capital	Paid-up Share Capital
ITC Global Holdings Pte. Limited, Singapore	USD 2,00,00,000	USD 89,99,645
Hup Hoon Traders Pte. Limited, Singapore (struck off w.e.f. 31.03.2011 by the Registrar of Companies, Singapore)	SGD 1,50,000	SGD 1,00,000
AOZT "Hup Hoon", Moscow	N.A.	RUB 5,00,000
Hup Hoon Impex SRL, Romania	N.A.	USD 10,000

- Turnover includes Other Income



Inspiring Years

# Schedules to the Consolidated Accounts

## 20. Segment Reporting

### PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(₹ in Crores)

	2011			2010		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
<b>1. Segment Revenue</b>						
FMCG – Cigarettes	20721.27	–	20721.27	18111.83	–	18111.83
FMCG – Others	4495.06	8.97	4504.03	3657.37	3.89	3661.26
<b>FMCG – Total</b>	<b>25216.33</b>	<b>8.97</b>	<b>25225.30</b>	<b>21769.20</b>	<b>3.89</b>	<b>21773.09</b>
Hotels	1139.27	10.09	1149.36	971.38	6.57	977.95
Agri Business	2815.16	1932.83	4747.99	2304.27	1557.87	3862.14
Paperboards, Paper and Packaging	2264.12	1402.76	3666.88	1993.51	1240.10	3233.61
Others	643.86	136.64	780.50	596.59	129.34	725.93
<b>Segment Total</b>	<b>32078.74</b>	<b>3491.29</b>	<b>35570.03</b>	<b>27634.95</b>	<b>2937.77</b>	<b>30572.72</b>
Eliminations			(3491.29)			(2937.77)
<b>Total Revenue</b>			<b>32078.74</b>			<b>27634.95</b>
<b>2. Segment Results</b>						
FMCG – Cigarettes			6000.92			5106.71
FMCG – Others			(331.52)			(380.34)
<b>FMCG – Total</b>			<b>5669.40</b>			<b>4726.37</b>
Hotels			283.30			231.38
Agri Business			566.29			447.75
Paperboards, Paper and Packaging			819.24			684.26
Others			57.65			102.06
<b>Segment Total</b>			<b>7395.88</b>			<b>6191.82</b>
Eliminations			(71.57)			(31.07)
<b>Consolidated Total</b>			<b>7324.31</b>			<b>6160.75</b>
Unallocated corporate expenses net of unallocated income			303.85			201.00
<b>Profit before Interest etc. and Taxation</b>			<b>7020.46</b>			<b>5959.75</b>
Interest paid – Net			50.22			64.98
Interest earned on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc. – Net			464.63			350.94
<b>Profit before Taxation</b>			<b>7434.87</b>			<b>6245.71</b>
Provision for Taxation			2365.45			2034.93
<b>Profit after Taxation before Share of Results of Associates</b>			<b>5069.42</b>			<b>4210.78</b>
Share of Net Profit of Associates			9.61			6.24
<b>Profit after Taxation before Minority Interests</b>			<b>5079.03</b>			<b>4217.02</b>
<b>3. Other Information</b>						
	<b>Segment Assets</b>	<b>Segment Liabilities*</b>		<b>Segment Assets</b>	<b>Segment Liabilities*</b>	
FMCG – Cigarettes	4969.05	1685.66		4522.40	1455.85	
FMCG – Others	2520.31	540.23		2248.08	459.09	
<b>FMCG – Total</b>	<b>7489.36</b>	<b>2225.89</b>		<b>6770.48</b>	<b>1914.94</b>	
Hotels	3066.16	232.51		2743.59	222.99	
Agri Business	2149.81	534.20		1907.53	280.92	
Paperboards, Paper and Packaging	4232.02	471.05		4045.05	345.07	
Others	1050.13	183.08		1057.81	181.18	
<b>Segment Total</b>	<b>17987.48</b>	<b>3646.73</b>		<b>16524.46</b>	<b>2945.10</b>	
Unallocated Corporate Assets/Liabilities	8777.46	6515.34		7627.91	6622.58	
<b>Total</b>	<b>26764.94</b>	<b>10162.07</b>		<b>24152.37</b>	<b>9567.68</b>	
	<b>Capital Expenditure</b>	<b>2011 Depreciation</b>	<b>Non Cash expenditure other than depreciation</b>	<b>Capital Expenditure</b>	<b>2010 Depreciation</b>	<b>Non Cash expenditure other than depreciation</b>
FMCG – Cigarettes	370.18	206.95	5.11	455.71	177.49	4.69
FMCG – Others	113.40	96.66	6.77	169.53	87.16	16.57
<b>FMCG – Total</b>	<b>483.58</b>	<b>303.61</b>	<b>11.88</b>	<b>625.24</b>	<b>264.65</b>	<b>21.26</b>
Hotels	369.15	88.96	4.89	421.36	81.49	5.31
Agri Business	91.07	22.75	1.66	11.58	34.02	2.34
Paperboards, Paper and Packaging	249.53	231.32	14.26	208.08	216.72	23.48
Others	26.26	21.30	0.66	41.98	18.29	7.55
<b>Segment Total</b>	<b>1219.59</b>	<b>667.94</b>	<b>33.35</b>	<b>1308.24</b>	<b>615.17</b>	<b>59.94</b>

