



REPORT
AND
ACCOUNTS
2012

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VISION

Sustain ITC's position as one of India's most valuable corporations through world class performance, creating growing value for the Indian economy and the Company's stakeholders

MISSION

To enhance the wealth generating capability of the enterprise in a globalising environment, delivering superior and sustainable stakeholder value

ITC'S FOODS BUSINESS: CREATING CONSUMER DELIGHT

ITC's Branded Packaged Foods business is one of the fastest growing foods businesses in India, driven by the market standing and consumer franchise of its seven popular brands - Aashirvaad, Sunfeast, Bingo!, Kitchens of India, mint-o, Candyman and Yippee! Over the past 5 years, the business has grown at an impressive rate faster than that of the industry.

ITC's Foods brands delight millions of households with a

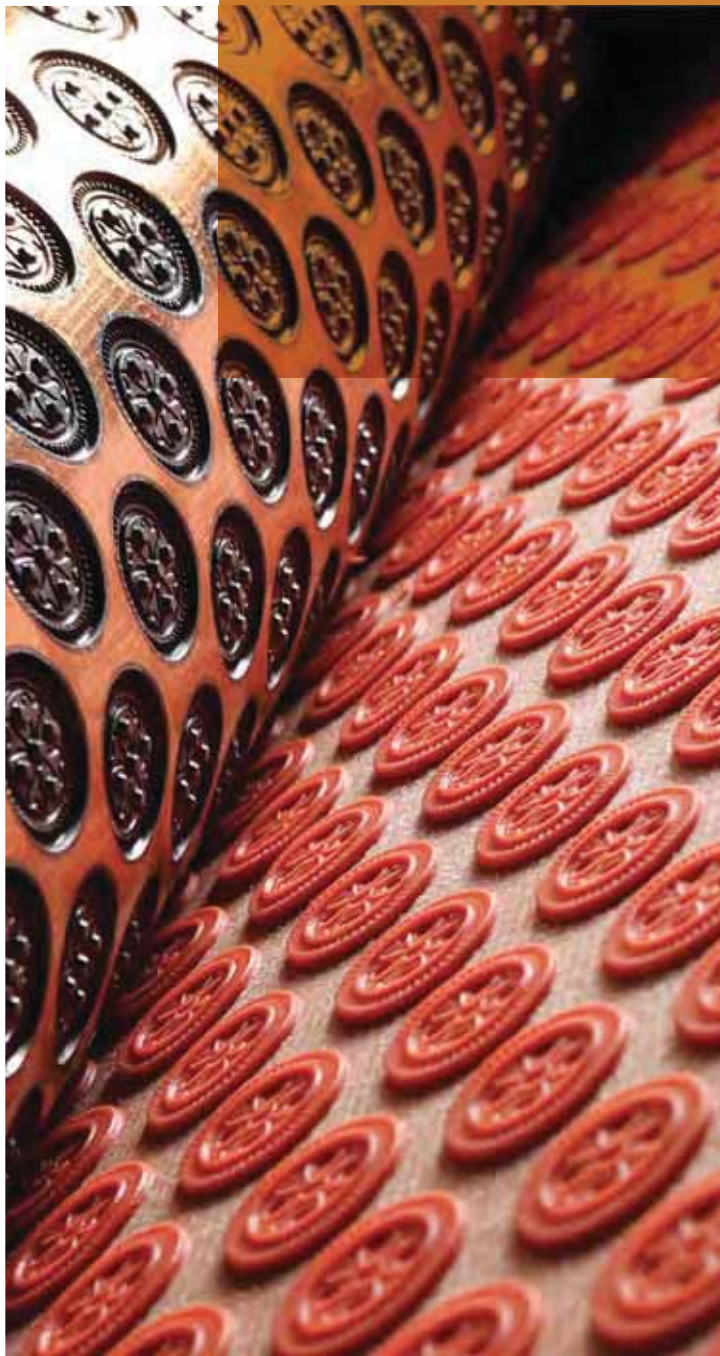
wide range of differentiated, value-added products developed by leveraging ITC's in-house R&D capabilities, relevant consumer insights, a deep understanding of the Indian palate gained from its Hotels business, its agri-sourcing & packaging strengths, exciting, innovative communication and an unmatched distribution network.

Given India's rapid economic growth and rising disposable

incomes, ITC's Branded Packaged Foods business is well-positioned to ride this boom to secure robust, long-term growth. The business continues to invest in every aspect of manufacturing, distribution and marketing to ensure that it can leverage emerging opportunities and fulfill its aspiration of being the most trusted provider of Branded Packaged Foods in the country.



CRAFTING BEST-IN-CLASS PRODUCTS



ITC's investments in state-of-the-art technology give it a competitive edge in terms of scale, world-class quality, product innovation and meeting exacting standards of food safety and hygiene. Going beyond process control, ITC ensures that quality standards are scrupulously adhered to while choosing ingredients that go into the preparation of its food products.

Automatic processes, bulk material handling systems and specific hazard mitigating equipment in production lines are some leading practices introduced by ITC's Foods business.

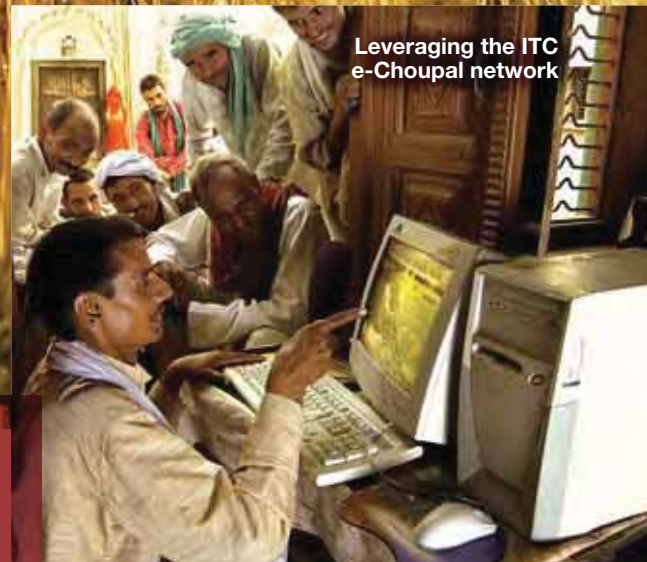
ITC's uncompromising commitment to the health and safety of its consumers ensures adherence to the highest levels of quality, safety and hygiene standards in manufacturing processes and in the supply chain. All ITC-owned manufacturing units are Hazard Analysis and Critical Control Point (HACCP) certified. The quality performance of all manufacturing units is monitored continuously online.



LEVERAGING INTERNAL COMPETENCIES



Sourcing high quality
identity-preserved agri commodity



Leveraging the ITC
e-Choupal network



Culinary insights
from ITC's
Master Chefs

ITC's Foods business has successfully blended multiple internal competencies to provide an unbeatable quality advantage to the consumer.

ITC's sourcing skills residing in its Agri business, especially the path-breaking e-Choupal initiative, impart a significant competitive advantage in procuring raw material - be it for Aashirvaad atta produced from handpicked whole wheat, quality-assured Aashirvaad spices or superior chipstock potatoes for Bingo! snack foods.

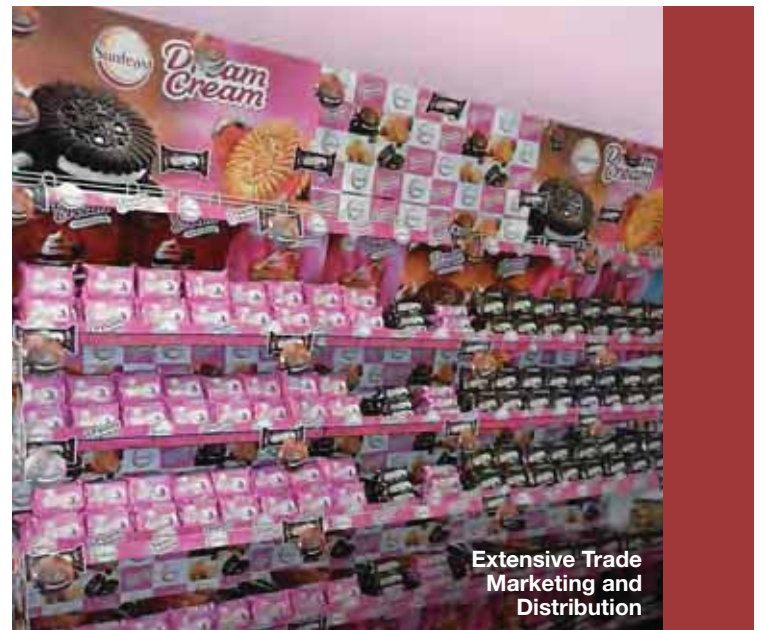
The Master Chefs of ITC Hotels bring their culinary insights, recipes and creative advice to help fashion innovative products across categories. The expertise of the Master Chefs provided ITC's Foods business the opportunity to create ready-to-eat gourmet cuisines under the 'Kitchens of India' range.

ITC's position as the first choice supplier of high-end value-added packaging enables the Foods business to gain a superior look-and-feel for both its carton box and flexible packaging.

ITC recognises the importance of winning at the first moment of truth - the point where the consumer shops for the product. Leveraging ITC's distribution strength built over 100 years, ITC's food products are now available in more than 3.2 million outlets across India. ITC's superior service to the trade ensures freshness and visibility of ITC products at all times. In view of the growing importance of modern retail in the country, ITC has forged joint business plans with most leading organised retailers in the country so that the consumer always finds ITC products in the right place at the right price.



Providing world-class
packaging solutions



Extensive Trade
Marketing and
Distribution

CREATING WORLD-CLASS BRANDS



ITC 100 Inspiring Years

India's No.1 Atta

AASHIRVAAD

India's No.1* Atta.
0% Maida. 100% Atta.

*All India (Home) Market Share based on Volume Basis Aashirvaad May 2012

The Foods business' marketing philosophy is based on the key principles of creating innovative products which are extremely relevant to addressing various consumer needs and providing a superior overall experience. These principles have helped the business create world-class brands which will continue to be its engines of growth and profitability.

Aashirvaad - Creating a brand in a commodity market

Through the expertise of ITC's Agri-Business, the best quality wheat is sourced and carefully

blended to create gold standard Aashirvaad atta, making it India's No.1 packaged atta brand. In keeping with the trends of the continuously evolving Indian market, the Aashirvaad brand has been extended to two new variants – Aashirvaad with multigrains caters to the need of the health conscious consumers and Aashirvaad Select made fully from the finest Sharbati grains addresses the need of consumers who seek only the best.

Aashirvaad also spans the product categories of Ready to Eat, Instant Mixes, Salt and Spices.



Sunfeast - Delighting the Indian palate

Sunfeast straddles all segments of the market led by Dark Fantasy at the premium end. High quality married with exciting innovations has helped drive this category. Dark Fantasy Choco Fills has wowed the Indian consumer with its innovative centre-filled format and high-quality packaging.

In addition, the launch of the Dream Cream range of biscuits in two exciting and innovative dual cream formats further reinforces ITC's commitment to continuously delight the consumer.



Bingo!: Irresistible tastes & combinations in snacking

In less than five years of gaining an all-India presence, the Bingo! range of snacks in four formats and over 15 flavours, has been a resounding success with Indian consumers. Today Bingo! stands for some of the

tastiest products in potato chips and finger snacks. Innovative first-to-market formats like Mad Angles and Tangles have gained significant traction with consumers.



Yippee! and Pasta Treat: Winning Hearts

Launched in September, 2010, Yippee! has won the hearts of Indian families who love the innovative round block, long, slurpy and non-sticky noodles available in two Masala flavours, making the brand immensely popular in a short period of time. ITC has also pioneered the introduction of Instant Pasta in the country with six delicious flavours.

Kitchens of India: Ready-to-eat gourmet cuisine

Kitchens of India specialises in bringing to life age-old Indian dishes from across the country crafted by the Master Chefs of ITC's hotels, especially from the gourmet cuisines of Dum Pukht, Bukhara and Dakshin. All Kitchens of India products help consumers recreate an exclusive fine-dining experience in their own homes.

Masala Mixes, an assortment of pre-made gravies, recreate the forgotten taste of authentic Indian cuisine.

The Kitchens of India Chutneys serve as an ideal dip for all types of snacks.



Candyman and mint-o: Exciting flavours for all ages

Candyman and mint-o offer a wide range of mouthwatering and delicious sugar candies. Products like Choco Double

éclairs, which has chocolate both inside and outside, or Toffichoo, a first-in-market strawberry toffee, or mint-o GOL, a chewy candy in unique flavours, have all found widespread consumer support among young and old alike.



INNOVATION THROUGH R&D



The Foods business delivers world-class products to the consumer, crafted on the basis of deep consumer insights developed through extensive consumer immersions. Learnings from consumer research help identify existing and emerging consumer needs. This continuous flow of information allows ITC's R&D and Product Development teams to create products that



provide newer and superior benefits. These products and ideas are further tested using robust, rigorous methods to fine-tune the offerings and launch brands and variants which can fulfill consumer needs.

ITC's dedicated R&D centre for its Foods business is engaged in cutting-edge research on functional foods, food quality, India-centric nutritional strategies and process innovations. From identifying a consumer need to extensive microbiological and chemical research to prototyping and product development, the R&D team covers the full cycle from an idea to a launch-ready product.



WINNING GLOBAL PALATES



ITC's Foods business exports its products to the key geographies of North America, Africa, Middle East and Australia. Despite a continued slowdown in international markets, ITC Foods' exports continue to grow robustly year after year.

This has been achieved by taking the more arduous route of building a high-class Indian brand amongst mainstream American and Canadian consumers and also selling market leaders like Aashirvaad amongst the Indian diaspora. Significant investments have been made in brand building in these markets as opposed to selling on the platform of price discounts.

Kitchens of India currently ranks No.2 in the USA and No.1 in Canada amongst all brands in the ambient Indian Ready-to-Eat segment in traditional supermarkets. Targeted at the mainstream population and positioned at the premium end of the market, Kitchens of India is sold through leading chains like Kroger, Safeway, Walmart, Whole Foods and Loblaws, among others. Kitchens of India has also been listed in the popular COSTCO wholesale club towards the end of 2011. Moreover, Kitchens of India has emerged as the leading Indian Food brand in the USA on Amazon.com!

Aashirvaad atta is exported to USA and Australia and has emerged as a leading



Atta brand in these countries, replicating its domestic performance overseas. Exports of Aashirvaad Whole Wheat atta have grown by 87% this year.

The year 2011 also saw the launch of Sunfeast biscuits in the Middle East and Africa. The brand has made a promising start and is expected to witness a stronger presence in the near future.

Both the existing product portfolios in ITC's key markets of USA, Canada and Australia and those recently introduced in the new markets of the Middle East and Africa are positioned for sustained growth in the future.



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

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

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

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

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

Deveshwar is a past President of the Confederation of Indian Industry. 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 is a Member of the National Integration Council, Board of Trade as well as the National Manufacturing Competitiveness Council constituted by the Government of India. He also serves on the National Executive Committees of some of India's premier trade and industry bodies, and is a Member of the UK-India CEOs Forum instituted by the Governments of India and the United Kingdom.

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 by the U.S.-India Business Council of the US Chamber of Commerce in 2010, the Business Leader of the Year Award from All India Management Association in 2012, Business Person of the Year Award 2006 by the UK Trade & Investment and the Sustainability Leadership Award 2007 conferred at Zurich at the International Sustainability Leadership Symposium. He was inducted to the prestigious Hall of Pride at the Indian Science Congress in 2006. Earlier, he was also named Manager Entrepreneur of the Year 2001 by Ernst & Young.

Other Directorships

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

Committee Membership of other Companies: Nil

N. Anand

Nakul Anand (55) 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, Anand has been acknowledged for his vision and commitment.

Leveraging the significant learning of sustainable excellence within ITC, he pioneered the concept of 'Responsible Luxury' in the hospitality industry that led to the LEED Platinum certification of all ITC super premium luxury hotels, making it the 'Greenest Luxury Hotel Chain in the world'. Anand is widely recognised for excellent people management and team-building abilities. He has formulated value-based strategies to create a unique quality control model. His dynamic leadership and passion for the business is recognised and acknowledged by his peers. He is presently the President of the Hotel Association of India.

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
Adyar Gate Hotels 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
Landbase India Limited	Audit Committee	Member

P. V. Dhobale

P. V. Dhobale (56) 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 integration of Bhadrachalam Paperboards Division with Tribeni Tissues Division, Dhobale took charge of the Paperboards & Specialty Papers Business as its Divisional Chief Executive.

Dhobale is credited with the successful turnaround of ITC Bhadrachalam in 2001, and exponential growth thereafter. He spearheaded the growth involving capital infusion of over US\$ 500 million through brownfield organic growth as well as acquisitions. Under his leadership, ITC's Bhadrachalam Mill has emerged as the largest single-location paper mill in the country producing more than 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 is the Chairman, Environment Task Force, CII (Eastern Region). 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.

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

Your Directors

K. N. Grant

Kurush N. Grant (54) 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 a past Chairman, CII - Eastern Region, and is also a Member of the Executive Committee of the Indian Chamber of Commerce Calcutta. He is the Vice-Chairman of the Indian Society of Advertisers and Chairman of the FMCG Committees of some of India's premier trade & industry bodies. He has been a past Chairman of the National Readership Studies Council as well as the Audit Bureau of Circulations, India.

Other Directorships

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

Committee Membership of other Companies

Name of the Company	Committee	Position
Wimco Limited	Audit Committee	Member

Anil Bajjal

Anil Bajjal (65) joined the ITC Board as a Non-Executive Independent Director on January 22, 2010. Prior to this,

he represented the Specified Undertaking of the Unit Trust of India on the ITC Board from July 2007 to August 2009.

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

Currently, he is a Senior Advisor to the Infrastructure Development & Finance Company Limited. 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
Future Market Networks Limited	Director
IDFC Foundation	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
Future Market Networks Limited	Audit Committee	Member

S. Banerjee

Shilabhadra Banerjee (63) 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 (52) 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 30 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 a Director of NIC. He does not hold committee membership of any other company.

S. H. Khan

S. H. Khan (73) joined the ITC Board as a Non-Executive Independent Director on October 30, 2006. Khan is a former Chairman and Managing Director of Industrial Development Bank of India (IDBI). He holds a Master's degree in Commerce and is a University gold medalist. He is also an alumnus of International Management Development Institute, Lausanne.

He started his professional career as an officer of RBI and after serving it for a few years joined IDBI soon after its formation as a subsidiary of RBI. He served IDBI in various capacities for over three decades and retired after a 5-year tenure as its Chairman and Managing Director in 1998. During his tenure, IDBI witnessed unprecedented growth in its operations and expanded its activities in several new areas. He was instrumental in setting up IDBI Bank Limited as commercial banking arm, an asset management company and a stock-broking outfit. He was actively involved in the setting up of three premier capital market institutions viz., NSE, NSDL and CARE and guided their operations in the initial years as their Chairman.

Your Directors

He served on the Boards of a number of important institutions including LIC, GIC, UTI, IFCI, Exim Bank, 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 (67) 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	Chairman
	Investor Grievance Committee	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 (59) has been on the ITC Board since May 26, 2006, first as a representative of the Specified Undertaking of the Unit Trust of India and then as a representative of LIC. He is presently the Current-in-Charge-Chairman & Board member 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 34 years, Mehrotra has held various important positions spanning three Zones and the Corporate Office of LIC. He was Executive Director (International Operations) before being appointed Managing Director of LIC.

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

Other Directorships

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

Committee Membership of other Companies: Nil

H. G. Powell

H. G. Powell (67) 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

Your Directors

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 (67) has been on the Board of ITC since October 30, 1998, first as a representative of GIC and its erstwhile subsidiaries and then in his individual capacity as a Non-Executive Independent Director. A qualified Chartered Accountant, Ramanujam has held several responsibilities in GIC covering finance, accounts, investments, reinsurance, information technology etc. He was General Manager and Director with 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 does not hold directorship or committee membership of any other company.

Anthony Ruys

Anthony Ruys (64) 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 Netherlands, Colombia and Italy. In 1993, he joined Heineken as a member of its Executive Board, became Vice-Chairman in 1996 & Chairman in 2002 and remained in that position till 2005. In March 2006, he was appointed to the Board of BAT as a Non-Executive Director. Currently, Ruys also serves as Chairman on the Board of Trustees of Aids Foundation and Madurodam (Miniature City).

Other Directorships

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

Committee Membership of other Companies: Nil

Basudeb Sen

Basudeb Sen (63) 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	Member
	Investor Grievance Committee	Member
Dhunseri Petrochem & Tea Limited	Audit Committee	Member
	Shareholders' Grievance Committee	Member

K. Vaidyanath

K. Vaidyanath (62) 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, 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 (77) 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 Chhattisgarh. Vijayaraghavan is currently Chairman, Chennai Snake Park Trust.

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

Notes:

1. Other Directorships and Committee Memberships of Directors are as on 31st March, 2012.
2. Other Directorships exclude Directorship in Indian Private Limited Companies and Membership of Managing Committees of Chambers of Commerce/ Professional Bodies.
3. Committee Memberships are in respect of Audit Committee and / or Investors Grievance Committee of Indian Public Limited Companies.

* Denotes Foreign Company

Report on Corporate Governance

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

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

THE COMPANY'S GOVERNANCE PHILOSOPHY

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

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

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

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

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

culture that fulfils the true purpose of Corporate Governance.

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

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

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

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

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

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

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

THE GOVERNANCE STRUCTURE

The practice of Corporate Governance in ITC 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 are designed to support effective management of multiple businesses while retaining focus on each one of them.

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

ROLES OF VARIOUS ENTITIES

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

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

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

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

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

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

Report on Corporate Governance

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

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

BOARD OF DIRECTORS

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

Composition

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

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

Composition of the Board as on 31st March, 2012:

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
Total	16	100

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

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

Non-Executive Directors

A. Bajjal	Independent Director	6	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	6	Nil
H. G. Powell		Nil	Nil
A. Ruys		Nil	Nil
K. Vaidyanath		Nil	Nil

1. Excludes Directorship in Indian Private Limited Companies & Foreign Companies and Membership of Managing Committees of Chambers of Commerce / Professional Bodies.
2. Denotes Membership / Chairmanship of Audit Committee and / or Investors Grievance Committee of Indian Public Limited Companies.

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 net worth, and their outcome.
- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company's image.

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

Post-meeting follow-up system

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

Details of Board Meetings during the financial year

During the financial year ended 31st March, 2012, seven meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	1st April, 2011	16	15
2	20th May, 2011	16	14
3	28th July, 2011	16	15
4	29th July, 2011	16	15
5	26th August, 2011	16	13
6	24th October, 2011	16	11
7	20th January, 2012	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	7	Yes
P. V. Dhobale	7	Yes
K. N. Grant	7	Yes
A. Baijal	6	Yes
S. Banerjee	6	Yes
A. V. Girija Kumar	4	Yes
S. H. Khan	7	Yes
S. B. Mathur	6	Yes
D. K. Mehrotra	2	Yes
H. G. Powell	6	Yes
P. B. Ramanujam	7	Yes
A. Ruys	5	Yes
B. Sen	7	Yes
K. Vaidyanath	7	Yes
B. Vijayaraghavan	7	Yes

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:

- 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;
- 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;
- Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - The going concern assumption
 - Major accounting entries based on exercise of judgement by management

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

Composition

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

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

Meetings and Attendance

Details of Audit Committee Meetings during the financial year

During the financial year ended 31st March, 2012, ten meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	1st April, 2011	6	5
2	11th May, 2011	6	5
3	20th May, 2011	6	6
4	15th July, 2011	6	4
5	28th July, 2011	6	6
6	26th August, 2011	6	5
7	29th September, 2011	6	6
8	24th October, 2011	6	3
9	13th January, 2012	6	6
10	20th January, 2012	6	6

Report on Corporate Governance

Attendance at Audit Committee Meetings during the financial year

Director	No. of meetings attended
S. B. Mathur	9
A. Bajjal	8
A. V. Girija Kumar	6
P. B. Ramanujam	10
K. Vaidyanath	9
B. Vijayaraghavan	10

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 and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Compensation Committee Meetings during the financial year

During the financial year ended 31st March, 2012, four meetings of the Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	19th May, 2011	5	4
2	29th July, 2011	5	5
3	25th August, 2011	5	5
4	26th August, 2011	5	5

Attendance at Compensation Committee Meetings during the financial year

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

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

Remuneration Policy

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

Remuneration of Directors

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

Non-Executive Directors 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, 2012

(₹ in Lakhs)

Director	Consolidated Salary	Perquisites and other Benefits	Performance Bonus / Commission	Sitting Fees	Total
Y. C. Deveshwar	312.00	48.92	624.00	-	984.92
N. Anand ¹	62.40	41.44	22.90	-	126.74
P. V. Dhobale ¹	62.40	19.00	22.90	-	104.30
K. N. Grant	62.40	17.07	93.60	-	173.07
A. Baijal	-	-	6.00	4.00	10.00
S. Banerjee	-	-	6.00*	1.60	7.60
A. V. Girija Kumar	-	-	6.00*	3.70*	9.70
S. H. Khan	-	-	6.00	2.60	8.60
S. B. Mathur	-	-	6.00	4.20	10.20
D. K. Mehrotra	-	-	6.00*	0.40*	6.40
H. G. Powell	-	-	6.00	1.80	7.80
P. B. Ramanujam	-	-	6.00	4.05	10.05
A. Ruys	-	-	6.00	1.00	7.00
B. Sen	-	-	6.00	3.50	9.50
K. Vaidyanath ²	-	-	138.77 [#]	3.60	142.37
B. Vijayaraghavan	-	-	6.00	3.65	9.65
A. Singh ³	-	-	65.67	-	65.67

* Paid to the Institution the Director represents.

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.

[#] Includes ₹ 137.33 lakhs paid to him as Executive Director.

3. Executive Director till 23rd July, 2010.

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

Employee Stock Option Schemes

The Company granted 59,55,925 Options during the financial year to the eligible employees of the Company and some of its subsidiary companies.

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary shares of the Company of ₹ 1/- each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of

Report on Corporate Governance

Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010.

The vesting period for conversion of Options is as follows:

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

Shares and Options of Directors

Director	No. of Ordinary shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2012	No. of Options granted during the financial year
Y. C. Deveshwar	38,20,000	2,70,000
N. Anand	Nil	1,35,000
P. V. Dhobale	1,50,930	1,35,000
K. N. Grant	2,88,210	1,35,000
A. Baijal	45,000	10,000
S. Banerjee	Nil	Nil
A. V. Girija Kumar	Nil	Nil
S. H. Khan	1,90,000	10,000
S. B. Mathur	1,61,000	10,000
D. K. Mehrotra	Nil	Nil
H. G. Powell	Nil	10,000
P. B. Ramanujam	1,29,500	10,000
A. Ruys	Nil	10,000
B. Sen	5,00,540	Nil
K. Vaidyanath	21,42,480	10,000
B. Vijayaraghavan	4,13,120	Nil

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

Service Contracts, Severance Fee and Notice Period

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

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

III. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee of the Board, under the nomenclature 'Investor Services Committee', oversees redressal of shareholder and investor grievances, and, inter alia, approves sub-division / consolidation / 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 and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Investor Services Committee Meetings during the financial year

During the financial year ended 31st March, 2012, thirty-three meetings of the Investor Services Committee

were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	12th April, 2011	5	2
2	20th April, 2011	5	2
3	12th May, 2011	5	2
4	19th May, 2011	5	5
5	4th June, 2011	5	2
6	16th June, 2011	5	2
7	28th June, 2011	5	3
8	6th July, 2011	5	3
9	15th July, 2011	5	3
10	25th July, 2011	5	3
11	2nd August, 2011	5	3
12	17th August, 2011	5	2
13	26th August, 2011	5	5
14	15th September, 2011	5	3
15	20th September, 2011	5	3
16	27th September, 2011	5	3
17	10th October, 2011	5	3
18	18th October, 2011	5	3
19	31st October, 2011	5	2
20	15th November, 2011	5	3
21	21st November, 2011	5	2
22	5th December, 2011	5	2
23	19th December, 2011	5	2
24	2nd January, 2012	5	3
25	13th January, 2012	5	5
26	20th January, 2012	5	5
27	6th February, 2012	5	3
28	10th February, 2012	5	3
29	22nd February, 2012	5	3
30	27th February, 2012	5	3
31	5th March, 2012	5	3
32	15th March, 2012	5	3
33	19th March, 2012	5	3

Attendance at Investor Services Committee Meetings during the financial year

Director	No. of meetings attended
A. V. Girija Kumar	30
K. N. Grant	31
P. B. Ramanujam	5
B. Sen	26
B. Vijayaraghavan	5

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 and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Nominations Committee Meetings during the financial year

During the financial year ended 31st March, 2012, two meetings of the Nominations Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	19th May, 2011	9	8
2	26th August, 2011	9	7

Report on Corporate Governance

Attendance at Nominations Committee Meetings during the financial year

Director	No. of meetings attended
Y. C. Deveshwar	2
A. Baijal	2
S. Banerjee	2
A. V. Girija Kumar	1
S. H. Khan	2
S. B. Mathur	2
D. K. Mehrotra	Nil
P. B. Ramanujam	2
K. Vaidyanath	2

V. SUSTAINABILITY COMMITTEE

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

Composition

The Sustainability Committee presently comprises the Chairman of the Company and 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 and Committees' in the Report and Accounts.

Meetings and Attendance

The Sustainability Committee met on 31st March, 2011 and on 5th April, 2012, and accordingly there was no occasion for the Committee to meet during the financial year ended 31st March, 2012.

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 and Committees' in the Report and Accounts.

Meetings and Attendance

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

Details of Corporate Management Committee Meetings during the financial year

During the financial year ended 31st March, 2012, thirty-eight meetings of the Corporate Management

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

Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	20th April, 2011	10	10
2	13th May, 2011	10	10
3	15th & 16th June, 2011	10	8
4	13th & 14th July, 2011	10	10
5	9th August, 2011	10	10
6	11th & 12th August, 2011	10	9
7	22nd August, 2011	10	9
8	26th August, 2011	10	9
9	21st & 22nd September, 2011	10	10
10	14th October, 2011	10	10
11	15th & 16th November, 2011	10	10
12	19th & 20th December, 2011	10	10
13	12th January, 2012	10	10
14	6th February, 2012	10	10
15	6th February, 2012	10	10
16	7th February, 2012	10	10
17	7th February, 2012	10	10
18	13th February, 2012	10	10
19	13th February, 2012	10	10
20	13th February, 2012	10	10
21	20th February, 2012	10	10
22	20th February, 2012	10	10
23	22nd February, 2012	10	10
24	27th February, 2012	10	10
25	27th February, 2012	10	10
26	2nd March, 2012	10	10
27	5th & 6th March, 2012	10	10
28	6th March, 2012	10	10
29	6th March, 2012	10	10
30	9th March, 2012	10	9
31	9th March, 2012	10	9
32	19th March, 2012	10	10
33	21st March, 2012	10	10
34	21st March, 2012	10	10
35	22nd March, 2012	10	10
36	22nd March, 2012	10	10
37	29th March, 2012	10	10
38	29th March, 2012	10	10

Attendance at Corporate Management Committee Meetings during the financial year

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

DISCLOSURES

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

None

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

None

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

None

- Inter-se relationships between Directors of the Company:

None

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

None

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

Report on Corporate Governance

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 'Bartaman' 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.corpfiling.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 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 in relation to the Company's business. The Code covers ITC's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by personal example. The Code is available on the Company's corporate website.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with The ITC Code of Conduct for the financial year ended 31st March, 2012.

Y. C. Deveshwar
Chairman

Kolkata, 25th May, 2012.

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

NON - MANDATORY RECOMMENDATIONS UNDER CLAUSE 49 OF THE LISTING AGREEMENT

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

1. **Non-Executive Chairman's Office:** The Chairman of the Company is the Executive Chairman and hence this provision is not applicable.
2. **Tenure of Independent Directors:** In terms of the Governance Policy of the Company, all Directors, including Independent Directors, are appointed /

re-appointed for a period of three to five years or a shorter duration in accordance with retirement guidelines as determined by the Board from time to time. No maximum tenure for Independent Directors has been specifically determined by the Board.

3. **Remuneration Committee:** The Company has a Remuneration Committee under the nomenclature 'Compensation Committee', the details of which are provided in this Report under the section 'Committees of the Board - Remuneration Committee'.
4. **Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's corporate website. Significant events are also posted on this website under the '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, 2012.
6. **Training of Board members:** The Board is equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimisation procedures, and new initiatives proposed by the Company. Directors are also updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation and economic environment.
7. **Mechanism for evaluation of Non-Executive Directors:** The role of the Board of Directors is to provide direction and exercise overall supervision to

ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations. The Board has so far evaluated Non-Executive Directors collectively to reinforce the principle of collective responsibility.

8. **Whistle-Blower Policy:** The Company encourages an open door policy where employees have access to the Head of the Business / Function. In terms of The ITC Code of Conduct, any instance of non-adherence to the Code or any other observed unethical behaviour is to be brought to the attention of the immediate reporting authority, who is required to report the same to the Head of Corporate Human Resources.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

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

GENERAL SHAREHOLDER INFORMATION

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

COMPLIANCE CERTIFICATE OF THE AUDITORS

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

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

The ITC Code of Conduct 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.

Shareholder Information

AGM Details

Date	Friday, 27th July, 2012
Venue	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046
Time	10.00 a.m.
Book Closure Dates	Wednesday, 13th June, 2012 to Monday, 18th June, 2012 (both days inclusive)
Dividend Payment Date	Monday, 30th July, 2012

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, 2012. The Committee met forty-nine times during the financial year.

The Committee comprises the following:

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

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

Shareholder / Investor Complaints

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

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

In terms of the Complaint Identification Policy approved by the Investor Services Committee of the Board, the Company received one complaint during the financial year ended 31st March, 2012 which related to transmission-cum-transfer of shares. The said complaint has been resolved. 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, 2012. There was also no investor complaint pending against the Company as on 31st March, 2012 on SCORES, the web based complaint redressal system of SEBI.

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

Dematerialisation of Shares and Liquidity

The shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE154A01025. The annual custody fees for the financial year 2012-13 have been paid to NSDL and CDSL, the Depositories.

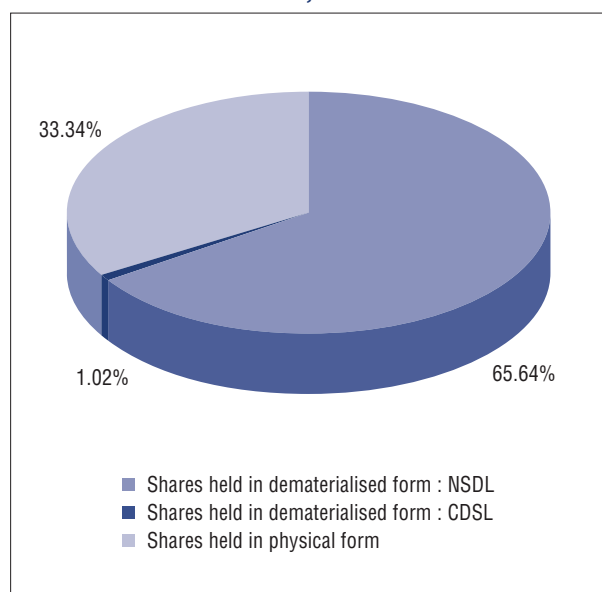
During the year, 2,57,66,647 shares of the Company, covered in 2,848 requests and constituting 0.33% of the issued and subscribed Share Capital of the Company, were dematerialised. 5,21,15,93,681 shares of the Company constituting 66.66% of the issued and subscribed Share Capital stand dematerialised as on 31st March, 2012. The processing activities with respect to requests received for dematerialisation are generally completed within one to four working days.

The Company's shares are among the most liquid and actively traded shares on the Indian Stock Exchanges and consistently rank among the top frequently traded shares, both in terms of number of shares traded as well as in terms of value. The Company's market capitalisation stood at ₹ 1,77,400 crores (US\$ 34.87 billion) on 31st March, 2012 as compared to ₹ 1,40,912 crores (US\$ 31.6 billion) on 31st March, 2011.

Distribution of Shareholding as on 31st March, 2012

No. of Shares Slab	No. of Shareholders				No. of Shares					
	Physical	Demat	Total	%	Physical	%	Demat	%	Total	%
1 – 5000	29,850	3,43,779	3,73,629	90.82	3,43,17,103	0.44	15,26,67,843	1.95	18,69,84,946	2.39
5001 – 10000	5,170	13,033	18,203	4.42	3,60,74,538	0.46	9,28,94,359	1.19	12,89,68,897	1.65
10001 – 20000	2,298	7,665	9,963	2.42	3,36,26,850	0.43	11,12,27,210	1.42	14,48,54,060	1.85
20001 – 30000	654	2,782	3,436	0.84	1,57,73,568	0.20	6,86,51,346	0.88	8,44,24,914	1.08
30001 – 40000	313	1,361	1,674	0.41	1,08,67,895	0.14	4,73,27,302	0.60	5,81,95,197	0.74
40001 – 50000	259	836	1,095	0.27	1,19,45,230	0.15	3,79,17,201	0.49	4,98,62,431	0.64
50001 – 100000	296	1,460	1,756	0.43	2,03,18,915	0.26	10,21,42,737	1.31	12,24,61,652	1.57
100001 and above	107	1,512	1,619	0.39	2,44,39,06,520	31.26	4,59,87,65,683	58.82	7,04,26,72,203	90.08
Total	38,947	3,72,428	4,11,375	100.00	2,60,68,30,619	33.34	5,21,15,93,681	66.66	7,81,84,24,300	100.00

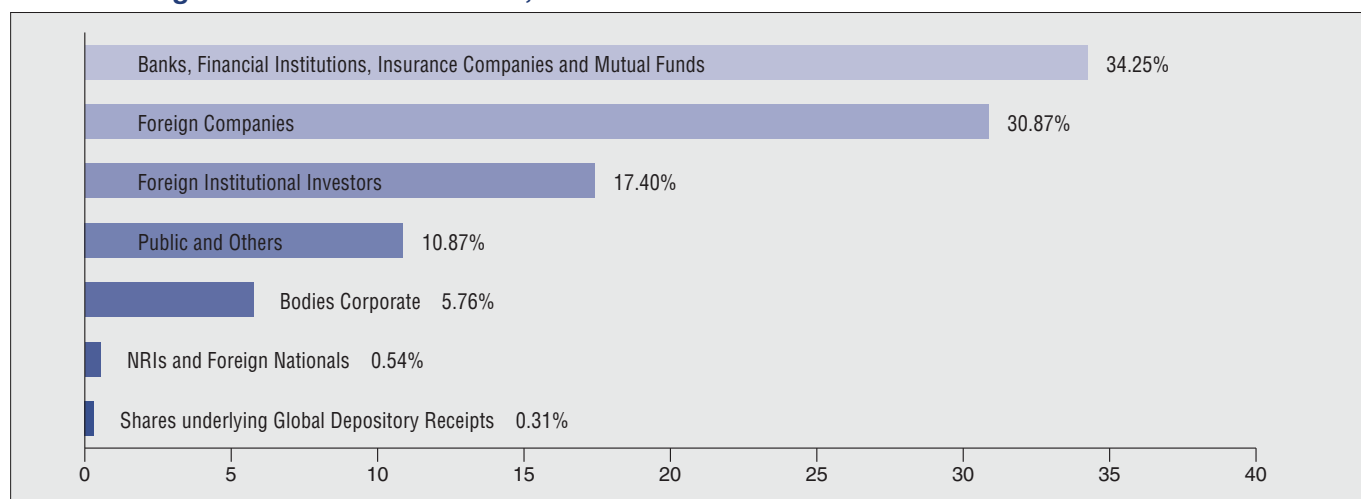
Shares held in Physical and Dematerialised form as on 31st March, 2012



Categories of Shareholders as on 31st March, 2012

Category	No. of Shares held	%
(A) Institutional Shareholding		
Banks, Financial Institutions, Insurance Companies and Mutual Funds	2,67,77,46,511	34.25
Foreign Institutional Investors	1,36,05,38,876	17.40
Sub-Total (A)	4,03,82,85,387	51.65
(B) Non-Institutional Shareholding		
Foreign Companies	2,41,32,24,203	30.87
NRIs and Foreign Nationals	4,24,95,501	0.54
Bodies Corporate	45,03,51,701	5.76
Public and Others	84,99,16,527	10.87
Sub-Total (B)	3,75,59,87,932	48.04
Public Shareholding (A + B)	7,79,42,73,319	99.69
Shares underlying Global Depository Receipts	2,41,50,981	0.31
Total	7,81,84,24,300	100.00

Shareholding Pattern as on 31st March, 2012



Shareholder Information

Top Ten Shareholders as on 31st March, 2012

Sl. No.	Name of the Shareholder	No. of Shares held	%
1	Tobacco Manufacturers (India) Limited	1,98,55,64,880	25.39
2	Life Insurance Corporation of India	93,87,40,442	12.01
3	Specified Undertaking of the Unit Trust of India	89,67,22,590	11.47
4	Myddleton Investment Company Limited	32,42,07,960	4.15
5	The New India Assurance Company Limited	16,42,79,072	2.10
6	General Insurance Corporation of India	14,48,70,157	1.85
7	The Oriental Insurance Company Limited	12,91,67,513	1.65
8	National Insurance Company Limited	12,56,82,220	1.61
9	Rothmans International Enterprises Limited	10,33,03,260	1.32
10	ICICI Prudential Life Insurance Company Limited	9,02,72,818	1.16

Global Depository Receipts

Pursuant to the offer of Global Depository Receipts (GDRs) made by the Company in 1993, 2,41,50,981 GDRs, representing 2,41,50,981 underlying shares of the Company i.e. 0.31% of the issued and subscribed Share Capital, were outstanding as on 31st March, 2012.

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 2012 has been paid to the said Exchange.

Listing of Shares on Stock Exchanges with Stock Code

Stock Exchange	Stock Code
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100-14 Facsimile no. : 022-2659 8120 e-mail : ignse@nse.co.in website : www.nseindia.com	ITC
BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Telephone nos. : 022-2272 1233/34 Facsimile no. : 022-2272 1919 e-mail : is@bseindia.com website : www.bseindia.com	500875
The Calcutta Stock Exchange Ltd. (CSE) 7, Lyons Range Kolkata 700 001 Telephone nos. : 033-2210 4470-73 Facsimile no. : 033-2210 4500 e-mail : cseisc@cse-india.com website : www.cse-india.com	10000018

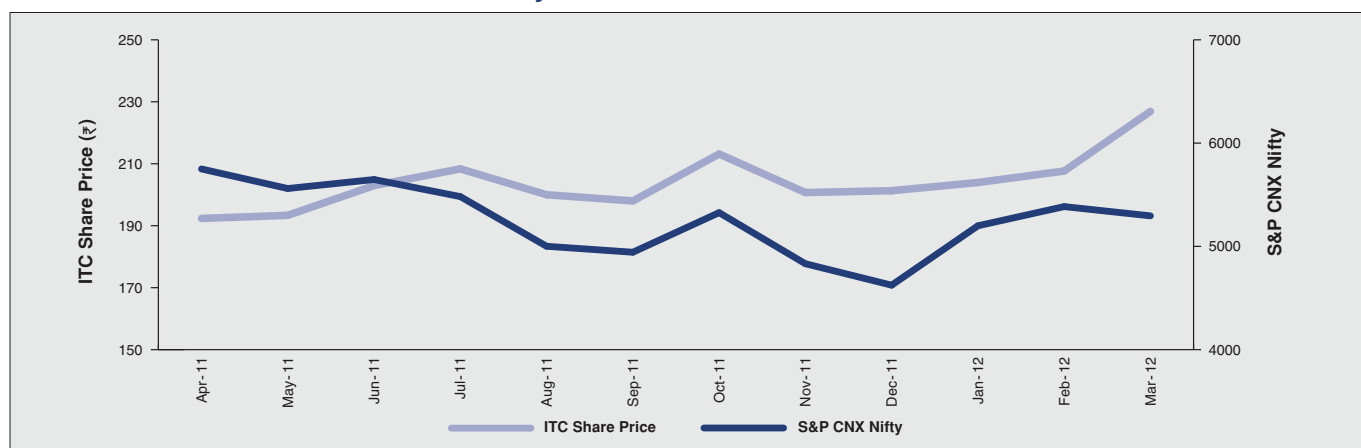
The Listing Fees for the financial year 2012-13 have been paid to the aforesaid Stock Exchanges.

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

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

Year & Month	NSE			BSE			CSE			LSE		
	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (US\$)	Low (US\$)	Volume in 000's (Nos.)
2011 APRIL	194.80	180.80	133537	194.75	180.70	11462	Nil	Nil	Nil	4.35	4.10	63
MAY	194.00	177.55	155266	193.75	177.80	14401	Nil	Nil	Nil	4.31	4.08	Nil
JUNE	204.00	182.00	130830	203.40	182.30	10833	Nil	Nil	Nil	4.53	4.13	Nil
JULY	211.25	194.30	148840	211.35	194.40	11924	Nil	Nil	Nil	4.71	4.41	Nil
AUGUST	211.25	189.65	186423	211.25	189.50	11010	Nil	Nil	Nil	4.74	4.24	24
SEPTEMBER	206.50	185.00	153770	205.90	185.20	7646	Nil	Nil	Nil	4.43	3.83	Nil
OCTOBER	216.20	188.60	145278	216.10	189.30	10051	Nil	Nil	Nil	4.42	3.85	200
NOVEMBER	215.30	189.30	138595	215.35	189.40	12039	Nil	Nil	Nil	4.35	3.68	230
DECEMBER	208.00	192.30	129271	208.00	192.25	15252	Nil	Nil	Nil	4.04	3.71	21
2012 JANUARY	211.30	197.60	145438	211.40	197.70	7620	Nil	Nil	Nil	4.16	3.72	21
FEBRUARY	213.50	197.00	160933	213.50	197.00	15412	Nil	Nil	Nil	4.31	4.05	168
MARCH	227.90	203.40	219342	227.75	203.60	21385	223.50	209.00	64	4.46	4.14	Nil

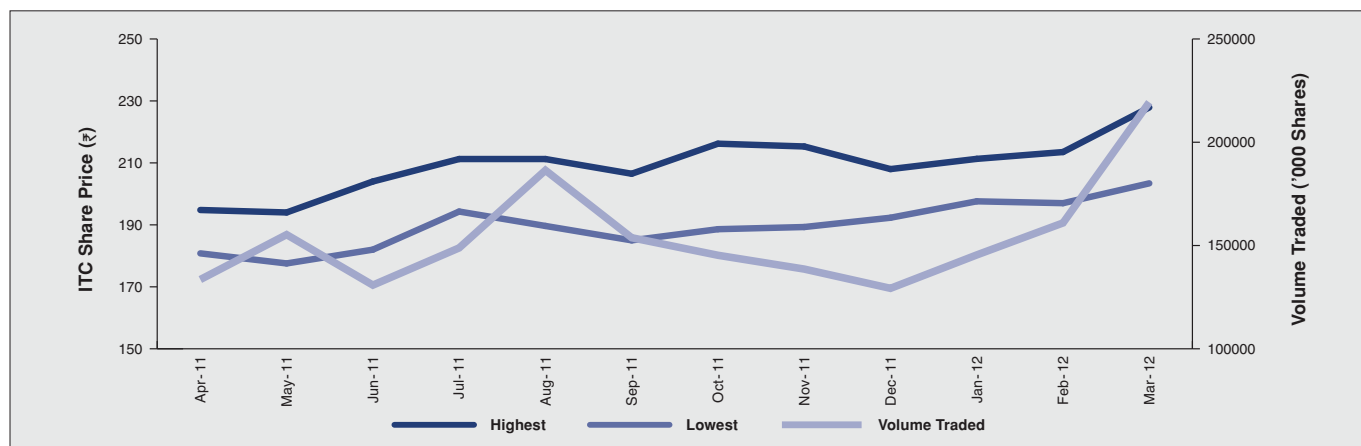
ITC Share Price vis-à-vis S&P CNX Nifty



Note – Indicates monthly closing positions.

During the financial year 2011-12, the Company's shares have outperformed the market. While the S&P CNX Nifty has fallen by 9%, the Company's share price has risen by over 24%.

ITC Share Price & Volume traded on NSE



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

Shareholder Information

Dividend History (Last 10 Years)

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

Financial Year	Dividend per Share (₹)	Dividend (₹ in Crores)	Dividend Distribution Tax (₹ in Crores)	Total Dividend including Dividend Distribution Tax (₹ in Crores)
2011-12	4.50 *	3518.29	570.75	4089.04
2010-11	4.45 @	3443.48 @	558.62	4002.10
2009-10	10.00 \$	3818.18 \$	634.15	4452.33
2008-09	3.70	1396.53	237.34	1633.87
2007-08	3.50	1319.02	224.17	1543.19
2006-07	3.10	1166.29	198.21	1364.50
2005-06	2.65 ^	995.13 ^	139.57	1134.70
2004-05	3.10 #	773.25	108.45	881.70
2003-04	2.00 #	495.36	64.74	560.10
2002-03	1.50 #	371.27	47.57	418.84

* Subject to approval of Shareholders.

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

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

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

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

Financial Calendar

Financial Year 2012-13		
1	First Quarter Results	July 2012
2	Second Quarter and Half-Year Results	October 2012
3	Third Quarter Results	January 2013
4	Fourth Quarter and Annual Results	May 2013

Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
100th	2010-11	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046	29/07/2011	10.30 a.m.	<ul style="list-style-type: none"> Appointment of Auditors.
99th	2009-10		23/07/2010		<ul style="list-style-type: none"> Appointment of Auditors. Amendment of Articles of Association to reflect increase in the Authorised Share Capital. Issue of shares under new Employee Stock Option Scheme.
98th	2008-09		24/07/2009		<ul style="list-style-type: none"> Appointment of Auditors.

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
Jalahobli
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. My Fortune, Chennai
Cathedral Road
Chennai 600 086

Jaipur

5. ITC Rajputana*
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

Nanjangud

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

PACKAGING & PRINTING FACTORIES

Chennai

1. Tiruvottiyur
Chennai
Tamil Nadu 600 019

Haridwar

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

Munger

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

PAPER & PAPERBOARD MILLS

Bollaram

1. Anrich Industrial Estate
Bollaram Village
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. Chandrahati Village
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

CHOUPAL 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

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 Sakaldeepa
District Chandouli
Uttar Pradesh 232 104

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

Shareholder Information

Chindwara

5. Khasra No. 16/1-16/2, 16/4-16/7 & 16/9-16/10
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. 309/1, 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 Chatrapati Shahuji Maharaj Nagar
Uttar Pradesh 227 817

Mandsaur

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

Mhow

14. Village Gawli Palasia
Patwari Halka No. 20
Tehsil 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: 0562-4021836

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

Aurangabad

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

Belgaum

6. CTS No. 4831/1, Opp. BIMS
Dr. Ambedkar Road
(Civil Hospital Road)
Belgaum 590 001
Tel No: 0831-4201422

Bengaluru

7. No. 6, Brigade Road
Bengaluru 560 001
Tel No: 080-41123662
8. 664, Binnamangala
First Stage, 100 Ft. Road
Indira Nagar
Bengaluru 560 038
Tel No: 080-41715665
9. ITC Gardenia
No. 1, Residency Road
Bengaluru 560 025
Tel No: 080-43455301
10. 11th Main, Sri Arcade
No. 16 (Old No. 17)
III Block East, Jayanagar
Bengaluru 560 011
Tel No: 080-41211435
11. Shop No. 102 & 103, First Floor
The Forum Mall, Koramangala
Hosur Main Road
Bengaluru 560 029
Tel No: 080-22067671
12. Shop No. 222, 2nd Floor
Garuda Mall, Magarath Road
Bengaluru 560 025
Tel No: 080-40937784
13. Shop No. 67, Commercial Street
Bengaluru 560 001
Tel No: 080-41513477
14. Shop No. 03&04, Orion Mall
Brigade Gateway
Dr. Rajkumar Road
Malleswaram
Bengaluru 560 055
Tel No: 09241131569

Bhopal

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

Bhubaneshwar

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

Chandigarh

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

Chennai

18. 19, Ground Floor, Quaiser Tower
Khader Nawaz Khan Road
Nungambakkam
Chennai 600 034
Tel No: 044-28332515
19. Shop No. 6, Ground Floor
Chennai Citi Centre
10 & 11, Dr. Radhakrishna Salai
Chennai 600 004
Tel No: 044-43536214

Shareholder Information

20. Shop No. 23, Ampa Skyline Mall
N. M. Road, Aminjikarai
Chennai 600 029
Tel No: 044-42082522

21. Shop No. S 109, Express Avenue
49, 50L, Whites Road
Royapettah
Chennai 600 014
Tel No: 044-28464431

22. Shop No. S 114, Express Avenue
49, 50L, Whites Road
Royapettah
Chennai 600 014
Tel No: 044-28464236

Coimbatore

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

Dehradun

24. 52/A, Rajpur Road
Dehradun 248 001
Tel No: 0135-2749941

Ernakulam

25. Ground Floor, No. 40/7182
M. G. Road
Ernakulam 682 035
Tel No: 0484-4028883

Ghaziabad

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

Gurgaon

27. Shop No. 17-20
The Metropolitan
Mehrauli - Gurgaon Road
Gurgaon 122 002
Tel No: 0124-4104444

28. Shop No. G 64 & 65
Ambi Mall, Ambience Island
National Highway No. 8
Gurgaon 122 001
Tel No: 0124-6460667

Guwahati

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

Hyderabad

30. Shop No. G 4 & 5
G. S. Chambers, Nagarjuna Circle
Hyderabad 500 082
Tel No: 040-66369200

31. Shop No. 1 & 2
H. No. 3-6-108/2
Kuchkulla House, Himayat Nagar
Hyderabad 500 029
Tel No: 040-64255160

32. Shop No. 11 & 12
Lower Ground Floor
Road No. 1, GVK Mall
Banjara Hills
Hyderabad 500 034
Tel No: 040-44767660

Indore

33. 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

34. Shop No. 41
Gulab Niwas
M. I. Road
Jaipur 302 001
Tel No: 0141-2365017

35. Shop No. G23-25
Triton The Mega Mall
Jhotwara Road
Near Chomu Pulia
Jaipur 302 012
Tel No: 0141-5156731

36. Showroom No. 1
SDC Monarch 236 & 237
Amrapali Marg, Vaishali Nagar
Jaipur 302 021
Tel No: 0141-4020312

Jalandhar

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

Jammu

38. 5 & 6 Residency Road
Jammu 180 001
Tel No: 0191-2573153

Kanpur

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

Kolkata

40. 19B, Shakespeare Sarani
Kolkata 700 071
Tel No: 033-22826102

41. C-008 & C-010, City Centre
Block-DC, Sector 1
Salt Lake City
Kolkata 700 064
Tel No: 033-23589152

42. Shop No. S026
South City Mall
375, Prince Anwar Shah Road
Kolkata 700 068
Tel No: 033-40072206

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

Lucknow

44. Shop No. 2108
B-1, First Floor
Fun Republic Mall
Gomti Nagar
Lucknow 226 010
Tel No: 0522-4060666

45. Shop No. 25, Sahara Ganj
Hazrat Ganj
Shah Nazaf Road
Lucknow 226 001
Tel No: 0522-3062555

46. F-08, First Floor
Phoenix United Mall
Alambagh
Lucknow 226 005
Tel No: 0522-3295388

Ludhiana

47. 85/4A, The Mall
Ludhiana 141 001
Tel No: 0161-2441423

48. Shop No. 44-45, 50-51
First Floor, The Westend Mall
Ferozpur Road
Ludhiana 141 001
Tel No: 0161-4644436

Mumbai / Thane

49. Shop No. 2, 3 & 32
Ruki Mahal Co-operative
Housing Society Ltd.
Colaba
Mumbai 400 005
Tel No: 022-22818261

50. G-24, Inorbit Mall
Plot No. 39/1, Sector 30 A
Vashi
Navi Mumbai 400 705
Tel No: 022-65251162

51. F-8 & 9, Inorbit Mall
Mindspace, Malad Link Road
Malad (West)
Mumbai 400 064
Tel No: 022-40032086

52. Unit No. 10, SSP Building
Nirmal Lifestyle
LBS Marg, Mulund (West)
Mumbai 400 080
Tel No: 022-66490407

53. Unit No. 4 & 5
Skyzone Level 1, Block 2
Phoenix Mills Compound
462, Senapati Bapat Marg
Lower Parel
Mumbai 400 013
Tel No: 022-40040603

54. Shop No. G11, Mega Mall
Malad Linking Road
Oshiwara, Andheri (West)
Mumbai 400 104
Tel No: 022-40167330

55. F21 & 22, Korum Mall
Mangal Pandey Road
Eastern Express Highway
District Thane (West) 400 606
Tel No: 022-25417474

56. Shop No. F 34
Oberoi Mall, Goregaon (East)
Mumbai 400 063
Tel No: 022-28432127

57. Shop No. 124, Infinity Mall
Link Road
Malad (West)
Mumbai 400 064
Tel No: 022-67709125

58. Shop No. G6
Phoenix Market City Mall
L. B. S. Road
Kurla (West)
Mumbai 400 070
Tel No: 022-61801415

59. Shop No. F 134
Neptune Magnet Mall
LBS Marg, Lower Powai
Bhandup (West)
Mumbai 400 078
Tel No: 022-67250772

60. ITC Grand Central
287, Dr. B. Ambedkar Road, Parel
Mumbai 400 012
Tel No: 022-67045301

Nagpur

61. Jagat Millennium
Amravati Road, Dharampeth
Nagpur 440 014
Tel No: 0712-6647195

Shareholder Information

Nashik

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

New Delhi

63. F-41, South Extension - I
New Delhi 110 049
Tel No: 011-41648523
64. Plot No. 1B3
Citi Centre Mall
Sector 10, Twin District Centre 1
Rohini
New Delhi 110 085
Tel No: 011-64640766
65. Shop No. 033, First Floor
Pacific Mall
Subhash Nagar
New Delhi 110 018
Tel No: 011-64707471
66. E-2, Inner Circle
Connaught Place
New Delhi 110 001
Tel No: 011-64717773
67. M-12, Greater Kailash - I
New Delhi 110 048
Tel No: 011-29232555
68. ITC Maurya
Sardar Patel Marg
Diplomatic Enclave
New Delhi 110 021
Tel No: 011-46215365
69. Shop No. GF 10 & 11
TDI Mall, Plot No.11
Shivaji Place
Rajouri Garden
New Delhi 110 027
Tel No: 011-64643239
70. Select Citywalk, G 3 & 4
Ground Floor
Plot No. A3
District Centre Saket
New Delhi 110 017
Tel No: 011-42658267

Noida

71. Shop No. G 32, Unitech Mall
Noida Amusement Park
Sector 38A, Great India Place
Noida 201 301
Tel No: 0120-6492889
72. F-14, Sector 18
Noida 201 301
Tel No: 0120-6491802

Panjim

73. 3293, M. G. Road
Panjim 403 001
Tel No: 0832-6641222

Patna

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

Pune

75. 1204/22, Ground Floor
Shivaji Nagar
Junglee Maharaj Road
Pune 411 004
Tel No: 020-66019401
76. 11, Moledina Road
Pune 411 001
Tel No: 020-26121222

77. Shop No. FF 3B
Kumar Pacific Mall
Shankar Seth Road, Gultekdi
Pune 411 042
Tel No: 020-66095775
78. G-32, Koregaon Park Plaza Mall
Koregaon Park
North Main Road
Pune 411 001
Tel No: 020-30530195
79. WB-GF 13, Amanora Town Centre
Amanora Park Township
Hadapsar, Taluka Haveli
Pune 411 028
Tel No: 020-67267847

Raipur

80. Unit No. 12, City Mall 36
G. E. Road, NH 06
Raipur 492 001
Tel No: 0771-6454545
81. Shop No. G19/20, Ground Floor
Chattisgarh City Centre Mall, Pandri
Raipur 492 001
Tel No: 0771-2582943

Ranchi

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

Siliguri

83. Shop No. 20 & 21
Lower Ground Floor
Cosmos Mall, Sevoke Road
Siliguri 734 001
Tel No: 0353-2545254
84. Unit No. E 0007, City Centre
The Uttarayan Township
NH 31, Matigara
Siliguri 734 010
Tel No: 0353-6502370

Surat

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

Vadodara

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

Visakhapatnam

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

John Players Stores*

Bengaluru

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

90. Shop No. 8-9, Total Mall
Madiwala
Bengaluru 560 068
Tel No: 080-41730902
91. 174, Brigade Road
Bengaluru 560 001
Tel No: 080-41512823
92. Shop No. 383
2nd Main Road
Sampige Road
Malleswaram
Bengaluru 560 003
Tel No: 080-42199528
93. Shop No. 38
Total Mall
Sarjapur Road
Bengaluru 560 037
Tel No: 080-41486573
94. Shop No. 465, 1st Block
3rd Stage, 80 Ft. Road
Basaveshwaranagar
Bengaluru 560 079
Tel No: 080-41737314

Chennai

95. Shop No. 68 (Old No. 89)
Sir Thygaraya Road
Pondy Bazaar, T. Nagar
Chennai 600 017
Tel No: 044-43502651
96. Shop No. 129A
Spencer Plaza, Phase III
First Floor, 769, Anna Salai
Chennai 600 002
Tel No: 044-28492449
97. Shop No. 145, AA Block
Third Avenue, Anna Nagar
Chennai 600 040
Tel No: 044-42170005
98. No. 3/109, 100 Feet Road
Velacherry
Chennai 600 042
Tel No: 044-22447565
99. PC 5, Bazaar Road
Collector Nagar
Mogapair East
Chennai 600 037
Tel No: 044-43550425
100. Shop No. 141, Plot No. 616
LB Road, Thiruvamyur
Chennai 600 020
Tel No: 044-42117806

Hyderabad

101. Shop No. 211, Second Floor
City Centre
Banjara Hills
Hyderabad 500 034
Tel No: 040-66662221
102. Shop No. 16-11-704/5/A/9 & 10
Opp. Kala Niketan
Dilsukhnagar
Hyderabad 500 060
Tel No: 040-66562102
103. Shop No. 1, MIG No. 329
Main Road, Dr. A. S. Rao Nagar
Hyderabad 500 062
Tel No: 09247070250
104. D.No. 3-6-138/5 & 6
Papalal Chambers, Main Road
Himayat Nagar
Hyderabad 500 029
Tel No: 040-23264249

Shareholder Information

Kolkata

105. Shop No. 221, Mani Square Mall
164/1 Maniktala Main Road
Kolkata 700 054
Tel No: 0908888008
106. 6/1, Lindsay Street
Kolkata 700 087
Tel No: 033-22497887
107. 200/2C, Rashbehari Avenue
Gariahat
Kolkata 700 029
Tel No: 033-24664928
108. 8, Brahmo Samaj Road
Behala
Kolkata 700 034
Tel No: 033-24989752
109. 97, K. N. C. Road
Barasat
Kolkata 700 124
Tel No: 09830055468
110. 138/1, Bidhan Sarani
Shyam Bazaar
Kolkata 700 004
Tel No: 033-65267891
111. P-12, New Howrah Bridge
Approach Road
Kolkata 700 001
Tel No: 033-22343779
112. P/157/1, CIT Road
Scheme-VII-M, Ultadanga Crossing
Kolkata 700 054
Tel No: 033-65295719

Mumbai / Thane

113. Shop No. 20
Shahid Bhagat Singh Road, Colaba
Mumbai 400 001
Tel No: 022-22876454
114. Nakshatra Mall
Unit No. 21, 22, 23 & 24
Ranade Road, Dadar
Mumbai 400 028
Tel No: 022-24360794
115. Shop No. 2 & 2A, First Floor
Akshay Plaza Co-operative Society
Chembur
Mumbai 400 071
Tel No: 022-25290004
116. Shop No. 1-4, Nadiadwala Chawl
SV Road, Opp. Paaneri
Andheri (West)
Mumbai 400 058
Tel No: 022-26203990
117. Shop No. F-23, Centre One
Sector No. 30-A
Near Vashi Railway Station
Navi Mumbai 400 705
Tel No: 022-64481500
118. 107 / 108, First Floor
Little World Mall, Sector 2
Kharghar
Mumbai 410 210
Tel No: 09022949391
119. Shop No. 1, Geetanjali Apartment
R. C. Patel Road, Chandravakar Lane
Borivali West
Mumbai 400 092
Tel No: 022-28946880
120. Shop No. 4, Ground Floor
Eternity Mall
Near Eastern Expressway
Tin Hath Naka
District Thane (West) 400 601
Tel No: 022-25801526

121. Shop No. 9, Pratik Avenue
Nehru Road
Vile Parle (East)
Mumbai 400 057
Tel No: 022-26136111
122. Shop No. 21 & 25 GF
Kasturi Plaza Shopping Centre
Manpada Road
Dombivli (East)
Mumbai 421 201
Tel No: 0251-2863932
123. Gala No. 3
265-A, N.C. Kelkar Road
Shivaji Park, Dadar (West)
Mumbai 400 028
Tel No: 022-24313618
124. Shop No. 18, 1st Floor
R - Mall, Ghodbunder Road
Thane (West)
Thane 400 606
Tel No: 09223694777

New Delhi / NCR

125. D-35, Lajpat Nagar
Central Market - II
New Delhi 110 024
Tel No: 011-29830440
126. E-149, Kamla Nagar
New Delhi 110 007
Tel No: 011-47036020
127. Shop No. 7/2, West Patel Nagar
New Delhi 110 008
Tel No: 011-25889043
128. F-16, District Centre
Janak Place, Janakpuri
New Delhi 110 058
Tel No: 011-25618031
129. G-54, Laxmi Nagar
Vikas Marg
New Delhi 110 092
Tel No: 011-22542495
130. Shop No. FF 101 & 102
Plot No. 12, V3S, Laxmi Nagar
District Centre
New Delhi 110 092
Tel No: 011-22446327
131. 13/29-30, Rachna Building
Ajmal Khan Road, Karol Bagh
New Delhi 110 005
Tel No: 011-25810440
132. Shop No. 188
Sarojini Nagar Market
New Delhi 110 023
Tel No: 011-24676188
133. G-4, Bhagwati Plaza
Plot No.12, Sector 5
Dwarka
New Delhi 110 075
Tel No: 011-45700997
134. Shop No. FF-12, 2nd Floor
MGF City Square
Rajouri Garden
New Delhi 110 027
Tel No: 011-47131809
135. E-2/5, Ground Floor
Malviya Nagar, Main Road
New Delhi 110 017
Tel No: 011-46108386
136. Shop No. 1
Jwala Heri Market
Paschim Vihar
New Delhi 110 063
Tel No: 011-25277346
137. 154, Sarojini Nagar Market
New Delhi 110 023
Tel No: 011-24670783
138. B6/1, Lal Quarter Market
Krishna Nagar
New Delhi 110 053
Tel No: 09910171882
139. 6/12, Roshan Garden
Shivaji Park, Najafgarh
New Delhi 110 043
Tel No: 011-25323270
140. Shop No. G-4, G-5, Plot No. 15
Sector 5, Dwarka
New Delhi 110 075
Tel No: 09717922927
141. D-12/201, Sector - 8
Rohini
New Delhi 110 085
Tel No: 09811251577
142. Shop No. 4-6, Arjun Plaza
Jagat Farm, Gamma - 1
Greater Noida 201 301
Tel No: 0120-2322563
143. Shop No. GB09
Ground Floor
Ansal Crown Plaza
Sector 15A
Faridabad 121 002
Tel No: 0129-4013013
144. P-16, Pandav Nagar
Mayur Vihar Phase - 1
New Delhi 110 091
Tel No: 011-22759456
145. Shop No. 3, SRS Multiplex
Sector 12, Main Mathura Road
Faridabad 121 007
Tel No: 0129-4090100
146. Shop No. 30
Mahagun Metro Mall
Plot No. VC-3, Vaishali
Ghaziabad 201 010
Tel No: 0120-4287684
147. 17, New Gandhi Nagar
Ghaziabad 201 001
Tel No: 0120-4316713
148. Shop Nos. 16, 17, 46 & 47
Shipra Mall, Plot No. 9
Vaibhav Khand
Indirapuram
Ghaziabad 201 012
Tel No: 0120-4310466
149. Shop No. AG-84, Etan Floor
Ansal Plaza
Greater Noida 201 308
Tel No: 0120-4237981
150. Shop No. G-35, Sector - 18
Noida 201 301
Tel No: 0120-4131686
151. Shop No. 118, Ground Floor
Spice Mall, Sector-25A
Noida 201 301
Tel No: 0120-4205884
152. UG 03, Upper Ground Floor
DT Mega Mall
Golf Course Road, DLF Phase 1
Gurgaon 122 002
Tel No: 0124-4246065
153. UG 08, Upper Ground Floor
Ansal Mall, Palam Vihar
Gurgaon 122 001
Tel No: 9871793574

* In addition to the above, there are over 275 John Players Stores spread across the country in other cities/towns.

Shareholder Referencer

Unclaimed Dividend

Unclaimed dividend for the years prior to and including the financial year 2003-04 has been transferred to the General Revenue Account of the Central Government / the Investor Education and Protection Fund established by the Central Government (IEPF), as applicable.

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

The dividend for the undernoted years, if remaining unclaimed for 7 years, will be statutorily transferred by the Company to IEPF in accordance with the schedule given below. Communication has been sent by the Company to the concerned Shareholders advising them to write to ISC with respect to their unclaimed dividend. Attention is drawn that the unclaimed dividend for the financial year 2004-05 is due for transfer to IEPF on 3rd September, 2012.

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

Financial Year	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2012		Due for transfer to IEPF on
				(₹)	%	
2004-05	75th	29th July, 2005	7,73,24,56,356.00	3,82,43,305.00	0.49	3rd September, 2012 *
2005-06	76th	21st July, 2006	9,95,12,91,267.00	5,23,69,271.00	0.53	26th August, 2013
2006-07	77th	27th July, 2007	11,66,29,29,029.00	7,01,79,404.00	0.60	1st September, 2014
2007-08	78th	30th July, 2008	13,19,01,73,540.00	7,42,97,839.00	0.56	4th September, 2015
2008-09	79th	24th July, 2009	13,96,53,10,312.00	8,19,29,541.00	0.59	29th August, 2016
2009-10	80th	23rd July, 2010	38,18,17,67,900.00	22,16,65,060.00	0.58	29th August, 2017
2010-11	81st	29th July, 2011	34,43,47,81,921.00	21,98,15,823.00	0.64	4th September, 2018

* It will not be possible to entertain any claim received by ISC after 31st August, 2012.

Unclaimed Shares

As required under Clause 5A(II) of the Listing Agreement with Stock Exchanges:

- The Company, on 28th March, 2012, transferred 91,61,791 unclaimed shares held in the physical form in 4,234 accounts to a demat account 'ITC Limited - Unclaimed Suspense Account';
- Prior to such dematerialisation, the Company had sent three reminders to the concerned Shareholders in June 2011, September 2011 and February 2012 requesting them to lodge their claims for such shares.

Voting rights in respect of the aforesaid shares, the status of which was unchanged as on 31st March, 2012, will remain frozen till the time such shares are claimed by the concerned Shareholders.

Service of documents through Electronic Mode

In furtherance of the Green Initiative in Corporate Governance announced last year by the Ministry of Corporate Affairs, Government of India, the Company has sent a communication to all Shareholders requesting them to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode. Shareholders who have not yet registered their e-mail addresses are once again requested to register the same with the Company. The form for such registration can be downloaded from the Company's corporate website under the section 'Investor Relations' or can be furnished by ISC on request.

Shareholders who have registered their e-mail addresses with the Company would still be entitled to receive physical copies of the Report and Accounts, Notices etc. on making a specific request for the same to ISC at any point of time.

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 / e-mail 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 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 (DPs).

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

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 RBI.

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 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 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, should submit to ISC the prescribed Form 2B. This Form can be downloaded from the Company's corporate website 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 & 5th Floors
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013

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

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

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

Address for Correspondence with ISC

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

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

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

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

Report of the Directors

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2012

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

SOCIO-ECONOMIC ENVIRONMENT

After staging a smart recovery in 2010, growth in global economic output slowed down considerably in 2011. Against a growth rate of 5.3% recorded in 2010 and a forecast of 4.4% at the beginning of the year, global output is estimated to have grown by only 3.9% in 2011, according to the International Monetary Fund's April 2012 report. Growth in Advanced Economies slowed down to 1.6% in 2011 against 3.2% in 2010 primarily due to the sovereign debt crisis in the euro zone, contraction of the Japanese economy and a sluggish recovery in the US. Growth in Emerging & Developing economies also decelerated from 7.5% in 2010 to 6.2% in 2011 with China, India and Brazil recording significant decline in growth rates. Capital flows into Emerging and Developing economies declined and remained volatile due to lower risk appetite caused by the financial uncertainty in the developed world which also led to sharp fluctuations in the exchange rates in many of these economies.

The world economy is passing through a very difficult phase and is expected to grow by 3.5% in 2012. Despite a better than expected recovery shaping in the US, the key reasons for the subdued growth forecast of 1.4% in the Advanced Economies remain the sovereign debt crisis in the euro zone, focus on fiscal consolidation and continued bank deleveraging. Growth in the developing world is forecast to slow down further to 5.7% with the key economies of China, India, Brazil and Russia - all expected to record lower rates of growth.

As stated above, the Indian economy decelerated considerably during the year, growing below 7% in 2011/12 as compared to 8.4% in 2010/11. The cumulative impact of a tight monetary policy stance adopted by the Reserve Bank in a bid to balance the growth-inflation

dynamic, lower global demand and hardening international prices of crude oil combined to lower the growth rate to below 6% during the second half of the year. There was a marked slowdown in the mining and quarrying, manufacturing and construction sectors. The poor performance of the Industrial sector which grew below 4% - a 10 year low - reflected a number of factors including a higher interest rate regime, slackening external demand and a general decline in business confidence. Of particular concern is the sharp fall in the Gross Fixed Capital Formation which dropped below 30% of GDP during the year, representing a decline of nearly 4 percentage points over the last 4 years. The position on the 'twin deficits' also worsened with the fiscal deficit touching 5.9% of GDP and the current account deficit estimated at around 4% of GDP. With a burgeoning current account deficit on the one hand and only a small increase in net capital inflows on the other, the overall Balance of Payments situation turned negative - the first time in 16 years excluding 2008/09! This, amongst other factors, led to a sharp depreciation of the Indian Rupee which fell to record lows. There was some good news on the inflation front which, after staying close to 10% for an extended period of 22 months, moderated to around 7% in recent months.

As per the RBI's Monetary Policy Statement 2012/13 released in April 2012, the Indian economy is projected to grow by 7.3% in 2012/13 assuming normal monsoons. Significant downside risks to this baseline forecast include the outlook for global commodity prices - especially of crude oil, slippages on the fiscal front which could stoke inflation and lead to a crowding out of private investment and the unsustainable current account deficit levels. The inflation scenario remains challenging with oil prices ruling high, incomplete pass-through of past price increases, suppressed inflation in respect of coal and electricity and persisting structural issues especially on the supply side. This leaves little flexibility in the near term on the interest rates front after RBI's 50 basis points repo rate cut in April 2012.

The Indian economy is projected to grow by 7.3% in 2012/13 assuming normal monsoons. Significant downside risks to this baseline forecast include the outlook for global commodity prices - especially of crude oil, slippages on the fiscal front which could stoke inflation and lead to a crowding out of private investment and the unsustainable current account deficit levels.

While a growth rate of around 7% per annum would sustain India's position as one of the fastest growing major economies in the world, it is far below the desired levels and the country's potential. Given the low levels of per capita income and the fact that a significant proportion of our population lives in poverty, it is imperative that the economy reverts to its 8% to 9% growth trajectory. Fortunately, India enjoys the unique advantage of having multiple forces driving its economic growth engine in the form of a favourable demographic profile of population, relatively high savings and investment rates, a large domestic consumption base and the oft-quoted entrepreneurial spirit of its people. Raising the growth bar to the desired double-digit levels would however require, inter-alia, directing government spending to more productive areas by reducing the various forms of subsidies in a phased manner, investments towards augmentation of physical and social infrastructure, skill development and job creation.

With India accounting for one-sixth of the world's population but only 2.4% of the global land mass, 4% of world's freshwater resources and 1% of global forest resources, the pressure of economic growth on the country's natural capital will be enormous. The focus, both at a national and corporate level, must therefore be on fashioning strategies that foster sustainable, equitable and inclusive growth. It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital with enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely ensuring uni-dimensional 'shareholder value', is the driving force that defines ITC's sustainability vision and its growth path into the future.

Your Company's exemplary initiatives in the area of sustainable development have won global recognition and have combined to make it the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 10 years), 'carbon positive' (for 7 years), and 'solid waste recycling positive' (for 5 years).

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

FINANCIAL PERFORMANCE

Your Company posted yet another year of impressive results with strong topline growth and high quality earnings, reflecting the robustness of its corporate strategy of creating multiple drivers of growth. This performance is particularly remarkable when viewed against the backdrop of the extremely challenging business context in which it was achieved, namely, a slowdown in the economy, high levels of inflation and the continuing cascading impact of arbitrary increases in VAT on cigarettes.

Gross Revenue for the year grew by 14.2% to ₹ 34871.86 crores. Net Revenue at ₹ 24798.43 crores grew by 17.2% primarily driven by a 23.6% growth in the non-cigarette FMCG businesses, 20.0% growth in Agri business and 16.6% growth in the Cigarettes segment. Profit before tax increased by 22.4% to ₹ 8897.53 crores while Net Profits at ₹ 6162.37 crores registered a growth of 23.6%. Earnings Per Share for the year stands at ₹ 7.93 (previous year ₹ 6.49). Cash flows from Operations aggregated ₹ 8334 crores compared to ₹ 7528 crores in the previous year.

Continuing with your Company's chosen strategy of creating multiple drivers of growth, your Company is today, the leading FMCG marketer in India, the second largest Hotel chain, the clear market leader in the Indian Paperboard and Packaging industry and the country's foremost Agri business player. Your Company's wholly owned subsidiary, ITC Infotech India Limited, is one of India's fast growing Information Technology companies in the mid-tier segment. Additionally, over the last sixteen years, your Company's Gross Revenues and Net Profits recorded an impressive compounded growth of 12.7% and 21.8% per annum respectively. During this period, Return on Capital Employed improved substantially from 28.4% to 45.4% while Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, grew at a compounded annual growth rate of 25.7% during this period, placing your Company

It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital with enhancing shareholder value.

Report of the Directors

amongst the foremost in the country in terms of efficiency of servicing financial capital. Your Company today is one of India's most admired and valuable corporations with a market capitalisation of nearly ₹ 180000 crores and has consistently featured, over the last sixteen years, amongst the top 10 private sector companies in terms of market capitalisation and profits.

Your Directors are pleased to recommend a Dividend of ₹ 4.50 per share (previous year - ₹ 4.45 per share including a Special Dividend ₹ 1.65 per share) for the year ended 31st March, 2012. Total cash outflow in this regard will be ₹ 4089.04 crores (previous year ₹ 4002.09 crores) including Dividend Distribution Tax of ₹ 570.75 crores (previous year ₹ 558.62 crores) representing an increase in the payout over last year that included ₹ 1484 crores as Special Dividend, including Dividend Distribution Tax, declared to commemorate your Company's 100th AGM.

Your Board further recommends a transfer to General Reserve of ₹ 650.00 crores (previous year ₹ 498.76 crores). Consequently, your Board recommends leaving a surplus in Statement of Profit and Loss of ₹ 1972.59 crores (previous year ₹ 548.67 crores).

FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All businesses in the ITC portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. The ITC group's contribution to foreign exchange earnings over the last ten years amounted to nearly US\$ 4.9 billion, of which agri exports constituted 56%. 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 2011/12, your Company and its subsidiaries earned ₹ 3072 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 2621 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1859 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1153 crores and import of capital goods at

₹ 706 crores. Details of foreign exchange earnings and outgo are provided in Note 28 to the Financial Statements.

PROFITS, DIVIDENDS AND SURPLUS

(₹ in Crores)		
PROFITS	2012	2011
a) Profit Before Tax	8897.53	7268.16
b) Tax Expense		
– Current Tax	2664.29	2263.71
– Deferred Tax	70.87	16.84
c) Profit for the year	6162.37	4987.61
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
a) At the beginning of the year	548.67	61.31
b) Add : Profit for the year	6162.37	4987.61
c) Less:		
– Transfer to General Reserve	650.00	498.76
– Proposed Dividend for the financial year		
• Ordinary Dividend of ₹ 4.50 per ordinary share of ₹ 1/- each (previous year - ₹ 2.80 per share)	3518.29	2166.68
• Special Dividend of Nil per ordinary share of ₹ 1/- each (previous year - ₹ 1.65 per share)	–	1276.79
– Income Tax on Proposed Dividends		
• Current Year	570.75	558.62
• Earlier year's provision no longer required	(0.59)	(0.60)
d) At the end of the year	1972.59	548.67

BUSINESS SEGMENTS

A. FAST MOVING CONSUMER GOODS

FMCG – Cigarettes

The cigarette industry in India continues to be impacted by a discriminatory taxation and regulatory policy framework. The steep increase in the tax rates on cigarettes, both at the Central and at the State level, has led to the undesirable consequence of shifting consumption to lightly taxed or tax evaded tobacco products like Bidi, Khaini, Chewing Tobacco and Gutkha which are the most dominant forms of tobacco consumption in India and constitute as much as 85% of

Your Company today is one of India's most admired and valuable corporations with a market capitalisation of nearly ₹ 180000 crores and has consistently featured, over the last sixteen years, amongst the top 10 private sector companies in terms of market capitalisation and profits.

total usage. The twin objectives of revenue maximisation and tobacco control have been severely compromised by this lopsided tax policy on cigarettes which now contributes over 74% of tax revenue, whilst accounting for less than 15% of tobacco consumption. Further, the tax arbitrage opportunities have fuelled the rampant growth of illegal cigarettes.

The steep hike in Excise Duty rates announced in the Union Budget 2012 will further exacerbate the problem of discriminatory and high taxation on cigarettes within the tobacco industry.

The year under review also witnessed arbitrary and steep hikes in VAT rates on cigarettes by many States. This is a complete departure from the principles of uniform VAT rates enunciated by the Empowered Committee in its White Paper on State level Value Added Tax. Further, several States continued to levy discriminatory and higher rates of VAT on cigarettes compared to other tobacco products, thereby widening the tax gap amongst tobacco products. A plethora of 29 different tax rates are currently applicable on cigarettes across States in India which has forced manufacturers to adopt State specific pricing. Not only will this result in unproductive costs in managing supply chain complexities but also lead to potential disputes in the assessment of ad-valorem taxes. The imposition of non-uniform VAT rates by States also goes against the tenets of the draft National Competition Policy, which recommends a 'single national market' in line with the principle that fragmented markets impede competition. In addition, the resultant attractive tax arbitrage opportunity promotes illegal inter-State diversion of stocks by unscrupulous elements thus depriving the Government of revenue and diverting trade away from legitimate distribution channels.

The findings reported in the Global Adult Tobacco Survey (GATS) India, 2009-10 study, conducted under the aegis of the Ministry of Health & Family Welfare, shows that whilst the consumer base of tobacco in India stands at 34.6% of all adults, the cigarette share is only 5.7%. About 75% of Indian tobacco consumers consume non-smoking tobacco products mainly in the form of oral chewing products which constitutes the single largest consumer base for tobacco products in India. It may be noted that India, with 17% of the world population,

accounts for 89% of global tobacco consumption in smokeless form. Cigarette consumption in India, on the other hand, constitutes only 1.9% of global consumption. This pattern of tobacco consumption is contrary to global trends, including that of our neighbouring countries, where cigarettes are the dominant form of tobacco consumption.

The domestic legal cigarette industry is faced with the growing menace of illegal cigarettes. Independent research indicates that, in India, whilst there is a fall in volumes of 'duty paid' cigarettes by 4.4% during the period 2005 to 2010, the 'duty-not-paid' volumes grew by 49.3% during the same period. India has now been recognised as one of the leading destinations for illegal cigarettes.

Attractive tax arbitrage opportunities, as a result of high level of taxes on the legal domestic cigarette industry in India, incentivises illegal flow of cigarettes into the country, especially of internationally advertised and known brands.

Another dangerous outcome of the increasing volume of illicit trade is that it encourages the entry of organised criminal syndicates, which can have serious law and order consequences for the country. Internationally, it has been reported that illegal profits from cigarette smuggling have been used to fund terrorist activities.

Coupled with our porous borders, cigarette imports under Open General License (OGL) make it extremely difficult to monitor and regulate the inflow of illegal stocks. Further, with the domestic cigarette industry being strictly regulated, including compulsory licensing under the Industrial (Development & Regulation) Act, 1951, a liberal import policy is contrary to the Government's tobacco control policies. This is also detrimental to the interests of Indian tobacco farmers, as it directly impacts the demand for indigenous tobacco by the domestic industry.

The demographic construct of India's population calls for multiple price points to meet the needs of the country's diverse consumer segments. The growth of illegal cigarettes is also aided by the vacuum created at lower price points, where legal industry has been unable to operate, due to a disproportionately high tax burden. Further, the lacunae in the provisions of the Industrial (Development & Regulation) Act, 1951 encourages

Attractive tax arbitrage opportunities, as a result of high level of taxes on the legal domestic cigarette industry in India, incentivises illegal flow of cigarettes into the country.

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'fly by night' operators to manufacture illegal cigarettes without obtaining requisite licenses and clandestinely clear them without payment of taxes.

The industry had recommended that the Excise Duty rate at the entry level segment be reduced to ₹ 200 per thousand cigarettes to enable the domestic legal industry to effectively counter illegal cigarettes with competitively priced products. Whilst, the length prescribed for the filter cigarette segment at the lowest end has been revised from 'length \leq 60mm' to 'length \leq 65mm', the Excise Duty on the segment has been retained at ₹ 689 per thousand cigarettes. Coupled with alarmingly high State VAT and local taxes, the legitimate, duty paid, industry will still be unable to match the prices of product offers of the illegal industry, at the current Excise Duty level.

The implementation of Goods and Services Tax (GST) with a unitary standard rate of tax across the Indian common market will be an important milestone in the near future. As stated earlier, cigarettes, by virtue of being very highly taxed, offers a lucrative tax arbitrage opportunity and is vulnerable to large scale smuggling. Consequently, it is imperative that GST on cigarettes is levied in an appropriate manner i.e. at the uniform standard rate applicable to the general category of goods across the country, with availability of input tax credit. Central Excise Duty should continue to be levied only at specific rates. It is critical to note that any increase in the overall tax rate on cigarettes, will widen the arbitrage opportunity between legitimate cigarettes and illegal, tax evaded cigarettes. It is, therefore, critical that the combined incidence of Excise Duty and GST on cigarettes remains revenue neutral (i.e., kept at current levels).

Your Company, along with other stakeholders and industry bodies continues to represent to the regulatory authorities seeking a non-discriminatory tax and regulatory policy on tobacco products in the interest of the Government exchequer, domestic farmer community and industry.

Despite a difficult operating environment in the market place, it is gratifying to report that your Company further

improved its market standing during the year. Your Company's uncompromising commitment to continuous and consistent offerings of value-added, world class products has been reinforced through innovations in product development and launch of differentiated offers. The portfolio continues to be strengthened through strategic investments in product quality and technology.