\* Segment Liabilities of FMCG – Cigarettes is before considering ₹ 755.60 Crores (2010 – ₹ 628.64 Crores) in respect of disputed Taxes, the recovery of which has been stayed or where States' Special Leave Petitions are pending before the Supreme Court. These have been included under 'Unallocated Corporate Liabilities'.

#### External Sales comprise :

	2011	2010
Sales	32078.24	27624.68
Profit on Sale of Stock in Trade – Net	0.50	10.27
<b>Total</b>	<b>32078.74</b>	<b>27634.95</b>

## Schedules to the Consolidated Accounts

### 20. Segment Reporting (Contd.)

#### SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2011	2010
<b>1. Segment Revenue</b>		
– Within India	28309.05	24167.84
– Outside India	3769.69	3467.11
<b>Total</b>	<b>32078.74</b>	<b>27634.95</b>
<b>2. Segment Assets</b>		
– Within India	17369.47	15939.57
– Outside India	618.01	584.89
<b>Total</b>	<b>17987.48</b>	<b>16524.46</b>
<b>3. Capital Expenditure</b>		
– Within India	1161.90	1280.94
– Outside India	57.69	27.30
<b>Total</b>	<b>1219.59</b>	<b>1308.24</b>

#### 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 :
- |   |  |
|---|--|
| <p>FMCG : Cigarettes</p> <p style="padding-left: 20px;">: Others</p> <p>Hotels</p> <p>Paperboards, Paper and Packaging</p> <p>Agri Business</p> <p>Others</p> | <p>– Cigarettes, Cigars and Smoking Mixtures.</p> <p>– Branded Packaged Foods (Staples, Biscuits, Confectionery, Snack Foods, Noodles, Ready to Eat Foods), Garments, Educational and other Stationery products, Matches, Agarbattis and Personal Care products.</p> <p>– Hoteliering.</p> <p>– Paperboards, Paper including Specialty Paper and Packaging including Flexibles.</p> <p>– Agri commodities such as rice, soya, coffee and leaf tobacco.</p> <p>– Information Technology services, Filter Rods, Investments etc.</p> |
|---|--|
- (3) The Group companies and joint ventures have been included in segment classification as follows :
- |  |  |
|--|--|
| <p>FMCG : Cigarettes</p> <p style="padding-left: 20px;">: Others</p> <p>Hotels</p> <p>Others</p> | <p>– Surya Nepal Private Limited and King Maker Marketing, Inc.</p> <p>– Surya Nepal Private Limited, Wimco Limited and King Maker Marketing, Inc.</p> <p>– Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited and joint ventures Maharaja Heritage Resorts Limited and Espirit Hotels Private Limited.</p> <p>– ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc. and Pyxis Solutions, LLC, Russell Credit Limited and its subsidiaries Greenacre Holdings Limited, Wimco Limited, Pavan Poplar Limited, Prag Agro Farm Limited, Technico Pty Limited, Technico ISC Pty Limited (deregistered on 03.11.2010 by the Australian Securities &amp; Investments Commission), Technico Technologies Inc., and its jointly controlled operation with Shamrock Seed Potato Farm Limited, Technico Agri Sciences Limited, Technico Asia Holdings Pty Limited, Technico Horticultural (Kunming) Co. Limited, BFIL Finance Limited and its subsidiary MRR Trading &amp; Investment Company Limited, Landbase India Limited, Wills Corporation Limited, Gold Flake Corporation Limited and its joint venture ITC Filtrona Limited.</p> |
|--|--|
- (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 Branded Packaged Foods and Personal Care Products businesses.
- (6) The Group's Agri Business markets agri commodities in the export and domestic markets; supplies agri raw materials to the Branded Packaged Foods Business 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.