A premium line of hand-rolled cigars launched by your Company in 2010 under the brand name 'Armenteros' has gained significant consumer franchise, competing against world renowned Cuban and other cigar brands. The Armenteros range of cigars is now available in premium outlets across key cigar markets and is expected to further consolidate and grow its franchise.

During the year, a state-of-the-art, flexible, Primary Plant designed to cater to future product development requirements was successfully commissioned at Ranjangaon, Pune. The uncompromising focus on quality, investments in best-in-class technology and embedding of best practices has ensured the continued delivery of products of international quality. Structured problem solving methodologies like Six Sigma and several initiatives that foster innovation have been deployed to ensure sustained improvements in quality and productivity of all resources.

In line with your Company's commitment to building sustainable environmental capital, the business continues to invest in renewable sources of energy. A 6.3 megawatts (MW) wind energy facility has been commissioned in Maharashtra during the year. Solar panels have been installed for boiler feed water and furnace oil preheating systems at Bengaluru and Munger factories respectively. All units also maintained the highest standards of Environment Health and Safety (EHS) and won recognition by way of numerous awards. Saharanpur and Bengaluru factories were the first in India to obtain Platinum Green Factory Building Rating from the Indian Green Building Council as part of a holistic approach towards sustainability. Munger, Bengaluru, Saharanpur and Kidderpore factories have won the RoSPA Gold Award for Occupational Health and Safety. Munger factory was awarded the 'Shreshtha Suraksha Puraskar'

The implementation of Goods and Services Tax (GST)
with a unitary standard rate of tax across
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from National Safety Council of India under Safety Award scheme 2010 (Manufacturing sector), and Certificate of Appreciation at the CII Eastern Region Energy Conservation Awards. The Bengaluru factory won the Energy Efficient Unit award under CII National Energy Award 2011, Energy Conservation Initiative Award by Centre for Sustainable Development, Innovative Rainwater Harvesting Project in the National Awards for Excellence in Water Management by CII, 'Unnatha Suraksha Puraskara' by National Safety Council-Karnataka Chapter, Karnataka Renewable Energy Development Limited (KREDL) award for achievements in Energy Conservation and Certificate of Appreciation under CII Southern Region Excellence Award in Environment, Health & Safety. The Kidderpore factory won the Water Efficient Unit Award under CII National Award for Excellence in Water Management 2011 and Certificate of Appreciation under CII Eastern Region Safety, Health and Environment (SHE) Award.

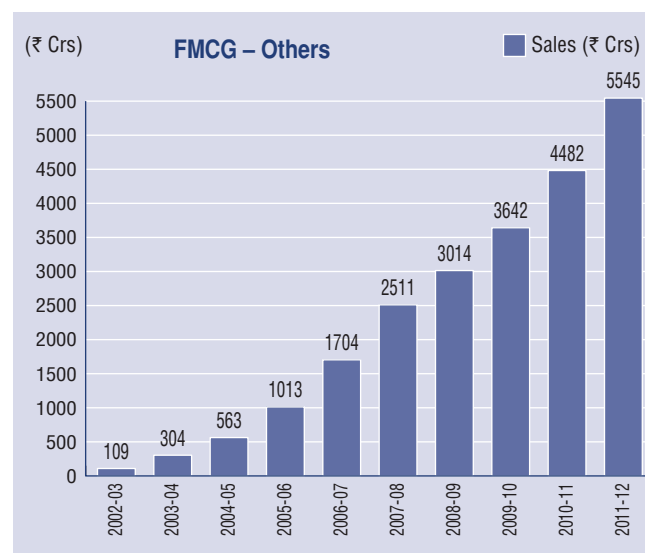
Your Company's Cigarettes business faces the daunting challenges of an unprecedented high incidence of taxation, complex tax structure, rising illegal trade and a discriminatory regulatory climate. Despite these challenges, the relentless pursuit of excellence in building robust, world class brands, innovation in processes and investment in world class technologies will enable your Company to further consolidate its market standing. Your Company believes that both the objectives of maximisation of the economic potential of tobacco and the tobacco control can be achieved through rationalisation of taxes on cigarettes, minimisation of discriminatory taxes between different classes of tobacco products and a regulatory framework that addresses the genuine concerns of all the stakeholders of the tobacco industry. The need is for a balanced agenda on tobacco, both fiscal and regulatory.

FMCG - Others

The Indian FMCG industry is estimated to be over ₹ 160000 crores in size and accounts for nearly 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 economic

growth, rising income levels, increasing urbanisation and favourable demographic trends. These growth drivers are expected to continue to favourably impact the industry which is estimated to reach ₹ 400000 crores by 2020 (Source: CII, FMCG Roadmap to 2020). According to a recent study by the consultancy firm Boston Consultancy Group, the Indian consumer market is poised to grow at a compounded annual growth rate of 15% between 2010 and 2020, faster than most other emerging markets.

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, Incense Sticks (Agarbattis) and Safety Matches with Segment Revenues growing at an impressive compound annual growth rate of nearly 40% since 2005-06.



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 24% growth in Segment Revenues and a significant improvement in Segment Results

Within a relatively short span of time, your Company has established several strong consumer brands in the Indian FMCG market. During the year under review, the new FMCG businesses saw a 24% growth in Segment Revenues and a significant improvement in Segment Results.

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which recorded a positive swing of ₹ 102 crores at the PBIT level.

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.

Highlights of progress in each category are set out below.

Branded Packaged Foods

Your Company's Branded Packaged Foods business grew significantly during the year, recording growth in market shares and enhanced market standing across segments. A robust range of well-differentiated products, supported by significant investments in product development, innovation, manufacturing technology and unmatched distribution infrastructure continue to enhance the market standing and consumer franchise of your Company's brands. Continuing investments in R&D and product development have enabled your Company launch successful and innovative products. The quality of your Company's products continues to be 'best-in-class' in the industry across all segments. Value capture was improved through cost optimisation across the supply chain and optimal capital deployment.

During the year, the business witnessed inflationary pressures on input costs. Supply side constraints coupled with growing demand caused prices of edible oil, packaging material and industrial fuel to remain at inflated levels. These cost pressures were mitigated through a combination of improvements in product and process efficiencies, smart sourcing and supply chain initiatives.

Your Company ventured into the Instant Noodles category towards the end of 2010. The product has been well received by consumers and is already the second largest Instant Noodle brand in the country. Focused market research, deep consumer insights and innovative product formats under the 'Sunfeast Yippee!' brand is expected to further strengthen consumer traction in a fast growing and highly competitive industry segment.

In the Staples category, 'Aashirvaad' atta consolidated its leadership position aided by the strong performance of Aashirvaad 'Multi-grain' atta. Premium offerings of Aashirvaad 'Multi-grain' and 'Select' brands continued to grow rapidly aided by an increasing proportion of consumers shifting to these value-added propositions.

The Biscuits industry witnessed impressive growth during the year and your Company's 'Sunfeast' brand continued to do well across product platforms. Portfolio enrichment was driven through the launch of Sunfeast Dark Fantasy Choco Fills and Sunfeast 'Dual' Dream Cream. These two innovative, 'first to market' flavours created excitement amongst consumers and significantly enhanced the consumer franchise of the 'Sunfeast' brand.

In the Confectionery category, 'Candyman' and 'mint-o' continued to register strong growth during the year. The category witnessed two launches with mint-o GOL Green and mint-o Strong. The continued success of Toffichoo, Lacto and Choco-Double éclairs provided further impetus to the overall growth of the Confectionery business.

In the Savoury Snacks segment, the market standing of your Company's 'Bingo!' brand has significantly improved through enhanced brand building efforts. Use of digital media, word of mouth and clutter breaking advertisements improved brand salience. The product portfolio was further strengthened during the year with the launch of a new product format - 'Tangles' and a new innovative variant - 'Mad Angles Masti Chaat'.

The business continues to invest in manufacturing and distribution infrastructure to support larger scale and improve reach and availability. Supply Chain improvements to enhance product freshness, optimal servicing of proximal markets and margin expansion continue to receive significant attention.

Buoyed by increasing consumer franchise for your Company's brands, it is expected that the accelerated growth of the Branded Packaged Foods business will be sustained in the years ahead. The growth momentum of the Foods business will continue to be driven by focus on product quality, innovative product development, multi-point contact with consumers and high quality of service to all segments of trade.

The accelerated growth of the Branded Packaged Foods business will be sustained in the years ahead and be driven by focus on product quality, innovative product development, multi-point contact with consumers and high quality of service to all segments of trade.

Personal Care Products

Your Company's Personal Care Products business continued to make significant strides in strengthening its portfolio through a slew of new launches and extensions in the Soaps, Shampoos and Skin Care categories. The business continues to roll out its product offerings under the 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel' and 'Superia' brands across new geographies and is focused on addressing various consumer benefits with the introduction of new variants.

The year saw the successful introduction of a new range of soaps under the 'Vivel' franchise with the launch of 'Vivel Luxury Crème' variant and a new offering 'Vivel Clear 3-in-1' in the transparent soap segment. Your Company continues to receive accolades for its product innovation initiatives. In continuation of previous years' trends, this year, the 'Vivel Clear 3-in-1' transparent soap was voted 'Product of the Year' in the soaps category.

The business entered the Talcum Powder category during the year with the launch of 3 variants under the Fiama Di Wills brand. During the year, the business also made a foray into the fast growing Face Wash category with offerings under the Fiama Di Wills and Vivel brands. The fairness cream portfolio was augmented with the introduction of a new variant under the Superia brand. The new product launches as aforementioned have received encouraging consumer response and are being rolled out across target markets.

The business continued to grow at a healthy rate despite the high degree of competitive intensity especially from entrenched players. The strategy of developing products on the basis of deep consumer insights and superior quality has helped your Company gain market standing in a short span of time.

The year under review witnessed sharp escalation and volatility in the prices of key inputs. Your Company used a mix of smart sourcing strategies, value engineering and cost control measures to mitigate the impact thereof and enhance margins.

During the year, the factory at Manpura received certifications for ISO 9001 (Quality Management System), ISO 14001 (Environment Management System)

and OHSAS 18001 (Occupational Health & Safety Assessment System) from Messrs. Det Norske Veritas (DNV). With this, the main production units of the business are certified for their quality management systems. A business-wide programme using 'Lean' and 'Six Sigma' methodologies, which was launched last year, was further broad-based during the current year in pursuit of process excellence.

Sustained investment in R&D over the years has resulted in a healthy pipeline of new and innovative products. Product innovation and quality continue to be focus areas that are expected to provide the requisite competitive advantage and impetus for growth in the near future. These interventions, together with investments in world class manufacturing processes and technology will enable the business 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. The business is well poised to actively participate in the emerging growth opportunities in this sector and continues to leverage its strengths in the rapidly transforming landscape of beauty and personal care products in India.

Education & Stationery Products

Your Company is the leading and fastest growing player in the Indian stationery market. The flagship brand 'Classmate' is India's leading student notebook brand with a distribution footprint of over 75,000 stationery retail outlets across the country. Besides notebooks, the 'Classmate' brand offers a wide range of products that includes ball and gel pens, wood cased and mechanical pencils, mathematical instruments, erasers, sharpeners and scales. 'Classmate' also endorses 'Colour Crew', an art stationery brand, with a range of wax crayons, colour pencils and sketch pens for children.

The Classmate range of products is sourced from small scale manufacturers, who have over the years 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

The Personal Care Products business continued to make significant strides in strengthening its portfolio through a slew of new launches and extensions in the Soaps, Shampoos and Skin Care categories.

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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. Every Classmate notebook also carries a powerful social message that reflects your Company's commitment to improving the quality of primary education in rural India.

During the year, the business took significant steps to strengthen 'Paperkraft', its executive and office supplies stationery brand. Working in tandem with the Paperboards & Specialty Paper business, your Company 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.

The education and 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. Likewise, it is expected that enrolment ratios at the secondary and tertiary levels will also improve. Progressive reforms will enable flow of private sector investments into capacity building and quality enhancement in education delivery. Further, the Right of Children to Free and Compulsory Education Act, 2009, will further accelerate growth in the education and stationery supplies sectors. Your Company's strong brands – 'Classmate' and 'Paperkraft' – with increasing consumer franchise, widening high quality product range and excellent distribution infrastructure is advantageously positioned to respond to this opportunity.

Lifestyle Retailing

During the year, your Company's Lifestyle Retailing business posted strong growth in revenues and continued to strengthen its position in the branded apparel market. After a buoyant first half, industry growth moderated in the second half due to the slowing down of the domestic economy and price increases effected by most industry players consequent to the introduction of Excise Duty

on branded apparel in the Union Budget 2011 and rising input costs. The business's focus on strategic cost management actions and improvements in operational efficiencies helped to partly offset the adverse impact of tax and cost increases.

In the Premium segment, Wills Lifestyle with its superior product variety and richer product mix continued to enjoy strong consumer franchise. The retail footprint of the brand was expanded to 86 exclusive stores across 40 cities and more than 300 'shop-in-shops' in leading departmental stores and multi-brand outlets. Significant improvements were achieved during the year in terms of product range, enhanced availability and impactful visibility resulting in volume growth across channels.

Product appeal was enhanced through the introduction of differentiated offerings across several premium product platforms – 'Wonderpress' wrinkle free fabrics, 'Ecostyle' organic collection and 'Crème de Cotton' supersoft cottons. The 'Luxuria' range of Men's super-premium formals, finely crafted from luxurious Egyptian cotton with high-end trims and superior garmenting continued to receive positive consumer response. The Women's range was energised by offering an extensive, high-end designer wear range, stylised formals, a variety of trendy silhouettes and a premium range of accessories.

In the Popular segment, 'John Players' has established a strong pan-India presence with over 340 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 launched, increasing brand reach, penetrating more markets and acquiring new franchise. The denims category registered strong growth as a result of an enhanced range, premium differentiated washes and contemporary fits while continuing to receive positive consumer and trade response.

Wills Lifestyle continued to receive recognition from the industry, including the 'Superbrand' certification, and is the first Indian brand to receive the prestigious 'Oeko-Tex Standard 100 Certification'.

Business processes for creation of winning designs and efficient supply chain were strengthened during the year.

Wills Lifestyle continued to receive recognition from the industry, including the 'Superbrand' certification, and is the first Indian brand to receive the prestigious 'Oeko-Tex Standard 100 Certification'.

Improving retail and manufacturing productivity were pursued vigorously with continued focus on strengthening capability through training, knowledge and skill inputs.

The business will continue to increase the premium quotient of its offerings on the basis of deeper understanding of consumer preferences, and delivering products benchmarked to world class quality standards. Further investments are planned to enhance range vitality, supply chain responsiveness and superior customer service to delight the customer with an international shopping experience.

Incense sticks (Agarbattis)

Your Company's Agarbatti business recorded an impressive growth in revenues and enhanced market standing during the year, driven by increasing consumer franchise for the 'Mangaldeep' brand combined with deeper distribution reach and innovative consumer offerings. Mangaldeep is the second largest national brand in the industry.

During the year, the business launched several new variants under the umbrella brand 'Mangaldeep'. These variants have received wide consumer acceptance and are 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 people through small and medium scale entrepreneurs and NGOs / Self Help Groups across India. Business initiatives of introducing enabling tools and technology in the rural communities continue to enhance product quality and increase the earning potential of agarbatti rollers. These initiatives, along with the continuing association with various State Governments for setting up sourcing centres, are creating sustainable livelihood opportunities for rural women through agarbatti rolling.

Safety Matches

Your Company's Safety Matches business maintained its market leadership aided by continued consumer preference for its strong brand portfolio across all market segments.

With sustained escalation in the prices of raw materials like wood, paperboard and key chemicals, industry margins remained under severe pressure during the year. Your Company mitigated the adverse impact of these input costs through a series of strategic cost management actions. Your Company continues to focus on enhancing market standing through the launch of high quality and value-added products.

Your Company continues to partner the small scale sector by sourcing a significant portion of its requirement from multiple units in this sector. Your Company is helping to improve the competitive ability of these units by providing technical inputs to strengthen their systems and processes.

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 enable the required investments for modernising this industry. This would not only help the industry in improving its competitiveness but also provide a safer working environment for the large number of people employed in this industry.

B. HOTELS

The hospitality industry in India continued to be impacted by the slowdown in the domestic economy and adverse economic environment in the international feeder markets of the US and Europe. While the US market appears to be on the path of slow recovery, the European market is yet to come out of its debt problems and recession. As a result, both international and domestic business segments for the luxury hotels remained muted.

In the backdrop of these challenging circumstances, your Company's Hotels business registered a marginal growth in revenues and profits, while maintaining its leadership position in terms of operating margins.

Your Company's Hotels business continues to be rated amongst the fastest growing hospitality chains with 94 properties at 67 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

The flagship brand 'Classmate' is India's leading student notebook brand with a distribution footprint of over 75,000 stationery retail outlets across the country.

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upscale segment and 'WelcomHeritage' in the heritage leisure segment. In addition, the business has licensing and franchising agreements for two brands – 'The Luxury Collection' and 'Sheraton' with the Starwood Hotels & Resorts.

Recognising the changing preferences of the business traveller, your Company launched a new brand under the 'Fortune' brand this year viz. 'My Fortune' which is designed to cater to the upscale business traveller. The first 'My Fortune' hotel was launched in Chennai during the year and further expansion is on the anvil.

During the year, your Company's premier hotel at Jaipur has been upgraded to an 'ITC Hotel' with 'The Luxury Collection' co-branding. The hotel is now known as 'ITC Rajputana' in line with other luxury properties of the chain.

Food and Beverage (F&B) remains a major strength of your Company and its iconic brands 'Bukhara', 'Dum Pukht' and 'Dakshin' continue to garner coveted international awards and accolades. The renovated Dum Pukht Restaurants at ITC Maurya and ITC Maratha have been highly appreciated by its patrons and generated healthy business during the year. Other signature F&B brands viz. 'West View', 'Kebabs & Kurries' and 'Pan Asian' have firmly established themselves and continue to sustain leadership position in their respective cities. The business's first Japanese cuisine brand 'Edo' has established itself as the benchmark for traditional Japanese cuisine in Bengaluru and is fast gaining recognition.

In pursuit of your Company's 'Triple Bottom Line' commitment, investments have been made in renewable energy to provide clean power to your Company's hotels in Bengaluru (ITC Windsor and ITC Gardenia), Mumbai (ITC Maratha) and Jaipur (ITC Rajputana). During the year, further investments in wind energy were made in Tamil Nadu to cater to the needs of the newly built ITC Grand Chola at Chennai. With these investments, your Company's Hotels business will meet nearly two-thirds of its energy requirements from clean and renewable sources.

Your Company remains committed to its 'Responsible Luxury' ethos and is the greenest luxury hotel chain in the world. With ITC Rajputana having obtained the 'Leadership in Energy and Environment Design' (LEED) Platinum rating during the year, all premium ITC Hotels now have this coveted rating.

During the year, your Company launched a unique pan-ITC consumer loyalty programme – 'Club ITC' – targeted at the premium clientele of 'Wills Lifestyle' and 'ITC Hotels'.

In view of the positive long term outlook for the Indian Hotel industry, your Company continues to sustain its investment-led growth strategy. Construction of the new super luxury property, ITC Grand Chola, at Chennai is now complete and slated to open in early 2012-13. The hotel is part of the 'ITC Hotel' brand and has 522 plush hotel rooms and suites, 78 service apartments, 60,000 sq. ft. of conference and banqueting facilities, 10 Food and Beverage outlets and the award-winning spa brand 'Kaya Kalp'. Construction activity of two new luxury properties at Kolkata and at Classic Golf Resort near Gurgaon is 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 brands.

The 'Fortune' brand which caters to the mid market to upscale segment continued its expansion by forging new alliances, taking the total number of hotels in its fold to 67 with an aggregate room inventory of over 5,000. Of these, 27 properties are under various stages of development. The 'WelcomHeritage' brand continues to be the country's most successful and largest chain of heritage hotels with 40 operating properties, spread across 13 States in India.

Your Company's Hotels business, with its globally benchmarked levels of product and service excellence and customer centricity, represented by its four brands is well positioned to sustain its leadership status in the industry and poised to emerge as the largest hotel chain in the country over the next few years.

Your Company's Hotels business continues to be rated amongst the fastest growing hospitality chains with 94 properties at 67 locations in India operating under 4 brands – 'ITC Hotel', 'WelcomHotel', 'Fortune' and 'WelcomHeritage'.

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 ₹ 4130 crores. Segment Results at ₹ 937 crores reflect a growth of 14%.

Paperboards & Specialty Papers

The global demand for paper & paperboard slowed down to 1% in 2011 as against a 6% growth in 2010. Even in India, demand decelerated to around 6.5% during 2011-12 against 7.1% in the previous year.

The global paper market continued to witness a structural shift with emerging economies, particularly in Asia such as China and India, driving the demand growth.

Though India has 17% of the world's population, it consumes only about 2% of global paper production. Per capita consumption in India is very low at only 9 kgs compared to a global average of 55 kgs, 65 kgs in China and 215 kgs in Japan.

Shift in demand to Asia and the low levels of per capita consumption in India offers Indian paper manufacturers exciting opportunities in the years to come. Though there is considerable scope for growth in the Indian paper market, competition, including from key global players, has also increased and the industry is witnessing large capital investments. Though growth in demand is expected to absorb the increased capacity, increasing and maintaining market share as well as protecting margins will be challenging.

Further, reduction of import duties under various Regional Free Trade Agreements especially with ASEAN has started impacting the profitability of the domestic paper industry. In line with the representations made by the Indian Paper Manufacturers Association, it is imperative that the current duty structures are kept unchanged.

The domestic paper and paperboard industry is currently estimated at 11.6 million tonnes per annum, out of which paperboards is 2.2 million tonnes per annum which is expected to grow at around 8% per annum aided by value-added paperboard at 12% per annum. The growth

potential of the paperboard industry is anchored on expectations of higher GDP growth, increase in demand from rural markets, branded packaged products and organised retail. Further, the need for differentiated packaging coupled with change in lifestyles will continue to drive demand for paperboard. Your Company is the market leader in the paperboard segment with focus on the value-added products. To further consolidate its pre-eminent position in the industry, the business has invested in a state-of-the-art machine which is expected to be operational by early 2013.

The 'Writing and Printing' paper segment, estimated at 3.1 million tonnes, grew by 6.2% in the year under review. This segment produces papers for use in copiers, desktop printers, advertising and promotional materials, notebooks, books and annual reports. The growth in the value-added writing and printing paper segment will continue to be fuelled by initiatives like Sarva Shiksha Abhiyan and Right of Children to Free and Compulsory Education Act, 2009 as well as by 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 and Fine Paper categories at 16% per annum. The business with its strong forward linkages with your Company's Education and Stationery Products business has emerged as a leading player in the segment.

Specialty papers, with an estimated market size of 4.7 lakh tonnes, is expected to grow at 9.4% per annum over the next 5 years, with increased spends on infrastructure and construction driving demand for quality décor and insulating grades. Your Company is a market leader in decor grades and is the largest manufacturer of cigarette tissue in India.

Given that pulpwood availability is a major challenge for the paper industry, your Company continues with its policy of promoting social forestry plantations for pulpwood. During the year, over 57 million high quality saplings were sold/distributed to farmers. Research on clonal development has resulted in the introduction of high yielding and disease resistant clones which are adaptable to a wide variety of agro-climatic conditions.

The need for differentiated packaging coupled with change in lifestyles will continue to drive demand for paperboard.
Your Company is the market leader in the paperboard segment with focus on the value-added products.

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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 team is actively collaborating with several expert agencies to further leverage bio-technology for enhancing farm productivity and wood yields.

In the last 15 years, your Company's bio-technology based research initiatives have resulted in the planting of about 545 million saplings covering nearly 1,25,000 hectares of plantations, including around 11,000 hectares planted during the year. These pioneering initiatives have generated over 56 million person days of employment opportunities over this period for small farmers and poor tribals. Your Company plans to accelerate the plantation activity and is in the process of setting up a new state-of-the-art clonal saplings production capacity in Bhadrachalam to facilitate the same.

Your Company continues to promote agro-forestry in pulpwood plantations on waste land as well as on land where mono-cropping is practised. This will generate additional income to farmers, provide wood security for the industry and also help in conservation of the environment. In Andhra Pradesh, mono-cropping is currently practised in cultivation of cotton, tobacco, maize and pulses in more than 30 lakh hectares. During the year under review, your Company facilitated the introduction of agro-forestry models which incorporate inter-cropping practices where eucalyptus trees are grown adjacent to agricultural crops. By integrating tree growing with crop production, the problems of poor agricultural production, worsening wood shortages and environmental degradation can be simultaneously addressed. Furthermore, inter-cropping technologies/practices also help to take pressure off the remaining natural forests and increases the diversity of vegetation on existing farms. During the year under review, a small beginning was made by your Company

by promoting agro-forestry plantations in 600 hectares and this is proposed to be substantially increased in the years to come.

Your Company continues to represent to policy makers on 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 forestlands would serve the multiple objectives of enhancing the competitiveness of the Indian paper and paperboard industry, reducing import dependence, creating sustainable livelihoods in rural India and contributing to the national objective of enhancing the country's green cover.

In India only 15% of the paper consumed is recovered for recycling as against about 70% in the western countries. Your Company's collaborative initiative called 'Wealth out of Waste' (WOW) continues to promote and facilitate waste paper recycling, with a view to conserving scarce natural resources. The waste paper industry is largely unorganised and a lot of effort has gone into establishing processes and systems in the operational areas of collection, sorting and grading of waste paper as well as on accounting, compliances and controls. It is expected that this effort would assist in the availability of quality fibre on a sustained and long term basis at competitive prices.

During the year about 26,000 tonnes of waste paper was collected and with continued focus on building capability it is expected that the entire waste paper requirements of the business would be sourced through this initiative over time. The first anniversary of National Recycling Day was celebrated in Hyderabad on 1st July 2011 with large participation from school children and general public. Your Company also launched the 'Save 100000 Trees' initiative during the year.

During the year, your Company achieved the distinction of being the first paper company in India to obtain the Forest Stewardship Council - Forest Management (FSC-FM) certification covering 8,000 hectares of social forestry plantations involving about 9,000 farmers.

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

FSC–FM certifies that the plantation activities of an organisation are economically, socially and environmentally viable. To the extent of pulp produced from such certified plantations, your Company will be able to commit to its customers, FSC certified papers & paperboards. Environmentally conscious customers are already beginning to show keenness to source such ‘green’ products which in turn will further increase the competitiveness of the business.

During the year, the Tribeni and Bollaram units also obtained the FSC Chain of Custody Certification ensuring that all four paper manufacturing units of your Company now have this certification.

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

Your Company continues to focus on recycling initiatives including solid waste recycling. While all manufacturing units have already achieved near 100% solid waste recycling by its usage for making products like lime, fly ash bricks, grey boards, egg trays etc., the procurement and recycling of about 1,10,000 tonnes of waste paper during the year has further consolidated the business’s overall positive solid waste recycling footprint.

Your Company continues to work on various Clean Development Mechanism (CDM) projects. Your Company’s unique social forestry project is the first of its kind in India to be registered with the United Nations Framework Convention on Climate Change (UNFCCC) as a CDM project. About 3,100 hectares of social forestry plantations involving around 3,400 farmers have already been covered and the net benefits from this project will be passed on to the partnering farming communities.

During the year, the following awards of the British Safety Council were received by respective units - The ‘Sword of Honour’ by Tribeni and Bollaram units, the ‘Globe of Honour for Environment’ by Bhadrachalam and Kovai units, 5 Star rating for Safety & Health by Kovai, Tribeni and Bollaram units and 5 Star rating for Environment by Bhadrachalam and Kovai units. In addition, Bhadrachalam unit won the CII - National Award for Excellence in Energy Management and Kovai unit won the CII - National award for Excellence in Water Management. The business also won the CII – Environmental Best Practices Award 2012 for its ‘WOW’ initiatives.

The above have been made possible as a result of continuous focus on various safety initiatives including induction of safety stewards, strengthening systems, spreading awareness and integrating environment, health and safety (EHS) as part of the overall Total Productive Maintenance (TPM) initiative. In addition, all units have taken proactive steps to comply with the revised norms expected to be announced by the Central Pollution Control Board for water consumption and effluent discharge. With regard to energy consumption, strategies to contain usage across units continue to be pursued. Further, the business is also investing in a new high pressure fuel efficient boiler in its Tribeni unit, which will enable use of inferior grades of coal and also significantly reduce coal consumption. Your Company is also committed to increasing the share of energy consumed from non-conventional and renewable sources and towards this has commissioned 5 windmills close to Coimbatore to generate 7.5 MW of electricity for use at the Kovai unit. It is expected that energy efficiency coupled with greater use of renewable sources of energy will enable your Company to derive benefits from sale of Renewable Energy Certificates (RECs) under the Electricity Act 2003 as well as obtain benefits from newer initiatives like Perform, Achieve and Trade (PAT) under the Energy Conservation Act 2001.

The TPM initiative has now been extended to all units and apart from yielding significant financial benefits will also help institutionalise best-in-class systems, processes and work methods. The success of this initiative is attributable to the whole hearted support and participation of all employees across the business.

During the year, the Tribeni and Bollaram units also obtained the FSC Chain of Custody Certification ensuring that all four paper manufacturing units of your Company now have this certification.

Report of the Directors

The year under review witnessed steep hikes in the cost of chemicals and coal as well as curtailment in supplies of coal by the government through the reduction of allocations, forcing the industry to buy high cost coal in the open market. These factors, together with the sharp depreciation of the Indian Rupee, adversely impacted the industry. However, your Company with its integrated operations and strategic cost management actions was able to minimise the adverse impact of 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, focus on value-added paperboards and a robust forward linkage with the Education and Stationery Products business strategically positions your Company to further consolidate and enhance its leadership status in the Indian paperboard and paper industry.

Packaging and Printing

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

The business continued to leverage its multiple packaging platforms to expand business in the domestic and export markets, and grew volumes both from existing customers as well as from enlargement of its customer base. Your Company continues to be a leading supplier of value-added packaging to the Consumer Electronics and FMCG sectors.

During the year, the business continued to invest in contemporary technologies in flexibles and paperboard packaging at the Haridwar and Chennai facilities. These in-house capabilities have enabled quicker turnaround

of designs, pack changes and reduced product launch timelines for your Company's FMCG businesses, thereby providing a source of competitive advantage in the market place.

Your Company undertook expansion projects at Haridwar and Chennai, during the year, to address growing opportunities in external trade and to enable manufacture of a full range of packaging solutions from both locations. The expansion programme includes the addition of a carton line for meeting the growing needs of customers based in the northern region and balancing investment in flexibles packaging for enhancing competitiveness.

The business won several awards during the year for operational excellence, innovation and creativity. These include two 'World Star Awards' from the World Packaging Organisation, three 'Asia Star Awards' from the Asian Packaging Federation and thirteen awards instituted by Indian Flexible Packaging and Carton Manufacturers Association (IFCA) for excellence in packaging solutions.

The 14.1 MW wind energy farm in Tamil Nadu, set up in 2008, continues to operate at optimum levels providing clean energy to the Chennai unit. This initiative, flowing from your Company's commitment to the 'Triple Bottom Line', is a certified project under the Clean Development Mechanism of the Kyoto Protocol. Further, this initiative is generating carbon credits and contributing to a reduction in your Company's carbon footprint.

The factories at Chennai, Haridwar and Munger continued to maintain the highest standards in Environment, Health and Safety (EHS). Also, the Munger unit won the British Safety Council's International Safety Award during the year.

Continuing investments in world class technology, best-in-class quality management systems and processes, dispersed manufacturing footprint and a diversified packaging solutions portfolio, the business is well poised to service all the requirements of your Company's FMCG businesses and to rapidly grow its external trade.

ITC continued to leverage its multiple packaging platforms to expand business in the domestic and export markets, and grew volumes both from existing customers as well as from enlargement of its customer base.

D. AGRI BUSINESS

Cigarette Leaf Tobacco

While the end of 2010 marked a significant shift in the global supply-demand scenario triggered by declining sales of major global cigarette manufacturers and excess leaf production in major origins, 2011 witnessed a further continuation of this declining trend of global cigarette production, impacted by the downturn in the global economy. The downward correction in leaf tobacco demand led to world supplies moving to a surplus situation and a rapid build up of uncommitted stocks. Consequently, farm and export prices of Indian flue-cured crop witnessed significant declines. In line with subdued trends across the globe, Indian unmanufactured leaf exports degrew by about 20% in volume terms since 2009.

The position for Indian flue-cured virginia tobaccos gets further vitiated by the decrease in domestic demand due to high differential taxes on the end use products, namely, cigarettes vis-à-vis other types of tobacco. This gets further aggravated by the large scale import of cigarettes, both legal and contraband, into India which do not use domestic flue-cured virginia tobaccos.

In the short term, supply side corrections are anticipated in key origins after a period of consecutive increases in global flue-cured leaf production driven by muted demand and manufacturers seeking to lower their inventory durations. In the medium term, demand is expected to pick up gradually with the anticipated revival of the global economy coupled with growing consumption in Asia, Middle East, parts of Europe and Africa. It is also estimated that the consumption of other forms of tobacco like Roll-Your-Own (RYO), Snus and Hubble Bubble will grow at a faster rate, albeit on a smaller base.

Despite these adverse conditions, your Company was able to sustain the demand for Indian tobaccos through focused strategies leveraging its sources of competitive advantage in crop development, product integrity, strategic sourcing and superior processing capability. Significant volumes of flue-cured tobaccos were garnered through superior understanding of customer requirements

and delivering committed quality and value to the customer. Your Company continues to focus on superior quality and varietal offerings to customers in the burley segment through collaborative and customised programmes. The business also engaged with potential customers across the globe and actively explored market opportunities in the growing smokeless tobacco segment through customised offerings.

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

Achieving enhanced productivity continues to be a focus area of research and crop development initiatives of the business. Substantial progress has been made in strengthening the pipeline of new hybrid combinations for deployment in growth zones. Significant milestones were achieved in the development of a new curing regime for tobacco and further experimental trials are underway to create a unique product portfolio.

Your Company's pioneering R&D efforts on varietal improvements in leaf tobacco were 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 helping improve the potential of newly developed varieties. These efforts are not only helping secure global demand for Indian leaf tobacco by providing enhanced value to global customers but also in improving the socio-economic status of the small/tribal farmer. Capitalising on your Company's R&D efforts on varietal improvement, the area under coverage of flue-cured virginia hybrids was substantially increased in collaboration with the Central Tobacco Research Institute and the Tobacco Board of India.

Your Company continues to focus on maintaining the highest quality and safety standards at all its units. During the year, the Chirala and Anaparti factories received the International Safety Award from the British Safety Council for ensuring 'Best Safety Management' systems and the Anaparti unit was awarded the 'National Level Excellence in Water Management Award', as 'Excellent Water Efficient Unit' by CII.

Despite adverse conditions, triggered by declining sales of major global cigarette manufacturers and excess leaf production in major origins, your Company was able to sustain the demand for Indian tobaccos through focused strategies.

Report of the Directors

To further enhance quality and improve supply chain efficiencies, your Company commissioned a new facility in Karnataka with a capacity of 35 million kgs per annum. This investment will not only enhance in-house processing capacity but is also expected to reduce supply chain costs given the factory's proximity to the tobacco growing regions in Karnataka. The business is also actively engaged in augmenting its warehousing capacities and reengineering its 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

The Indian food grain production for the year is estimated at a record high of over 250 million tonnes mainly on account of increase in production of rice and wheat. Wheat output estimates are at an all-time high of about 90 million tonnes. Rice production, at around 103 million tonnes, was higher than 96 million tonnes in the previous year. Overall oil seed production was also on the higher side at about 30 million tonnes. However, India still continues to import nearly 50% of its requirement of edible oil.

The international soya bean market reflected a slowdown in arrival of quantities with all major producers showing a dip in production. Overall global production was about 8% lower than the previous year. While Brazil, Argentina and the US all reported lower crop outputs, demand from China was on the upswing. Although the Indian crop grew in terms of volume, it suffered in terms of quality due to pre-monsoon showers in the growing areas and as such was not able to leverage the uptrend in global prices. Your Company's uniquely structured commodity sourcing business model with strong competencies in multi-location sourcing, logistics and supply chain management was able to leverage its

strengths to improve value capture in the soya market and significantly expand business scale.

Your Company continued to source identity preserved, special varieties of wheat through its e-Choupal network channel for its Branded Packaged Foods business. The continuous focus on minimising bridging costs of wheat for Aashirvaad atta, while seeking to capitalise on geographical and varietal arbitrage opportunities, provided a competitive advantage to your Company's Foods business. The external wheat business successfully catered to a wider range of customers, such as brand owners, private labels, food processors and millers.

In the area of potato sourcing, the business continued to support the Foods business by procuring the highest quality chip stock potatoes for your Company's Bingo! brand of potato chips. The endeavour of partnering with farmers to source locally grown potatoes (closer to manufacturing units) helped minimise logistics costs. Trials for the development of new varieties and new areas continued during the year and such extension efforts helped significantly increase potato crop this year in Gujarat.

India is the world's largest producer, consumer and exporter of spices. Export of spices from India has been growing at 23% per annum over the last 5 years. The growing concerns of food safety and product integrity have increased demand for suppliers with 'end-to-end' capabilities having complete custody of the supply chain, supported by appropriate technology, quality practices 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 spices market. During the past five years, the business, apart from providing support to your Company's Aashirvaad range of spices has also gained considerable market standing amongst large domestic and export customers as a supplier of assured quality with

Your Company's uniquely structured commodity sourcing business model with strong competencies in multi-location sourcing, logistics and supply chain management was able to leverage its strengths to improve value capture and significantly expand business scale.

customised processes and infrastructure and with a significantly high level of 'source credibility'.

Enhancing productivity and establishing effective linkages to markets lies at the root of revitalising agriculture. In this context, effective agricultural extension services are crucial to enabling effective absorption of technology and best practices at the farm level. Through the 'Choupal Pradarshan Khet' initiative, the agri services vertical has been focusing on improving productivity of crops (food grains, cereals, oil seeds and horticulture) while deepening relationship with the farming community. During the year, linkages with Indian Agriculture Research Institute (IARI) were strengthened through an MOU to provide transfer of new varieties of wheat seeds to farmers under Public Private Partnership (PPP). A number of farmer training programmes along with farm demonstrations were also undertaken. Demonstrations of remunerative horticulture crops which provide a higher income have also benefitted farmers across the States of Madhya Pradesh, Tamil Nadu, Uttar Pradesh and West Bengal.

Provision of rural health services through the e-Choupal platform has also been initiated by your Company. A 'Market Based Partnership for Health' programme was started on a pilot basis in the previous year specifically focusing on improvement of maternal and child health and hygiene. In alliance with the United States Agency for International Development (USAID), village health champions were identified and given specific inputs and training for dissemination and creation of awareness among women. In alliance with partnering companies in the health space, the village health champions also market the related health and hygiene products which in turn provide them with an avenue for income. With the successful consolidation of this project in Gonda and Chandauli districts of Uttar Pradesh, your Company now seeks to replicate the same across other areas covered by the e-Choupal network.

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 Branded Packaged Foods business as well as to serve as an efficient 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 under the 'Shareholder Value' section of your Company's website, www.itcportal.com, in a downloadable format.

ITC Global Holdings Pte. Limited, Singapore ('ITC Global'), a subsidiary of your Company, is under winding up in terms of the Order of the High Court of the Republic of Singapore dated 30th November, 2007. Consequently, your Company is not in a position to consolidate the accounts of ITC Global for the financial year ended 31st December, 2011 or to make available copy of the same for inspection by shareholders.

Surya Nepal Private Limited

The operating environment in Nepal continued to remain uncertain during the year under review. The spate of disruptions in economic activity, as a result of the disturbed industrial climate and political instability, has resulted in deceleration in economic growth and employment generation and a slowdown in investments. The GDP growth for the financial year ended mid July 2011 was at 3.5% against 4% in the previous year with Industry growing only at 1.4% compared to 3.3 % last year.

Through the 'Choupal Pradarshan Khet' initiative, the agri services vertical has been focusing on improving productivity of crops (food grains, cereals, oil seeds and horticulture) while deepening relationship with the farming community.

Report of the Directors

Amidst the challenging operating environment, the company maintained its growth trajectory during the year under review. In the twelve-month period ended 13th March, 2012 (30th Falgun 2068), the company recorded a 15% growth in sales with Gross Revenue (net of VAT) increasing to Nepalese Rupees (NRs.) 1426 crores from NRs. 1244 crores in the previous year. Net Profit at NRs. 286 crores increased by 21% over the previous year. The company retained its status as the single largest private sector contributor to the exchequer accounting for about 16% of excise collections and 3.5% of the total revenues of the Government of Nepal.

The company consolidated its leadership position in the cigarette market through unrelenting focus on providing consumers a wide range of product choices of superior quality. On the manufacturing front, the company continued to invest in new technology cigarette packing lines and development of human talent to reinforce its market standing. The construction of a second factory near Pokhara is in progress and will position the company well for meeting consumer demand in the longer term.

The disturbed industrial relations situation prevailing in Biratnagar Industrial belt, led to frequent disruption of operations at the garments manufacturing unit. This rendered export operations unviable and the company was constrained to close down the facility. In the domestic branded apparel industry, the supply chain and distribution infrastructure for 'John Players' and 'Springwood' brands were further strengthened during the year.

In the Safety Matches business, revenues of the company's brand 'Tir', have grown by nearly 36% during the year, evidencing its strong and growing consumer franchise.

The company continued to partner with tobacco farmers in Nepal for productivity and quality enhancement at the farm level through the induction of agricultural best practices. Such efforts are expected to result in sustainable benefits for both the farmer community and the company. The company's commitment to its role as a responsible corporate citizen was further reinforced with initiatives such as the construction of a school building for the local community proximate to the site of its second factory near Pokhara and the institution of the 'Surya Nepal Pvt. Ltd. Asha Social Entrepreneurship Awards'. At Simra, the company continued to support multiple local community development programmes including health camps and irrigation development.

The company declared a dividend of NRs. 111.50 per equity share of NRs. 100/- each for the year ended 16th July, 2011 (32nd Ashad 2068).

ITC Infotech India Limited

The global IT services industry continued to be impacted in 2011 by macroeconomic uncertainties, particularly in Europe, which adversely impacted technology spends. Under these challenging circumstances, the company's consolidated Total Revenue grew by over 30% to ₹ 830 crores, which is well above the industry average and Net Profit grew by over 170% to ₹ 50 crores.

This robust performance is an outcome of the successful strategies adopted by the company in (i) domain-led differentiation across identified industry verticals, (ii) geographic expansion to leverage emerging growth opportunities aligned to capabilities and (iii) sharp focus on delivery excellence, designed to demonstrate continuous value addition to clients while enhancing service productivity.

For the year under review:

- (a) ITC Infotech India Limited registered a Total Revenue of ₹ 566.23 crores (previous year ₹ 426.42 crores) and a Net Profit of ₹ 28.69 crores (previous year ₹ 7.46 crores);
- (b) ITC Infotech Limited, UK, (I2B) a wholly owned subsidiary of the company, registered a Total Revenue of GBP 24.35 million (previous year GBP 22.22 million) and a Net Profit of GBP 2.13 million (previous year GBP 1.03 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\$ 49.85 million (previous year US\$ 38.43 million) and a Net Profit of US\$ 0.3 million (previous year US\$ 0.01 million).

With a view to securing the future, apart from expanding the company's existing in-house domain solution capabilities, specific development programmes have been implemented to embrace disruptive technologies such as cloud computing, social media and mobile computing. Further, as in the past, there was a selective expansion of market presence in high potential geographies to leverage market opportunities and also to serve as a measure of risk mitigation in the event of economic challenges in other markets. Continuing the trend, during the year, branches were set up in Hong Kong, France, Germany and South Korea.

In addition, an important milestone in the evolution of the company's delivery capability has been the commissioning of a new Development Centre at Pune during the year.