# Schedules to the Consolidated Accounts

## 21. Related Party Disclosures

### 1. ENTERPRISES WHERE CONTROL EXISTS :

#### Entities, other than subsidiaries, under the control of the Group :

- ITC Sangeet Research Academy
- ITC Education Trust
- ITC Rural Development Trust

The following have not been considered :

- ITC Global Holdings Pte. Limited, Singapore (in liquidation) and its subsidiaries
  - Hup Hoon Traders Pte. Limited, Singapore (struck off w.e.f. 31.03.2011 by the Registrar of Companies, Singapore)
  - AOZT "Hup Hoon", Moscow
  - Hup Hoon Impex SRL, Romania and
- BFIL Securities Limited (a subsidiary of BFIL Finance Limited) which is under voluntary winding up proceedings.

### 2. OTHER RELATED PARTIES WITH WHOM THE COMPANY AND ITS SUBSIDIARIES HAD TRANSACTIONS :

#### i) Associates & Joint Ventures :

##### Associates

- Gujarat Hotels Limited
- Russell Investments Limited
- ATC Limited
- Classic Infrastructure & Development Limited
- International Travel House Limited
- Divya Management Limited
- Antrang Finance Limited
  - being associates of the Group
- Tobacco Manufacturers (India) Limited, UK
  - of which the Company is an associate.

##### Joint Ventures

- Maharaja Heritage Resorts Limited
- ITC Filtrona Limited
- Espirit Hotels Private Limited (w.e.f. 24.09.2010)

#### ii) a) Key Management Personnel (KMP) :

Y. C. Deveshwar	Executive Chairman
N. Anand	Executive Director
P. V. Dhobale	Executive Director (KMP w.e.f. 26.07.2010)
K. N. Grant	Executive Director
A. Singh	Executive Director (upto 23.07.2010)
A. Bajjal	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

#### Key Management Personnel (Contd.) :

D. K. Mehrotra	Non-Executive Director
H. G. Powell	Non-Executive Director
P. B. Ramanujam	Non-Executive Director
A. Ruys	Non-Executive Director
B. Sen	Non-Executive Director
K. Vaidyanath	Non-Executive Director
B. Vijayaraghavan	Non-Executive Director

#### Members - Corporate Management Committee

A. Nayak
S. Sivakumar
T. V. Ramaswamy
R. Tandon
B. B. Chatterjee
K. S. Suresh

#### 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 'B'
- 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
- Greenacre Holdings Limited Provident Fund
- Greenacre Holdings Limited Gratuity Fund

# Schedules to the Consolidated Accounts

## 21. Related Party Disclosures (Contd.)

### 3. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2011

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprise where control exists		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
1. Sale of Goods/Services	0.01	0.03	1.12	1.05	6.42	7.25							7.55	8.33
2. Purchase of Goods/Services			92.68	65.30	131.63	119.65							224.31	184.95
3. Acquisition cost of Fixed Assets		0.05	...										...	0.05
4. Sale of Fixed Assets/Scraps			0.09	0.05									0.09	0.05
5. Acquisition of Investments					2.13								2.13	
6. Investment in Associate			1.04	0.84									1.04	0.84
7. Interest Income							0.11	0.16					0.11	0.16
8. Remuneration to Key Management Personnel														
- Directors							17.16	13.94					17.16	13.94
- Others							6.89	6.50					6.89	6.50
9. Rent Paid							0.11	0.25	0.57	0.72			0.68	0.97
10. Remuneration of Managers on Deputation Reimbursed			0.19	0.15									0.19	0.15
11. Remuneration of Managers on Deputation Recovered			2.87	0.61	1.43	1.16							4.30	1.77
12. Donations	1.78	1.99											1.78	1.99
13. Contributions to Employees' Benefit Plans											127.02	82.23	127.02	82.23
14. Dividend Income			1.74	1.61	2.02	2.02							3.76	3.63
15. Dividend Payments			992.78	367.33			5.43	0.95					998.21	368.28
16. Expenses Recovered		0.04	1.40	1.16	0.36	0.37							1.76	1.57
17. Expenses Reimbursed		0.02	0.28	0.42	0.03	0.05							0.31	0.49
18. Receipt towards Loans Repayment							0.21	0.25					0.21	0.25
19. Advances Given during the year				0.10										0.10
20. Adjustment/Receipt towards Refund of Advances			1.80	2.98									1.80	2.98
21. Receipt towards Refund of Deposits							0.05	0.01		0.32			0.05	0.33
<b>Balances as on 31st March</b>														
i) Debtors/Receivables		0.03	1.30	0.32	6.07	4.02							7.37	4.37
ii) Advances Given			0.30	2.10							23.92	24.51	24.22	26.61
iii) Loans Given							0.46	0.65					0.46	0.65
iv) Deposits Given			0.10	0.10			0.03	0.08	0.29	0.29			0.42	0.47
v) Deposits Taken			0.63	0.63									0.63	0.63
vi) Creditors/Payables			8.03	7.16	1.96	1.27					7.94	30.12	17.93	38.55
23. In addition, Remuneration of Managers on Deputation, absorbed	0.21	0.27	0.41	1.98									0.62	2.25