While the quality of delivery continues to delight global customers, the company has also been contributing in a meaningful manner towards enhancing the competitiveness of your Company's other businesses. The implementation of 'Club ITC' - a pan-ITC loyalty programme for your Company - on Siebel technology, is believed to be the first of its kind in the world.

The company launched its first software product in the Indian market during the year. Named 'OptSustain', this assists customers in managing and reporting corporate sustainability performance. This is a notable addition to the portfolio of intellectual property.

An externally administered customer satisfaction survey indicates that customers have awarded the company high scores, which are ranked amongst the top few in the industry. While the scores validate the world class quality of service, retaining such scores for the second year stands testimony to the commitment to continuously raising the levels of service to meet growing market expectations.

The overall service delivery capability of the company continues to earn global recognition. The company was featured for the sixth consecutive year in the 2011 Global Services 100 survey, conducted by Global Services and Neo Advisory. Leading analyst firms such as Gartner and Forrester Research continue to highlight the company's capabilities in industry and technology reports.

On the talent management front, the company has implemented and continuously refines sharply focused initiatives encompassing recruitment, training, engagement and retention. The broad spectrum of services, coupled with growing client engagements across the world, has created workplace challenges necessary to motivate employees, offer attractive career growth opportunities and minimise attrition.

While uncertain economic conditions continue to persist, particularly in developed markets which account for about 80% of IT services spends, with a portfolio of differentiated solutions, strong customer relationships, expanding market presence and excellence in delivery, the company is confident of sustaining its robust growth.

Russell Credit Limited

During the year, the company registered a Total Revenue of ₹ 40.58 crores and a Net Profit of ₹ 31.43 crores.

The company, during the year under review, sold its entire holding in Ordinary Shares of Technico Pty Limited, Australia and in Equity Shares of Wimco Limited to your

Company. Consequent to the sale, both these companies became direct subsidiaries of your Company.

As stated in the Report of the Directors of the previous years, a petition was filed by an individual in the High Court at Calcutta, seeking an injunction against the company's Counter Offer to the shareholders of VST Industries Limited (VST), 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 High Court at Calcutta did not grant an injunction. However, transaction in the shares of VST pursuant to the Counter Offer by the company and the other Acquirer is subject to the final Order of that Court, which is awaited.

Similar petitions filed by an individual and two shareholders, in the High Court of Delhi and High Court of Judicature of Andhra Pradesh at Hyderabad, had earlier been dismissed by the respective High Courts.

Wimco Limited

The company achieved a Net Revenue of ₹ 170 crores during the year and posted a net loss for the year of ₹ 45.99 crores against ₹ 59.65 crores loss in the previous year, primarily as a result of one-time separation costs and steep increases in input costs. During the year the company has raised ₹ 59.56 crores through Rights issue of shares.

Margins in the Safety Matches business continued to remain under pressure mainly due to escalation in prices of raw materials like wood, splints, paperboard and key chemicals. The business initiated several cost management measures 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 the Safety Matches business. The Agro Forestry business of the company is taking steps towards this end by supplying high quality poplar sapling 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 opportunities while improving the green cover in the region.

The recent Union Budget 2012 accentuated the already disadvantaged position of the mechanised Safety Matches industry by further increasing the differential in

Report of the Directors

excise duties between the mechanised and non-mechanised sectors. This has forced the company to evaluate alternatives to arrive at a viable business model. In continuation of last year's action to enable better leveraging of the underlying asset base, a voluntary separation scheme was effected at the Kolkata factory during the year.

The Engineering business revenues grew by 19% during the year driven mainly by improved value capture through continuous product development in packaging machinery. The business plans to leverage new and improved product design to offer superior packaging solutions to its 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, 2012, the company recorded a Total Revenue of ₹ 57.66 crores (previous year ₹ 56.04 crores) and a Profit Before Tax of ₹ 11.89 crores (previous year ₹ 12.85 crores). Net Profit for the year stood at ₹ 9.40 crores (previous year ₹ 9.26 crores).

The challenging environment in the State of Andhra Pradesh is adversely impacting the financial performance of the company's hotel ITC Kakatiya, Hyderabad. The hotel continued its focus on cost containment to maintain profitability in a year of intense market competition and high inflation.

During the year, ITC Kakatiya obtained the prestigious Leadership in Energy and Environment Design Platinum certification from the United States Green Building Council (USGBC).

The hotel received the 'Times Food Guide' awards for 'Kebabs & Kurries' and 'Dakshin' – with both being rated as the best restaurants in their respective categories for the third time in a row. In addition, the 'Marco Polo' bar received the award for best outlet in its category.

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, 2012.

Fortune Park Hotels Limited

During the financial year ended 31st March, 2012, the company recorded a Total Revenue of ₹ 20.78 crores (previous year ₹ 18.01 crores) and earned a Net Profit of ₹ 4.96 crores (previous year ₹ 4.12 crores).

The company which caters to the mid market to upscale segment continued its expansion by forging new alliances, taking the total number of hotels in its fold to 67 with an aggregate room inventory of over 5,000. The 'Fortune' brand now has 40 operating hotels and another 4 hotels are slated to be commissioned in the next financial year. The remaining 23 hotel projects are under various stages of development. The brand remains a frontrunner in its operating segment and is well positioned to sustain its leadership position in the industry.

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

During the year, the company was awarded the Hospitality India Award for the 'Best First Class Hotel Chain, 2011' and Sätte award for 'Leading Mid - Market chain, 2012'. Fortune Select Exotica, Navi Mumbai was awarded the 'World Luxury Hotel Award' for the year 2010 and 2011.

The Board of Directors of the company has recommended a dividend of ₹ 10/- per equity share of ₹ 10/- each for the year ended 31st March, 2012.

Bay Islands Hotels Limited

During the financial year ended 31st March, 2012, the company recorded a Total Revenue of ₹ 1.37 crores (previous year ₹ 1.12 crores) and a Net Profit of ₹ 0.92 crores (previous year ₹ 0.76 crores).

The Board of Directors of the company has recommended a dividend of ₹ 65/- per equity share of ₹ 100/- each for the year ended 31st March, 2012.

Landbase India Limited

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

During the year, the company issued and allotted to your Company, 23,00,000 Redeemable Preference Shares of ₹ 100/- each for cash at par, aggregating ₹ 23 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 upgrading the TECHNITUBER® Technology and consequent commercialisation and field multiplication through its wholly owned subsidiaries in different geographies. The company is also engaged in the marketing of TECHNITUBER® seeds to global customers from the production facilities of its subsidiaries in India, China and Canada.

During the year under review, your Company acquired from its wholly owned subsidiary, Russell Credit Limited, the entire shareholding of the company. The company's leadership in the production of early generation seed potatoes and strength in agronomy continue to be leveraged by your Company not only for sourcing chip stock for the 'Bingo!' brand of your Company's Branded Packaged Foods business but also for servicing the seed potato requirements of the farmer base of your Company's Other Agri Commodities business.

For the year under review:

- a) Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 1.13 million (previous year A\$ 1.58 million) and a Net Profit of A\$ 0.11 million (previous year A\$ 0.10 million). The lower turnover was due to reduced orders by a large customer as well as the strengthening of the Australian Dollar against the US Dollar and Euro which are the company's invoicing currencies. The company's property at Paddy's River, Australia, held for sale for some years, was disposed off during the year and the sale proceeds along with the available cash balance were utilised to repay all outstanding loans of the company.
- b) Technico Agri Sciences Limited, India registered a Net Revenue of ₹ 48.20 crores (previous year ₹ 47.65 crores) and a Net Profit of ₹ 7.83 crores (previous year ₹ 7.02 crores). During the year under review, production of potato in India, estimated at 37.5 million tonnes, recorded an all-time high leading to surplus stocks and low prices. As a result, the demand for seed potato and its prices were also depressed. Consequently, the company experienced a muted growth in turnover. However, the company leveraged its market standing, product quality, on-field performance and strong trade and customer relationship, to drive a price premium for its seed potatoes and deliver 11.5% growth in profits over

the previous year. During the year, the company also repaid its outstanding loan from Russell Credit Limited in accordance with agreed terms.

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

King Maker Marketing Inc.

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

During the financial year ended 31st March, 2012, the company recorded Net Sales of US\$ 26.95 million (previous year US\$ 35.55 million) and earned Net Income of US\$ 0.48 million (previous year US\$ 0.52 million).

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 sales volumes and revenues. The year also saw the major multinational companies solidify their foray into the discount segment in which the company operates, with tighter loyalty programmes, as consumers pursued value. Growth of Pipe tobaccos as a substitute for 'Roll Your Own Tobacco', cigarette manufacturing machines at retail, presence of flavoured little cigars akin to cigarettes, discount cigarettes manufactured in Native American reservations sans State taxes, and illicit trade all challenged the company's ability to drive volume upturns. Consequently, KMM's pricing power was stagnant. Improved cost metrics nevertheless led to enhanced profitability.

Government regulations in the tobacco sector continue to take shape. We believe that the industry will consolidate further as US Food and Drug Administration regulations evolve, including in the Other Tobacco Product (OTP) categories like Pipe Tobaccos and Cigars. The company will continue to attune its strategies based on emerging opportunities in the market.

ITC Global Holdings Pte. Limited

The Judicial Managers had been conducting the affairs of ITC Global Holdings Pte. Limited ('Global') since 8th November, 1996 under the authority of the High Court of Singapore. Pursuant to the application of the Judicial

Report of the Directors

Managers, the Singapore Court on 30th November, 2007 ordered the winding up of Global, appointed a Liquidator and discharged the Judicial Managers.

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

BFIL Finance Limited

The company continues to focus its efforts on recoveries through negotiated settlements including property settlements and pursuit of legal cases against various defaulters. The company has no external liabilities outside the ITC group. The company will examine options for further business opportunities at the appropriate time.

Gold Flake Corporation Limited, Wills Corporation Limited, Greenacre Holdings Limited & 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

The Gross Revenue of ITC Filtrona Limited for the year ended 31st December, 2011 was at ₹ 181 crores (₹ 139 crores in 2010). Pre-tax profits for the year were at ₹ 15.6 crores (₹ 12.1 crores in 2010). The year saw an overall improvement in sales volume along with a better product mix. The company has been continually engaging in upgradation of its filter making technology which has enabled the company maintain its leadership position and technology edge over competition and cater to growth both in product mix and volumes.

In order to strike a balance between the need to sustain investments and growth in the future and the expectation of shareholders for growing income, the Directors of the company have recommended a dividend of ₹ 9.00 per ordinary share of ₹ 10.00 each for the year ended 31st December, 2011.

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

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 40 heritage properties and is in the process of adding 9 more properties across 14 States in India. The company's 'WelcomHeritage' portfolio has been rationalised and now offers 'Legend', 'WelcomHeritage Hotels' and 'Nature Resorts' brands, thereby providing uniquely differentiated propositions to guests in the cultural, heritage and adventure tourism segments respectively.

The company has 9 properties under the 'Legend' brand categorised as up-market and known for providing superior service delivery and brand standards. The company also has 10 properties under the 'Nature Resorts' brand and 21 properties under the 'WelcomHeritage Hotels' brand.

Espirit Hotels Private Limited

In July 2010, your Company had entered into a joint venture for developing a luxury hotel complex at Begumpet, Hyderabad. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity

stake in the joint venture company, Espirit Hotels Private Ltd. (EHPL) and will, inter-alia, provide hotel operating services to EHPL under an Operating Services Agreement upon commissioning of the hotel.

The company is in the process of finalising the design and product configuration of the proposed development. Preparatory activity at the site is underway with a view to commencing excavation work shortly.

Logix Developers Private Limited

During the year, your Company entered into a joint venture for developing a luxury hotel-cum-service apartment complex at Sector 105 in NOIDA. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity stake in the joint venture company, Logix Developers Private Ltd. (LDPL) and will, inter-alia, provide hotel operating services to LDPL 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 are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

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

AUDIT AND SYSTEMS

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

Well established and robust internal audit processes, both at business and corporate levels, continuously monitor the adequacy and effectiveness of the internal

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

HUMAN RESOURCE DEVELOPMENT

Your Company's human resource management systems and processes are designed to enhance employee engagement, organisational capability and vitality so as to ensure that each of the businesses is world class, is positioned for competitive superiority and capable of achieving your Company's ambitious plans for growth. A key component of your Company's human resource strategy is the unique strategy of organisation that ensures that each business is enabled to focus on its own product market while at the same time, leverages the synergies of a multi-business conglomerate. This unique strategy of organisation also focuses on developing and nurturing distributed leadership and ensures that each of your Company's businesses is 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 is recognised and acknowledged for its world class human resource practices and enjoys strong equity in the talent market that makes it an 'employer of choice' anchored in its ethos - 'Building winning businesses, Building business leaders, Creating value for India.' The human resource philosophy, strategy

and processes of your Company have been designed to attract and retain quality talent and nurture workplace challenges that keep employees highly engaged, motivated and committed to innovation and customer delight. 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 valuable corporations.

Your Company fosters a culture that rewards performance, continuous learning, collaboration and capability development across the organisation, to be future-ready and meet head-on the challenges posed by ever-changing market realities. Your Company's unflagging commitment to investing in talent development ensures performance and achievement of the highest order.

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 to win 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. This has resulted in significant enhancement in quality and productivity, at the core of which is an abiding commitment to continuous investment in contemporary management practices and manufacturing systems.

Your Company's aspiration to sustain and enhance its position as one of India's most valuable corporations committed to making a significant contribution beyond the market is anchored in the quality and dynamism of its human resource. Their unflinching commitment is the driving force behind your Company's purpose of creating enlarged societal value. The Directors of your Company deeply appreciate the spirit of its dedicated team of over 25,000 employees.

SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

Corporate Social Responsibility (CSR)

Economic progress and long term sustainability of business is today challenged by two major global threats. On the one hand are the societal challenges arising out of widespread hunger and poverty with severe inequity in distribution of wealth. On the other is the alarming environmental degradation and impact of global warming and climate change. These global threats, mirrored in India in perhaps larger dimensions, can severely constrain

human development and economic progress. To address the challenges emerging from these threats, your Company continues to pursue a 'Triple Bottom Line' approach that subserves national priorities by creating larger societal value encompassing the creation of economic, environmental and social capital.

It is your Company's policy:

- To pursue a corporate strategy that enables realisation of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
- To align and integrate Social Investments / CSR programmes with the business value chains of your Company and make them outcome oriented. To support creation of on and off-farm sustainable livelihood sources thereby empowering stakeholder communities to conserve and manage their resources.
- To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long term sustainability of such interventions.
- To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.
- To collaborate with communities and institutions to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through agricultural research and knowledge sharing, superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programmes and such other initiatives.
- To align your Company's operations with the national objective of inclusive growth and employment generation by leveraging your Company's diversified portfolio, manufacturing bases, supply chains and distribution channels, to infuse an appropriate mix of capital and technology to further social business initiatives such as e-Choupal, animal husbandry, agarbatti rolling etc. and support organisations / institutions engaged in building linkages with local, regional and urban communities and markets.

- To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.
- To encourage the development of human capital of the Nation by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.

In pursuance of these policies, your Company has crafted innovative business models that create larger and enduring value by not only generating new sources of competitive advantage for its businesses, but also in the process augmenting natural capital and sustainable livelihoods for the nation.

Your Company published its 8th consecutive Sustainability Report during the year that detailed the progress made across all dimensions of the 'Triple Bottom Line' for the year 2010-11. The report which is independently assured by Ernst & Young, is in accordance with the G3 Guidelines of the Global Reporting Initiative (GRI) and is validated by GRI at the highest 'A+' level. The 9th Sustainability Report covering the sustainability performance during the year 2011-12 is in the process of preparation.

Your Company is today acknowledged as a global exemplar in sustainable business practices. This is manifest in its distinction of being the only company in the world of comparable dimensions, to be carbon positive, water positive and solid waste recycling positive. These milestones, which are a result of significant efforts in building natural and social capital, are positive dimensions contributing to the missions of the National Action Plan on Climate Change.

Environment, Health & Safety

Your Company has proactively pursued a low carbon growth strategy that addresses climate change mitigation and adaptation through several innovative and pioneering initiatives. These include continuous efforts towards energy conservation and efficiency, increasing use of renewable energy in its operations, establishing green buildings, extensive integrated watershed development programmes, promotion of sustainable agricultural practices and carbon sequestration through large-scale forestry initiatives.

Report of the Directors

Your Company continues its participation in market-based mechanisms for mitigating the impact of climate change under the Clean Development Mechanism (CDM) developed by United Nations Framework Convention on Climate Change (UNFCCC). Several CDM projects registered with the UNFCCC are already earning carbon credits while more projects are at various stages of registration. Your Company is also uniquely positioned to participate in other India specific schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by Government of India.

Given its abiding commitment to reduce dependence on fossil fuel based energy, your Company has progressively made significant investments in renewable sources of energy. In addition to the 43.6 MW wind power projects and a 90 Tonnes Per Hour biomass fired boiler already in operation for over a year, your Company has installed additional 13.8 MW wind energy generators in Maharashtra and Tamil Nadu. These investments along with improved utilisation of the biomass fired boiler have led to 38.5% of your Company's total energy requirements being met from renewable sources.

Recognising that water will be an increasingly serious area of concern, your Company has made significant investments in water conservation and harvesting initiatives to enhance its positive water footprint. These include adopting best available technologies and benchmarked practices to achieve zero effluent discharges, providing treated wastewater for irrigation as an alternative for farmers in water stressed areas and enhancing rainwater harvesting both within units and across watershed catchment areas. All these initiatives have resulted in the creation of rainwater harvesting potential that is over two times the net water consumption of your Company's operations. The Watershed Management programme of your Company now covers nearly 90,000 hectares of water stressed area.

Your Company led the green building movement in India and takes justifiable pride that all its premium luxury hotels are now LEED (Leadership in Energy and Environment Design) Platinum certified making it the 'greenest luxury hotel chain' in the world. The ITC Green

Centre in Gurgaon which was earlier declared the largest LEED Platinum rated office space in the world in 2004, was during the recent re-certification, identified as the world's highest rated green building with Platinum certification by the US Green Building Council. The ITC Gardenia, certified LEED Platinum in 2010, is also the world's largest hotel rated in this category. Your Company has been spearheading the progressive implementation of validated green/sustainability standards for existing hotels and factories. As a further manifestation of these values, during the year under review, your Company's factories at Saharanpur and Bengaluru have also received the LEED Platinum rating from the Indian Green Building Council.

Your Company's 'WOW – Wealth Out of Waste' – programme continues to create significant awareness amongst the public on the benefits of the 'Reduce-Reuse-Recycle' paradigm. This initiative, which also contributes to the protection of environment, improvement in civic amenities, public health and hygiene, has received rich accolades from the Government, NGOs, commercial institutions and the public at large. Your Company benefits from the generation of sustainable raw material sources at competitive prices, whilst conserving scarce environmental resources and generating considerable livelihood opportunities.

All units of your Company are mandated to achieve total recycling of waste generated by their operations. All the units have made significant progress in achieving this target, enabling your Company to recycle over 99.9% of waste generated by its operations during the year. The Paperboards and Specialty Papers business, which accounts for nearly 91% of the total waste generated in your Company, has recycled 99.9% of the total waste generated by its operations. This business has also recycled an additional 1,15,414 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

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,

Significant investments in renewable sources of energy along with improved utilisation of the biomass fired boiler have led to 38.5% of your Company's total energy requirements being met from renewable sources.

competent resources and state-of-art fire safety measures, which are regularly checked and monitored through rigorous internal audits. With the objective of sustaining the improving trend in accident statistics, your Company has embarked on an ambitious Behavioural Safety Culture programme to further embed Safety as a key value, across all levels of employees. It is expected that this significant investment by your Company will create long term benefits. The progress and commitment made by your Company in this vital area to protect its valued human resources have been reaffirmed by numerous national and international safety awards and certifications.

The 'CII – ITC Centre of Excellence for Sustainable Development', set up by your Company jointly with the apex national chamber Confederation of Indian Industry (CII) in 2006, continues its endeavours to promote sustainable business practices amongst corporates across the country. During the year, the Centre trained and raised awareness of over 2,000 business managers on various sustainability issues. It has expanded its gamut of activities to meet the core objectives of creating awareness, promoting thought leadership and building capacity amongst Indian enterprises in their quest for sustainable growth and business solutions. The 6th Sustainability Summit: 'Sustainability Solutions, 2011', attracted over 350 participants representing experts from industry, government and civil society from India and several countries across the world and over 25 exhibitors participated in the first-ever Sustainability Exhibition. 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 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, National Awards for Prevention of Pollution, Rajiv Gandhi Environment Awards for Clean Technology and Technology and Finance Committee under the Montreal Protocol. It is also represented on the Board of the Central Pollution Control Board and other bodies. During the year, the Centre introduced three new service lines in the areas of Social Responsibility based on ISO 26000, Green House Gas

Emissions Inventories and Verification based on ISO 14064 and business model innovation. It is the only certified trainer for sustainability assurance professionals in South-East and South Asia.

Social Investments

Your Company's overarching aspiration to create meaningful societal value, inspired by a vision to subserve a larger national purpose and abide by the strong value of Trusteeship, is manifest in ITC's strategy to enhance the competitiveness of value chains of which it is a part and, in particular, those that encompass the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Your Company's Social Investments Programme continues to be influenced by the needs and concerns of rural communities with whom your Company's agri-businesses have forged a long and enduring partnership, and the communities (both rural and urban) residing in close proximity of its manufacturing units.

Consequently, (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 through an integrated approach that includes the development of wastelands, watersheds, agriculture and animal husbandry. (b) In the catchment habitations of manufacturing units, the focus is on creating livelihoods through agarbatti production and developing social capital to prepare the beneficiaries for relevant and contemporary skills.

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

Your Company's pioneering initiative of wasteland development through the Social Forestry Programme currently covers 24,196 hectares in 1,321 villages, impacting nearly 30,000 poor households. This is an integral part of the Social & Farm Forestry initiative that covers a total of over 1,25,000 hectares today. This initiative is aligned to its pulpwood supply chain to create a sustainable source of raw material for your Company and also to meet the energy requirements of rural households. The highlight of this year has been the introduction of the Agro Forestry model. Another significant achievement of the year was the successful completion of the FSC - FM (Forest Stewardship Council – Forest Management) Certification audit.

Report of the Directors

The coverage of your Company's Soil and Moisture Conservation programme, designed to assist farmers in identified moisture-stressed districts, increased by an additional 24,992 hectares. 442 water-bodies were created during the year. The total area covered under the watershed programme cumulatively stands at 89,491 hectares. Your Company signed two new MOUs with the Government of Rajasthan for promoting sustainable livelihoods through watershed development in the districts of Bundi and Pratapgarh under MGNREGA.

The Improved Agricultural Programme this year focussed on two new initiatives: the direct recharge of defunct wells, with a coverage of 61 wells and improved agricultural practices through 37 farmer schools with 918 farmer students and demonstration plots to ensure methodical and systematic learning.

The Sustainable Livelihoods initiative of your Company strives to create alternative employment for surplus labour and thereby decrease pressure on arable land by promoting non-farm incomes. The programme for genetic improvements 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. 83 new Cattle Development Centres were established during the year, taking the total to 293 centres covering more than 5,000 villages, which provided 2.32 lakhs artificial inseminations during the year thus taking the total to 8.07 lakhs artificial inseminations performed till date. Taking the next step in the development of a viable livestock economy, Dairy Development in Munger was a major focus area this year.

The Women's Empowerment Programme covered over 16,000 women through 1,380 self-help groups (SHG) with total savings of ₹ 285 lakhs. Cumulatively, nearly 40,000 women were gainfully employed either through micro-enterprises or assisted with loans to pursue income generating activities. Over 19,000 new students were covered through Supplementary Learning Centres and Anganwadis. Of these, 952 first generation learners were enrolled into formal schools for the first time in their lives. 919 youth were covered this year by the skills development initiative.

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, Dhan, FES, MYRADA, Pratham, SEWA, SRIJAN, DSC and WOTR amongst others. These partnerships, which bring together

the best-in-class management practices of your Company and the development experience and mobilisation skills of NGOs, will continue to provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

Societal Capability Development

In line with its core value of Trusteeship, ITC supports various initiatives that build capability of India's rich human resources to empower the nation's fast growing working-age population. It also helps preserve India's rich cultural heritage enhancing the spirit embodied in its credo of "Let's Put India First."

To cater to the need for professionally trained human resources in the fast growing hospitality industry, your Company contributed to the setting up of the Welcomgroup Graduate School of Hotel Administration (WGSHA) together with the Dr. TMA Pai Foundation in 1987. WGSHA's training and development activities are recognised by the International Hotel Association, Paris. The college has been ranked amongst the top universities in the sector over the years. Graduates of the college are today part of several leading hotel chains of the world. WGSHA's mission is to mould young men and women into competent and responsible professionals with the potential to emerge as future leaders in the Hospitality industry. As part of its efforts to remain contemporary, WGSHA faculty members are sent to ITC Hotels to understand the 'Best Practices' employed at the hotels. A significant number of WGSHA students are sent for 6-months' internship to various ITC Hotels. The college started with an annual intake of 30 students which has increased to 100 students over the years.

The ITC Sangeet Research Academy (ITC SRA) is a true embodiment of sustained corporate commitment to a priceless national heritage. It is a unique institution recognised for being the finest repository of Hindustani Classical Music. With a commitment that has remained consistent for over 35 years, ITC SRA is the world's first and only professionally managed modern Gurukul, blending modern day research methods with the purity of the age old Guru-Shishya tradition. ITC SRA has a mission of preservation and propagation of Hindustani Classical Music. With a galaxy of 9 pre-eminent Gurus and 50 Scholars today, from 20, three years ago, the Academy is presently engaged in carrying the message of Hindustani Classical Music across our country from the metros to rural India. Recent forays into neighbouring Bangladesh have brought home another dimension of the shared sub-continental heritage.

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

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company continues to invest in a comprehensive Research & Development (R&D) programme to develop a unique source of sustainable competitive advantage and build future readiness by leveraging contemporary advances in several relevant areas of science and technology and blending the same with classical concepts of product development.

Your Company's R&D team has set about addressing the challenging task of creating a culture of science-led, product innovation in your Company by appropriately identifying the required set of core competencies in 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 team is staffed with world class scientists and is continuing to identify top talent for creating Centres of Excellence in its chosen areas. The R&D centre is equipped with state-of-the-art equipment for carrying out research and securing proprietary technologies for your Company's businesses.

The Agrisciences R&D team has continued its efforts in evaluating and introducing several germ plasm lines of tobacco and eucalyptus to increase the genetic and trait diversities in these crops, which in turn will strengthen the research programmes for developing new varieties with higher yields, better quality and other relevant traits, for your Company's businesses. Several research collaborations have been initiated with globally recognised Centres of Excellence to fast track its journey towards 'proof of concepts'. These collaborations include: University of Agricultural Science, Bengaluru; CSIRO, Australia and CSIR, South Africa and cover both tobacco and eucalyptus and are structured in a manner to ensure that your Company gains fundamental insights into several technical aspects of plant breeding and genetics of both species. This will accelerate your Company's R&D efforts in creating future generations of these crops with greater genetic and trait diversity, which the crops currently lack.

Your Company's Biosciences R&D team continued to pursue strategies to leverage the potential of convergence of 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' and 'Six Sigma' programmes to cover more business processes. This will further enhance capability to create superior customer value through a service excellence framework. The Paperboards, Paper & Packaging business has implemented the 'Total Productive Maintenance' (TPM) programmes in all units, resulting in substantial cost savings and productivity improvements.

All manufacturing units of your Company have ISO quality certification. 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) methodology. Additionally, the quality of all FMCG products of your Company is regularly monitored through 'Product Quality Ratings Systems' (PQRS).

EXCISE

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

With respect to the Munger factory, proceedings for finalisation of assessments for the period prior to March 1983 resulted in the Deputy Commissioner's Orders

Report of the Directors

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 Bengaluru, during the year 1995, filed criminal complaints in the Special Court for Economic Offences at Kanpur, Patna and Bengaluru, charging your Company and some of its Directors and employees who were employed with your Company during the period 1975 to 1983 with offences under the Central Excises & Salt Act, 1944, purportedly on the basis of the Order of the Director General dated 10th April, 1986. Your Directors are advised that no prosecution would lie on the basis of the aforesaid Order of the Director General dated 10th April, 1986. As earlier reported, the criminal case in respect of the Bengaluru factory was quashed by the Court. In the proceedings relating to Saharanpur and Munger factories, the individuals concerned have been discharged.

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

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

LUXURY TAX

As mentioned in earlier years, the Hon'ble Supreme Court declared the various State luxury tax levies on cigarettes and other goods as unconstitutional. The Court further directed that if any party, after obtaining a stay order from the Court, had collected any amount towards luxury tax from its customers / consumers, such amounts should be paid to the respective State

governments. Since your Company had not charged or collected any amounts towards luxury tax during the relevant period, there is no liability on your Company in this regard. However, the State of Andhra Pradesh has filed a contempt petition in the Supreme Court claiming a sum of about ₹ 323.25 crores towards luxury tax, and a further sum of about ₹ 261.97 crores towards interest, on the allegation that your Company had charged and collected luxury tax from its customers, but in view of a stay order passed by the Court on 1st April, 1999, did not pay the tax to the government. The State's contention is baseless, contrary to facts and is also contrary to the assessment orders passed by the State luxury tax authorities consistently holding that your Company, right from 1st March, 1997, did not charge or collect any amount towards luxury tax from its customers. Accordingly, the State's petition is being contested.

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

You are aware that your Company had secured from the District Court of New Jersey, 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, 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 deployment of temporary surplus liquidity and managing the 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 this environment your Company, by appropriately managing portfolio durations, continued to improve its treasury performance.

All investment decisions in deployment of temporary surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. The portfolio mix during the year was constantly rebalanced in line with changing interest rate scenario which helped enhance yields. Investments were preferred in shorter duration assets like Debt Mutual Funds and Bank Fixed Deposits. Your Company's risk management processes ensured that all deployments were made with proper evaluation of underlying risk while remaining focused on capturing market opportunities.

In the foreign exchange market, the Indian Rupee depreciated significantly during second half of the year and was witness to periods of very high volatility. In order to manage volatility, the Reserve Bank of India not only had to intervene in the market but also enforce additional regulations restraining active management of exposures by companies. In a scenario of high volatility and stricter regulations, your Company adopted an appropriate forex management strategy, which included use of foreign exchange forward contracts and plain vanilla options, to protect business margins and reduce risks / costs.

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

TAXATION

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

As stated in the Report of the Directors of earlier years, in respect of similar Income Tax notices for re-opening the past assessments for the period 1st April, 1990 to 31st March, 1993, the Hon'ble Calcutta High Court had

admitted the Writ Petitions and ordered that no final assessment orders be passed without the leave of the Court. This status also remains unchanged.

PUBLIC DEPOSITS

Your Company's Public Deposit Scheme closed in the year 2000. As at 31st March, 2012, there were no deposits due for repayment except in respect of 2 deposit holders totalling ₹ 20,000 which have been withheld on the directives received from government agencies.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's erstwhile Schemes.

INVESTOR SERVICE CENTRE

The Investor Service Centre ('ISC') of your Company maintains its position as an exemplar in investor servicing. The level 5 rating, the highest rating level, accorded by Messrs. Det Norske Veritas, for the third year in a row, stands testimony to the excellence achieved by ISC in its service standards, systems and processes. ISC, accredited with ISO 9001:2008 certification, has a committed team of professionals supported by contemporary infrastructure.

The 'Investor Relations' section in your Company's corporate website serves as a user friendly online reference for investors in respect of share related matters.

DIRECTORS

Mr. Serajul Haq Khan was appointed as Non-Executive Director of your Company with effect from 27th July, 2007 and his present term will expire on 26th July, 2012. The Board of Directors of your Company (the 'Board') at its meeting held on 25th May, 2012 recommended for the approval of the Members the re-appointment of Mr. Khan as Non-Executive Director of your Company, liable to retire by rotation, with effect from 27th July, 2012.

Notice has been received from a Member of your Company under Section 257 of the Companies Act, 1956 for the re-appointment of Mr. Khan, who has filed his consent to act as Director of your Company, if appointed.

Appropriate resolution seeking your approval to his re-appointment is appearing in the Notice convening the 101st Annual General Meeting (AGM) of your Company.

Report of the Directors

In accordance with the provisions of Article 91 of the Articles of Association of your Company, Mr. Anthony Ruys, Mr. Dinesh Kumar Mehrotra, Mr. Sunil Behari Mathur, Mr. Pillappakkam Bahukutumbi Ramanujam and Mr. Anil Baijal will retire by rotation at the ensuing AGM of your Company and being eligible, offer themselves for re-election. The Board has recommended their re-election.

AUDITORS

Statutory Auditors

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

Cost Auditors

Your Company had appointed Mr. P. Raju Iyer, Cost Accountant, Chennai, as Cost Auditor, with the approval of the Central Government, for audit of cost records maintained by the Paperboards and Specialty Papers business of your Company for the financial year ended 31st March, 2011. The Cost Audit Report was filed by the Cost Auditor on 28th September, 2011 within the due date of 30th September, 2011.

In respect of the financial year ended 31st March, 2012, your Company, with the approval of the Central Government, has appointed (i) Mr. P. Raju Iyer, Cost Accountant, Chennai, as Cost Auditor for audit of cost records maintained by the Paperboards and Specialty Papers business and (ii) Messrs. Shome & Banerjee, Cost Accountants, Kolkata, for cost records in respect of 'Paper' products other than the cost records maintained by the Paperboards and Specialty Papers business. The due date for filing the Cost Audit Reports is 30th September, 2012.

EMPLOYEE STOCK OPTION SCHEME

Under your Company's Employee Stock Option Schemes, 8,02,80,020 Ordinary Shares of ₹ 1/- each, were issued and allotted during the year upon exercise of 80,28,002 Options; such shares rank pari passu with the existing Ordinary Shares of your Company. Consequently, the Issued and Subscribed Share Capital of your Company as at 31st March, 2012 stands

increased to ₹ 781,84,24,300/- divided into 781,84,24,300 Ordinary Shares of ₹ 1/- each.

Details of the Options granted up to 31st March, 2012 under the various Employee Stock Option Schemes, including the ITC Employee Stock Option Scheme – 2011 which became effective from 26th August, 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:

- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- 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
- 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, 2012 stood at 25,165.

The certificate of the Auditors, Messrs. Deloitte Haskins & Sells confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is annexed.

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy and Technology Absorption are also provided in the Annexure to this Report.

There were 72 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, 2012. 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 they are a part.

Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

25th May, 2012
Virginia House
37 J L Nehru Road
Kolkata 700071
India

On behalf of the Board

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

Annexure to the Report of the Directors

Statement as at 31st March, 2012, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of Options granted under the Company's Employee Stock Option Schemes.

Sl. No.		ITC Employee Stock Option Scheme		ITC Employee Stock Option Scheme – 2006		ITC Employee Stock Option Scheme – 2010		Total	
		During 2011-12 (i)	Cumulative (ii)	During 2011-12 (iii)	Cumulative (iv)	During 2011-12 (v)	Cumulative (vi)	During 2011-12 (i)+(iii)+(v)	Cumulative (ii)+(iv)+(vi)
(A)	(i) Number of Options granted :	11,00,988	1,09,91,558	6,79,412	2,08,02,953	41,75,525	41,75,525	59,55,925	3,59,70,036
	(ii) Number of Bonus Options allocated* :	–	27,75,263	–	1,74,50,295	–	–	–	2,02,25,558
	(iii) Total number of Options granted / allocated :	11,00,988	1,37,66,821	6,79,412	3,82,53,248	41,75,525	41,75,525	59,55,925	5,61,95,594
<i>* 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 & 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.</i>									
(B)	Pricing Formula :	The Pricing Formula, as approved by the Shareholders of the Company, is such price which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'Market Price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as determined by the Compensation Committee. The Options were granted at the 'Market Price' as defined under the aforesaid Guidelines. In the financial year 2011-12, Options were granted at ₹ 2023.50 per Option.							
(C)	Total number of Options vested :	1,16,93,812		2,65,62,933		–		3,82,56,745	
(D)	Total number of Options exercised (Each Option represents 10 Ordinary Shares of ₹ 1/- each) :	1,11,69,757		1,41,06,658		–		2,52,76,415	
(E)	Total number of Ordinary Shares of ₹ 1/- each arising as a result of exercise of Options :	11,16,97,570		14,10,66,580		–		25,27,64,150	
(F)	Total number of Options lapsed :	14,96,076		21,75,551		46,360		37,17,987	
(G)	Variation of terms of Options :	Nil							
(H)	Money realised by exercise of Options :	₹ 1247.48 crores		₹ 1388.30 crores		–		₹ 2635.78 crores	
(I)	Total number of Options in force :	11,00,988		2,19,71,039		41,29,165		2,72,01,192	

(J)	Details of Options granted to (i) Senior managerial personnel :		As provided below -			
	Sl. No.	Name	No. of Options granted during the financial year	Sl. No.	Name	No. of Options granted during the financial year
	1.	Y. C. Deveshwar	2,70,000	27.	S. Kumar	21,280
	2.	N. Anand	1,35,000	28.	S. Ganesh Kumar	21,280
	3.	P. V. Dhobale	1,35,000	29.	U. Lall	23,000
	4.	K. N. Grant	1,35,000	30.	H. Malik	30,600
	5.	A. Baijal	10,000	31.	A. K. Mukerji	30,600
	6.	S. H. Khan	10,000	32.	A. Nayak	56,250
	7.	S. B. Mathur	10,000	33.	A. R. Noronha	30,600
	8.	H. G. Powell	10,000	34.	R. Parasuram	23,000
	9.	P. B. Ramanujam	10,000	35.	A. Pathak	23,000
	10.	A. Ruys	10,000	36.	K. T. Prasad	16,000
	11.	K. Vaidyanath	10,000	37.	S. Puri	40,000
	12.	S. M. Ahmad	23,000	38.	R. Rai	30,600
	13.	N. Arif	32,000	39.	V. L. Rajesh	30,600
	14.	P. Banerjea	15,400	40.	V. M. Rajasekharan	21,280
	15.	S. Basu	30,600	41.	A. Rajput	40,000
	16.	M. S. Bhatnagar	23,000	42.	T. V. Ramaswamy	40,000
	17.	A. Chand	23,000	43.	S. Rangrass	30,600
	18.	S. Chandrasekhar	23,000	44.	S. Janardhana Reddy	23,000
	19.	L. C. Chandrasekharan	32,000	45.	A. Seth	21,280
	20.	B. B. Chatterjee	40,000	46.	R. Senguttuvan	30,600
	21.	C. Dar	40,000	47.	S. K. Singh	30,600
	22.	C. S. Das	30,600	48.	S. Sivakumar	56,250
	23.	D. Haksar	30,600	49.	R. Sridhar	30,600
	24.	M. Ganesan	21,280	50.	B. Sumant	30,600
	25.	S. Guha	16,000	51.	K. S. Suresh	40,000
	26.	S. Kaul	30,600	52.	R. Tandon	40,000
	(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'. :		₹ 7.84			

(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 2011-12 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.	:	₹ 308.33 crores																									
	(iii) The impact of this difference on profits and on Earnings Per Share of the Company.	:	<p>The effect on the profits and earnings per share, had the fair value method been adopted, is presented below:</p> <table><tr><td>Profit After Tax</td><td colspan="2">₹ in Crores</td></tr><tr><td>As reported</td><td colspan="2">6,162.37</td></tr><tr><td>Add: Intrinsic Value Compensation Cost</td><td colspan="2">Nil</td></tr><tr><td>Less: Fair Value Compensation Cost (Black Scholes model)</td><td colspan="2">308.33</td></tr><tr><td>Adjusted Profit</td><td colspan="2">5,854.04</td></tr><tr><td>Earnings Per Share</td><td>Basic (₹)</td><td>Diluted (₹)</td></tr><tr><td>As reported</td><td>7.93</td><td>7.84</td></tr><tr><td>As adjusted</td><td>7.53</td><td>7.44</td></tr></table>			Profit After Tax	₹ in Crores		As reported	6,162.37		Add: Intrinsic Value Compensation Cost	Nil		Less: Fair Value Compensation Cost (Black Scholes model)	308.33		Adjusted Profit	5,854.04		Earnings Per Share	Basic (₹)	Diluted (₹)	As reported	7.93	7.84	As adjusted	7.53
Profit After Tax	₹ in Crores																											
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Earnings Per Share	Basic (₹)	Diluted (₹)																										
As reported	7.93	7.84																										
As adjusted	7.53	7.44																										
(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 : ₹ 2,023.50 Weighted average fair value per Option : ₹ 529.57																									
(N)	A description of the method and significant assumptions used during the year to estimate the fair values of Options.	:	<p>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:</p> <table><tr><td>(i) Risk-free interest rate</td><td>8.18%</td></tr><tr><td>(ii) Expected life</td><td>3.2 years</td></tr><tr><td>(iii) Expected volatility</td><td>30.04%</td></tr><tr><td>(iv) Expected dividends</td><td>1.76%</td></tr><tr><td>(v) The price of the underlying shares in market at the time of Option grant</td><td>₹ 1,968.50</td></tr></table> <p>(One Option = 10 Ordinary Shares)</p>			(i) Risk-free interest rate	8.18%	(ii) Expected life	3.2 years	(iii) Expected volatility	30.04%	(iv) Expected dividends	1.76%	(v) The price of the underlying shares in market at the time of Option grant	₹ 1,968.50													
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Kolkata, 25th May, 2012

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

Annexure to the Report of the Directors

For the Financial Year Ended 31st March, 2012

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	58	Executive V.P. - Marketing (ITD)	78,88,099	36,84,202	M.A.	35	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Anand Nakul	55	Executive Director	1,52,99,159	63,48,360	B.A. (Hons.)	32	01.12.1979	@
Arif Nazeem	50	V.P. - Corporate Communications	63,37,831	31,46,155	B.A.(Hons.), M.A.	26	01.09.2006	Indian Chamber of Commerce, Secretary General
Basu S	60	Head of Internal Audit	69,29,540	34,60,327	A.C.A., F.C.A. (Eng. & Wales)	42	02.01.1978	Whinney Murray & Co., London, Audit Asst.
Bhatnagar M S	60	V.P. - Growth & Development (HD)	63,63,796	29,90,532	B.Sc., M.B.A.	37	01.01.1975	@
Chand A	47	Divisional Chief Executive (LRBD)	66,72,871	33,64,277	B.A., M.B.A.	25	01.06.1988	Godfrey Philips (I) Ltd., Mktg. Exec.
Chandrasekhar S	59	Services on Loan to Subsidiary Co.	67,35,397	32,92,097	B.Sc., F.C.A.	34	01.01.1978	@
Chandrasekharan L C (Dr.)	57	Chief Scientist - Research & Technology Innovation (Corp. R & D)	89,59,734	58,32,769	Ph.D.	30	01.10.2005	G.E. India, Director, Mfg. Engg.
Chatterjee B B	59	Executive V.P. & Company Secretary	84,26,188	48,59,058	B.Com. (Hons.), F.C.A., F.C.S., LL.B.	34	16.05.1983	Wacsgen, Deputy Mgr.
Dar C	56	Divisional Chief Executive (FD)	96,43,405	45,48,104	B.Tech. (Hons.), P.G.D.M.	33	01.05.1981	Tata Eng. & Loco. Co., Shift Supvr.
Das C S	56	SBU Chief Executive (ESPB)	63,49,452	31,51,401	B. Tech. (Hons.), M.B.A.	32	15.04.1980	Larsen & Toubro Ltd., Trainee
Deveshwar Y C	65	Executive Chairman	11,27,14,096	5,65,30,166	B.Tech. (Mech.)	43	11.02.1994	Air India Ltd., Chairman & M.D.
Dhobale P V	56	Executive Director	1,45,22,372	63,69,894	B.Tech. (Chem.)	35	01.07.1977	#
Ganesan M	49	Executive V.P. - Finance, Procurement & IT (FD)	60,96,156	30,29,989	B.Com., A.C.A., A.C.S.	26	01.03.1986	Nil
Grant K N	54	Executive Director	1,98,90,821	93,91,883	B.A. (Hons.), M.B.A.	33	02.06.1980	DCM Ltd., Mgmt. Trainee
Gullakota Sanjay	39	Manager - Supply Chain (ITD)	65,25,784	13,64,700	B.Com.	18	01.03.1998	MRF Ltd., Sales Supervisor
Gupta P	55	Head of Corporate Taxation	60,21,975	36,50,145	B.Com. (Hons.), A.C.A., D.M.A.(I.C.A.)	32	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Haksar Dipak	54	Chief Operating Officer (HD)	66,22,820	32,92,083	B.Com. (Hons.)	34	01.09.1977	@
Janardhana Reddy S	63	Executive V.P. - Corporate Affairs	72,30,797	37,04,523	B.Sc. (Ag.)	39	27.12.1972	Nil
Kaul Sandeep	45	SBU Chief Executive (PCPB)	62,78,297	31,07,948	B.E., P.G.D.M.	22	01.06.1990	Nil
Lall U	61	Services on Loan to Tobacco Institute of India	74,39,703	36,62,583	B.A. (Hons.)	40	03.01.1972	PARCO, Officer on Spl. Duty
Malik Hemant	45	Head of TM & D (ITD)	68,43,545	33,80,749	B.A., M.B.A.	23	01.06.1989	Nil
Mukerji Arup K	53	Corporate Financial Controller	74,87,122	35,78,579	B.Com. (Hons.), A.C.A.	30	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Nayak Anand	60	Executive V.P. - Corporate Human Resources	1,26,42,909	67,47,025	B.Sc., P.G.D.I.R.	39	14.05.1973	Nil
Noronha A R	58	Executive V.P. - Technical & Projects & EHS (HD)	64,67,589	32,71,071	B.E. (Elec.)	34	01.05.1978	@
Parasuram R	53	Executive V.P. - Finance & MIS (ITD)	63,14,368	34,35,480	B.Com. (Hons.), A.C.A.	30	15.09.1982	Nil
Pathak Arun	52	Executive V.P. - Finance (HD)	75,15,012	33,73,945	B.Com. (Hons.), F.C.A.	29	20.06.1983	Nil
Puri Sanjiv	49	Divisional Chief Executive (ITD)	1,00,71,397	43,79,719	B.Tech.	27	20.01.1986	TELCO Ltd., Trainee
Rai R K	49	Chief Operating Officer (ABD)	64,63,376	35,29,477	B.A. (Mktg.), P.G.D. in Export & Imports	29	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajesh V L	44	Executive V.P. - Marketing (FD)	62,90,716	31,78,935	B.Sc., M.B.A.	22	01.06.1990	Nil
Rajput A K	56	Senior V.P. - Corporate Affairs	93,10,429	44,90,657	B.Com., M.B.A.	36	10.04.1976	Nil
Ramaswamy T V	60	Group Head - R & D, Projects, EHS	1,05,13,459	48,77,047	B.E., M.M.S.	38	01.07.1974	Nil
Rangrass S	51	Divisional Chief Executive (ABD - ILTD)	73,21,903	35,37,658	B.Tech.	30	01.07.1982	Nil
Seth Anil	54	Executive V.P. - Finance & MIS (PSPD)	65,86,554	30,40,276	B.A. (Hons.), A.C.A., P.G.D.B.M.	29	01.11.1982	Nil
Singh S K	55	Divisional Chief Executive (PSPD)	70,70,162	35,20,757	B.Tech. (Chem.)	35	21.06.1977	#
Sivakumar S	51	Divisional Chief Executive (ABD)	1,17,81,986	63,53,385	B.Sc., P.G. Dip. In Rural Mgmt.	29	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Sridhar R	53	Executive V.P. - HR (ITD)	64,81,908	32,03,828	B.Sc., P.G. Dip. in P.M. & I.R.	30	01.06.1982	Nil
Sumant B	48	Services on Loan to Subsidiary Co.	67,59,277	33,06,869	B.E.	26	20.01.1986	Nil
Suresh K S	51	General Counsel	95,27,441	45,47,838	B.A., B.L., P.G.D.P.M., I.R. & L.W.	29	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Tandon R	58	Chief Financial Officer	1,06,48,720	49,21,375	B.Sc., F.C.A.	34	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Venkateswaran Krishnan (Dr.)	52	Chief Scientist - Product Development (PCPB)	61,89,835	37,69,905	B.Sc., M.Sc., Ph.D.	27	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Wanchoo Siddarth	51	General Manager - Marketing (ITD)	60,64,590	28,89,105	B.Com. (Hons.)	31	19.10.1981	Nil

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Report of the Directors

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Employed for a part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month.								
Agnihotri Chinmay	27	Assistant Manager - Technical (FD)	1,14,812	1,14,080	B.Tech.	4	07.06.2007	Nil
Awasthi Gaurav	35	Executive - Technical (ABD-ILTD)	82,391	78,417	B. Tech.	4	26.12.2007	Nil
Bhandari R	50	V. P. - North & General Manager, ITC Maurya (HD)	11,27,010	7,57,693	B.Com. (Hons.), Dip. in Hotel Mgmt.	26	01.04.2002	@
Bhattacharya Prateek	26	Sales Executive - ITC Kakatiya (HD)	90,219	84,887	B.Sc. In Hospitality Mgmt.	3	01.07.2008	Nil
Charraudeau Phillippe Herve	55	V.P. & General Manager - ITC Grand Chola (HD)	1,19,57,528	58,08,650	B.E.P.C., (Rehaul Reboot), C.A.P.	30	09.05.2011	Movenpick Hotels & Resorts, Saudi Arabia
Dhalewadikar S V (Dr.)	58	Chief Scientist (ITD)	19,69,155	14,64,939	B.Sc., M.Sc., Ph.D.	29	03.03.2003	Hindustan Lever Ltd., Development Mgr.
Dayal Bhagawat	29	Assistant Manager - Process Excellence (PCPB)	1,44,754	1,37,614	B. Tech.	5	18.06.2010	Videocon Ind. Ltd., Sr. Engineer
Ghosh Archisman	27	Assistant Manager - Quality & Training (ITD)	2,09,507	2,00,991	B. Tech.	4	07.06.2007	Nil
Ghose Devjit	28	Assistant Manager - Supply Chain Operations (ITD)	2,22,929	2,12,510	B.Tech.	4	07.06.2007	Nil
Ghosh Reshmi	28	Assistant Manager - Supply Chain Operations (ITD)	2,14,554	2,03,152	B.Tech.	3	10.06.2008	Nil
Goel Abhinav	28	Assistant Manager - Secondary (ITD)	2,38,069	2,25,702	B. Tech., Cert. From Geneva	6	08.06.2005	Nil
Haridas Mahipati	29	Area Executive (ITD)	71,613	71,511	M.B.A.	7	09.10.2007	Banashankar Electricals, Sales Exec.
Kapur Anurag	35	Category Manager (LRBD)	2,18,329	2,09,098	B.Sc., P.G. Dip. NIFT	11	13.06.2005	NSK Textiles Ltd., Merchandiser
Kumar G Arun	32	Assistant Manager - Finance (ABD)	1,66,798	1,61,028	B.Com., I.C.W.A.	9	21.11.2005	Shivashakthi Bioplants Ltd., Asst. Mgr.
Kumar V Vinay	25	Officer - Special Projects (PSPD)	67,957	60,137	B. Tech.	3	02.06.2008	Nil
Kumar Satish K	31	Assistant Manager - Finance (ABD)	1,15,502	1,10,672	B.Com., I.C.W.A.	6	23.06.2008	Reliance Retail Ltd., Asst. Mgr.
Madadi Rajeev Reddy	26	Assistant Manager - Technical (FD)	1,20,370	1,19,979	B.Tech.	4	07.06.2007	Nil
Mathur Rakesh	60	Services on Loan to JV Co.	27,80,528	16,83,137	B.A. (Eco), Dip in H.M.C.T., M.B.A.	37	16.06.2004	@
Misra Rajendra	44	Associate General Counsel	7,11,699	6,18,763	LL.B.	19	18.08.1997	Dunlop India Ltd., Mgr. Legal
Mohan Bhavana	26	Sales Executive - ITC Chola (HD)	2,33,832	2,15,752	B.H.M.	3	01.07.2008	Nil
Muzumdar Chaitali P	29	Front Office Executive - ITC Maratha (HD)	1,25,207	1,20,466	B. H. M.	5	04.07.2005	Nil
Nagpal Manshul	29	Assistant Manager - Marketing (ITD)	1,97,233	1,89,936	B. Tech., P.G.D.M.	4	07.06.2007	Nil
Nair P M	60	Associate Technologist - Making (ITD)	7,54,340	7,22,492	I.T.I., National Apprentice Training	38	02.11.1974	Udupa Industries, Bench Fitter
Ramaraju Rahul	26	Assistant Manager - Technical (FD)	1,05,639	1,05,444	B. Tech.	4	07.06.2007	Nil
Rastogi Nipun	26	Assistant Manager - Secondary (ITD)	1,73,725	1,68,131	B. Tech.	4	07.06.2007	Nil
Sainath K	45	Assistant Manager - Finance (FD)	1,66,300	1,64,892	B.Tech.	12	24.03.2003	Ernst & Young, Consultant
Shetty Nagaraj Ganapati	30	Assistant Officer (PSPD)	57,694	50,582	B.Sc., M. Sc.	6	09.02.2009	The West Coast Paper Mills Ltd., Shift Incharge
Sridhara Akshaya H	26	Junior Research Associate (FD)	25,592	25,529	M.Sc., B. Tech.	3	07.04.2010	ABC Trading Co. Ltd., Exec. R&D
Tipre Raghuraj	44	Commodity Trader (ABD)	2,85,682	2,71,350	M.Sc., B. Tech., Dip in Int. Trade	17	07.02.2002	Nagarjuna & REIL, Asst. Mgr.
Vatsal Dhruv	25	Assistant Manager - Soaps (PCPB)	1,95,664	1,86,398	B. Tech.	3	10.06.2008	Nil

Abbreviations denote :

ITD	: India Tobacco Division
PSPD	: Paperboards & Specialty Papers Division
LRBD	: Lifestyle Retailing Business Division
ABD	: Agri Business Division
ABD - ILTD	: Agri Business, Leaf Tobacco
FD	: Foods Division
HD	: Hotels Division
ESPB	: Education & Stationery Products Business
PCPB	: Personal Care Products Business

@ Previously employed with ITC Hotels Ltd. which was merged with the Company on March 23, 2005

Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on March 13, 2002

Notes :

- Remuneration includes salary, performance bonus, allowances & other benefits / applicable perquisites except contribution to the approved Group Pension under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it in Section 198 of the Companies Act, 1956.
- Net remuneration comprises cash income less :
 - income tax & education cess deducted at source.
 - manager's own contribution to Provident Fund.
- All appointments are/were contractual in accordance with terms and conditions as per Company rules.
- None of the above employees is a relative of any Director of the Company.

On behalf of the Board

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

Kolkata, 25th May, 2012

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 contribution from renewable sources of energy. Various key performance indicators like specific energy (energy consumed per unit of production), specific energy cost and renewable energy contribution were continuously tracked to monitor progress in line with the organisation's overall carbon strategy. Innovative ways and new technology were constantly explored to bring about better alignment with the Government of India's National Action Plan on Climate Change. Some of the measures adopted across your Company were:

- I. Obtaining the LEED (Leadership in Energy and Environment Design) Platinum rating for Saharanpur and Bengaluru factories and ITC Rajputana Hotel at Jaipur, as part of a holistic approach towards sustainability. This has helped achieve significant reduction in energy consumption.
- II. Installation of new renewable energy sources like wind turbine generators and harnessing of solar energy using thermal and photovoltaic systems.
- III. Optimisation in energy consumption by replacing air-cooled chillers with higher efficiency water-cooled chillers, installing high efficiency burners in existing boilers and improving waste heat recovery.
- IV. Improvement in energy usage efficiency of lighting systems by installation of automated lighting controls and sensors, changing over to higher efficiency lighting solutions such as Light Emitting Diodes and increased daylight harvesting.

- V. Appropriate fuel switching measures to alternative fuels across different business units.
- VI. Retrofitting measures and replacement of motors, pumps, boilers, air compressors, cooling towers, harmonic filters and transformers by high efficiency systems across different business units.
- VII. Improved air handling and dust extraction systems.

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

- I. Renewable energy sources such as wind turbines and micro hydel projects.
- II. Process improvements across different factories and installation of more energy efficient technology.
- 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 harmonic filters and 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:

Energy conservation measures have resulted in savings on energy costs for your Company which helped to partially offset the impact of higher fuel costs and poorer quality of coal. Continued focus on energy conservation has resulted in reduction of specific energy consumption per unit of production. The specific steam consumption for Paperboards & Specialty Papers business has reduced by more than 8% and specific power consumption by 1% which are significant considering that this business accounts for most of your Company's energy consumption. Across all businesses the direct reduction in electrical consumption exceeds 2 Gigawatt Hours (GWh) which has reduced costs as well as your Company's carbon emissions.

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

A) POWER AND FUEL CONSUMPTION

Relating to Paperboards & Paper

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
1. Electricity		
a) Purchased Units (KwH in Lakhs)	340	230
Total Amount (₹ in Lakhs)	2259	1714
Rate/Unit (₹)	6.65	7.47
b) Own Generation		
i) Through Diesel Generator		
Units (KwH in Lakhs)	5	6
Units/Litre of Diesel Oil	3.35	3.03
Cost/Unit (₹)	12.56	12.60
ii a) Through Steam Turbine/ Generator-Coal fired Boilers		
Units (KwH in Lakhs)	3796	4115
Units/Kg. of Coal	1.48	1.45
Cost/Unit (₹)	3.28	2.76
b) Through Steam Turbine/ Generator-Soda Recovery Boilers		
Units (KwH in Lakhs)	2419	2188
Units/Kg. of Black Liquor Solids	0.43	0.42
Cost/Unit (₹)	Nil - Internally generated #	

since it is a by-product and no significant value is attributable to it.

For the Year ended 31st March, 2012				For the Year ended 31st March, 2011		
	Process	Power	Total	Process	Power	Total
2. Coal						
B/C/D/E/F Grades Coal						
Quantity (MT)	364802	256091	620893	398260	284708	682968
Total Cost (₹ in Lakhs)			15002			13809
Average Rate (₹ per MT)			2416			2022
3. Furnace Oil						
Quantity (KL)			8240			11947
Total Amount (₹ in Lakhs)			3340			3548
Average Rate (₹ per KL)			40537			29696
4. Others/Internal Generation						
De Oiled Bran, Saw Dust etc.						
Quantity (MT)			148397			118118
Total (₹ in Lakhs)			2794			2402
Rate/Unit (₹)			1883			2034
Black Liquor Solids						
Quantity (MT)			569024			519243
Total (₹ in Lakhs)			Nil - Internally generated #			
Rate/Unit (₹)						
# since it is a by-product and no significant value is attributable to it						
LP Gas						
Quantity (MT)			1228			1100
Total (₹ in Lakhs)			684			516
Rate/Unit (₹)			55722			46880

B) CONSUMPTION PER UNIT OF PRODUCTION

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Products (Paper in MT)	622880	602099
Electricity (KwH)	1026	1036
Coal C/F Grade (MT)	0.64	0.71
Black Liquor Solids (MT)	0.91	0.86
Furnace Oil (Litre)	16	30
Others - De Oiled Rice Bran/ Saw Dust/Raw Lignite/ LP Gas etc.(MT)	0.18	0.10

TECHNOLOGY ABSORPTION

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT

Research & Development

1. Specific areas in which R&D was carried out by your Company:

- Product development and process improvement for packaged foods viz., biscuits – split cream products; snack foods – Tangles.
- Development of new product technologies and product development in the areas of soaps, shampoos and skin care.
- Development of eco-friendly paper, food grade paper, premium printing papers and coated papers and paperboards with superior packaging characteristics with better print aesthetics.
- Development of site specific and disease resistant clones of eucalyptus, casuarina and subabul trees.

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

- Improved consumer benefits and development of products with unique value propositions.
- Cost reduction, import substitution, safer environment and strategic resource management.

- 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.

3. Future Plan of Action:

- I. Product development with nutritional and health benefits in the packaged foods and personal care segments.
- II. Reduction in specific fuel consumption and reduction in carbon footprint.
- III. Continuing research on improvement of pulp yield of eucalyptus, casuarina, subabul and other pulp wood trees.
- IV. Enhanced packaging through increased use of eco-friendly materials.

	For the year ended 31st March, 2012
4. Expenditure on R&D :	(₹ in Lakhs)
i) Capital	1312.55
ii) Recurring	8784.01
iii) Total	<u>10096.56</u>
iv) Total R&D Expenditure as a % of	
— Gross Turnover	0.29%
— Net Turnover	0.41%

Technology Absorption, Adoption and Innovation

- I. Establishment of wind energy farms in Tamil Nadu, Rajasthan and Maharashtra for efficiency and productivity across businesses.
- II. Operating state-of-the-art printing and conversion equipment for packaging.
- III. Development of IT enabled security system for Hotels.
- IV. Induction of contemporary technology and continuous improvement projects across businesses towards reducing process variability, cycle time and wastage while enhancing manufacturing productivity.

Benefits Derived

- I. Reduction in carbon foot print through fuel conservation / switch and reduction in emissions.
- II. Secured environment for hotel guests.
- III. Improved productivity and process control.
- IV. World-class quality and differentiated products.

On behalf of the Board

Kolkata
25th May, 2012

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, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

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

Kolkata, 25th May, 2012

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, 2012 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, 2012 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.

Kolkata,
25th May, 2012

R. TANDON *Chief Financial Officer*

P. V. DHOBALÉ *Executive Director*

Y. C. DEVESHWAR *Chairman*

Balance Sheet as at 31st March, 2012

	Note	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	781.84		773.81	
Reserves and surplus	2	18010.05	18791.89	15179.46	15953.27
Non-current liabilities					
Long-term borrowings	3	77.32		86.58	
Deferred tax liabilities (Net)	4	872.72		801.85	
Other Long term liabilities	5	15.52		20.82	
Long-term provisions	6	107.12	1072.68	93.82	1003.07
Current liabilities					
Short-term borrowings	7	1.77		1.94	
Trade payables		1424.84		1395.31	
Other current liabilities	8	3371.27		3067.77	
Short-term provisions	9	4303.95	9101.83	4012.46	8477.48
TOTAL		28966.40		25433.82	
ASSETS					
Non-current assets					
Fixed assets	10				
Tangible assets		8983.66		8207.23	
Intangible assets		115.53		137.88	
Capital work-in-progress - Tangible assets		2269.26		1322.60	
Intangible assets under development		7.49		10.80	
		11375.94		9678.51	
Non-current investments	11	1953.28		1563.30	
Long-term loans and advances	12	1193.61	14522.83	1146.47	12388.28
Current assets					
Current investments	13	4363.31		3991.32	
Inventories	14	5637.83		5269.17	
Trade receivables	15	986.02		885.10	
Cash and cash equivalents	16	2818.93		2243.24	
Short-term loans and advances	17	500.59		563.45	
Other current assets	18	136.89	14443.57	93.26	13045.54
TOTAL		28966.40		25433.82	

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

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

P. R. RAMESH
Partner

Kolkata, 25th May, 2012

On behalf of the Board

P. V. DHOBALE

Director

Y. C. DEVESHWAR

Chairman

R. TANDON Chief Financial Officer

B. B. CHATTERJEE Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2012

	Note	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
Gross Income	19	36072.59	31399.10
Gross Revenue from sale of products and services		34871.86	30527.88
Less: Excise Duty		10073.43	9360.30
Net Revenue from sale of products and services		24798.43	21167.58
Other operating revenue		375.39	291.40
Revenue from operations	20	25173.82	21458.98
Other income	21	825.34	579.82
Total Revenue		25999.16	22038.80
Expenses			
Cost of materials consumed		7660.91	6971.56
Purchases of Stock-in-Trade		2037.21	1459.72
Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and Intermediates	22	(65.59)	(270.55)
Employee benefits expense	23	1265.41	1140.02
Finance costs	24	77.92	68.38
Depreciation and amortisation expense		698.51	655.99
Other expenses	25	5427.26	4745.52
Total Expenses		17101.63	14770.64
Profit before tax		8897.53	7268.16
Tax expense:			
Current tax	26	2664.29	2263.71
Deferred tax	27	70.87	16.84
Profit for the year		6162.37	4987.61
Earnings per share (Face Value ₹ 1.00 each)	28 (iv)		
Basic		₹ 7.93	₹ 6.49
Diluted		₹ 7.84	₹ 6.41

The accompanying notes 1 to 31 are an integral part of the Financial Statements. In respect of Gross Revenue, Cost of materials consumed and Purchases of Stock-in-Trade refer notes 28 (xiii), (xiv) and (xv) respectively.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants
P. R. RAMESH
Partner
Kolkata, 25th May, 2012

On behalf of the Board

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

Cash Flow Statement for the year ended 31st March, 2012

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	8897.53	7268.16
ADJUSTMENTS FOR :		
Depreciation and Amortisation Expense	698.51	655.99
Finance costs	77.92	68.38
Interest Income	(309.41)	(168.58)
Dividend Income from Long Term Investments	(100.51)	(83.75)
Dividend Income from Current Investments	(198.40)	(155.53)
Loss on Sale of Fixed Assets - Net	11.62	24.44
Net gain on sale of Current Investments	(76.04)	(54.92)
Gain on sale of Long Term Investments	(137.25)	(63.01)
Doubtful and Bad Debts	9.63	2.28
Doubtful and Bad Advances, Loans and Deposits	2.46	2.93
Excess of Carrying Cost over Fair Value of Current Investments - Net	5.74	—
Excess of Cost of Current Investments over Fair Value, reversed - Net	—	(2.57)
Foreign Currency translation and transactions - Net	(12.42)	(10.21)
Doubtful Debts, Claims and Advances - previous years (Included in Note 20)	(1.48)	(1.36)
Liability no longer required written back (Included in Note 20)	(47.55)	(27.47)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8820.35	7454.78
ADJUSTMENTS FOR :		
Trade Receivables, Loans and Advances and Other Assets	(399.19)	(124.96)
Inventories	(368.66)	(720.10)
Trade Payables, Other Liabilities and Provisions	281.06	918.71
CASH GENERATED FROM OPERATIONS	8333.56	7528.43
Income Tax Paid	(2317.97)	(2195.74)
NET CASH FROM OPERATING ACTIVITIES	6015.59	5332.69
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2303.56)	(1349.91)
Sale of Fixed Assets	55.93	8.06
Purchase of Current Investments	(49434.60)	(68486.95)
Sale/Redemption of Current Investments	49150.72	68939.54
Purchase of Long Term Investments from Subsidiary	(297.16)	—
Purchase of Long Term Investments	—	(176.59)
Investment in Joint Ventures	(37.88)	(45.47)
Investment in Subsidiaries	(82.30)	(25.00)
Sale of Long Term Investments	164.61	103.58
Dividend Income from Long Term Investments Received	100.51	83.75
Dividend Income from Current Investments Received	198.40	155.53
Interest Received	283.72	141.00
Loans Given	(410.73)	(239.61)
Loans Realised	402.15	207.40
NET CASH USED IN INVESTING ACTIVITIES	(2210.19)	(684.67)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	764.99	903.82
Proceeds from Long Term Borrowings	0.77	1.40
Repayment of Long Term Borrowings	(10.68)	(11.85)
Net increase / (decrease) in Cash / Export Credit Facilities	(0.17)	1.94
Interest Paid	(16.79)	(15.80)
Net increase in Statutory Restricted Accounts Balances	16.83	20.58
Dividend Paid	(3443.47)	(3818.18)
Income Tax on Dividend Paid	(558.03)	(633.55)
NET CASH USED IN FINANCING ACTIVITIES	(3246.55)	(3551.64)
NET INCREASE IN CASH AND CASH EQUIVALENTS	558.85	1096.38
OPENING CASH AND CASH EQUIVALENTS	2178.92	1082.54
CLOSING CASH AND CASH EQUIVALENTS	2737.77	2178.92
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	2737.77	2178.92
Unrealised Gain on Foreign Currency Cash and Cash Equivalents	0.01	—
Balances in Statutory Restricted Accounts	81.15	64.32
Cash and Cash Equivalents (Note 16)	2818.93	2243.24

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants
P. R. RAMESH
Partner
Kolkata, 25th May, 2012

On behalf of the Board

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

Notes to the Financial Statements

	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 (₹ in Crores)
1. Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	10,00,00,00,000	1000.00	10,00,00,00,000	1000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	7,81,84,24,300	781.84	7,73,81,44,280	773.81
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	7,73,81,44,280	773.81	3,81,81,76,790	381.82
Add: Issue of Bonus Shares	—	—	3,82,67,01,530	382.67
Add: Issue of Shares on exercise of Options	8,02,80,020	8.03	9,32,65,960	9.32
As at end of the year	7,81,84,24,300	781.84	7,73,81,44,280	773.81
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 %	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 %
Tobacco Manufacturers (India) Limited	1,98,55,64,880	25.39	1,98,55,64,880	25.66
Life Insurance Corporation of India	93,87,40,442	12.01	1,00,01,60,528	12.92
Specified Undertaking of the Unit Trust of India	89,67,22,590	11.47	89,67,21,090	11.59
C) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2012 (No. of Shares)		2011 (No. of Shares)	
Bonus Shares issued in 2010-11	3,82,67,01,530		3,82,67,01,530	
D) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
E) Shares reserved for issue under Options				
	As at 31st March, 2012 (No. of Shares)		As at 31st March, 2011 (No. of Shares)	
Ordinary Shares of ₹ 1.00 each	27,20,11,920		29,76,07,800	

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010

The vesting period for conversion of Options is as follows:

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

The Options have been granted at the 'market price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
2. Reserves and surplus		
Capital Reserve		
At the beginning and at the end of the year	2.48	2.48
Capital Redemption Reserve		
At the beginning and at the end of the year	0.30	0.30
Securities Premium Account		
At the beginning of the year	1805.31	1293.48
Add: On issue of Shares	756.96	894.50
Less: Utilised for issue of Bonus Shares	—	382.67
At the end of the year	2562.27	1805.31
Revaluation Reserve		
At the beginning of the year	53.34	54.39
Less: Depreciation	0.26	0.60
On disposal of Fixed Assets	0.03	0.45
At the end of the year	53.05	53.34
Contingency Reserve		
At the beginning and at the end of the year	363.05	363.05
General Reserve		
At the beginning of the year	12406.31	11907.55
Add: Transfer from Surplus in Statement of Profit and Loss	650.00	498.76
At the end of the year	13056.31	12406.31
Surplus in Statement of Profit and Loss		
At the beginning of the year	548.67	61.31
Add: Profit for the Year	6162.37	4987.61
Less: Transfer to General Reserve	650.00	498.76
Proposed Dividend		
— Ordinary Dividend [₹ 4.50 (2011 - ₹ 2.80) per share]	3518.29	2166.68
— Special Dividend [Nil (2011 - ₹ 1.65) per share]	—	1276.79
Income Tax on Proposed Dividend		
— Current Year	570.75	558.62
— Earlier year's provision no longer required	(0.59)	(0.60)
At the end of the year	1972.59	548.67
TOTAL	18010.05	15179.46

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
3. Long-term borrowings		
Unsecured		
Term loans from Banks	0.12	0.88
Deferred payment liabilities		
Sales tax deferment loans	77.20	85.70
TOTAL	77.32	86.58

Term loans from Banks

Repayable in equated periodic instalments upto a 5 year period from the date of respective loan. These are repayable by 2014-15 and carry an interest of 11.25% p.a.

Sales tax deferment loans

Repayable after a period of 10 to 14 years from the end of the month of respective loans. These are repayable by 2025-26 and are interest free.

The scheduled maturity of the Long-term borrowings is summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Note 8)	0.76	9.27	5.39	5.29
Current maturities of long-term debt	0.76	9.27	5.39	5.29
In the second year	0.10	11.17	0.76	9.27
In the third to fifth year	0.02	40.55	0.12	38.85
After five years	–	25.48	–	37.58
Long-term borrowings	0.12	77.20	0.88	85.70

4. Deferred tax liabilities (Net)		
Deferred tax liabilities		
On fiscal allowances on fixed assets	1047.66	984.88
On excise duty on closing stock	245.01	218.15
Other timing differences	4.30	7.13
	1296.97	1210.16
Deferred tax assets		
On employees' separation and retirement etc.	55.78	39.53
On provision for doubtful debts/advances	10.18	11.68
On State and Central taxes etc.	334.74	326.21
Other timing differences	23.55	30.89
	424.25	408.31
	872.72	801.85

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
5. Other Long term liabilities		
Sundry deposits	0.62	0.23
Others (Includes retention monies payable towards fixed assets)	14.90	20.59
TOTAL	15.52	20.82
6. Long-term provisions		
Provision for employee benefits		
Retirement benefits	54.35	50.43
Other long-term benefits	52.77	43.39
TOTAL	107.12	93.82
7. Short-term borrowings		
Secured		
Loans from Banks		
Cash credit facilities	1.77	1.94
TOTAL	1.77	1.94

Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future.

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
8. Other current liabilities		
Current maturities of long-term debt (Note 3)	10.03	10.68
Interest accrued but not due on borrowings	0.03	0.06
Unpaid dividend *	80.76	63.93
Unpaid matured deposits and interest accrued thereon
Unpaid matured debentures / bonds and interest accrued thereon **	0.32	0.32
Sundry deposits	30.46	27.61
Other payables	3249.67	2965.17
TOTAL	3371.27	3067.77

* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 206A of the Companies Act, 1956, or such amounts in respect of which Prohibitory / Attachment Orders are on record with the Company.

** Represents amounts which are subject matter of pending legal disputes, details in respect of which are on record with the Company, including an amount of ₹ 0.30 Crore (2011- ₹ 0.30 Crore) maintained with a bank for which the Company has filed a suit.

Other payables comprise:

Payables for fixed assets	247.20	181.30
Statutory liabilities	1901.13	1874.95
Advances received from customers	633.55	570.03
Others	467.79	338.89
TOTAL	3249.67	2965.17

9. Short-term provisions		
Current portion of long-term employee benefits		
Retirement benefits	16.99	6.82
Other long-term benefits	12.77	3.55
Current taxation (net of advance payment)	183.60	—
Fringe benefit tax (net of advance payment)	1.55	—
Proposed dividend	3518.29	3443.47
Income tax on proposed dividend	570.75	558.62
TOTAL	4303.95	4012.46

Notes to the Financial Statements

(₹ in Crores)

10. Fixed assets		Gross Block			Depreciation and Amortisation				Net Book Value	
Particulars	@ As at 31st March, 2011	Additions	Withdrawals and adjustments	@ As at 31st March, 2012	Upto 31st March, 2011	For the year	On Withdrawals and adjustments	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Tangible assets										
Land										
Freehold	848.71	241.94	26.20	1064.45	–	–	–	–	1064.45	848.71
Leasehold	209.80	0.43	–	210.23	8.14	2.40	–	10.54	199.69	201.66
Buildings										
Freehold	2365.90	207.34	5.45	2567.79	367.19	55.88	2.43	420.64	2147.15	1998.71
Licensed Properties - Building Improvement	46.79	5.59	0.70	51.68	21.13	5.55	0.14	26.54	25.14	25.66
Plant and Equipment	8431.29	980.97	84.87	9327.39	3566.98	548.26	56.67	4058.57	5268.82	4864.31
Furniture and Fixtures	460.40	20.70	8.24	472.86	251.98	26.73	7.00	271.71	201.15	208.42
Vehicles	70.02	29.70	12.36	87.36	22.45	7.21	6.32	23.34	64.02	47.57
Office Equipment	17.97	2.75	0.88	19.84	6.68	1.32	0.65	7.35	12.49	11.29
Railway Sidings etc.	1.72	–	–	1.72	0.82	0.15	–	0.97	0.75	0.90
	12452.60	1489.42	138.70	13803.32	4245.37	647.50	73.21	4819.66	8983.66	8207.23
Capital work-in-progress	1322.60	2173.34	1226.68	2269.26	–	–	–	–	2269.26	1322.60
TOTAL	13775.20	3662.76	1365.38	16072.58	4245.37	647.50	73.21	4819.66	11252.92	9529.83
Previous Year	12710.68	1985.15	920.63	13775.20	3694.83	611.74	61.20	4245.37	9529.83	
Intangible assets (acquired)										
Goodwill	4.90	–	–	4.90	4.90	–	–	4.90	–	–
Trademarks	6.04	–	–	6.04	5.40	0.58	–	5.98	0.06	0.64
Computer Software	240.56	17.96	1.42	257.10	119.43	44.27	1.15	162.55	94.55	121.13
Know-how, Business and Commercial Rights	61.76	11.23	–	72.99	45.65	6.42	–	52.07	20.92	16.11
	313.26	29.19	1.42	341.03	175.38	51.27	1.15	225.50	115.53	137.88
Intangible assets under development	10.80	22.99	26.30	7.49	–	–	–	–	7.49	10.80
TOTAL	324.06	52.18	27.72	348.52	175.38	51.27	1.15	225.50	123.02	148.68
Previous Year	266.21	69.82	11.97	324.06	130.63	44.85	0.10	175.38	148.68	

The above includes following assets given on operating lease :

Particulars	As at 31st March, 2012			2012	As at 31st March, 2011			2011
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings	8.85	2.62	6.23	0.10	6.31	2.82	3.49	0.06
Plant and Equipment	216.50	156.17	60.33	9.33	225.45	163.66	61.79	8.51
TOTAL	225.35	158.79	66.56	9.43	231.76	166.48	65.28	8.57

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

Land Freehold includes the provisional purchase price of (a) ₹ 17.29 Crores (2011 - ₹ 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 (2011 - ₹ 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 ₹ 770.24 Crores (2011 - ₹ 729.08 Crores), aggregate cost of building on leasehold land situated at various locations.

Trademarks are being amortised over 10 years.

Out of the total amount of "Know-how, Business and Commercial Rights" aggregating ₹ 72.99 Crores (2011 - ₹ 61.76 Crores) :-

- ₹ 59.97 Crores (2011 - ₹ 48.74 Crores) acquired during the year and in earlier years are being amortised over 10 years.
- ₹ 8.05 Crores (2011 - ₹ 8.05 Crores) acquired in earlier years and have been amortised over 5 years.
- ₹ 4.97 Crores (2011 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.

Depreciation for the year includes ₹ 0.26 Crore (2011 - ₹ 0.60 Crore) transferred from Revaluation Reserve in respect of revalued assets.

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise)				
Long Term				
A. TRADE INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries				
Gold Flake Corporation Limited 1,59,98,385 Equity Shares of ₹ 10.00 each, fully paid		16.00		16.00
Wills Corporation Limited 48,85,626 Equity Shares of ₹ 10.00 each, fully paid		4.88		4.88
Russell Credit Limited 59,74,54,177 Equity Shares of ₹ 10.00 each, fully paid 7,54,22,400 Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid		619.29 39.22		619.29 39.22
ITC Infotech India Limited 8,52,00,000 Equity Shares of ₹ 10.00 each, fully paid		85.14		85.14
Landbase India Limited 5,00,00,000 Equity Shares of ₹ 10.00 each, fully paid		58.57		58.57
ITC Global Holdings Pte. Limited (in liquidation) 89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully provided)		—		—
BFIL Finance Limited 2,00,00,000 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 20.00 Crores, fully provided)		—		—
Surya Nepal Private Limited 1,18,94,400 Ordinary Shares of Nepalese Rupees 100.00 each, fully paid		10.15		10.15
Srinivasa Resorts Limited 1,63,20,477 Equity Shares of ₹ 10.00 each, fully paid		18.53		18.53
Fortune Park Hotels Limited 4,50,008 Equity Shares of ₹ 10.00 each, fully paid		0.45		0.45
Bay Islands Hotels Limited 11,875 Equity Shares of ₹ 100.00 each, fully paid		0.12		0.12
King Maker Marketing, Inc. 204 Shares of Common Stock with no par value		10.23		10.23
Wimco Limited 18,24,76,340 Equity Shares of ₹ 1.00 each, fully paid		114.33		—
Technico Pty Limited 2,26,06,065 Ordinary Shares with no par value		108.72		—
In Associates				
International Travel House Limited 2,87,600 Equity Shares of ₹ 10.00 each, fully paid	0.65		0.65	
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid	1.94		1.94	
In Joint Ventures				
Espirit Hotels Private Limited 4,65,09,200 (2011 - 4,54,69,200) Equity Shares of ₹ 10.00 each, fully paid		46.51		45.47
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid		0.90		0.90
Logix Developers Private Limited 68,23,243 Equity Shares of ₹ 10.00 each, fully paid		36.84		—
Carried over	2.59	1169.88	2.59	908.95

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise) (Contd.)				
Brought forward	2.59	1169.88	2.59	908.95
TRADE INVESTMENTS (Contd.)				
In Others				
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of ₹ 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.04.1989 (cost ₹ 1.19 Crores, fully provided)		—		—
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
VST Industries Limited 1,72,501 (2011 - 11,11,748) Equity Shares of ₹ 10.00 each, fully paid	2.86		18.47	
Agro Tech Foods Limited Nil (2011 - 8,93,465) Equity Shares of ₹ 10.00 each, fully paid	—		11.75	
Hotel Leelaventure Limited 4,99,53,055 (2011 - 3,20,23,542) Equity Shares of ₹ 2.00 each, fully paid	184.23		100.82	
EIH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	392.29		392.29	
INVESTMENT IN PREFERENCE SHARES				
In Subsidiaries				
Wimco Limited 50,00,000 Zero Coupon Redeemable Preference Shares of ₹ 100.00 each, fully paid		50.00		—
Landbase India Limited 1,49,00,000 (2011 - 1,26,00,000) Redeemable Preference Shares of ₹ 100.00 each, fully paid		149.00		126.00
INVESTMENT IN DEBENTURES				
In Subsidiaries				
BFIL Finance Limited 15,00,000 - 18.5% Non - Convertible Debentures of ₹ 100.00 each, renewed at 0% (cost ₹ 15.00 Crores, fully provided)		—		—
B. OTHER INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.05		0.05	
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
INVESTMENT IN DEBENTURES				
Woodlands Multispeciality Hospital Limited (Formerly Woodlands Hospital & Medical Research Centre Limited) 1/2% Registered Debentures, fully paid (cost ₹ 15200.00) 5% Registered Debentures, fully paid		0.01		0.01
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
Government Securities (cost ₹ 76000.00)		0.01		0.01
Aggregate amount of quoted and unquoted Investments	582.02	1371.26	525.97	1037.33
Total Non-current investments		1953.28		1563.30

Aggregate market value of quoted investments ₹ 957.56 Crores (2011 - ₹ 944.89 Crores).

Aggregate provision for diminution in value ₹ 61.77 Crores (2011 - ₹ 61.77 Crores).

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
12. Long-term loans and advances				
Capital advances				
Unsecured, considered good		302.80		407.64
Security deposits				
Unsecured, considered good	459.65		303.82	
Doubtful	3.13		5.13	
	462.78		308.95	
Less: Provision for doubtful deposits	3.13	459.65	5.13	303.82
Loans and advances to Related Parties				
Security deposits - unsecured, considered good	50.46		0.45	
Loans and advances - unsecured, considered good	107.29		0.44	
Loans and advances - doubtful	32.55		32.55	
	190.30		33.44	
Less: Provision for doubtful loans and advances	32.55	157.75	32.55	0.89
Other loans and advances				
(Comprise loans to employees, prepaid expenses, advances with statutory authorities etc.)				
Unsecured, considered good	273.41		272.95	
Doubtful	15.41		16.05	
	288.82		289.00	
Less: Provision for doubtful loans and advances	15.41	273.41	16.05	272.95
Advance tax (net of provisions)		—		157.54
Fringe benefit tax (net of provisions)		—		3.63
TOTAL		1193.61		1146.47

Loans and advances to Related Parties include loans to Directors and Company Secretary ₹ 0.41 Crore (2011 - ₹ 0.44 Crore) and deposit with Director - ₹ 0.04 Crore (2011 - ₹ 0.03 Crore). Refer Note 30.