# Schedules to the Consolidated Accounts

## 21. Related Party Disclosures (contd.)

### 4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES

RELATED PARTY TRANSACTIONS SUMMARY		2011	2010	RELATED PARTY TRANSACTIONS SUMMARY		2011	2010	RELATED PARTY TRANSACTIONS SUMMARY		2011	2010
<b>1. Sale of Goods/Services</b>	International Travel House Limited	1.10	1.03	<b>11. Remuneration of Managers on Deputation Recovered</b>	International Travel House Limited	0.73	0.61	<b>19. Advances Given during the Year</b>	International Travel House Limited	—	0.10
	ITC Filtrona Limited	5.31	5.63		ATC Limited	2.14	—	<b>20. Adjustment/Receipt towards Refund of Advances</b>	International Travel House Limited	—	2.40
	Maharaja Heritage Resorts Limited	1.11	1.05		ITC Filtrona Limited	1.13	0.94		ATC Limited	1.80	0.58
<b>2. Purchase of Goods/Services</b>	International Travel House Limited	71.36	53.16	<b>12. Donations</b>	ITC Rural Development Trust	1.78	1.99	<b>21. Receipt towards Refund of Deposits</b>	Mr. Y. C. Deveshwar	0.05	—
	ITC Filtrona Limited	131.41	119.46					<b>22. Balances as on 31st March</b>			
<b>3. Acquisition Cost of Fixed Assets</b>	International Travel House Limited	...	—	<b>13. Contributions to Employees' Benefit Plans</b>	IATC Provident Fund	24.06	19.88	i) Debtors/Receivables	International Travel House Limited	0.28	0.32
	ITC Sangeet Research Academy	—	0.05		ITC Management Staff Gratuity Fund	8.03	6.81		ATC Limited	1.02	...
<b>4. Sale of Fixed Assets/Scraps</b>	ATC Limited	0.09	0.05		ITC Pension Fund	68.13	35.52		Maharaja Heritage Resorts Limited	5.79	3.66
<b>5. Acquisition of Investments</b>	Espirit Hotels Private Limited	2.13	—	<b>14. Dividend Income</b>	Gujarat Hotels Limited	0.47	0.44		ATC Limited	0.30	2.10
	ATC Limited	1.04	0.84		International Travel House Limited	1.27	1.17		Employee Trust - Gratuity Funds	23.92	24.51
<b>7. Interest Income</b>	Mr. K. Vaidyanath	0.04	0.01	<b>15. Dividend Payments</b>	Tobacco Manufacturers (India) Limited, UK	992.78	367.33		Loans Given	0.10	0.10
	Mr. T. V. Ramaswamy	0.04	0.01						Mr. Y. C. Deveshwar	—	0.12
	Mr. N. Anand	0.01	...	<b>16. Expenses Recovered</b>	Gujarat Hotels Limited	0.57	0.26		Mr. K. Vaidyanath	0.19	0.21
	Mr. A. Singh	—	0.04		International Travel House Limited	0.82	0.89		Mr. N. Anand	0.15	0.16
	Mr. A. Nayak	—	0.06		Maharaja Heritage Resorts Limited	0.36	0.36		Mr. B. B. Chatterjee	0.10	0.10
<b>8. Remuneration to Key Management Personnel- Directors &amp; Others</b>	Mr. Y. C. Deveshwar	9.83	7.59	<b>17. Expenses Reimbursed</b>	Gujarat Hotels Limited	0.01	0.01		Classic Infrastructure & Development Limited	0.27	0.27
	Mr. K. Vaidyanath	2.47	2.54		International Travel House Limited	0.22	0.36		Mrs. B. Deveshwar	0.63	0.63
	Mr. A. Singh	1.18	2.92		Maharaja Heritage Resorts Limited	0.04	0.04		Deposits Taken	0.68	0.78
<b>9. Rent Paid</b>	Mr. Y. C. Deveshwar	0.11	0.22		ATC Limited	0.03	0.05		International Travel House Limited	6.48	6.09
	Mrs. B. Deveshwar	0.54	0.54	<b>18. Receipt towards Loans Repayment</b>	Mr. K. Vaidyanath	0.12	0.01		Creditors/Payables	1.96	1.27
<b>10. Remuneration of Managers on Deputation Reimbursed</b>	International Travel House Limited	0.19	0.15		Mr. T. V. Ramaswamy	0.05	...		ATC Limited	7.94	30.12
					Mr. A. Singh	—	0.04	<b>23. In addition, Remuneration of Managers on Deputation, Absorbed</b>	ATC Limited	—	1.62
					Mr. A. Nayak	—	0.08		Classic Infrastructure & Development Limited	0.41	0.36
									ITC Sangeet Research Academy	0.21	0.27

# Schedules to the Consolidated Accounts

## 22. 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.

#### 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 as detailed below.

#### 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.

All upgradation/enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

#### Depreciation

To calculate depreciation on Fixed Assets and Intangible Assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

Capitalised software costs are amortised 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 recognized 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 in 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.

#### Sales

To recognise Gross Sales 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 and taxes relating to services, payable by the Group. Net sales are stated after deducting such excise duty and taxes.

#### Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source.

#### 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.

## Schedules to the Consolidated Accounts

### 22. Significant Accounting Policies (Contd.)

To account for dividends (including income tax thereon) of associates, joint ventures and subsidiaries when paid.

#### Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution scheme 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 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in Profit and Loss Account as income or expense.

#### Lease Rentals

To charge Rentals in respect of leased premises and equipment to the Profit and Loss Account.

#### 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 Fixed 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 substantially 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 Profit and Loss Account in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period.