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value)				
Investment in Preference Shares				
ICICI Bank Limited 310 Non-Cumulative, Non-Participating, Non-Voting Preference Shares of ₹ 10000000.00 each, fully paid		134.99		120.44
Investment in Bonds				
Indian Railway Finance Corporation Limited 10,000 6.30% Tax Free Bonds of ₹ 100000.00 each, fully paid		93.46		96.64
4,35,012 8.00% Tax Free Bonds of ₹ 1000.00 each, fully paid		43.50		—
India Infrastructure Finance Company Limited 43,070 6.85% Tax Free Bonds (22/01/2014) of ₹ 100000.00 each, fully paid		424.91		430.70
3,000 6.85% Tax Free Bonds (20/03/2014) of ₹ 100000.00 each, fully paid		29.57		30.00
National Highways Authority of India 4,94,476 8.20% Tax Free Bonds of ₹ 1000.00 each, fully paid		49.45		—
National Housing Bank 1,03,785 Zero Coupon Bonds 2018 of ₹ 10000.00 each, fully paid		56.79		54.99
National Bank for Agriculture and Rural Development 4,100 Zero Coupon Bhavishya Nirman Bonds 2017 of ₹ 20000.00 each, fully paid		5.10		4.89
1,41,270 Zero Coupon Bhavishya Nirman Bonds 2019 of ₹ 20000.00 each, fully paid		153.83		148.90
State Bank of India Nil (2011 - 6,066) 9.45% Series 4 Lower Tier II Bonds (16/03/2026) of ₹ 10000.00 each, fully paid	—		6.07	
Nil (2011 - 11,570) 9.95% Series 4 Lower Tier II Bonds (16/03/2026) of ₹ 10000.00 each, fully paid	—		11.91	
Investment in Mutual Funds				
Axis Fixed Term Plan - Series 20 (3 Months) - Dividend Payout 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
Birla Sun Life Fixed Maturity Plan - Series DS - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Birla Sun Life Fixed Maturity Plan - Series EU - Dividend Payout 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Birla Sun Life Fixed Term Plan Series CG Growth Nil (2011 - 3,00,00,000) Units of ₹ 10.00 each	—		30.00	
Birla Sun Life Fixed Term Plan Series CI-Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Birla Sun Life Fixed Term Plan Series CJ Dividend - Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Birla Sun Life Fixed Term Plan Series CK Dividend - Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Birla Sun Life Fixed Term Plan Series CO Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Birla Sun Life Fixed Term Plan - Series DT - Growth 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
Birla Sun Life Fixed Term Plan - Series DY - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Birla Sun Life Fixed Term Plan - Series EB - Growth 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
Carried over	120.00	991.60	197.98	886.56

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	120.00	991.60	197.98	886.56
Investment in Mutual Funds (Contd.)				
Birla Sun Life Fixed Term Plan - Series EE - Dividend - Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Birla Sun Life Fixed Term Plan - Series EM - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Birla Sun Life Fixed Term Plan - Series EW - Growth 4,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	45.00		—	
Birla Sun Life Fixed Term Plan - Series FA - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Birla Sun Life Medium Term Plan - Institutional - Weekly Dividend - Reinvestment Nil (2011 - 10,08,03,045) Units of ₹ 10.00 each		—		101.12
Birla Sun Life Quarterly Interval Fund - Series 4 - Dividend Payout 2,00,00,000 (2011 - 2,50,00,000) Units of ₹ 10.00 each	20.00			25.00
Birla Sun Life Short Term Fixed Maturity Plan - Series 4 Dividend - Payout Nil (2011 - 7,50,00,000) Units of ₹ 10.00 each	—		75.00	
Birla Sun Life Short Term Fixed Maturity Plan - Series 22 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Birla Sun Life Short Term Fixed Maturity Plan - Series 23 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Birla Sun Life Short Term Fixed Maturity Plan - Series 29 - Dividend Payout 2,70,00,000 (2011 - Nil) Units of ₹ 10.00 each	27.00		—	
Birla Sun Life Short Term Fixed Maturity Plan - Series 30 - Dividend Payout 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
BNP Paribas Money Plus Institutional Growth 5,28,96,512 Units of ₹ 10.00 each		71.23		71.23
Canara Robeco Fixed Maturity Plan - Series 5 -13 months (Plan A) Dividend Payout Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
Canara Robeco Fixed Maturity Plan Series 7 - Plan A - Growth Plan 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Canara Robeco Interval Series - 2 - Quarterly Plan 2 - Institutional Dividend Fund 99,97,501 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 3M Series 27 - Dividend Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
DSP BlackRock Fixed Maturity Plan - 3M Series 28 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 3M Series 29 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 3 M - Series 29 - Dividend Payout 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
DSP BlackRock Fixed Maturity Plan - 3 M - Series 30 - Dividend Payout 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 3M Series 32 - Dividend Payout Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
DSP BlackRock Fixed Maturity Plan - 3 M - Series 33 - Dividend Payout 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
Carried over	437.00	1062.83	407.98	1083.91

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	437.00	1062.83	407.98	1083.91
Investment in Mutual Funds (Contd.)				
DSP BlackRock Fixed Maturity Plan - 3 M - Series 40 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
DSP BlackRock Fixed Maturity Plan - 3 M - Series 42 - Dividend Payout 3,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	35.00		—	
DSP BlackRock Fixed Maturity Plan - 12M - Series 10 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 11 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 12 M - Series 12 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 12M - Series 12 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 13 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan 12M - Series 14 - Growth Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
DSP BlackRock Fixed Maturity Plan - 12 M - Series 16 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 12 M - Series 23 - Growth 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
DSP BlackRock Fixed Maturity Plan - 12 M - Series 32 - Growth 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
DSP BlackRock Fixed Maturity Plan - 12 M - Series 34 - Dividend Payout 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
DSP BlackRock Fixed Maturity Plan - 12 M - Series 36 - Dividend Payout 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 12 M - Series 43 - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
DSP BlackRock Fixed Maturity Plan - 13M - Series 2 - Dividend Nil (2011 - 4,50,00,000) Units of ₹ 10.00 each	—		45.00	
DSP BlackRock Fixed Maturity Plan - 13 M - Series 3 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 13 M - Series 37 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend 4,99,966 (2011 - 3,14,464) Units of ₹ 1000.00 each		50.01		31.46
DSP BlackRock Strategic Bond Fund - Monthly Dividend 2,44,500 (2011 - Nil) Units of ₹ 1000.00 each		25.24		—
DWS Fixed Maturity Plan - Series 1 - Dividend Plan Payout 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
DWS Fixed Maturity Plan - Series 5 - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DWS Fixed Term Fund - Series 67 - Dividend Plan - Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DWS Fixed Term Fund - Series 77 - Dividend Plan - Payout Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
Carried over	662.00	1138.08	662.98	1115.37

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	662.00	1138.08	662.98	1115.37
Investment in Mutual Funds (Contd.)				
DWS Fixed Term Plan- Series 76 - Dividend Plan - Payout Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
DWS Fixed Term Fund Series 79 - Dividend Plan - Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DWS Money Plus Fund - Institutional Plan Weekly Dividend - Reinvestment Nil (2011 - 4,97,90,382) Units of ₹ 10.00 each		—		50.00
DWS Short Maturity Fund - Premium Plus Weekly Dividend - Reinvestment Nil (2011 - 5,00,74,399) Units of ₹ 10.00 each		—		50.07
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment 7,43,22,138 (2011 - Nil) Units of ₹ 10.00 each		79.05		—
HDFC Fixed Maturity Plan 370D November 2010 (1) - Growth - Series XVII Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
HDFC Fixed Maturity Plan 370D November 2011 (1) - Growth - Series XIX 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
HDFC Fixed Maturity Plan 370D December 2011 (2) - Growth - Series XIX 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
HDFC Fixed Maturity Plan 370D January 2012 (2) - Growth - Series XIX 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
HDFC Fixed Maturity Plan 370D January 2012 (3) - Growth - Series XIX 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
HDFC Fixed Maturity Plan 370D February 2012 (2) - Growth - Series XXI 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC Fixed Maturity Plan 370D March 2012 (1) - Growth - Series XXI 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC Fixed Maturity Plan 92D January 2012 (2) - Dividend - Series XIX 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
HDFC Fixed Maturity Plan 92D February 2012 (2) - Dividend - Series XIX 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC Fixed Maturity Plan 92D February 2012 (3) - Dividend - Series XIX 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
HDFC Fixed Maturity Plan 92D March 2012 (1) - Dividend - Series XIX 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
HDFC Fixed Maturity Plan 92D March 2012 (3) - Dividend - Series XIX 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC High Interest Fund - Short Term Plan - Dividend 2,38,23,226 (2011 - Nil) Units of ₹ 10.00 each	25.21		—	
ICICI Prudential Fixed Maturity Plan Series 51- 1 Year Plan B Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 51- 13 Months Plan C Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 51- 14 Months Plan D Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 53 - 1 Year Plan C Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 53 - 1 Year Plan F Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	887.21	1217.13	847.98	1215.44

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	887.21	1217.13	847.98	1215.44
Investment in Mutual Funds (Contd.)				
ICICI Prudential Fixed Maturity Plan Series 53 - 6 Months Plan A Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan A Cumulative Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan B Cumulative Nil (2011 - 7,50,00,000) Units of ₹ 10.00 each	—		75.00	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan F Cumulative 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan J Cumulative 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan C Dividend 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan E Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
ICICI Prudential Fixed Maturity Plan Series 62 - 396 Days Plan F Dividend 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
ICICI Prudential Fixed Maturity Plan Series 62 - 1 Year Plan G Cumulative 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
ICICI Prudential Fixed Maturity Plan Series 63 - 1 Year Plan B Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative 1,18,66,995 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
ICICI Prudential Interval Fund Half Yearly Interval Plan - I Institutional Dividend Nil (2011 - 5,00,01,063) Units of ₹ 10.00 each		—		50.00
ICICI Prudential Interval Fund Half Yearly Interval Plan II Institutional Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
ICICI Prudential Interval Fund II Quarterly Interval Plan Institutional Dividend 2,00,00,000 (2011 - 2,50,00,000) Units of ₹ 10.00 each	20.00			25.00
ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
ICICI Prudential Interval Fund II Quarterly Interval Plan F Institutional Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each		—		15.00
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each		—		15.00
ICICI Prudential Interval Fund Quarterly Interval Plan - 1 Institutional Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDBI Fixed Maturity Plan - 369 Days - Series - II (February 2012) - C - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
IDFC Fixed Maturity 100 Days Series - 1 Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
IDFC Fixed Maturity 100 Days Series - 3 Dividend Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
IDFC Fixed Maturity Plan Yearly Series 37 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	1177.21	1217.13	1027.98	1320.44

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1177.21	1217.13	1027.98	1320.44
Investment in Mutual Funds (Contd.)				
IDFC Fixed Maturity Plan - Yearly Series 49 - Quarterly Dividend 3,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	35.00		—	
IDFC Fixed Maturity Plan - Yearly Series 52 - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 53 - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 57 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
IDFC Fixed Maturity Plan - Yearly Series 61 - Quarterly Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 62 - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 64 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
IDFC Fixed Maturity Plan - Yearly Series 66 - Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Quarterly Series 70 Dividend 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
IDFC Fixed Maturity Quarterly Series 71 Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
IDFC Fixed Maturity Quarterly Series 73 Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Monthly Dividend 7,44,45,441 (2011 - Nil) Units of ₹ 10.00 each	75.48		—	
IDFC Super Saver Income Fund - Medium Term Plan B - Monthly Dividend 2,50,90,051 (2011 - Nil) Units of ₹ 10.00 each	25.15		—	
JPMorgan Fixed Maturity Plan - Series 6 - Dividend Plan 4,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	45.00		—	
JPMorgan Fixed Maturity Plan - Series 7 - Dividend Plan 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
JPMorgan Fixed Maturity Plan - Series 8 - Dividend Plan 7,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	75.00		—	
JPMorgan India Fixed Maturity Plan 367D Series 1 - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each		—		25.00
JPMorgan India Fixed Maturity Plan 400D Series 1 - Growth Plan Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
JPMorgan India Treasury Fund - Super Institutional Growth Plan 5,68,14,390 Units of ₹ 10.00 each	66.24			66.24
Kotak Bond (Short Term) - Monthly Dividend 2,49,32,134 (2011 - Nil) Units of ₹ 10.00 each	25.18		—	
Kotak Fixed Maturity Plan Series 28 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Fixed Maturity Plan Series 30 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Fixed Maturity Plan Series 32 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	1754.26	1217.13	1152.98	1411.68

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1754.26	1217.13	1152.98	1411.68
Investment in Mutual Funds (Contd.)				
Kotak Fixed Maturity Plan Series 34 - Growth Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Kotak Fixed Maturity Plan Series 37 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Fixed Maturity Plan Series 62 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Kotak Fixed Maturity Plan Series 70 - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Kotak Fixed Maturity Plan Series 72 - Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Kotak Fixed Maturity Plan Series 75 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Kotak Fixed Maturity Plan Series 78 - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Kotak Fixed Maturity Plan Series 79 - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Kotak Fixed Maturity Plan Series 83 - Growth 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
Kotak Fixed Maturity Plan 370 Days Series 3 Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Kotak Fixed Maturity Plan 370 Days Series 9 Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Floater Long Term - Growth 10,45,70,180 Units of ₹ 10.00 each	150.00			150.00
Kotak Quarterly Interval Plan Series 1 - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Kotak Quarterly Interval Plan Series 2 - Dividend 99,99,722 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Kotak Quarterly Interval Plan Series 5 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Quarterly Interval Plan Series 10 - Dividend Nil (2011 - 5,00,06,947) Units of ₹ 10.00 each	—		50.00	
L&T Fixed Maturity Plan Series - 12 - Plan 15 M - March 10 - I - Dividend (Payout) Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
Reliance Fixed Horizon Fund - XIII - Series 6 - Growth Plan Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
Reliance Fixed Horizon Fund - XVI - Series 5 - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Reliance Fixed Horizon Fund - XVI - Series 8 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Reliance Fixed Horizon Fund - XVII - Series 1 - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Reliance Fixed Horizon Fund - XVII - Series 2 - Growth Plan Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
Reliance Fixed Horizon Fund - XVII - Series 4 - Dividend Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Carried over	2059.26	1217.13	1552.98	1561.68

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2059.26	1217.13	1552.98	1561.68
Investment in Mutual Funds (Contd.)				
Reliance Fixed Horizon Fund - XVII - Series 6 - Dividend Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Reliance Fixed Horizon Fund - XVIII - Series 7 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Reliance Fixed Horizon Fund - XIX - Series 1 - Growth Plan Nil (2011 - 3,00,00,000) Units of ₹ 10.00 each	—		30.00	
Reliance Fixed Horizon Fund - XIX - Series 4 - Dividend Payout 2,00,03,258 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Reliance Fixed Horizon Fund - XX - Series 13 - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Reliance Fixed Horizon Fund - XX - Series 24 - Dividend Plan 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Reliance Fixed Horizon Fund - XXI - Series 2 - Growth Plan 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
Reliance Fixed Horizon Fund - XXI - Series 4 - Growth Plan 3,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	35.00		—	
Reliance Fixed Horizon Fund - XXI - Series 5 - Dividend Plan 10,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	100.00		—	
Reliance Fixed Horizon Fund - XXI - Series 9 - Growth Plan 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
Reliance Fixed Horizon Fund - XXI - Series 12 - Growth Plan 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
Reliance Fixed Horizon Fund - XXI - Series 13 - Growth Option 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Reliance Fixed Horizon Fund - XXI - Series 14 - Growth Plan 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Reliance Fixed Horizon Fund - XXI - Series 16 - Growth Plan 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
Reliance Money Manager Fund - Institutional Option - Growth Plan 2,18,184 Units of ₹ 1000.00 each		26.66		26.66
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan Nil (2011 - 9,99,90,438) Units of ₹ 10.00 each		—		100.00
Reliance Quarterly Interval Fund - Series II - Institutional Dividend Plan Nil (2011 - 4,99,60,531) Units of ₹ 10.00 each		—		50.00
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan 99,89,910 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Reliance Short Term Fund - Quarterly Dividend Option 1,85,66,844 (2011 - Nil) Units of ₹ 10.00 each	25.25		—	
Religare Active Income Fund - Plan A Discretionary Dividend 8,00,00,000 (2011 - Nil) Units of ₹ 10.00 each		80.00		—
Religare Fixed Maturity Plan - Series - II Plan A (13 Months) - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Religare Fixed Maturity Plan - Series - II Plan B (15 Months) - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Religare Fixed Maturity Plan - Series - II Plan C (15 Months) - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Religare Fixed Maturity Plan - Series - II Plan F (13 Months) - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Carried over	2449.51	1323.79	1832.98	1738.34

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2449.51	1323.79	1832.98	1738.34
Investment in Mutual Funds (Contd.)				
Religare Fixed Maturity Plan - Series IV - Plan F - Dividend Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Religare Fixed Maturity Plan - Series V- Plan C - (3 Months) - Dividend Plan Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
Religare Fixed Maturity Plan - Series VI - Plan E (367 Days) - Growth Plan Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each		—		15.00
Religare Fixed Maturity Plan - Series IX - Plan B - 371 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan - Series X - Plan E - 371 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan - Series XI - Plan A - 369 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan - Series - XI - Plan E - 371 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan - Series XII - Plan A - 370 Days - Dividend Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan - Series XIII - Plan A - 370 Days - Dividend Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Liquid Fund - Super Institutional Daily Dividend 4,99,730 (2011 - Nil) Units of ₹ 1000.00 each		50.01		—
Religare Fixed Maturity Plan - Series V - Plan A - 368 Days - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
SBI Debt Fund Series - 90 Days - 39 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
SBI Debt Fund Series - 90 Days - 42 - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each		—		50.00
SBI Debt Fund Series - 90 Days - 55 - Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
SBI Debt Fund Series - 90 Days - 56 - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
SBI Debt Fund Series - 90 Days - 58 - Dividend 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
SBI Debt Fund Series - 90 Days - 59 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
SBI Debt Fund Series - 90 Days - 60 - Dividend 4,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	45.00		—	
SBI Debt Fund Series - 180 Days - 23 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
SBI Debt Fund Series - 367 Days - 13 - Growth 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
SBI Debt Fund Series - 367 Days - 17 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
SBI Debt Fund Series - 15 Months - 5 - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Sundaram Fixed Term Plan AP 367 Days Growth Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
Sundaram Fixed Term Plan AS 367 Days Dividend Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
Carried over	2684.51	1373.80	1992.98	1803.34

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2684.51	1373.80	1992.98	1803.34
Investment in Mutual Funds (Contd.)				
Sundaram Fixed Term Plan AW 366 Days Growth Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
Sundaram Fixed Term Plan CC 366 Days Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Sundaram Interval Fund Quarterly - Plan C - Institutional Dividend Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each		—		10.00
TATA Fixed Income Portfolio Fund Scheme B3 Institutional Monthly Dividend Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each		—		10.00
TATA Fixed Income Portfolio Fund Scheme C3 - Regular Half Yearly Dividend 97,58,002 (2011 - Nil) Units of ₹ 10.00 each		10.00		—
TATA Fixed Maturity Plan Series 25 Scheme A - Super High Invest Plan - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
TATA Fixed Maturity Plan Series 26 Scheme A - Quarterly Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
TATA Fixed Maturity Plan Series 28 Scheme A Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
TATA Fixed Maturity Plan Series 29 Scheme A Dividend Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
TATA Fixed Maturity Plan Series 29 Scheme C - Growth Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
TATA Fixed Maturity Plan Series 30 Scheme A Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
TATA Fixed Maturity Plan Series 38 Scheme I - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
TATA Fixed Maturity Plan Series 38 Scheme D - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I - Institutional Dividend Plan - Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each		—		25.00
UTI Fixed Term Income Fund - Series X - VI (368 Days) - Growth Plan 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
UTI Fixed Term Income Fund - Series X - VII (368 Days) - Growth Plan 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
UTI Fixed Term Income Fund - Series X - VIII (368 Days) - Growth Plan 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
UTI Fixed Term Income Fund - Series X - X (367 Days) - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
UTI Fixed Term Income Fund - Series XI - III (368 Days) - Growth Plan 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
UTI Fixed Term Income Fund - Series XI - IV (367 Days) 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
UTI Fixed Term Income Fund - Series XI - VII (366 Days) - Growth Plan 8,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	85.00		—	
UTI - Floating Rate Fund - Short Term Plan - Institutional Growth Option 2,48,309 Units of ₹ 1000.00 each		25.00		25.00
Aggregate amount of quoted and unquoted investments	2954.51	1408.80	2117.98	1873.34
Total Current investments		4363.31		3991.32

Aggregate market value of quoted investments ₹ 3027.82 Crores (2011 - ₹ 2151.25 Crores).
Aggregate excess of cost over fair value ₹ 205.24 Crores (2011 - ₹ 199.50 Crores).

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
14. Inventories		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	3577.66	3394.23
Work-in-progress	100.89	98.82
Finished goods (manufactured)	1429.22	1332.04
Stock-in-Trade (goods purchased for resale)	211.75	172.00
Stores and Spares	238.64	202.71
Intermediates - Tissue paper and Paperboards	79.67	69.37
TOTAL	5637.83	5269.17
The above includes goods in transit as under :		
Raw materials (including packing materials)	107.13	60.65
Stock-in-Trade (goods purchased for resale)	4.42	1.26
Stores and Spares	2.01	4.85
TOTAL	113.56	66.76
15. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	1.53	3.81
Unsecured, considered good	28.41	24.62
Doubtful	24.39	29.16
	54.33	57.59
Less: Provision for doubtful receivables	24.39	29.16
	29.94	28.43
Others		
Secured, considered good	17.08	14.99
Unsecured, considered good	939.00	841.68
Doubtful	0.02	0.11
	956.10	856.78
Less: Provision for doubtful receivables	0.02	0.11
	956.08	856.67
TOTAL	986.02	885.10

Notes to the Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
16. Cash and cash equivalents		
Balances with Banks		
Current accounts	48.56	21.48
Earmarked balances	81.15	64.32
Deposit accounts *	2678.43	2144.47
Cheques, drafts on hand	8.17	10.35
Cash on hand	2.62	2.62
TOTAL	2818.93	2243.24

* Includes balances with original maturity of more than 12 months ₹ 642.00 Crores (2011 - ₹ 759.78 Crores) in deposit accounts. These can be withdrawn at any point of time without prior notice or exit costs on the principal amount.

17. Short-term loans and advances		
Unsecured, considered good unless otherwise stated		
Loans and advances to Related Parties		
Security deposits	2.49	2.49
Loans and advances	90.56	201.18
Others		
With Statutory authorities	152.06	125.31
Commercial advances and deposits		
Secured, considered good	4.50	6.07
Unsecured, considered good	170.90	161.53
Other Loans and advances (Employees, unexpired expenses etc.)	80.08	66.87
TOTAL	500.59	563.45

Loans and advances to Related Parties include loans to Directors and Company Secretary ₹ 0.03 Crore (2011 - ₹ 0.02 Crore). Refer Note 30.

18. Other current assets		
Interest accrued on loans, deposits etc.	15.75	9.02
Interest accrued on investments	9.73	8.58
Others *		
Unsecured, considered good	111.41	75.66
Doubtful	0.48	0.75
	111.89	76.41
Less: Provision for doubtful assets	0.48	0.75
TOTAL	136.89	93.26

* Others comprise receivables on account of export incentives, claims, interest, rentals etc.

Notes to the Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
19. Gross income		
Gross Revenue from sale of products and services	34871.86	30527.88
Other operating revenue	375.39	291.40
Other income	825.34	579.82
TOTAL	36072.59	31399.10
20. Revenue from operations		
Sale of products	33875.56	29536.41
Sale of services	996.30	991.47
Gross Revenue from sale of products and services	34871.86	30527.88
Other operating revenue	375.39	291.40
	35247.25	30819.28
Less:		
Excise duty attributable to products sold	10073.43	9360.30
TOTAL	25173.82	21458.98
21. Other income		
Interest income	309.41	168.58
Dividend income		
– Long-term investments		
– Subsidiary companies	86.53	70.50
– Other long-term investments	13.98	13.25
	100.51	83.75
– Current investments	198.40	155.53
	298.91	239.28
Gain on sale of long-term investments	137.25	63.01
Net gain on sale of current investments	76.04	54.92
Excess of cost of current investments over fair value, reversed - Net	–	2.57
Other non-operating income		
– Net gain on foreign currency transactions and translation	–	45.48
– Others	3.73	5.98
	3.73	51.46
TOTAL	825.34	579.82
Interest income comprises interest from:		
a) Deposits with Banks	182.21	82.30
b) Current investments	57.03	51.59
c) Others (from customers, statutory authorities etc.)	70.17	34.69

Notes to the Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)		
22. Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and intermediates						
Finished goods (manufactured)						
Opening stock	1332.04			1081.73		
Closing stock	1429.22	(97.18)		1332.04	(250.31)	
Work-in-progress						
Opening stock	98.82			75.15		
Closing stock	100.89	(2.07)		98.82	(23.67)	
Stock-in-Trade (goods purchased for resale)						
Opening stock	172.00			121.30		
Closing stock	211.75	(39.75)		172.00	(50.70)	
Intermediates - Tissue paper and Paperboards						
Opening stock	69.37			47.57		
Closing stock	79.67	(10.30)	(149.30)	69.37	(21.80)	(346.48)
Excise duties on increase / (decrease) of finished goods			83.71			75.93
TOTAL			(65.59)			(270.55)

23. Employee benefits expense				
Salaries and wages	1052.58		921.17	
Contribution to Provident and other funds	106.46		121.22	
Staff welfare expenses	128.10		116.70	
	1287.14		1159.09	
Less: Recoveries / reimbursements	21.73		19.07	
TOTAL	1265.41		1140.02	

24. Finance costs				
Interest expense	66.98		58.32	
Applicable net loss on foreign currency transactions and translation	10.94		10.06	
TOTAL	77.92		68.38	

Notes to the Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
25. Other expenses		
Power and fuel	453.19	421.06
Consumption of stores and spare parts	235.07	212.96
Contract processing charges	511.01	446.45
Rent	222.02	183.61
Rates and taxes	312.72	317.06
Insurance	27.02	27.16
Repairs		
– Buildings	42.77	40.50
– Machinery	123.79	109.01
– Others	32.80	33.21
Maintenance and upkeep	113.88	102.16
Outward freight and handling charges	826.94	659.29
Warehousing charges	69.83	65.32
Advertising / Sales promotion	686.85	623.59
Market research	53.42	53.62
Design and product development	23.47	23.89
Hotel reservation / Marketing expenses	27.61	28.30
Retail accessories	234.77	211.18
Brokerage and discount - sales	9.40	8.94
Commission to selling agents	27.10	27.14
Doubtful and bad debts	9.63	2.28
Doubtful and bad advances, loans and deposits	2.46	2.93
Bank and credit card charges	20.04	19.60
Information technology services	167.62	160.86
Travelling and conveyance	173.54	157.97
Training and development	20.83	16.10
Legal expenses	10.59	20.61
Consultancy / Professional fees	78.22	69.88
Postage, telephone etc.	22.08	22.70
Printing and stationery	13.60	14.01
Net loss on foreign currency transactions and translation	38.83	–
Excess of carrying cost over fair value of current investments - Net	5.74	–
Loss on sale of fixed assets - Net	11.62	24.44
Loss on sale of stores and spare parts - Net	2.70	0.70
Miscellaneous expenses	816.10	638.99
TOTAL	5427.26	4745.52
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses (excluding taxes) :		
Audit fees	1.65	1.35
Tax audit fees	0.40	0.40
Fees for limited review	0.68	0.60
Fees for other services [includes ₹ 0.75 Crore (2011 - ₹ 0.02 Crore)]*	1.73	0.73
Reimbursement of expenses	0.13	0.32
(2) Cost auditors' fees	0.07	0.04

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

Notes to the Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
26. Current tax		
Income tax for the year:		
Current tax	2679.66	2288.02
	2679.66	2288.02
Adjustments / (credits) related to previous years - Net		
Current tax	(15.37)	(24.06)
Fringe benefit tax	—	(0.25)
	(15.37)	(24.31)
TOTAL	2664.29	2263.71

27. Deferred tax		
Deferred tax for the year	57.42	(0.33)
Adjustments / (credits) related to previous years - Net	13.45	17.17
TOTAL	70.87	16.84

28. Additional Notes to the Financial Statements

- (i) The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- (ii) Exchange difference in respect of forward exchange contracts to be recognised in the Statement of Profit and Loss in the subsequent accounting period amounts to ₹ 0.78 Crore (2011 - ₹ 0.26 Crore).
- (iii) Contingent liabilities and commitments:

(a) Contingent liabilities

Claims against the Company not acknowledged as debts ₹ 287.08 Crores (2011 - ₹ 255.17 Crores). These comprise:

- Excise duty, sales taxes and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 199.23 Crores (2011 - ₹ 182.87 Crores).
- Local Authority taxes/cess/royalty on property, utilities etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 47.35 Crores (2011 - ₹ 33.83 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 37.26 Crores (2011 - ₹ 35.08 Crores).
- Other matters ₹ 3.24 Crores (2011 - ₹ 3.39 Crores).

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 2246.53 Crores (2011 - ₹ 1976.62 Crores).
- Uncalled liability on shares partly paid ₹ 26.40 Crores (2011 - ₹ 26.40 Crores).

	2012	2011
(iv) Earnings per share		
Earnings per share has been computed as under :		
(a) Profit for the year (₹ in Crores)	6162.37	4987.61
(b) Weighted average number of Ordinary shares outstanding	7,77,09,54,800	7,68,06,73,807
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	9,24,70,193	10,22,43,533
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b)+(c)]	7,86,34,24,993	7,78,29,17,340
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 7.93	₹ 6.49
– Diluted [(a)/(d)]	₹ 7.84	₹ 6.41

- (v) 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.

- (vi) Research and Development expenses for the year amount to ₹ 87.84 Crores (2011 - ₹ 90.24 Crores).

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

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

		For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
I	Components of Employer Expense						
1	Current Service Cost	39.37	18.32	3.47	38.96	16.57	4.01
2	Interest Cost	39.20	14.60	4.68	32.66	12.36	3.33
3	Expected Return on Plan Assets	(41.26)	(17.63)	—	(35.25)	(15.66)	—
4	Curtailment Cost/(Credit)	—	—	—	—	—	—
5	Settlement Cost/(Credit)	—	—	—	—	—	—
6	Past Service Cost	—	—	—	—	—	—
7	Actuarial Losses/(Gains)	(7.72)	6.85	0.04	19.17	2.03	6.87
8	Total expense recognised in the Statement of Profit and Loss	29.59	22.14	8.19	55.54	15.30	14.21
The Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 23.							
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	35.87	16.66	—	35.83	16.25	—
III	Net Asset/(Liability) recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	533.19	211.49	58.62	482.51	181.13	54.59
2	Fair Value of Plan Assets	520.47	220.29	—	479.85	207.08	—
3	Status [Surplus/(Deficit)]	(12.72)	8.80	(58.62)	(2.66)	25.95	(54.59)
4	Unrecognised Past Service Cost	—	—	—	—	—	—
5	Net Asset/(Liability) recognised in Balance Sheet	(12.72)	8.80	(58.62)	(2.66)	25.95	(54.59)
	— Current	(12.72)	8.80	(4.27)	(2.66)	25.95	(4.16)
	— Non-current	—	—	(54.35)	—	—	(50.43)
IV	Change in Defined Benefit Obligation (DBO)						
1	Present Value of DBO at the Beginning of the year	482.51	181.13	54.59	425.44	159.40	45.21
2	Current Service Cost	39.37	18.32	3.47	38.96	16.57	4.01
3	Interest Cost	39.20	14.60	4.68	32.66	12.36	3.33
4	Curtailment Cost/(Credit)	—	—	—	—	—	—
5	Settlement Cost/(Credit)	—	—	—	—	—	—
6	Plan Amendments	—	—	—	—	—	—
7	Acquisitions	—	—	—	—	—	—
8	Actuarial (Gains)/Losses	(13.11)	5.88	0.04	19.75	2.62	6.87
9	Benefits Paid	(14.78)	(8.44)	(4.16)	(34.30)	(9.82)	(4.83)
10	Present Value of DBO at the end of the year	533.19	211.49	58.62	482.51	181.13	54.59

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

			For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)											
			Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment									
V	Change in Fair Value of Assets																
	1	Plan Assets at the beginning of the year	479.85	207.08	—	401.35	184.32	—									
	2	Acquisition Adjustment	—	—	—	—	—	—									
	3	Expected Return on Plan Assets	41.26	17.63	—	35.25	15.66	—									
	4	Actuarial Gains/(Losses)	(5.39)	(0.97)	—	0.58	0.59	—									
	5	Actual Company Contributions	19.53	4.99	—	76.97	16.33	—									
	6	Benefits Paid	(14.78)	(8.44)	—	(34.30)	(9.82)	—									
	7	Plan Assets at the end of the year	520.47	220.29	—	479.85	207.08	—									
VI	Actuarial Assumptions																
	1	Discount Rate (%)	8.25	8.25	8.25	8.00	8.00	8.00									
	2	Expected Return on Plan Assets (%)	8.25	8.25	—	8.00	8.00	—									
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.																	
VII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2012			As at 31st March, 2011											
	1	Government Securities/Special Deposit with RBI	28%			27%											
	2	High Quality Corporate Bonds	24%			28%											
	3	Insurance Companies*	40%			40%											
	4	Mutual Funds	2%			3%											
	5	Cash and Cash Equivalents	2%			2%											
	6	Term Deposits	4%			—											
* 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.																	
		For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)			For the year ended 31st March, 2009 (₹ in Crores)			For the year ended 31st March, 2008 (₹ in Crores)			
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	
IX	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)																
	1	Present Value of Defined Benefit Obligation	533.19	211.49	58.62	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	520.47	220.29	—	479.85	207.08	—	401.35	184.32	—	374.69	170.31	—	355.53	155.39	—
	3	Status [Surplus/(Deficit)]	(12.72)	8.80	(58.62)	(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)]	(4.14)	(0.43)	—	4.99	2.55	—	7.34	2.32	—	1.50	3.53	—	2.96	(0.53)	—
	5	Experience Adjustment of obligation [(Gain)/Loss]	(18.06)	6.48	0.59	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 Note 23: ₹ 54.73 Crores (2011 - ₹ 50.38 Crores).

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

(viii) Micro, Small and Medium scale business entities:

A sum of ₹ 12.42 Crores is payable to Micro and Small Enterprises as at 31st March, 2012 (2011 - ₹ 4.60 Crores). There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(ix) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as "Rent" under Note 25.

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

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
Not later than one year	13.54	13.30
Later than one year and not later than five years	16.72	20.74
Later than five years	2.00	3.16

(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, 2012	Percentage of ownership interests as at 31st March, 2011
Maharaja Heritage Resorts Limited	India	25%	25%
Espirit Hotels Private Limited	India	26%	26%
Logix Developers Private Limited	India	26%	—

The Company's interest in these Joint Ventures is reported as Long Term investments (Note 11) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interests in these Joint Ventures are:

		As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
I	ASSETS		
	Non-current assets		
1	Fixed assets	83.77	44.99
	a) Tangible assets	44.94	44.97
	b) Intangible assets	0.01	0.01
	c) Capital work-in-progress-Tangible assets	38.82	0.01
2	Deferred tax assets (Net)	0.39	0.38
	Current assets		
3	Current investments	4.60	—
4	Trade receivables	0.39	0.59
5	Cash and cash equivalents	1.00	0.22
6	Short-term loans and advances	0.37	0.37

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

		As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
II	LIABILITIES		
	Non-current liabilities		
1	Long-term borrowings	25.98	0.02
2	Long-term provisions	0.01	0.01
	Current liabilities		
3	Trade payables	1.24	1.51
4	Other current liabilities	2.79	0.08
		For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
III	INCOME		
1	Revenue from operations	0.82	0.92
2	Other operating revenue	0.01	0.01
3	Other income	0.04	—
IV	EXPENSES		
1	Employee benefits expense	0.58	0.56
2	Depreciation and amortisation expense	0.01	0.01
3	Other expenses	0.40	1.13
4	Provision for tax	(0.08)	(0.13)

(xi) 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)

		As at 31st March, 2012		As at 31st March, 2011	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupees	146.33	183.23	9.00	84.40
Euro	US Dollar	60.08	—	57.40	—
CHF	US Dollar	1.58	—	0.92	—
GBP	US Dollar	1.00	—	3.00	—
SEK	US Dollar	3.33	—	3.20	—
JPY	US Dollar	770.54	—	483.08	—

b) Currency option contracts outstanding as at year end:

(in Million)

		As at 31st March, 2012		As at 31st March, 2011	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupees	—	—	20.00	45.00
Euro	US Dollar	—	—	6.00	—

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

- c) Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise as at year end:

(in Million)

		As at 31st March, 2012			As at 31st March, 2011		
Currency	Cross Currency	Buy	Sell	Net*	Buy	Sell	Net*
US Dollar	Indian Rupees	17.93	17.83	0.10	133.88	120.50	13.38
Euro	US Dollar	3.66	3.67	(0.01)	1.64	3.66	(2.02)
GBP	US Dollar	1.84	1.74	0.10	2.07	1.96	0.11
JPY	US Dollar	–	–	–	94.20	–	94.20
SEK	US Dollar	0.08	–	0.08	2.69	–	2.69
CHF	US Dollar	0.05	–	0.05	0.70	–	0.70
SGD	US Dollar	0.10	–	0.10	0.86	–	0.86
CAD	US Dollar	0.46	0.28	0.18	–	0.10	(0.10)
AUD	US Dollar	0.13	–	0.13	0.20	–	0.20
MYR	US Dollar	–	–	–	0.04	–	0.04

* Figures in brackets indicate open exports. Figures without brackets indicate open imports.

- (xii) 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.

- (xiii) Gross Revenue from sale of products and services comprise*

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
FMCG		
– Cigarettes	22248.07	19821.16
– Branded Packaged Foods	3712.75	2893.71
– Others (Branded Garments, Educational and Stationery products, Personal Care products, Matches, Agarbattis etc.)	1827.18	1586.41
Hotels		
– Hotel Sales / Income from Hotel Services	996.30	991.47
Agri Business		
– Unmanufactured Tobacco	1163.03	1291.41
– Other Agri Products and Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	2344.82	1628.14
Paperboards, Paper and Packaging		
– Paperboards and Paper	2235.81	2017.67
– Printed Materials	343.90	297.91
TOTAL	34871.86	30527.88

* Net of sales returns and damaged stocks.

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

(xiv) Details of Raw Materials (including packing materials) consumed during the year

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
Unmanufactured Tobacco	1631.09	1811.04
Board, Film and Laminates	362.18	317.36
Filter Rods	253.82	191.40
Wheat	763.12	569.10
Edible Oils	294.52	195.68
Sugar	271.79	270.81
Wheat Flour (Maida)	270.31	236.40
Waste Paper and Pulp	603.01	560.46
Chemicals and Fragrances	475.02	408.31
Hardwood and Bamboo	339.24	284.13
Coffee	374.09	178.87
Others #	2022.72	1948.00
TOTAL	7660.91	6971.56

Others include Hotel Consumables, Inks and Solvents, Skimmed Milk Powder, Packing Materials etc.

(xv) Details of Purchases of Stock-in-Trade (purchase of goods for resale)

Soya Seeds	726.73	433.11
Wheat	371.99	80.45
Matches	231.47	238.77
Coffee	161.91	156.04
Others (Spices, Branded Garments, Agarbattis, Educational and Stationery products etc.)	545.11	551.35
TOTAL	2037.21	1459.72

(xvi)(a) Details of Opening and Closing Stock of Finished Goods (manufactured) and Stock-in-Trade (goods purchased for resale)
(₹ in Crores)

	As at 31st March, 2012	As at 31st March, 2011
Opening Stock		
Cigarettes	837.76	731.84
Branded Packaged Foods	133.98	86.12
Agri Products / Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	135.05	101.24
Paperboards and Paper	51.40	65.64
Printed Materials	6.49	4.74
Others (Branded Garments, Educational and Stationery products, Personal Care products, Matches, Agarbattis etc.)	339.36	213.45
TOTAL	1504.04	1203.03

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

(₹ in Crores)

	As at 31st March, 2012	As at 31st March, 2011
Closing Stock		
Cigarettes	944.33	837.76
Branded Packaged Foods	165.37	133.98
Agri Products / Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	117.88	135.05
Paperboards and Paper	62.33	51.40
Printed Materials	5.49	6.49
Others (Branded Garments, Educational and Stationery products, Personal Care products, Matches, Agarbattis etc.)	345.57	339.36
TOTAL	1640.97	1504.04

(b) Details of Opening and Closing Stock of Work-in-progress

Opening Stock		
Branded Packaged Foods	12.33	6.54
Paperboards and Paper	63.93	46.06
Printed Materials	13.69	12.88
Others (Branded Garments, Personal Care products)	8.87	9.67
TOTAL	98.82	75.15

Closing Stock		
Branded Packaged Foods	9.97	12.33
Paperboards and Paper	73.92	63.93
Printed Materials	11.67	13.69
Others (Branded Garments, Personal Care products)	5.33	8.87
TOTAL	100.89	98.82

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
(xvii) Value of Imports during the year (C.I.F. Basis)		
Raw materials	925.16	844.90
Components and spare parts (including stores)	87.71	77.12
Capital goods	705.88	225.94
Other goods*	27.03	16.96
TOTAL	1745.78	1164.92

* Includes Goods purchased for resale, Packing Materials, Hotel Consumables and sundry items.

Notes to the Financial Statements

28. Additional Notes to the Financial Statements (Contd.)

(xviii) Expenditure in Foreign Currency during the year

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
Professional fees	31.42	30.25
Hotel reservation / Marketing expenses	30.85	31.57
Export promotion expenses	7.57	4.74
Agency commission	9.71	8.00
Interest	4.05	2.85
Licence fees	2.53	1.95
Miscellaneous expenditure*	27.38	23.24
TOTAL	113.51	102.60

* Includes Advertisement / Sales promotion, Training, Subscription fees, Export claims etc.

(xix) Value of Raw materials, Spare parts and Components consumed during the year

	(Percentage)		For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
	2012	2011		
Raw materials (including packing materials)				
Imported	13.04	13.46	998.88	938.50
Indigenous	86.96	86.54	6662.03	6033.06
TOTAL	100.00	100.00	7660.91	6971.56
Spare parts and Components				
Imported	28.80	29.31	67.70	62.41
Indigenous	71.20	70.69	167.37	150.55
TOTAL	100.00	100.00	235.07	212.96

(xx) Dividend remittance in foreign currency

Year of Remittance	On Account of Financial Year	No. of Non-Resident Shareholders	No. of Shares held	(₹ in Crores)
2011/2012	2010/2011	54	2,43,83,49,217	1085.07
2010/2011	2009/2010	56	1,22,14,39,474	1221.44

(xxi) Earnings in foreign exchange during the year

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
Export of Goods (F.O.B.)	2099.99	2208.85
Hotel earnings	486.72	485.72
Freight and Insurance recoveries	27.75	28.83
Other earnings*	6.21	8.80
TOTAL	2620.67	2732.20

* Consist of finance and storage charges, Certified Emission Reduction (CER) credits and sundry recoveries.

Notes to the Financial Statements

29. Segment Reporting

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(₹ in Crores)

	External Sales	2012 Inter Segment Sales	Total	External Sales	2011 Inter Segment Sales	Total
1. Segment Revenue						
FMCG - Cigarettes	22250.41	—	22250.41	19827.56	—	19827.56
FMCG - Others	5537.59	6.96	5544.55	4473.72	8.63	4482.35
FMCG - Total	27788.00	6.96	27794.96	24301.28	8.63	24309.91
Hotels	996.30	10.00	1006.30	991.47	9.41	1000.88
Agri Business	3507.85	2187.46	5695.31	2919.55	1828.44	4747.99
Paperboards, Paper and Packaging	2579.71	1550.08	4129.79	2315.58	1351.30	3666.88
Segment Total	34871.86	3754.50	38626.36	30527.88	3197.78	33725.66
Eliminations			(3754.50)			(3197.78)
Gross Revenue from sale of products and services			34871.86			30527.88
2. Segment Results						
FMCG - Cigarettes			6907.67			5766.75
FMCG - Others			(195.49)			(297.59)
FMCG - Total			6712.18			5469.16
Hotels			279.37			266.56
Agri Business			643.15			566.29
Paperboards, Paper and Packaging			936.78			819.24
Segment Total			8571.48			7121.25
Eliminations			(178.44)			(71.57)
Consolidated Total			8393.04			7049.68
Unallocated corporate expenses net of unallocated income			250.14			251.56
Profit before interest etc. and tax			8142.90			6798.12
Interest expense			66.98			58.32
Interest earned on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc. - Net			821.61			528.36
Profit before tax			8897.53			7268.16
Tax expense			2735.16			2280.55
Profit for the year			6162.37			4987.61
3. Other Information						
	Segment Assets	Segment Liabilities*		Segment Assets	Segment Liabilities*	
FMCG - Cigarettes	5506.31	1907.00		4684.53	1612.75	
FMCG - Others	2610.00	621.01		2417.69	520.57	
FMCG - Total	8116.31	2528.01		7102.22	2133.32	
Hotels	3469.11	231.52		2952.87	224.43	
Agri Business	2212.02	510.37		2149.99	588.34	
Paperboards, Paper and Packaging	4810.37	456.48		4255.74	485.62	
Segment Total	18607.81	3726.38		16460.82	3431.71	
Unallocated Corporate Assets/Liabilities	10782.84	6872.38		9381.31	6457.15	
Total	29390.65	10598.76		25842.13	9888.86	
	Capital expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	585.09	204.96	0.86	312.89	192.16	2.58
FMCG - Others	272.77	103.34	25.27	112.05	93.24	6.68
FMCG - Total	857.86	308.30	26.13	424.94	285.40	9.26
Hotels	720.71	83.19	7.31	322.30	85.19	3.61
Agri Business	159.26	21.57	1.41	91.07	22.75	1.66
Paperboards, Paper and Packaging	593.77	237.38	3.17	249.53	231.32	14.26
Segment Total	2331.60	650.44	38.02	1087.84	624.66	28.79

* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 763.31 Crores (2011 – ₹ 765.24 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States' appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'.

Notes to the Financial Statements

29. Segment Reporting (Contd.)

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2012	2011
1. Segment Revenue		
– Within India	32619.10	28064.21
– Outside India	2252.76	2463.67
Total	34871.86	30527.88
2. Segment Assets		
– Within India	18606.27	16459.07
– Outside India	1.54	1.75
Total	18607.81	16460.82
3. Capital Expenditure		
– Within India	2331.60	1087.84
– Outside India	–	–
Total	2331.60	1087.84

NOTES :

- The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups: FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
- The business groups comprise the following:

FMCG :	Cigarettes	– Cigarettes, Cigars and Smoking Mixtures.
:	Others	– Branded Packaged Foods (Staples, Biscuits, Confectionery, Snack Foods, Pasta & 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 soya, spices, coffee and leaf tobacco.
- The geographical segments considered for disclosure are:

– Sales within India.
– Sales outside India.
- 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.
- 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.

Notes to the Financial Statements

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

The above list does not include ITC Global Holdings Pte. Limited, Singapore (in liquidation)

ii) Other entities under control of the Company:

- a) ITC Sangeet Research Academy
- b) ITC Education Trust
- c) ITC Rural Development Trust

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) International Travel House Limited
- being associates of the Company, and
- c) Tobacco Manufacturers (India) Limited, UK
- of which the Company is an associate.

Associates of the Company's subsidiaries

- a) Russell Investments Limited
- b) Classic Infrastructure & Development Limited
- c) Divya Management Limited
- d) Antrang Finance Limited
- being associates of Russell Credit Limited, and
- e) ATC Limited
- being associate of Gold Flake Corporation Limited

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) Espirit Hotels Private Limited
- c) Logix Developers Private Limited (w.e.f. 27.09.2011)

Notes to the Financial Statements

30. Related Party Disclosures (Contd.)

Joint Venture of the Company's subsidiary

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

ii) a) Key Management Personnel:

Y. C. Deveshwar	Executive Chairman
N. Anand	Executive Director
P. V. Dhobale	Executive Director
K. N. Grant	Executive Director
A. Baijal	Non-Executive Director
S. Banerjee	Non-Executive Director
S. H. Khan	Non-Executive Director
A. V. Girija Kumar	Non-Executive Director
S. B. Mathur	Non-Executive Director
D. K. Mehrotra	Non-Executive Director
H. G. Powell	Non-Executive Director
P. B. Ramanujam	Non-Executive Director
A. Ruys	Non-Executive Director
B. Sen	Non-Executive Director
K. Vaidyanath	Non-Executive Director
B. Vijayaraghavan	Non-Executive Director

Members - Corporate Management Committee

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

b) Relatives of Key Management Personnel:

- Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
- Mrs. S. Chatterjee (wife of Mr. B. B. Chatterjee)

iii) Employee Trusts where there is significant influence:

- a) IATC Provident Fund
- b) IATC Staff X Provident Fund
- c) ITC Defined Contribution Pension Fund
- d) ITC Management Staff Gratuity Fund
- e) ITC Employees Gratuity Fund
- f) ITC Gratuity Fund 'C'
- g) ITC Pension Fund
- h) ILTD Seasonal Employees Pension Fund
- i) ITC Platinum Jubilee Pension Fund
- j) Tribeni Tissues Limited Provident Fund
- k) Tribeni Tissues Limited Gratuity Fund
- l) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- m) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- n) ITC Bhadrachalam Paperboards Limited Gratuity Fund '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

Notes to the Financial Statements

30. Related Party Disclosures (contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2012

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY		Enterprises where control exists				Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
		Subsidiaries		Others													
			2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
1.	Sale of Goods/Services	189.16	181.06			0.83	0.86	6.59	6.42							196.60	188.35
2.	Purchase of Goods/Services	266.10	289.16	0.02	0.01	81.78	80.55	172.37	131.63							520.25	501.34
3.	Acquisition cost of Fixed Assets	4.31	1.39													4.31	1.39
4.	Sale of Fixed Assets/Scraps					0.12	0.09									0.12	0.09
5.	Investments Purchased from subsidiary*	297.16	—													297.16	—
6.	Investment in subsidiaries	82.30	25.00					1.04	2.13							82.30	25.00
7.	Acquisition of Investment															1.04	2.13
8.	Interest Income	4.05	—									0.03	0.11			4.08	0.11
9.	Remuneration to Key Management Personnel																
	- Directors											16.37	17.16			16.37	17.16
	- Others											6.15	6.89			6.15	6.89
10.	Rent Paid	6.32	4.01									0.03	0.11	0.57	0.57	6.92	4.69
11.	Remuneration of Managers on Deputation reimbursed	1.29	0.91			0.23	0.19									1.52	1.10
12.	Remuneration of Managers on Deputation recovered	12.74	10.41			3.48	2.87	1.45	1.43							17.67	14.71
13.	Donation			1.50	1.78											1.50	1.78
14.	Sponsorship			0.30	—											0.30	—
15.	Contributions to Employees' Benefit Plans																
16.	Dividend Income	86.53	70.50			0.63	0.57								56.87	56.87	119.76
17.	Dividend Payments					883.58	992.78					5.21	5.43		87.16	888.79	71.07
18.	Expenses Recovered	12.14	12.81			1.83	1.40	0.28	0.36							14.25	14.57
19.	Expenses Reimbursed	4.64	1.63	0.08	—	0.66	0.24	0.13	—							5.51	1.87
20.	Loans Given	410.73	239.61													410.73	239.61
21.	Receipt towards Loan Repayment	396.10	201.25									0.02	0.21			396.12	201.46
22.	Advances Given during the year	2.48	1.27													2.48	1.27
23.	Adjustment/ Receipt towards Refund of Advances	3.41	3.31			0.30	1.80									3.71	5.11
24.	Advances Received during the year	156.80	102.69													156.80	102.69
25.	Adjustment/ Payment towards Refund of Advance	94.21	97.74													94.21	97.74
26.	Deposit Received during the year					0.01	—									0.01	—
27.	Deposits Given during the year	50.00	—									0.01	—			50.01	—
28.	Receipt towards Refund of Deposit											—	0.05			—	0.05
29.	Balances as on 31st March																
	i) Receivables	13.72	14.91			1.51	1.29	5.29	6.07							20.52	22.27
	ii) Advances Given	24.74	25.67			—	0.30								8.80	33.54	51.92
	iii) Loans Given	196.42	181.79									0.44	0.46			196.86	182.25
	iv) Deposits Given	52.52	2.52			0.10	0.10					0.04	0.03	0.29		52.95	2.94
	v) Advances Taken	116.93	54.34													116.93	54.34
	vi) Deposits Taken					0.07	0.06									0.07	0.06
	vii) Payables	2.19	3.62			5.45	6.02	2.82	1.96						12.72	23.18	14.26
	viii) Investment in Non-Convertible Debentures	15.00	15.00													15.00	15.00
30.	Provision for subsidiary as at 31st March	47.55	47.55													47.55	47.55
31.	In addition, remuneration of managers on deputation, absorbed	1.63	1.87	0.15	0.21											1.78	2.08

* Investments have been purchased during the year from subsidiary at cost comprising non-quoted ₹ 213.75 Crores and quoted ₹ 83.41 Crores. The market value of the quoted investment on the date of acquisition was ₹ 70.28 Crores.

Notes to the Financial Statements

30. Related Party Disclosures (contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES

RELATED PARTY TRANSACTIONS SUMMARY			RELATED PARTY TRANSACTIONS SUMMARY			RELATED PARTY TRANSACTIONS SUMMARY		
	2012	2011		2012	2011		2012	2011
(₹ in Crores)								
1. Sale of Goods/Services			13. Donation			29. Balances as on 31st March		
Surya Nepal Private Limited	155.41	140.25	ITC Rural Development Trust	1.50	1.78	Receivables		
King Maker Marketing, Inc.	18.78	22.17	14. Sponsorship	0.30	–	Surya Nepal Private Limited	8.65	10.39
			ITC Sangeet Research Academy			Maharaja Heritage Resorts Limited	4.89	5.79
2. Purchase of Goods/Services						ii) Advances Given		
ITC Infotech India Limited	99.01	91.67				Wimco Limited	24.74	25.67
Wimco Limited	151.76	184.08	15. Contribution to Employees' Benefit Plans	23.59	17.60	Employee Trust - Gratuity Funds	8.80	25.95
International Travel House Limited	57.74	59.23	IATC Provident Fund	7.77	5.50			
ITC Filtrona Limited	172.17	131.41	ITC Defined Contribution Pension Fund	17.88	67.46	iii) Loans Given		
			ITC Pension Fund			Surya Nepal Private Limited ¹	106.88	–
3. Acquisition Cost of Fixed Assets			16. Dividend Income	82.89	66.91	ITC Infotech India Limited ²	149.24	149.24
Wimco Limited	2.86	1.39	Surya Nepal Private Limited			BFL Finance Limited ³	56.99	32.55
ITC Infotech India Limited	1.45	–	17. Dividend Payments					
4. Sale of Fixed Assets/Scraps	0.12	0.09	Tobacco Manufacturers (India) Limited, UK	883.58	992.78	iv) Deposits Given		
ATC Limited						Wimco Limited ⁴	50.00	–
5. Investments Purchased from Subsidiary	297.16	–	18. Expenses Recovered	1.16	3.90	Greenacre Holdings Limited ⁵	2.20	2.20
Russell Credit Limited			Wimco Limited	6.75	4.80	Wills Corporation Limited ⁶	0.20	0.20
6. Investment in Subsidiaries	23.00	25.00	ITC Infotech India Limited	1.84	1.61	Russell Credit Limited ⁷	0.12	0.12
Landbase India Limited	59.30	–	Srinivasa Resorts Limited					
Wimco Limited			19. Expenses Reimbursed	2.34	0.36	v) Advances Taken		
7. Acquisition of Investment	1.04	2.13	Srinivasa Resorts Limited	0.23	0.38	Surya Nepal Private Limited	116.93	54.34
Espirit Hotels Private Limited			ITC Infotech India Limited	0.76	0.49	vi) Deposits Taken		
8. Interest Income	–	0.04	Surya Nepal Private Limited	0.20	0.22	International Travel House Limited	0.07	0.06
Mr. K. Vaidyanath	–	0.04	ATC Limited	1.06	0.14	Payables		
Mr. T. V. Ramaswamy	0.01	0.01	Fortune Park Hotels Limited			ITC Infotech India Limited	0.61	1.76
Mr. N. Anand	4.05	–	20. Loans Given	303.85	239.61	International Travel House Limited	4.28	4.46
Surya Nepal Private Limited			ITC Infotech India Limited	106.88	–	ITC Filtrona Limited	2.82	1.96
9. Remuneration to Key Management Personnel – Directors & Others	9.85	9.83	Surya Nepal Private Limited	396.10	201.25	Employees Trust - Pension Funds	12.72	2.66
Mr. Y. C. Deveshwar	0.10	2.47	21. Receipt towards Loan Repayment			Investment in Non-Convertible Debentures		
Mr. K. Vaidyanath			ITC Infotech India Limited			BFL Finance Limited	15.00	15.00
10. Rent Paid	1.15	1.00	22. Advances Given during the year	2.48	1.27	30. Provision for Subsidiary as on 31st March		
Bay Islands Hotels Limited	1.49	0.84	Wimco Limited			BFL Finance Limited - Debts	47.55	47.55
Russell Credit Limited	1.69	0.51	23. Adjustment/Receipt towards Refund of Advances			31. In addition, Remuneration of Managers on Deputation, absorbed		
Wimco Limited	1.01	0.95	Wimco Limited	3.41	3.31	ITC Infotech India Limited	0.99	1.24
Technico Agri Sciences Limited	0.54	0.54	ATC Limited	0.30	1.80	Landbase India Limited	0.64	0.60
Mrs. B. Deveshwar			24. Advances Received during the Year	156.80	102.69	ITC Sangeet Research Academy	0.15	0.21
11. Remuneration of Managers on Deputation reimbursed	0.95	0.74	Surya Nepal Private Limited					
Bay Islands Hotels Limited	0.18	0.11	25. Adjustment/Payment towards Refund of Advances	94.21	97.74			
ITC Infotech India Limited	0.16	0.06	Surya Nepal Private Limited	0.01	–			
Fortune Park Hotels Limited	0.23	0.19	26. Deposit Received during the Year					
International Travel House Limited			International Travel House Limited					
12. Remuneration of Managers on Deputation recovered	3.50	3.36	27. Deposits Given during the Year	50.00	–			
Srinivasa Resorts Limited	3.19	2.79	Wimco Limited					
Fortune Park Hotels Limited	3.65	2.29	28. Receipt towards Refund of Deposit	–	0.05			
ITC Infotech India Limited	2.82	2.14	Mr. Y. C. Deveshwar					
ATC Limited								

- 1 Interest bearing. The maximum indebtedness during the year was ₹ 106.88 Crores (2011 - Nil)
- 2 Interest free, repayable on demand. The maximum indebtedness during the year was ₹ 164.25 Crores (2011 - ₹ 206.25 Crores)
- 3 Interest free. The maximum indebtedness during the year was ₹ 32.55 Crores (2011 - ₹ 32.55 Crores)
- 4 The maximum indebtedness during the year was ₹ 50.00 Crores (2011 - Nil)
- 5 The maximum indebtedness during the year was ₹ 2.20 Crores (2011 - ₹ 2.20 Crores)
- 6 The maximum indebtedness during the year was ₹ 0.20 Crore (2011 - ₹ 0.20 Crore)
- 7 The maximum indebtedness during the year was ₹ 0.12 Crore (2011 - ₹ 0.12 Crore)

Notes to the Financial Statements

31. Significant Accounting Policies

IT IS CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

Basis of Accounting

To prepare financial statements in accordance with the historical cost convention modified by revaluation of certain Fixed Assets as and when undertaken.

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

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs, if any.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation / enhancements unless they bring similar significant additional benefits.

Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Revaluation of Assets

As and when Fixed Assets are revalued, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on considerations of age, condition and unexpired useful life of such Fixed Assets;

to transfer to Revaluation Reserve the difference between the written up value of the Fixed Assets revalued and depreciation adjustment and to charge Revaluation Reserve Account with annual depreciation on that portion of the value which is written up.

Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investments

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

Inventories

To state inventories including work-in-progress at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

Revenue from sale of products and services

To recognise Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales tax / Value added tax recovered from customers but including excise duty on goods payable by the Company. Net revenue is stated after deducting such excise duty.

Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

Notes to the Financial Statements

31. Significant Accounting Policies (Contd.)

Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue. To administer such Funds through duly constituted and approved independent trusts with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit/contribution schemes. To determine the liabilities towards such schemes, as applicable, and towards employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard – 15 on “Employee Benefits”. To determine actuarial gains or losses and to recognise such gains or losses immediately in Statement of Profit and Loss as income or expense.

To charge against revenue, actual disbursements made, when due, under the Workers’ Voluntary Retirement Scheme.

Lease Rentals

To charge Rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

Research and Development

To write off all expenditure other than capital expenditure on Research and Development in the year it is incurred.

Capital expenditure on Research and Development is included under Tangible Assets.

Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or 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 Statement of Profit and Loss in the period in which they arise.

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

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

To account for premium paid on currency options in the Statement of Profit and Loss at the inception of the option.

To account for profit/loss arising on settlement or cancellation of currency option as income/expense for the period.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of options/forwards/swaps as at the Balance Sheet date, and to ignore the net gain, if any.

To account for gains/losses in the Statement of Profit and Loss on foreign exchange rate fluctuations relating to monetary items at the year end.

Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

Segment Reporting

To identify segments based on the dominant source and nature of risks and returns and the internal organisation and management structure.

To account for inter-segment revenue on the basis of transactions which are primarily market led.

To include under “Unallocated Corporate Expenses” revenue and expenses which relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems

To practise an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, provide financial and cost information appropriate to the businesses and facilitate Internal Control.

On behalf of the Board

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

Kolkata
25th May, 2012

Auditors' Report

to the Members of ITC Limited

1. We have audited the attached Balance Sheet of ITC Limited ("the Company") as at 31st March, 2012, and also the Statement of Profit and Loss 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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
25th May, 2012

(Membership No. 70928)

Annexure to the Auditors' Report

[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 explanations given to us, no material discrepancies were noticed on such verification.
 - (c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
- (ii) In respect of its inventory :
 - (a) As explained to us, the inventories 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) We have broadly reviewed the cost records maintained by the Company, including pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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, 2012, 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	5.50	1987-2011	Appellate Authority – upto Commissioners' / Revisional authorities level
		5.25	1994-2007	Appellate Authority – Tribunal level
		171.67	1994-2008	High Court
Customs Act, 1962	Customs duty	0.22	2005-2007	Appellate Authority – upto Commissioners' / Revisional authorities level
		1.28	2005-2006	Appellate Authority – Tribunal level
Central Excise Act, 1944	Excise duty	0.48	2001-2010	Appellate Authority – upto Commissioners' / Revisional authorities level
		37.84	1973-2011	Appellate Authority – Tribunal level
		0.31	1991-1996	Supreme Court
Finance Act, 1994	Service tax	1.99	2003-2011	Appellate Authority – upto Commissioners' / Revisional authorities level
		8.35	2005-2011	Appellate Authority – Tribunal level
		1.43	2005-2008	High Court

Out of the total disputed dues aggregating ₹ 234.32 Crores as above, ₹ 193.67 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
25th May, 2012

Guide to Subsidiaries/Joint Ventures/Associates

Subsidiaries of ITC Limited

Russell Credit Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company. Its activities are primarily confined to making long term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards & Packaging, Agri Business and Information Technology.

Subsidiary

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

Gold Flake Corporation Limited & Wills Corporation Limited

Shareholding

100% held by ITC Limited.

Nature of Business

General trading.

Joint Venture

ITC Filtrona Limited, India, is a 50% joint venture of Gold Flake Corporation Limited with Filtrona Filter Products International Limited, UK.

Nature of Business

Manufacture and sale of cigarette filter rods.

Landbase India Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Hospitality, real estate development and management of golf resorts.

The Company owns the Classic Golf Resort, a 27-hole international signature golf course, designed by Jack Nicklaus.

BFIL Finance Limited (BFIL)

Shareholding

100% held by ITC Limited.

The Company became a subsidiary consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with ITC Limited.

Nature of Business

It was originally promoted as a financial services company. It is currently engaged only in recovery of its dues.

Subsidiary

BFIL owns 100% of the shareholding of MRR Trading & Investment Company Limited, which owns tenancy rights to a prime office space in Mumbai.

ITC Infotech India Limited (I3L)

Shareholding

100% held by ITC Limited.

Nature of Business

Information technology services and solutions.

Subsidiaries

I3L owns 100% of the shareholding of :

ITC Infotech Limited, UK and

ITC Infotech (USA), Inc.

ITC Infotech (USA), Inc. owns 100% of Pyxis Solutions, LLC, a New York Limited Liability Company.

These subsidiaries provide on-site information technology services and extend business development services to I3L.

Surya Nepal Private Limited

Shareholding

59% held by ITC Limited.

Nature of Business

Manufacture and sale of cigarettes and in the business of garments and matches.

Srinivasa Resorts Limited

Shareholding

68% held by ITC Limited.

Nature of Business

The Company owns the hotel "ITC Kakatiya" at Hyderabad, which is operated by ITC Limited.

Fortune Park Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is in the business of operating hotels in the mid range to upscale segment. It currently operates 40 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 in USA.

Wimco Limited

Shareholding

ITC Limited holds 98.18% of Wimco Limited.

Nature of Business

Wimco Limited is engaged primarily in the manufacture of matches.

Subsidiaries

Wimco Limited has two wholly owned subsidiaries, namely Pavan Poplar Limited and Prag Agro Farm Limited, which are engaged in agro-forestry and other related activities to support Wimco's business.

Technico Pty Limited, Australia (Technico)

Shareholding

100% held by ITC Limited.

Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.

Subsidiaries

Technico has three wholly owned subsidiaries, namely Technico Asia Holdings Pty Limited, Australia; Technico Technologies Inc., Canada; and Technico Agri Sciences Limited, India.

Technico Asia Holdings Pty Limited, Australia, has a wholly owned subsidiary, Technico Horticultural (Kunming) Company Limited, China.

These companies support Technico in the production and commercialisation of seed technology in different geographies.

Joint Ventures of ITC Limited

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, where ITC Limited has an ownership interest of 50% (25% held through Russell Credit Limited, a 100% subsidiary of the Company), is a joint venture with Jodhana Heritage Resorts Private Limited.

Nature of Business

The joint venture company currently operates 40 hotel properties spread across 13 states under 3 brands namely "Legend Hotels", "WelcomHeritage Hotels" and "Nature Resorts".

Espirit Hotels Private Limited

ITC Limited holds 26% in Espirit Hotels Private Limited.

Nature of Business

The joint venture company is in the process of developing a luxury hotel complex at Begumpet, Hyderabad.

Logix Developers Private Limited

ITC Limited holds 26% in Logix Developers Private Limited.

Nature of Business

The joint venture company is in the process of developing a luxury hotel-cum-service apartment complex at Noida, UP.

Major Associates of the Group

Gujarat Hotels Limited

ITC Limited holds 45.78% in Gujarat Hotels Limited.

Nature of Business

The Company owns the "WelcomHotel Vadodara" at Vadodara which is operated by ITC Limited under an Operating Licence Agreement.

International Travel House Limited

ITC Limited holds 3.6% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

Nature of Business

Air ticketing, car rentals, inbound tourism, overseas and domestic holiday packages, conferences, events and exhibition management.

Note: The full list of the Group's Associates appears on page 160

Principles of Consolidation

The Group's interests in its subsidiaries, associates and joint ventures are reflected in the Consolidated Financial Statements (CFS) in accordance with the relevant Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006.

Subsidiaries (AS 21)

Line by line consolidation of the Statement of Profit and Loss and Balance Sheet is done by aggregating like items of assets, liabilities, income and expenses.

The excess / deficit of the cost to ITC Limited of its investments in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries are treated as goodwill / capital reserve in the CFS. The goodwill is disclosed as an asset and capital reserve as a reserve in the Consolidated Balance Sheet.

Minority interest in the net income (profit after tax) for the reporting period is identified and adjusted against the group income to arrive at the net income of the Group; likewise the minority interest in the net assets of the consolidated subsidiaries is identified and presented separately on the liabilities side in the Consolidated Balance Sheet.

Inter-Company transactions within the Group (both Profit & Loss and Balance Sheet items) are eliminated for arriving at the Group CFS.

CFS is prepared applying uniform accounting policies of ITC Limited to the Group companies.

Associates (AS 23)

On acquisition of an associate, the goodwill / capital reserve arising from such acquisition is included in the carrying amount of the investment and also disclosed separately.

Only share of net profits / losses of associates is considered in Consolidated Statement of Profit and Loss.

The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

Joint Ventures (AS 27)

Interest in joint ventures is reported using proportionate consolidation method in the CFS.

A separate line item is added in CFS for proportionate share of assets, liabilities, income and expenses.



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Consolidated Balance Sheet as at 31st March, 2012

	Note	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	781.84		773.81	
Reserves and surplus	2	18676.74	19458.58	15716.09	16489.90
Minority interests		157.09		140.82	
Non-current liabilities					
Long-term borrowings	3	105.38		89.75	
Deferred tax liabilities (Net)	4A	882.03		811.20	
Other Long term liabilities	5	53.06		56.25	
Long-term provisions	6	119.63	1160.10	105.55	1062.75
Current liabilities					
Short-term borrowings	7	1.89		24.00	
Trade payables [Includes share of Joint Ventures ₹ 10.79 Crores (2011 - ₹ 7.84 Crores)]		1515.59		1498.57	
Other current liabilities	8	3427.42		3131.43	
Short-term provisions	9	4359.10	9304.00	4057.10	8711.10
TOTAL		30079.77		26404.57	
ASSETS					
Non-current assets					
Fixed assets	10				
Tangible assets		9578.95		8762.61	
Intangible assets		120.01		144.34	
Capital work-in-progress - Tangible assets		2388.87		1357.15	
Intangible assets under development		7.59		10.80	
		12095.42		10274.90	
Less: Provision for assets given on lease		5.67		5.67	
		12089.75		10269.23	
Goodwill on consolidation		314.13		270.44	
Non-current investments	11	765.02		772.64	
Deferred tax assets (Net)	4B	16.26		13.13	
Long-term loans and advances	12	1093.16	14278.32	1206.83	12532.27
Current assets					
Current investments	13	4441.81		4095.16	
Inventories	14	6428.11		5734.80	
Trade receivables	15	1203.84		1086.68	
Cash and cash equivalents	16	3130.12		2426.87	
Short-term loans and advances	17	465.98		432.50	
Other current assets	18	131.59	15801.45	96.29	13872.30
TOTAL		30079.77		26404.57	

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

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

P. R. RAMESH
Partner

Kolkata, 25th May, 2012

On behalf of the Board

P. V. DHOBALE

Director

Y. C. DEVESHWAR

Chairman

R. TANDON Chief Financial Officer

B. B. CHATTERJEE Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2012

	Note	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
Gross Income	19	37774.07	32824.75
Gross Revenue from sale of products and services		36617.45	31993.06
Less: Excise Duty		10437.93	9713.95
Net Revenue from sale of products and services		26179.52	22279.11
Other operating revenue		372.27	295.59
Revenue from operations	20	26551.79	22574.70
Other income	21	784.35	536.10
Total Revenue		27336.14	23110.80
Expenses			
Cost of materials consumed [Includes share of Joint Ventures ₹ 64.43 Crores (2011 - ₹ 50.42 Crores)]		7810.52	7136.87
Purchases of Stock-in-Trade		1921.18	1296.83
Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and Intermediates	22	(86.42)	(272.72)
Employee benefits expense	23	1944.28	1708.50
Finance costs	24	80.50	70.93
Depreciation and amortisation expense [Includes share of Joint Ventures ₹ 1.32 Crores (2011 - ₹ 1.24 Crores)]		745.48	699.09
Other expenses	25	5752.45	5036.43
Total Expenses		18167.99	15675.93
Profit before tax		9168.15	7434.87
Tax expense:			
Current tax	26	2777.57	2347.95
Deferred tax	27	68.19	17.50
Profit after tax before share of results of associates and minority interests		6322.39	5069.42
Less: Minority interests		75.53	61.10
Share of net profit of associates		11.28	9.61
Profit for the year		6258.14	5017.93
Earnings per share (Face Value ₹ 1.00 each)	28 (vi)		
Basic		₹ 8.05	₹ 6.53
Diluted		₹ 7.96	₹ 6.45

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report of even date
For Deloitte Haskins & Sells
Chartered Accountants
P. R. RAMESH
Partner
Kolkata, 25th May, 2012

On behalf of the Board
P. V. DHOBALE Director Y. C. DEVESHWAR Chairman
R. TANDON Chief Financial Officer B. B. CHATTERJEE Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2012

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	9168.15	7434.87
ADJUSTMENTS FOR :		
Depreciation and Amortisation Expense	745.48	699.09
Finance costs	80.50	70.93
Interest Income	(321.88)	(179.99)
Dividend Income from Long Term Investments	(16.32)	(14.67)
Dividend Income from Current Investments	(222.38)	(173.71)
Loss on Sale of Fixed Assets - Net	12.72	26.21
Net gain on sale of Current Investments	(76.05)	(54.90)
Gain on sale of Long Term Investments	(137.25)	(63.01)
Doubtful and Bad Debts	14.38	2.97
Doubtful and Bad Advances, Loans and Deposits	2.72	3.34
Provision for Standard Assets	—	0.09
Excess of Cost of Current Investments over Fair Value, reversed - Net	—	(2.57)
Excess of Carrying Cost over Fair Value of Current Investments - Net	5.74	—
Foreign Currency translation and transactions - Net	(12.32)	(10.77)
Amortisation of Miscellaneous Expenditure	0.11	0.10
Doubtful Debts, Claims and Advances - previous years (Included in Note 20)	(1.48)	(1.64)
Liability no longer required written back (Included in Note 20)	(51.34)	(29.89)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	9190.78	7706.45
ADJUSTMENTS FOR :		
Trade Receivables, Loans and Advances and Other Assets	(361.11)	(161.94)
Inventories	(693.31)	(642.78)
Trade Payables, Other Liabilities and Provisions	256.11	885.42
CASH GENERATED FROM OPERATIONS	8392.47	7787.15
Income Tax Paid	(2415.34)	(2278.41)
NET CASH FROM OPERATING ACTIVITIES	5977.13	5508.74
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2467.84)	(1498.23)
Sale of Fixed Assets	58.87	8.78
Purchase of Current Investments	(50402.64)	(69488.97)
Sale/Redemption of Current Investments	50144.11	69923.82
Purchase of Long Term Investments	(10.46)	(260.00)
Investment in Associate	—	(1.04)
Payment of contingent purchase consideration	—	(2.70)
Sale of Long Term Investments	164.61	103.58
Dividend Income from Long Term Investments Received	16.32	14.67
Dividend Income from Current Investments Received	222.38	173.71
Dividend from Associates	2.00	1.74
Interest Received	302.01	149.30
Purchase of interest in Joint Venture	(22.22)	—
Loans Realised	15.66	4.00
NET CASH USED IN INVESTING ACTIVITIES	(1977.20)	(871.34)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	764.99	903.82
Proceeds from Long Term Borrowings	15.63	1.43
Repayments of Long Term Borrowings	(10.79)	(11.89)
Net increase / (decrease) in Cash / Export Credit Facilities	(22.11)	24.00
Interest Paid	(19.43)	(16.72)
Net increase in Statutory Restricted Accounts Balances	16.83	20.58
Dividends Paid	(3502.61)	(3866.21)
Income Tax on Dividends Paid	(559.22)	(634.75)
NET CASH USED IN FINANCING ACTIVITIES	(3316.71)	(3579.74)
NET INCREASE IN CASH AND CASH EQUIVALENTS	683.22	1057.66
OPENING CASH AND CASH EQUIVALENTS	2362.27	1304.61
CLOSING CASH AND CASH EQUIVALENTS	3045.49	2362.27
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	3045.49	2362.27
Balances in Statutory Restricted Accounts	81.15	64.32
Unrealised Gain on Foreign Currency Cash and Cash Equivalents	3.48	0.28
Cash and Cash Equivalents (Note 16)	3130.12	2426.87

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

P. R. RAMESH

Partner

Kolkata, 25th May, 2012

On behalf of the Board

P. V. DHOBALÉ

Director

Y. C. DEVESHWAR

Chairman

R. TANDON Chief Financial Officer

B. B. CHATTERJEE Company Secretary

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 (₹ in Crores)
1. Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	10,00,00,00,000	1000.00	10,00,00,00,000	1000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	7,81,84,24,300	781.84	7,73,81,44,280	773.81
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	7,73,81,44,280	773.81	3,81,81,76,790	381.82
Add: Issue of Bonus Shares	—	—	3,82,67,01,530	382.67
Add: Issue of Shares on exercise of Options	8,02,80,020	8.03	9,32,65,960	9.32
As at end of the year	7,81,84,24,300	781.84	7,73,81,44,280	773.81
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 %	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 %
Tobacco Manufacturers (India) Limited	1,98,55,64,880	25.39	1,98,55,64,880	25.66
Life Insurance Corporation of India	93,87,40,442	12.01	1,00,01,60,528	12.92
Specified Undertaking of the Unit Trust of India	89,67,22,590	11.47	89,67,21,090	11.59
C) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
			2012 (No. of Shares)	2011 (No. of Shares)
Bonus Shares issued in 2010-11			3,82,67,01,530	3,82,67,01,530
D) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
E) Shares reserved for issue under Options				
			As at 31st March, 2012 (No. of Shares)	As at 31st March, 2011 (No. of Shares)
Ordinary Shares of ₹ 1.00 each			27,20,11,920	29,76,07,800

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010

The vesting period for conversion of Options is as follows:

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

The Options have been granted at the 'market price' as defined from time to time under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
2. Reserves and surplus		
Capital Reserve		
At the beginning of the year	5.75	5.76
Less: Minority Interest - Wimco Limited	—	0.01
At the end of the year	5.75	5.75
Capital Reserve on consolidation		
At the beginning and at the end of the year	74.12	74.12
Capital Redemption Reserve		
At the beginning of the year	5.06	5.22
Add: Consequent to change in Group's Interest	0.07	—
Less: Minority Interest - Wimco Limited	—	0.16
At the end of the year	5.13	5.06
Securities Premium Account		
At the beginning of the year	1776.47	1264.64
Add: On issue of Shares	756.96	894.50
Less: Utilised for issue of Bonus Shares	—	382.67
At the end of the year	2533.43	1776.47
Revaluation Reserve		
At the beginning of the year	102.51	59.22
Add: Consequent to change in Group's Interest	0.62	—
Created during the year - Wimco Limited	—	45.87
Less: Minority Interest - Wimco Limited	—	1.45
Depreciation	0.34	0.68
On disposal of Fixed Assets	0.03	0.45
At the end of the year	102.76	102.51
Contingency Reserve		
At the beginning and at the end of the year	363.05	363.05
Foreign Exchange Translation Reserve		
At the beginning of the year	61.52	20.21
Add: Adjustment for translation of Non Integral Foreign Operations	35.09	41.31
At the end of the year	96.61	61.52
Special Reserve under Section 45-IC of the RBI Act, 1934		
At the beginning of the year	62.81	58.82
Add: Transfer from Surplus in Statement of Profit and Loss	6.29	3.99
At the end of the year	69.10	62.81
Employees Housing Reserve		
At the beginning of the year	18.85	11.88
Add: Transfer from Surplus in Statement of Profit and Loss	8.41	6.97
At the end of the year	27.26	18.85
Subsidy Reserve		
At the beginning and at the end of the year	0.23	0.23
General Reserve		
At the beginning of the year	12602.69	12102.94
Add: Consequent to change in Group's Interest	0.94	—
Transfer from Surplus in Statement of Profit and Loss	651.10	499.75
At the end of the year	13254.73	12602.69
Surplus in Statement of Profit and Loss		
At the beginning of the year	624.34	120.35
Add: Surplus brought forward for Joint Ventures	16.89	16.51
Profit for the Year	6258.14	5017.93
Less: Transfer to General Reserve	651.10	499.75
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	6.29	3.99
Employees Housing Reserve	8.41	6.97
Consequent to change in Group's Interest	1.42	—
Proposed Dividend		
— Ordinary Dividend [₹ 4.50 (2011- ₹ 2.80) per share]	3518.29	2166.68
— Special Dividend [Nil (2011 - ₹ 1.65) per share]	—	1276.79
Income Tax on Dividend Proposed/Paid		
— Current Year	571.68	559.57
— Earlier year's provision no longer required	(0.59)	(0.60)
Share of Revenue reserves of Joint Ventures carried forward	19.66	17.30
At the end of the year	2123.11	624.34
TOTAL	18655.28	15697.40
Share of Joint Ventures - Note 28 (ii) (b)	21.46	18.69
GRAND TOTAL	18676.74	15716.09

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
3. Long-term borrowings		
Secured		
Term loans from Banks*	—	1.06
Unsecured		
Term loans		
— From Banks	0.12	0.88
— From Others	2.08	2.11
	<u>2.20</u>	<u>2.99</u>
Deferred payment liabilities		
Sales tax deferment loans	77.20	85.70
	<u>79.40</u>	<u>88.69</u>
TOTAL	79.40	89.75
Share of Joint Ventures - Note 28 (ii) (b)*	25.98	—
GRAND TOTAL	105.38	89.75

* secured by hypothecation of certain fixed assets and current assets.

Terms of borrowings are as under:

Term Loans from Banks:

Secured loans carry an interest rate of 9.70% p.a. and have been repaid in the month of June 2011. Unsecured loans are repayable in equated periodic instalments upto a 5 year period from the date of respective loan. These are repayable by 2014-15, and carry an interest of 11.25% p.a.

Term Loans from Others:

Comprise two interest free loans. One of the loans is repayable by 2016-17 in annual instalments and the other loan stipulates payment of 50% of the profits earned by a subsidiary.

Sales tax deferment loans:

Repayable after a period of 10 to 14 years from the date of respective loans. These are repayable by 2025 - 26 and are interest free.

Share of Joint Ventures:

Represents deferred payment liabilities which are repayable in 16 equal half yearly instalments alongwith interest. These are repayable by 2020-21 and carry an interest of 11.00% p.a.

The scheduled maturity of Long-term borrowings is summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Note 8)	1.06	11.00	5.50	5.29
Current maturities of long-term debt	1.06	11.00	5.50	5.29
In the second year	0.49	14.63	2.09	9.27
In the third to fifth year	1.71	50.94	1.42	38.85
After five years	—	37.61	0.54	37.58
Long-term borrowings	2.20	103.18	4.05	85.70

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
4A. Deferred tax liabilities (Net)		
Deferred tax liabilities		
On fiscal allowances on fixed assets	1056.85	994.08
On excise duty on closing stock	245.01	218.15
Other timing differences	4.30	7.13
	1306.16	1219.36
Share of Joint Ventures - Note 28 (ii) (b)	0.87	0.83
Total Deferred tax liabilities	1307.03	1220.19
Deferred tax assets		
On employees' separation and retirement etc.	56.16	39.82
On provision for doubtful debts/advances	10.18	11.68
On State and Central taxes etc.	334.74	326.21
Other timing differences	23.74	31.21
	424.82	408.92
Share of Joint Ventures - Note 28 (ii) (b)	0.18	0.07
Total Deferred tax assets	425.00	408.99
	882.03	811.20
4B. Deferred tax assets (Net)		
Deferred tax assets		
On fiscal allowances on fixed assets	0.49	0.95
On employees' separation and retirement etc.	7.50	6.13
On provision for doubtful debts/advances	2.24	1.38
On unabsorbed tax losses and depreciation *	4.33	3.57
Other timing differences	1.98	0.88
	16.54	12.91
Share of Joint Ventures - Note 28 (ii) (b) *	0.80	0.78
Total Deferred tax assets	17.34	13.69
Deferred tax liabilities		
On fiscal allowances on fixed assets	0.07	0.14
Other timing differences	1.00	0.41
	1.07	0.55
Share of Joint Ventures - Note 28 (ii) (b)	0.01	0.01
Total Deferred tax liabilities	1.08	0.56
	16.26	13.13
5. Other Long term liabilities		
Sundry deposits	31.25	30.09
Others (Includes retention monies payable towards fixed assets etc.)	21.81	26.16
TOTAL	53.06	56.25

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
6. Long-term provisions		
Provision for employee benefits		
Retirement benefits	63.83	59.97
Other long-term benefits	55.34	45.31
Provision for standard assets	0.03	0.05
TOTAL	119.20	105.33
Share of Joint Ventures - Note 28 (ii) (b)	0.43	0.22
GRAND TOTAL	119.63	105.55

7. Short-term borrowings		
Secured		
Loans from Banks		
Cash credit facilities	1.89	24.00
TOTAL	1.89	24.00

Cash credit facilities are secured by hypothecation of certain fixed assets, investments and current assets, both present and future.

8. Other current liabilities		
Current maturities of long-term debt (Note 3)	10.33	10.79
Interest accrued but not due on borrowings	0.40	0.97
Income received in advance	1.37	2.86
Unpaid dividend*	80.76	63.93
Unpaid matured deposits and interest accrued thereon
Unpaid matured debentures / bonds and interest accrued thereon	0.32	0.32
Sundry deposits	30.74	28.88
Other payables	3298.42	3021.72
(includes payables for fixed assets, statutory liabilities, advances from customers etc.)		
TOTAL	3422.34	3129.47
Share of Joint Ventures - Note 28 (ii) (b)	5.08	1.96
GRAND TOTAL	3427.42	3131.43

* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 206A of the Companies Act, 1956, or such amounts in respect of which Prohibitory / Attachment Orders are on record with the Company.

9. Short-term provisions		
Current portion of long-term employee benefits		
Retirement benefits	25.62	13.45
Other long-term benefits	27.52	15.38
Current taxation (net of advance payment)	215.34	26.12
Fringe benefit tax (net of advance payment)	1.55	—
Provision for standard assets	...	0.04
Proposed dividend	3518.29	3443.47
Income tax on proposed dividend	570.75	558.62
TOTAL	4359.07	4057.08
Share of Joint Ventures - Note 28 (ii) (b)	0.03	0.02
GRAND TOTAL	4359.10	4057.10

Notes to the Consolidated Financial Statements

(₹ in Crores)

10. Fixed Assets

C. Fixed Assets		Gross Block					Depreciation and Amortisation					Net Book Value	
Particulars	@ As at 31st March, 2011	Additions	Withdrawals and adjustments	Foreign Exchange Translation Reserve adjustments	@ As at 31st March, 2012	Upto 31st March, 2011	For the year	On Withdrawals and adjustments	Foreign Exchange Translation Reserve adjustments	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011	
Tangible assets													
Land													
Freehold *	1058.25	244.95	26.24	0.02	1276.98	—	—	—	—	—	1276.98	1058.25	
Leasehold	226.78	0.43	—	0.25	227.46	19.48	2.63	—	0.25	22.36	205.10	207.30	
Buildings													
Freehold	2516.56	209.05	6.68	1.08	2720.01	452.53	58.09	3.28	1.04	508.38	2211.63	2064.03	
Licensed Properties - Building Improvement	60.40	19.77	0.75	0.57	79.99	28.34	8.21	0.19	0.12	36.48	43.51	32.06	
Plant and Equipment **	8849.86	1037.05	95.71	2.53	9793.73	3795.28	581.70	64.68	1.75	4314.05	5479.68	5054.58	
Furniture and Fixtures	503.74	26.97	9.82	(1.70)	519.19	279.10	29.27	8.49	(0.54)	299.34	219.85	224.64	
Vehicles	79.14	33.41	12.79	0.03	99.79	25.79	8.20	6.68	0.02	27.33	72.46	53.35	
Office Equipment	23.45	3.03	1.16	0.19	25.51	10.41	1.54	0.89	0.13	11.19	14.32	13.04	
Railway Sidings etc.	1.72	—	—	—	1.72	0.82	0.15	—	—	0.97	0.75	0.90	
	13319.90	1574.66	153.15	2.97	14744.38	4611.75	689.79	84.21	2.77	5220.10	9524.28	8708.15	
Share of Joint Ventures	64.03	1.77	0.98	—	64.82	9.57	1.29	0.71	—	10.15	54.67	54.46	
Total (A)	13383.93	1576.43	154.13	2.97	14809.20	4621.32	691.08	84.92	2.77	5230.25	9578.95	8762.61	
Capital Work-in-Progress	1357.14	2248.88	1255.99	—	2350.03	—	—	—	—	—	2350.03	1357.14	
Share of Joint Ventures	0.01	39.09	0.26	—	38.84	—	—	—	—	—	38.84	0.01	
Total (B)	1357.15	2287.97	1256.25	—	2388.87	—	—	—	—	—	2388.87	1357.15	
Tangible assets (A+B)	14741.08	3864.40	1410.38	2.97	17198.07	4621.32	691.08	84.92	2.77	5230.25	11967.82	10119.76	
Previous Year	13500.91	2178.36	937.37	0.86	14742.76	4039.30	651.63	68.98	1.05	4623.00	10119.76		
Intangible assets (acquired)													
Goodwill	4.90	—	—	—	4.90	4.90	—	—	—	4.90	—	—	
Trademarks	6.37	—	—	0.06	6.43	5.62	0.60	—	0.04	6.26	0.17	0.75	
Computer Software	278.01	19.41	1.51	0.05	295.96	150.60	47.69	1.24	0.05	197.10	98.86	127.41	
Know-how, Business and Commercial Rights	75.04	11.23	—	2.26	88.53	58.93	6.42	—	2.26	67.61	20.92	16.11	
	364.32	30.64	1.51	2.37	395.82	220.05	54.71	1.24	2.35	275.87	119.95	144.27	
Share of Joint Ventures	0.21	0.02	—	—	0.23	0.14	0.03	—	—	0.17	0.06	0.07	
Total (C)	364.53	30.66	1.51	2.37	396.05	220.19	54.74	1.24	2.35	276.04	120.01	144.34	
Intangible assets under development	10.80	23.09	26.30	—	7.59	—	—	—	—	—	7.59	10.80	
Share of Joint Ventures	—	—	—	—	—	—	—	—	—	—	—	—	
Total (D)	10.80	23.09	26.30	—	7.59	—	—	—	—	—	7.59	10.80	
Intangible assets (C+D)	375.33	53.75	27.81	2.37	403.64	220.19	54.74	1.24	2.35	276.04	127.60	155.14	
Previous Year	314.55	71.22	12.13	1.69	375.33	172.73	48.14	2.36	1.68	220.19	155.14		
Provision for assets given on lease											5.67	5.67	
Grand Total											12089.75	10269.23	
Previous Year	13815.46	2249.58	949.50	2.55	15118.09	4212.03	699.77	71.34	2.73	4843.19	10269.23		

The above includes following assets given on operating lease:

Particulars	As at 31st March, 2012				As at 31st March, 2011			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings	9.42	2.75	6.67	0.11	6.88	2.94	3.94	0.07
Plant and Equipment	248.68	173.51	75.17	10.57	256.02	180.57	75.45	9.72
Total	258.10	176.26	81.84	10.68	262.90	183.51	79.39	9.79

@ 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 (2011 - ₹ 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 (2011 - ₹ 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 ₹ 770.31 Crores (2011 - ₹ 729.17 Crores), aggregate cost of building on leasehold land situated at various locations.