To account for premium paid on currency options in the Profit and Loss Account 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 loss in the Profit and Loss Account 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 Profit and Loss Account on foreign exchange rate fluctuations relating to monetary items at the year end.

To translate the financial statement of non-integral foreign operations by recording the exchange difference arising on translation of assets/liabilities and incomes/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" revenues 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 Integrated Accounting System which unifies both Financial Books and Costing Records. The books of account and other records have been designed to facilitate compliance with the relevant provisions of the Companies Act on one hand, and meet the internal requirements of information and systems for Planning, Review and Internal Control on the other. To ensure that the Cost Accounts are designed to adopt Costing Systems appropriate to the business carried out by an entity with another Group entity incorporating into its Costing System, the basic tenets and principles of Standard Costing, Budgetary Control and Marginal Costing as appropriate.

On behalf of the Board

P. V. DHOBALE *Director* Y. C. DEVESHWAR *Chairman*  
R. TANDON *Chief Financial Officer* B. B. CHATTERJEE *Secretary*

Kolkata  
20th May, 2011

# Report of the Auditors to the Board of Directors of ITC Limited

1. We have audited the attached Consolidated Balance Sheet of ITC Limited and its subsidiaries (the Group) as at 31st March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. The Consolidated Financial Statements are the responsibility of ITC Limited's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 ₹ 1490.32 crores as at 31st March, 2011, and the Group's share of total revenues of ₹ 1658.43 crores for the year ended on that date, and net cash outflows amounting to ₹ 36.27 crores for the year ended on that date and associates whose financial statements reflect the Group's share of profit upto 31st March, 2011 of ₹ 46.87 crores and the Group's share of profit of ₹ 9.61 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 included in respect of these subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by ITC's Management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, 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.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the 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, 2011;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date, and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells  
*Chartered Accountants*  
(Registration No. 302009E)

P. R. Ramesh  
*Partner*

Kolkata  
20th May, 2011

(Membership No. 70928)



Inspiring Years

## Ten Years at a Glance

### Standalone Operating Results 2002 - 2011

(₹ in Crores)

Year Ending 31st March	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>GROSS INCOME</b>	9982.46	11194.47	12039.92	13585.39	16510.51	19636.53	21966.84	23678.46	26874.34	31423.23
Excise Duties etc.	4780.86	5159.10	5344.60	5710.13	6433.90	7135.75	7408.41	7531.61	8106.41	9436.81
Net Income	5201.60	6035.37	6695.32	7875.26	10076.61	12500.78	14558.43	16146.85	18767.93	21986.42
<b>PBDIT</b>	2045.64	2323.37	2585.47	3028.37	3613.46	4292.90	5014.84	5393.47	6688.77	7972.28
Depreciation	198.45	237.34	241.62	312.87	332.34	362.92	438.46	549.41	608.71	655.99
<b>PBIT</b>	1847.19	2086.03	2343.85	2715.50	3281.12	3929.98	4576.38	4844.06	6080.06	7316.29
<b>PBT</b>	1780.26	2056.19	2319.06	2673.07	3269.19	3926.70	4571.77	4825.74	6015.31	7268.16
Tax	590.54	684.84	726.21	836.00	988.82	1226.73	1451.67	1562.15	1954.31	2280.55
<b>PAT (Before Exceptional Items)</b>	1189.72	1371.35	1592.85	1837.07	2280.37	2699.97	3120.10	3263.59	4061.00	4987.61
<b>PAT</b>	1189.72	1371.35	1592.85	2191.40	2235.35	2699.97	3120.10	3263.59	4061.00	4987.61
<b>Dividends *</b>	334.14	418.84	558.83	882.97	1134.70	1364.50	1543.18	1633.87	4452.33	4002.09
- Ordinary Dividend	334.14	418.84	558.83	882.97	1134.70	1364.50	1543.18	1633.87	2003.55	2518.17
- Special Dividend									2448.78	1483.92
<b>Earnings Per Share on profit after tax before exceptional items</b>										
Actual (₹)**	4.81	5.54	6.43	7.36	6.07	7.18	8.28	8.65	10.64	6.45
Adjusted (₹) @	4.81	5.54	6.43	7.36	9.11	10.75	12.40	12.94	15.82	18.75
<b>Dividend Per Share</b>										
Actual - Ordinary (₹)**	1.35	1.50	2.00	3.10	2.65	3.10	3.50	3.70	4.50	2.80
Actual - Special (₹)**									5.50	1.65
Adjusted - Ordinary (₹) @	1.35	1.50	2.00	3.10	3.97	4.65	5.24	5.54	6.69	8.15
Adjusted - Special (₹) @									8.18	4.80
Market Capitalisation ***	17243	15581	25793	33433	73207	56583	77765	69751	100476	140408
Foreign Exchange Earnings	947.57	1294.00	1077.51	1268.65	1793.51	2283.21	2168.41	2225.71	2354.27	2814.27

\* Including Dividend Distribution Tax (except 2002).

\*\* 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, computed after eliminating 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 Sources and Application of Funds 2002 - 2011

(₹ in Crores)

Year Ending 31st March	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>SOURCES OF FUNDS</b>										
Equity	247.51	247.51	247.68	249.43	375.52	376.22	376.86	377.44	381.82	773.81
Reserves	4166.47	5118.11	6162.38	7646.18	8685.96	10060.86	11680.81	13357.64	13682.56	15179.46
Shareholders' Funds	4413.98	5365.62	6410.06	7895.61	9061.48	10437.08	12057.67	13735.08	14064.38	15953.27
Loan Funds	284.54	116.98	120.85	245.36	119.73	200.88	214.43	177.55	107.71	99.20
Deferred Tax - Net	135.46	63.58	87.74	376.09	324.76	472.85	545.07	867.19	785.01	801.85
<b>FUNDS EMPLOYED</b>	4833.98	5546.18	6618.65	8517.06	9505.97	11110.81	12817.17	14779.82	14957.10	16854.32
<b>APPLICATION OF FUNDS</b>										
Fixed Assets (Gross)	4081.85	4415.61	5054.68	5932.42	6470.57	8000.45	10086.52	11772.71	12976.85	14099.22
Depreciation	1101.90	1245.64	1442.63	1795.51	2065.44	2389.54	2790.87	3286.74	3825.46	4420.75
Fixed Assets (Net)	2979.95	3169.97	3612.05	4136.91	4405.13	5610.91	7295.65	8485.97	9151.39	9678.47
Investments	906.93	1608.86	3053.96	3874.68	3517.01	3067.77	2934.55	2837.75	5726.87	5554.66
Cash and Bank Balances	44.21	378.66	34.00	55.66	855.82	900.16	570.25	1031.01	1126.28	2243.24
Net Current Assets	1237.03	807.53	477.47	1331.51	1862.71	2896.47	3559.90	4058.96	3404.89	3380.04
Proposed Dividend (including Tax)	334.14	418.84	558.83	881.70	1134.70	1364.50	1543.18	1633.87	4452.33	4002.09
<b>NET ASSETS EMPLOYED</b>	4833.98	5546.18	6618.65	8517.06	9505.97	11110.81	12817.17	14779.82	14957.10	16854.32
Net Worth Per Share (₹)*	5.94	7.23	8.63	10.55	12.07	13.87	16.00	18.20	18.42	20.62
Debt : Equity Ratio	0.06:1	0.02:1	0.02:1	0.03:1	0.01:1	0.02:1	0.02:1	0.01:1	0.01:1	0.01:1

\* To facilitate like to like comparison, adjusted for 1:10 Stock Split and 1:2 Bonus Issue in 2006 and 1:1 Bonus Issue in 2011.

**Equity includes impact of :**

2002 – 2,09,69,820 Ordinary Shares of ₹ 1.00 each, fully paid, issued pursuant to Amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company.

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 (₹ 125.17 Crores).

2011 – 1 : 1 Bonus Issue (₹ 382.67 Crores).