Trademarks are being amortised over 10 years.

Out of the total amount of "Know-how, Business and Commercial Rights" aggregating ₹ 72.99 Crores (2011 - ₹ 61.76 Crores) :-

— ₹ 59.97 Crores (2011 - ₹ 48.74 Crores) acquired during the year and in earlier years are being amortised over 10 years.

— ₹ 8.05 Crores (2011 - ₹ 8.05 Crores) acquired in earlier years and have been amortised over 5 years.

— ₹ 4.97 Crores (2011 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.

Depreciation for the year includes ₹ 0.34 Crore (2011 - ₹ 0.68 Crore) transferred from Revaluation Reserve in respect of revalued assets.

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

** In respect of assets aggregating to ₹ 18.50 Crores (2011 - ₹ 18.50 Crores), the primary lease period has expired and balances reflected on this account have been fully realised or provided for.

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless otherwise stated)				
Long Term				
A. TRADE INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries				
ITC Global Holdings Pte. Limited (in liquidation) 89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully provided)		—		—
In Associates				
International Travel House Limited 39,14,233 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 11.89 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2012	21.87 42.68	64.55	21.87 35.07	56.94
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 31.03.2012	1.94 7.03	8.97	1.94 6.24	8.18
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 31.03.2012 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 31.03.2012		0.83 0.78 1.61 2.92 0.47 3.39		0.83 0.66 1.49 2.92 0.27 3.19
Russell Investments Limited 42,75,435 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (net of capital reserve of ₹ 0.30 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2012		4.27 4.34 8.61		4.27 4.05 8.32
Classic Infrastructure and Development Limited 54,00,000 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 7.78 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2012		10.40 0.60 11.00		10.40 0.44 10.84
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 1.09 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2012		6.93 0.08 7.01		6.93 0.07 7.00
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 0.10 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2012		4.40 0.17 4.57		4.40 0.07 4.47
In Others				
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of ₹ 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.04.1989 (cost ₹ 1.19 Crores, fully provided)		—		—
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
VST Industries Limited 7,72,501 (2011 - 17,11,748) Equity Shares of ₹ 10.00 each, fully paid	12.83		28.44	
Agro Tech Foods Limited Nil (2011 - 8,93,465) Equity Shares of ₹ 10.00 each, fully paid	—		11.75	
Carried over	86.35	36.23	105.31	35.35

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless otherwise stated) (Contd.)				
Brought forward	86.35	36.23	105.31	35.35
TRADE INVESTMENTS (Contd.)				
In Others (Contd.)				
Hotel Leelaventure Limited 5,30,89,889 (2011 - 4,99,53,055) Equity Shares of ₹ 2.00 each, fully paid	194.69		184.23	
EIH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	392.29		392.29	
B. OTHER INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
Lotus Court Private Limited 2 Class G Shares of ₹ 48,000.00 each, fully paid		2.34		2.34
Adyar Property Holding Company Limited 311 Equity Shares of ₹ 100.00 each, partly paid		43.86		43.86
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.05		0.05	
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 0.01 Crore, fully provided)		—		—
Bilaspur Cane Development Corporation Limited 100 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)	
Prime Golf Ranking Private Limited 150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)	
INVESTMENT IN PREFERENCE SHARES				
Gilt Facilities India Private Limited Nil (2011 - 545) Redeemable Preference Shares (0.5%) of ₹ 100000.00 each, fully paid [cost Nil (2011 - ₹ 5.45 Crores), fully provided]		—		—
INVESTMENT IN DEBENTURES				
Woodlands Multispeciality Hospital Limited (Formerly Woodlands Hospital & Medical Research Centre Limited) 1/2% Registered Debentures, fully paid (Cost ₹ 15200.00) 5% Registered Debentures, fully paid		0.01		0.01
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
Government Securities (cost ₹ 76000.00)		0.01		0.01
Government Securities - National Savings Certificates (cost ₹ 10000.00)	
National Savings Certificate fully paid (Deposited with Government Authorities) (cost ₹ 5000.00)	
Kisan Vikas Patra fully Paid (Deposited with Government Authorities) (cost ₹ 6000.00)	
National Saving Certificate pledged at Mandi Samiti Cost - ₹ 40000.00 (2011 - ₹ 33000.00)	
Government Securities				
5% Bikash Rinpatra, 2071 (Vikram Samvat Calendar Year)		5.27		5.27
6.5% Bikash Rinpatra, 2075 (Vikram Samvat Calendar Year)		1.60		1.60
Aggregate amount of quoted and unquoted Investments	673.38	91.64	681.88	90.76
Total Non-current investments		765.02		772.64

Aggregate market value of quoted investments ₹ 1120.37 Crores (2011 - ₹ 1119.54 Crores).

Aggregate provision for diminution in value ₹ 26.78 Crores (2011 - ₹ 32.23 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
12. Long-term loans and advances				
Capital advances				
Secured, considered good	3.86		6.46	
Unsecured, considered good	<u>310.37</u>	314.23	<u>408.88</u>	415.34
Security deposits				
Secured, considered good	1.06		0.59	
Unsecured, considered good	459.89		304.02	
Doubtful	<u>0.23</u>		<u>0.29</u>	
	461.18		304.90	
Less: Provision for doubtful deposits	<u>0.23</u>	460.95	<u>0.29</u>	304.61
Loans and advances to Related Parties				
Security deposits - unsecured, considered good		0.06		0.05
Loans and advances - unsecured, considered good		0.41		0.43
Advance tax (net of provisions)		34.01		199.26
Fringe benefit tax (net of provisions)		0.17		3.80
MAT credit entitlement		—		0.32
Other loans and advances (Comprise loans to employees, prepaid expenses and advances with statutory authorities etc.)				
Secured, considered good	0.88		1.25	
Unsecured, considered good	281.10		281.34	
Doubtful	<u>20.20</u>		<u>22.78</u>	
	302.18		305.37	
Less: Provision for doubtful deposits	<u>20.20</u>	281.98	<u>22.78</u>	282.59
TOTAL		1091.81		1206.40
Share of Joint Ventures - Note 28 (ii) (b)		1.35		0.43
GRAND TOTAL		1093.16		1206.83

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value)				
Investment in Preference Shares				
ICICI Bank Limited 310 Non-Cumulative, Non-Participating, Non-Voting Preference Shares of ₹ 10000000.00 each, fully paid		134.99		120.44
Investment in Bonds				
Indian Railway Finance Corporation Limited 10,000 6.30% Tax Free Bonds of ₹ 100000.00 each, fully paid		93.46		96.64
4,35,012 8.00% Tax Free Bonds of ₹ 1000.00 each, fully paid		43.50		–
India Infrastructure Finance Company Limited 43,070 6.85% Tax Free Bonds (22/01/2014) of ₹ 100000.00 each, fully paid		424.91		430.70
3,000 6.85% Tax Free Bonds (20/03/2014) of ₹ 100000.00 each, fully paid		29.57		30.00
National Highways Authority of India 4,94,476 8.20% Tax Free Bonds of ₹ 1000.00 each, fully paid		49.45		–
National Housing Bank 1,03,785 Zero Coupon Bonds 2018 of ₹ 10000.00 each, fully paid		56.79		54.99
National Bank for Agriculture and Rural Development 4,100 Zero Coupon Bhavishya Nirman Bonds 2017 of ₹ 20000.00 each, fully paid		5.10		4.89
1,41,270 Zero Coupon Bhavishya Nirman Bonds 2019 of ₹ 20000.00 each, fully paid		153.83		148.90
State Bank of India Nil (2011 - 6,066) 9.45% Series 4 Lower Tier II Bonds (16/03/2026) of ₹ 10000.00 each, fully paid	–		6.07	
Nil (2011 - 11,570) 9.95% Series 4 Lower Tier II Bonds (16/03/2026) of ₹ 10000.00 each, fully paid	–		11.91	
Investment in Mutual Funds				
Axis Fixed Term Plan - Series 20 (3 Months) - Dividend Payout 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		–	
Birla Sun Life Fixed Maturity Plan - Series DS - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		–	
Birla Sun Life Fixed Maturity Plan - Series EU - Dividend Payout 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		–	
Birla Sun Life Fixed Term Plan Series CG Growth Nil (2011 - 3,00,00,000) Units of ₹ 10.00 each	–		30.00	
Birla Sun Life Fixed Term Plan Series CI - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Birla Sun Life Fixed Term Plan Series CJ Dividend - Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
Birla Sun Life Fixed Term Plan Series CK Dividend - Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	–		50.00	
Birla Sun Life Fixed Term Plan Series CO Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	–		25.00	
Birla Sun Life Fixed Term Plan - Series DT - Growth 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		–	
Birla Sun Life Fixed Term Plan - Series DY - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		–	
Birla Sun Life Fixed Term Plan - Series EB - Growth 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		–	
Carried over	120.00	991.60	197.98	886.56

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	120.00	991.60	197.98	886.56
Investment in Mutual Funds (Contd.)				
Birla Sun Life Fixed Term Plan - Series EE - Dividend - Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Birla Sun Life Fixed Term Plan - Series EM - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Birla Sun Life Fixed Term Plan - Series EW - Growth 4,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	45.00		—	
Birla Sun Life Fixed Term Plan - Series FA - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Birla Sun Life Medium Term Plan - Institutional - Weekly Dividend - Reinvestment Nil (2011 - 10,08,03,045) Units of ₹ 10.00 each		—		101.12
Birla Sun Life Quarterly Interval Fund - Series 4 - Dividend - Payout 2,00,00,000 (2011 - 2,50,00,000) Units of ₹ 10.00 each	20.00			25.00
Birla Sun Life Short Term Fixed Maturity Plan Series 4 Dividend - Payout Nil (2011 - 7,50,00,000) Units of ₹ 10.00 each	—		75.00	
Birla Sun Life Short Term Fixed Maturity Plan - Series 22 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Birla Sun Life Short Term Fixed Maturity Plan - Series 23 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Birla Sun Life Short Term Fixed Maturity Plan - Series 29 - Dividend Payout 2,70,00,000 (2011 - Nil) Units of ₹ 10.00 each	27.00		—	
Birla Sun Life Short Term Fixed Maturity Plan - Series 30 - Dividend Payout 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
Birla Sun Life Floating Rate - Long Term Institutional Plan Daily Dividend 30,10,706 (2011 - Nil) Units of ₹ 10.00 each		2.73		—
Birla Sun Life Floating Rate Fund - Short Term Plan - Institutional Plan - Daily Dividend Reinvestment 1,92,295 (2011 - Nil) Units of ₹ 10.00 each		1.92		—
Birla Sun Life Floating Rate Fund - Daily Dividend Reinvestment 16,80,760 (2011 - Nil) Units of ₹ 100.00 each		16.81		—
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend Reinvestment Nil (2011 - 1,09,78,592) Units of ₹ 10.00 each		—		11.03
BNP Paribas Money Plus Institutional Growth 5,28,96,512 Units of ₹ 10.00 each		71.23		71.23
Canara Robeco Fixed Maturity Plan - Series 5 - 13 months (Plan A) Dividend Payout Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
Canara Robeco Fixed Maturity Plan Series 7 - Plan A - Growth Plan 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Canara Robeco Interval Series - 2 - Quarterly Plan 2 - Institutional Dividend Fund 99,97,501 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 3M Series 27 - Dividend Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
DSP BlackRock Fixed Maturity Plan - 3M Series 28 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 3M Series 29 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	382.00	1084.29	392.98	1094.94

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	382.00	1084.29	392.98	1094.94
Investment in Mutual Funds (Contd.)				
DSP BlackRock Fixed Maturity Plan - 3M - Series 29 - Dividend Payout 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
DSP BlackRock Fixed Maturity Plan - 3M - Series 30 - Dividend Payout 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 3M Series 32 - Dividend Payout Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
DSP BlackRock Fixed Maturity Plan - 3M - Series 33 - Dividend Payout 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
DSP BlackRock Fixed Maturity Plan - 3M - Series 40 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
DSP BlackRock Fixed Maturity Plan - 3M - Series 42 - Dividend Payout 3,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	35.00		—	
DSP BlackRock Fixed Maturity Plan - 12M Series 10 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 12M Series 11 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 12 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 12M Series 12 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 12M Series 13 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 12M Series 14 - Growth Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
DSP BlackRock Fixed Maturity Plan - 12M - Series 16 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 12M - Series 23 - Growth 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
DSP BlackRock Fixed Maturity Plan - 12M - Series 32 - Growth 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
DSP BlackRock Fixed Maturity Plan - 12M - Series 34 - Dividend Payout 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
DSP BlackRock Fixed Maturity Plan - 12M - Series 36 - Dividend Payout 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DSP BlackRock Fixed Maturity Plan - 12M - Series 43 - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
DSP BlackRock Fixed Maturity Plan - 13M Series 2 - Dividend Nil (2011 - 4,50,00,000) Units of ₹ 10.00 each	—		45.00	
DSP BlackRock Fixed Maturity Plan - 13M Series 3 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DSP BlackRock Fixed Maturity Plan - 13M - Series 37 - Dividend Payout 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend 4,99,966 (2011 - 6,63,632) Units of ₹ 1000.00 each		50.01		66.39
DSP BlackRock Strategic Bond Fund - Monthly Dividend 2,44,500 (2011 - Nil) Units of ₹ 1000.00 each		25.24		—
DWS Fixed Maturity Plan - Series 1 - Dividend Plan Payout 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Carried over	652.00	1159.54	627.98	1161.33

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	652.00	1159.54	627.98	1161.33
Investment in Mutual Funds (Contd.)				
DWS Fixed Maturity Plan - Series 5 - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
DWS Fixed Term Fund - Series 67 - Dividend Plan - Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DWS Fixed Term Fund - Series 77 - Dividend Plan - Payout Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
DWS Fixed Term Plan - Series 76 - Dividend Plan - Payout Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
DWS Fixed Term Fund Series 79 - Dividend Plan - Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
DWS Money Plus Fund - Institutional Plan Weekly Dividend - Reinvestment Nil (2011 - 4,97,90,382) Units of ₹ 10.00 each		—		50.00
DWS Short Maturity Fund - Premium Plus Weekly Dividend - Reinvestment Nil (2011 - 5,00,74,399) Units of ₹ 10.00 each		—		50.07
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment 8,20,39,253 (2011 - Nil) Units of ₹ 10.00 each		87.26		—
HDFC Fixed Maturity Plan 370D November 2010 (1) - Growth - Series XVII Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
HDFC Fixed Maturity Plan 370D November 2011 (1) - Growth - Series XIX 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
HDFC Fixed Maturity Plan 370D December 2011 (2) - Growth - Series XIX 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
HDFC Fixed Maturity Plan 370D January 2012 (2) - Growth - Series XIX 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
HDFC Fixed Maturity Plan 370D January 2012 (3) - Growth - Series XIX 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
HDFC Fixed Maturity Plan 370D February 2012 (2) - Growth - Series XXI 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC Fixed Maturity Plan 370D March 2012 (1) - Growth - Series XXI 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC Fixed Maturity Plan 92D January 2012 (2) - Dividend - Series XIX 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
HDFC Fixed Maturity Plan 92D February 2012 (2) - Dividend - Series XIX 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC Fixed Maturity Plan 92D February 2012 (3) - Dividend - Series XIX 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
HDFC Fixed Maturity Plan 92D March 2012 (1) - Dividend - Series XIX 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
HDFC Fixed Maturity Plan 92D March 2012 (3) - Dividend - Series XIX 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
HDFC High Interest Fund - Short Term Plan - Dividend 2,38,23,226 (2011 - Nil) Units of ₹ 10.00 each	25.21		—	
ICICI Prudential Fixed Maturity Plan Series 51 - 1 Year Plan B Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 51 - 13 Months Plan C Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 51 - 14 Months Plan D Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	887.21	1246.80	797.98	1261.40

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	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	887.21	1246.80	797.98	1261.40
Investment in Mutual Funds (Contd.)				
ICICI Prudential Fixed Maturity Plan Series 53 - 1 Year Plan C Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 53 - 1 Year Plan F Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 53 - 6 Months Plan A Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan A Cumulative Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
ICICI Prudential Fixed Maturity Plan Series 55 - 1 Year Plan B Cumulative Nil (2011 - 7,50,00,000) Units of ₹ 10.00 each	—		75.00	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan F Cumulative 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
ICICI Prudential Fixed Maturity Plan Series 60 - 1 Year Plan J Cumulative 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan C Dividend 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
ICICI Prudential Fixed Maturity Plan Series 61 - 1 Year Plan E Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
ICICI Prudential Fixed Maturity Plan Series 62 - 396 Days Plan F Dividend 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
ICICI Prudential Fixed Maturity Plan Series 62 - 1 Year Plan G Cumulative 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
ICICI Prudential Fixed Maturity Plan Series 63 - 1 Year Plan B Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
ICICI Prudential Interval Fund Annual Interval Plan IV Institutional Cumulative 1,18,66,995 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
ICICI Prudential Interval Fund Half Yearly Interval Plan - I Institutional Dividend Nil (2011 - 5,00,01,063) Units of ₹ 10.00 each		—		50.00
ICICI Prudential Interval Fund Half Yearly Interval Plan II Institutional Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
ICICI Prudential Interval Fund II Quarterly Interval Plan Institutional Dividend 2,00,00,000 (2011 - 2,50,00,000) Units of ₹ 10.00 each	20.00			25.00
ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
ICICI Prudential Interval Fund II Quarterly Interval Plan F Institutional Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each		—		15.00
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each		—		15.00
ICICI Prudential Interval Fund Quarterly Interval Plan - 1 Institutional Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDBI Fixed Maturity Plan - 369 Days - Series - II (February 2012) - C - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
IDFC Fixed Maturity 100 Days Series - 1 Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
IDFC Fixed Maturity 100 Days Series - 3 Dividend Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
Carried over	1177.21	1246.80	1002.98	1366.40

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	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1177.21	1246.80	1002.98	1366.40
Investment in Mutual Funds (Contd.)				
IDFC Fixed Maturity Plan Yearly Series 37 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
IDFC Fixed Maturity Plan - Yearly Series 49 - Quarterly Dividend 3,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	35.00		—	
IDFC Fixed Maturity Plan - Yearly Series 52 - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 53 - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 57 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
IDFC Fixed Maturity Plan - Yearly Series 61 - Quarterly Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 62 - Growth 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Plan - Yearly Series 64 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
IDFC Fixed Maturity Plan - Yearly Series 66 - Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
IDFC Fixed Maturity Quarterly Series 70 Dividend 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
IDFC Fixed Maturity Quarterly Series 71 Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
IDFC Fixed Maturity Quarterly Series 73 Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Monthly Dividend 7,44,45,441 (2011 - Nil) Units of ₹ 10.00 each	75.48		—	
IDFC Super Saver Income Fund - Medium Term Plan B - Monthly Dividend 2,50,90,051 (2011 - Nil) Units of ₹ 10.00 each	25.15		—	
JPMorgan Fixed Maturity Plan - Series 6 - Dividend Plan 4,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	45.00		—	
JPMorgan Fixed Maturity Plan - Series 7 - Dividend Plan 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
JPMorgan Fixed Maturity Plan - Series 8 - Dividend Plan 7,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	75.00		—	
JPMorgan India Fixed Maturity Plan 367D Series 1 - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—			25.00
JPMorgan India Fixed Maturity Plan 400D Series 1 - Growth Plan Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
JPMorgan India Liquid Fund Super Institutional Daily Dividend Plan - Reinvestment 71,49,223 (2011 - Nil) Units of ₹ 10.00 each		7.15		—
JPMorgan India Treasury Fund - Super Institutional Growth Plan 5,68,14,390 Units of ₹ 10.00 each	66.24			66.24
Kotak Bond (Short Term) - Monthly Dividend 2,49,32,134 (2011 - Nil) Units of ₹ 10.00 each	25.18		—	
Kotak Fixed Maturity Plan Series 28 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	1754.26	1253.95	1102.98	1457.64

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	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1754.26	1253.95	1102.98	1457.64
Investment in Mutual Funds (Contd.)				
Kotak Fixed Maturity Plan Series 30 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Fixed Maturity Plan Series 32 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Fixed Maturity Plan Series 34 - Growth Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Kotak Fixed Maturity Plan Series 37 - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Fixed Maturity Plan Series 62 - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Kotak Fixed Maturity Plan Series 70 - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Kotak Fixed Maturity Plan Series 72 - Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Kotak Fixed Maturity Plan Series 75 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Kotak Fixed Maturity Plan Series 78 - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Kotak Fixed Maturity Plan Series 79 - Growth 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
Kotak Fixed Maturity Plan Series 83 - Growth 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
Kotak Fixed Maturity Plan 370 Days Series 3 Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Kotak Fixed Maturity Plan 370 Days Series 9 Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Floater Fund Short term Nil (2011 - 69,21,384) Units of ₹ 10.00 each		—		7.00
Kotak Floater Long Term - Growth 10,45,70,180 Units of ₹ 10.00 each	150.00			150.00
Kotak Quarterly Interval Plan Series 1 - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Kotak Quarterly Interval Plan Series 2 - Dividend 99,99,722 (2011 - 29,99,641) Units of ₹ 10.00 each	10.00		3.00	
Kotak Quarterly Interval Plan Series 5 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Kotak Quarterly Interval Plan Series 10 - Dividend Nil (2011 - 5,00,06,947) Units of ₹ 10.00 each	—		50.00	
L&T Fixed Maturity Plan Series - 12 - Plan 15 M - March 10 - I - Dividend (Payout) Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
Reliance Fixed Horizon Fund - XIII - Series 6 - Growth Plan Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
Reliance Fixed Horizon Fund - XVI - Series 5 - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Reliance Fixed Horizon Fund - XVI - Series 8 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	2059.26	1253.95	1460.98	1614.64

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	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2059.26	1253.95	1460.98	1614.64
Investment in Mutual Funds (Contd.)				
Reliance Fixed Horizon Fund - XVII - Series 1 - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Reliance Fixed Horizon Fund - XVII - Series 2 - Growth Plan Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
Reliance Fixed Horizon Fund - XVII - Series 4 - Dividend Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Reliance Fixed Horizon Fund - XVII - Series 6 - Dividend Payout Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Reliance Fixed Horizon Fund - XVIII - Series 7 - Dividend Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Reliance Fixed Horizon Fund - XIX - Series 1 - Growth Plan Nil (2011 - 3,00,00,000) Units of ₹ 10.00 each	—		30.00	
Reliance Fixed Horizon Fund - XIX - Series 4 - Dividend Payout 2,00,03,258 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Reliance Fixed Horizon Fund - XX - Series 13 - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Reliance Fixed Horizon Fund - XX - Series 24 - Dividend Plan 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Reliance Fixed Horizon Fund - XXI - Series 2 - Growth Plan 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
Reliance Fixed Horizon Fund - XXI - Series 4 - Growth Plan 3,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	35.00		—	
Reliance Fixed Horizon Fund - XXI - Series 5 - Dividend Plan 10,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	100.00		—	
Reliance Fixed Horizon Fund - XXI - Series 9 - Growth Plan 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
Reliance Fixed Horizon Fund - XXI - Series 12 - Growth Plan 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
Reliance Fixed Horizon Fund XXI - Series 13 - Growth Option 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Reliance Fixed Horizon Fund - XXI - Series 14 - Growth Plan 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Reliance Fixed Horizon Fund - XXI - Series 16 - Growth Plan 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
Reliance Money Manager Fund - Institutional Option - Growth Plan 2,18,184 Units of ₹ 1000.00 each		26.66		26.66
Reliance Interval Fund Monthly Income Plan - Series 1 - Institutional Dividend Plan Nil (2011 - 24,98,376) Units of ₹ 10.00 each		—		2.50
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan Nil (2011 - 9,99,90,438) Units of ₹ 10.00 each		—		100.00
Reliance Interval Fund Quarterly Interval Plan - Series 1 - Institutional Dividend Nil (2011 - 20,19,065) Units of ₹ 10.00 each		—		2.02
Reliance Quarterly Interval Fund - Series II - Institutional Dividend Plan Nil (2011 - 4,99,60,531) Units of ₹ 10.00 each		—		50.00
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan 99,89,910 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Carried over	2424.26	1280.61	1660.98	1795.82

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2424.26	1280.61	1660.98	1795.82
Investment in Mutual Funds (Contd.)				
Reliance Short Term Fund - Quarterly Dividend Option 1,85,66,844 (2011 - Nil) Units of ₹ 10.00 each	25.25		—	
Reliance Liquid Fund - Cash Plan - Daily Dividend Reinvestment Nil (2011 - 1,79,94,135) Units of ₹ 10.00 each		—		20.14
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment 98,43,158 (2011 - Nil) Units of ₹ 10.00 each		15.05		—
Religare Active Income Fund - Plan A Discretionary Dividend 8,00,00,000 (2011 - Nil) Units of ₹ 10.00 each		80.00		—
Religare Fixed Maturity Plan - Series - II Plan A (13 Months) - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Religare Fixed Maturity Plan - Series - II Plan B (15 Months) - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Religare Fixed Maturity Plan - Series - II Plan C (15 Months) - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Religare Fixed Maturity Plan - Series - II Plan F (13 Months) - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Religare Fixed Maturity Plan - Series IV - Plan F - Dividend Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Religare Fixed Maturity Plan Series - V Plan C (3 Months) Dividend - Dividend Plan Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
Religare Fixed Maturity Plan - Series VI - Plan E (367 Days) - Growth Plan Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each		—		15.00
Religare Fixed Maturity Plan Series IX Plan B - 371 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan Series X Plan E - 371 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan Series XI Plan A - 369 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan Series - XI - Plan E - 371 Days - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan - Series XII - Plan A - 370 Days - Dividend Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Fixed Maturity Plan - Series XIII - Plan A - 370 Days - Dividend Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Religare Liquid Fund - Super Institutional Daily Dividend 4,99,730 (2011 - Nil) Units of ₹ 1000.00 each		50.01		—
Religare Liquid Fund - Daily Dividend - Reinvestment Nil (2011 - 1,51,489) Units of ₹ 1000.00 each		—		15.19
Religare Fixed Maturity Plan Series V Plan A 368 Days Growth - Growth Plan Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
SBI Debt Fund Series - 90 Days - 39 - Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
SBI Debt Fund Series - 90 Days - 42 - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each		—		50.00
SBI Debt Fund Series - 90 Days - 55 - Dividend 2,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	20.00		—	
Carried over	2529.51	1425.67	1925.98	1896.15

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2529.51	1425.67	1925.98	1896.15
Investment in Mutual Funds (Contd.)				
SBI Debt Fund Series - 90 Days - 56 - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
SBI Debt Fund Series - 90 Days - 58 - Dividend 3,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	30.00		—	
SBI Debt Fund Series - 90 Days - 59 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
SBI Debt Fund Series - 90 Days - 60 - Dividend 4,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	45.00		—	
SBI Debt Fund Series - 180 Days - 23 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
SBI Debt Fund Series - 367 Days - 13 - Growth 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
SBI Debt Fund Series - 367 Days - 17 - Dividend 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
SBI Debt Fund Series - 15 Months - 5 - Dividend Nil (2011 - 5,00,00,000) Units of ₹ 10.00 each	—		50.00	
Sundaram Fixed Term Plan AP 367 Days Growth Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
Sundaram Fixed Term Plan AS 367 Days Dividend Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
Sundaram Fixed Term Plan AW 366 Days Growth Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each	—		10.00	
Sundaram Fixed Term Plan CC 366 Days Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
Sundaram Interval Fund Quarterly - Plan C - Institutional Dividend Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each		—		10.00
Sundaram Money Fund Super Daily Dividend Reinvestment 1,43,83,992 (2011 - Nil) Units of ₹ 10.00 each		14.52		—
TATA Fixed Income Portfolio Fund Scheme A - 2 Institutional 14,98,322 (2011 - 35,00,865) Units of ₹ 10.00 each		1.50		3.50
TATA Fixed Income Portfolio Fund Scheme B3 Institutional Monthly Dividend Nil (2011 - 1,00,00,000) Units of ₹ 10.00 each		—		10.00
TATA Fixed Income Portfolio Fund Scheme C3 - Regular Half Yearly Dividend 97,58,002 (2011 - Nil) Units of ₹ 10.00 each		10.00		—
TATA Fixed Maturity Plan Series 25 Scheme A - Super High Invest Plan - Growth Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
TATA Fixed Maturity Plan Series 26 Scheme A - Quarterly Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
TATA Fixed Maturity Plan Series 28 Scheme A Dividend Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
TATA Fixed Maturity Plan Series 29 Scheme A Dividend Nil (2011 - 2,00,00,000) Units of ₹ 10.00 each	—		20.00	
TATA Fixed Maturity Plan Series 29 Scheme C - Growth Nil (2011 - 1,50,00,000) Units of ₹ 10.00 each	—		15.00	
TATA Fixed Maturity Plan Series 30 Scheme A Dividend Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each	—		25.00	
Carried over	2694.51	1451.69	2120.98	1919.65

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)		As at 31st March, 2011 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	2694.51	1451.69	2120.98	1919.65
Investment in Mutual Funds (Contd.)				
TATA Fixed Maturity Plan Series 38 Scheme I - Dividend 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
TATA Fixed Maturity Plan Series 38 Scheme D - Growth 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I - Institutional Dividend Plan - Payout Nil (2011 - 2,50,00,000) Units of ₹ 10.00 each		—		25.00
UTI Fixed Term Income Fund - Series X - VI (368 Days) - Growth Plan 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
UTI Fixed Term Income Fund - Series X - VII (368 Days) - Growth Plan 5,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	50.00		—	
UTI Fixed Term Income Fund - Series X - VIII (368 Days) - Growth Plan 2,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	25.00		—	
UTI Fixed Term Income Fund - Series X - X (367 Days) - Growth Plan 1,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	10.00		—	
UTI Fixed Term Income Fund - Series XI - III (368 Days) - Growth Plan 4,00,00,000 (2011 - Nil) Units of ₹ 10.00 each	40.00		—	
UTI Fixed Term Income Fund - Series XI - IV (367 Days) 1,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	15.00		—	
UTI Fixed Term Income Fund - Series XI - VII (366 Days) - Growth Plan 8,50,00,000 (2011 - Nil) Units of ₹ 10.00 each	85.00		—	
UTI - Floating Rate Fund - Short Term Plan - Institutional Growth Option 2,48,309 Units of ₹ 1000.00 each		25.00		25.00
Aggregate amount of Quoted and Unquoted Investments	2954.51	1476.69	2120.98	1969.65
Total Current Investments		4431.20		4090.63
Share of Joint Ventures - Note 28 (ii) (b)	4.60	6.01	0.50	4.03
		10.61		4.53
Grand Total		4441.81		4095.16

Aggregate market value of quoted investments ₹ 3032.42 Crores (2011 - ₹ 2154.89 Crores).

Aggregate excess of cost over fair value ₹ 205.24 Crores (2011 - ₹ 199.50 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
14. Inventories		
(At lower of cost and net realisable value)		
Stocks and shares	542.07	257.05
Raw materials (including packing materials)	3645.71	3467.39
Work-in-progress	112.33	109.24
Finished Goods (manufactured)	1566.06	1428.03
Stock-in-Trade (goods purchased for resale)	213.41	173.65
Stores and Spares	252.73	216.95
Intermediates - Tissue paper and Paperboards	79.67	69.37
TOTAL	6411.98	5721.68
Share of Joint Ventures - Note 28 (ii) (b)	16.13	13.12
GRAND TOTAL	6428.11	5734.80

15. Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	1.53		3.81	
Unsecured, considered good	43.10		36.54	
Doubtful	49.76		53.28	
	94.39		93.63	
Less: Provision for doubtful receivables	49.76	44.63	53.28	40.35
Others				
Secured, considered good	17.31		15.27	
Unsecured, considered good	1140.07		1029.13	
Doubtful	0.02		0.14	
	1157.40		1044.54	
Less: Provision for doubtful receivables	0.02	1157.38	0.14	1044.40
TOTAL		1202.01		1084.75
Share of Joint Ventures - Note 28 (ii) (b)		1.83		1.93
GRAND TOTAL		1203.84		1086.68

Notes to the Consolidated Financial Statements

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
16. Cash and cash equivalents		
Balances with Banks		
Current accounts	170.96	118.31
Earmarked balances	81.15	64.32
Deposit accounts *	2861.57	2227.65
Cheques, drafts on hand	11.06	11.91
Cash on hand	2.85	2.84
TOTAL	3127.59	2425.03
Share of Joint Ventures - Note 28 (ii) (b)	2.53	1.84
GRAND TOTAL	3130.12	2426.87

* Includes balances with original maturity of more than 12 months ₹ 644.39 Crores (2011 - ₹ 814.49 Crores) in deposit accounts. These can be withdrawn at any point of time without prior notice or exit costs on the principal amount.

17. Short-term loans and advances		
Unsecured, considered good unless otherwise stated		
Loans and advances to related parties		
Security deposits	0.37	0.37
Loans and advances	4.80	24.25
Others		
With Statutory authorities	158.65	125.36
Commercial advances and deposits		
Secured, considered good	4.86	6.39
Unsecured, considered good	204.59	196.30
MAT credit entitlement	0.35	2.16
Other loans and advances (Employees, unexpired expenses etc.)	89.75	74.61
TOTAL	463.37	429.44
Share of Joint Ventures - Note 28 (ii) (b)	2.61	3.06
GRAND TOTAL	465.98	432.50

18. Other current assets		
Interest accrued on loans, deposits etc.	17.17	16.26
Interest accrued on investments	9.80	8.65
Unamortised expenses	—	0.11
Others *		
Unsecured, considered good	104.62	71.27
Doubtful	0.71	0.98
	105.33	72.25
Less: Provision for doubtful assets	0.71	0.98
TOTAL	131.59	96.29

* Others comprise receivables on account of export incentives, claims, interest, rentals etc.

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
19. Gross income		
Gross Revenue from sale of products and services	36609.81	31982.31
Other operating revenue	371.81	294.43
Other income	783.99	535.82
TOTAL	37765.61	32812.56
Share of Joint Ventures - Note 28(ii)(b)	8.46	12.19
GRAND TOTAL	37774.07	32824.75
20. Revenue from operations		
Sale of products [Includes share of Joint Ventures ₹ 6.11 Crores (2011 - ₹ 9.03 Crores)]	34831.01	30384.67
Sale of services [Includes share of Joint Ventures ₹ 1.54 Crores (2011 - ₹ 1.72 Crores)]	1786.44	1608.39
Gross Revenue from sale of products and services	36617.45	31993.06
Other operating revenue [Includes share of Joint Ventures ₹ 0.46 Crore (2011 - ₹ 1.16 Crores)]	372.27	295.59
	36989.72	32288.65
Less: Excise Duty attributable to products sold [Includes share of Joint Ventures ₹ 0.65 Crore (2011 - ₹ 0.82 Crore)]	10437.93	9713.95
TOTAL	26551.79	22574.70
21. Other income		
Interest income	321.85	179.99
Dividend income		
– Long-term investments	16.32	14.67
– Current investments	222.06	173.71
Gain on sale of long-term investments	137.25	63.01
Net gain on sale of current investments	76.04	54.90
Excess of cost of current investments over fair value, reversed - Net	–	2.57
Other non-operating income		
– Net gain on foreign currency transactions and translation	–	33.18
– Others	10.47	13.79
TOTAL	783.99	535.82
Share of Joint Ventures - Note 28 (ii) (b)	0.36	0.28
GRAND TOTAL	784.35	536.10
Interest income comprises interest from:		
a) Deposits with Banks	196.51	92.18
b) Current investments	57.03	51.59
c) Others (from customers, statutory authorities etc.)	68.31	36.22

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)		
22. Changes in inventories of finished goods, work-in-progress, Stock-in-Trade and intermediates						
Finished goods (manufactured)						
Opening stock	1428.03			1137.62		
Closing stock	<u>1566.06</u>	(138.03)		<u>1428.03</u>	(290.41)	
Work-in-progress						
Opening stock	109.24			88.32		
Closing stock	<u>112.33</u>	(3.09)		<u>109.24</u>	(20.92)	
Intermediates - Tissue paper and Paperboards						
Opening stock	69.37			47.57		
Closing stock	<u>79.67</u>	(10.30)		<u>69.37</u>	(21.80)	
Stock-in-Trade (goods purchased for resale)						
Opening stock	173.65			148.61		
Closing stock	<u>213.41</u>	<u>(39.76)</u>	(191.18)	<u>173.65</u>	<u>(25.04)</u>	(358.17)
Excise duties on increase / (decrease) of finished goods			104.88			85.24
TOTAL			(86.30)			(272.93)
Share of Joint Ventures - Note 28(ii)(b)			(0.12)			0.21
GRAND TOTAL			(86.42)			(272.72)
23. Employee benefits expense						
Salaries and wages			1669.26			1437.94
Contribution to Provident and other funds			142.35			149.94
Staff welfare expenses			<u>138.41</u>			<u>126.25</u>
			1950.02			1714.13
Less : Recoveries / reimbursements			<u>8.46</u>			<u>7.94</u>
TOTAL			1941.56			1706.19
Share of Joint Ventures - Note 28(ii)(b)			2.72			2.31
GRAND TOTAL			1944.28			1708.50
24. Finance costs						
Interest expense			69.55			60.84
Applicable net loss on foreign currency transactions and translation			<u>10.94</u>			<u>10.06</u>
TOTAL			80.49			70.90
Share of Joint Ventures - Note 28(ii)(b)			0.01			0.03
GRAND TOTAL			80.50			70.93

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
25. Other expenses		
Power and fuel	476.91	446.64
Consumption of stores and spare parts	243.49	222.81
Contract processing charges	533.51	472.65
Rent	228.41	191.26
Rates and taxes	322.31	324.39
Insurance	41.78	39.84
Repairs		
– Buildings	48.38	44.17
– Machinery	135.50	119.19
– Others	36.25	36.49
Maintenance and upkeep	113.73	109.52
Outward freight and handling charges	842.70	683.09
Warehousing charges	70.06	65.38
Advertising / Sales promotion	710.09	654.55
Market research	54.40	53.62
Design and product development	24.04	23.89
Hotel reservation / Marketing expenses	29.25	29.90
Retail accessories	238.89	211.18
Brokerage and discount - sales	9.40	8.94
Commission to selling agents	27.23	27.60
Doubtful and bad debts	14.36	2.74
Doubtful and bad advances, loans and deposits	2.61	3.34
Provision for standard assets	...	0.09
Bank and credit card charges	21.49	20.74
Information technology services	100.25	91.63
Travelling and conveyance	235.09	207.96
Training and development	24.63	19.13
Legal expenses	15.00	30.55
Consultancy / Professional fees	82.39	85.55
Postage, telephone etc.	31.10	31.07
Printing and stationery	14.98	14.62
Net loss on foreign currency transactions and translation	43.05	–
Excess of carrying cost over fair value of current investments - Net	5.74	–
Loss on sale of fixed assets - Net	12.64	26.19
Loss on sale of stores and spare parts - Net	2.71	2.38
Miscellaneous expenses	955.79	731.53
TOTAL	5748.16	5032.63
Share of Joint Ventures - Note 28(ii)(b)	4.29	3.80
GRAND TOTAL	5752.45	5036.43

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2012 (₹ in Crores)	For the year ended 31st March, 2011 (₹ in Crores)
26. Current tax		
Income tax for the year:		
Current tax	2796.34	2373.21
	<u>2796.34</u>	<u>2373.21</u>
Adjustments/(credits) related to previous years - Net		
Current tax	(21.35)	(26.79)
Fringe benefit tax	—	(0.25)
MAT credit entitlement	—	(0.11)
	<u>(21.35)</u>	<u>(27.15)</u>
TOTAL	2774.99	2346.06
Share of Joint Ventures - Note 28(ii)(b)	2.58	1.89
GRAND TOTAL	2777.57	2347.95
27. Deferred tax		
Deferred tax for the year	54.82	0.49
Adjustments/(credits) related to previous years - Net	13.45	17.21
TOTAL	68.27	17.70
Share of Joint Ventures - Note 28(ii)(b)	(0.08)	(0.20)
GRAND TOTAL	68.19	17.50

28. Additional Notes to the Consolidated Financial Statements

- (i) The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the Consolidated Financial Statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.
- (ii) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements", Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interests in Joint Ventures" as notified by Companies (Accounting Standards) Rules, 2006.
- (a) The subsidiaries (which along with ITC Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012	Percentage of ownership interest as at 31st March, 2011
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	India	98.18	96.82

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012	Percentage of ownership interest as at 31st March, 2011
Prag Agro Farm Limited (a 100% subsidiary of Wimco Limited)	India	98.18	96.82
Pavan Poplar Limited (a 100% subsidiary of Wimco Limited)	India	98.18	96.82
Technico Pty Limited	Australia	100	100
Technico Technologies Inc. (a 100% subsidiary of Technico Pty Limited)	Canada	100	100
Technico Agri Sciences Limited (a 100% subsidiary of Technico Pty Limited)	India	100	100
Technico Asia Holdings Pty Limited (a 100% subsidiary of Technico Pty Limited)	Australia	100	100
Technico Horticultural (Kunming) Co. Limited (a 100% subsidiary of Technico Asia Holdings Pty Limited)	China	100	100
ITC Infotech India Limited	India	100	100
ITC Infotech Limited (a 100% subsidiary of ITC Infotech India Limited)	UK	100	100
ITC Infotech (USA), Inc. (a 100% subsidiary of ITC Infotech India Limited)	USA	100	100
Pyxis Solutions, LLC (a 100% subsidiary of ITC Infotech (USA), Inc.)	USA	100	100
Wills Corporation Limited	India	100	100
Gold Flake Corporation Limited	India	100	100
King Maker Marketing, Inc.	USA	100	100

ITC Global Holdings Pte. Limited, Singapore (a wholly owned subsidiary of ITC Limited) in liquidation has not been considered in the preparation of these Consolidated Financial Statements.

The financial statements of all subsidiaries, considered in the consolidated accounts, are drawn upto 31st March other than for Surya Nepal Private Limited where it is upto 13th March.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(b) Interests in Joint Ventures:

The Group's interests in jointly controlled entities (incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012	Percentage of ownership interest as at 31st March, 2011
Maharaja Heritage Resorts Limited	India	50	50
Espirit Hotels Private Limited	India	26	26*
Logix Developers Private Limited	India	26**	—
ITC Filtrona Limited (a joint venture of Gold Flake Corporation Limited)	India	50	50

* With effect from 24.09.2010

** With effect from 27.09.2011

The Group's interests in jointly controlled operations:

Technico Technologies Inc., Canada has entered into a farming arrangement with Shamrock Seed Potato Farm Limited for production and sale of Early Generation seed potatoes. The participating share of Technico Technologies Inc., Canada is 35% (2011 – 27%).

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, 2012	Percentage of ownership interest as at 31st March, 2011
Gujarat Hotels Limited	India	45.78	45.78
International Travel House Limited	India	48.96	48.96
Russell Investments Limited	India	25.43	25.43
Divya Management Limited	India	33.33	33.33
Antrang Finance Limited	India	33.33	33.33
ATC Limited	India	47.50	47.50
Classic Infrastructure and Development Limited	India	42.35	42.35

The financial statements of all associates, considered in the consolidated accounts, are drawn upto 31st March.

These investments have been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. During the year, the Group has received dividend aggregating ₹ 2.01 Crores (2011 – ₹ 1.74 Crores) in respect of the investments in associates.

(d) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries, associates and joint ventures on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21, AS 23 and AS 27 by each of the included entities.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(iii) (a) Claims against the Group not acknowledged as debts, including share of Joint Ventures ₹ 1.56 Crores (2011 - ₹ 1.53 Crores), are ₹ 365.05 Crores (2011 - ₹ 340.71 Crores). These comprise:

- Excise duty, Sales taxes and other Indirect taxes claims disputed by the Group relating to issues of applicability and classification aggregating ₹212.41 Crores (2011 - ₹195.43 Crores).
- Local Authority taxes/cess/royalty on property, utilities etc. claims disputed by the Group relating to issues of applicability and determination aggregating ₹ 51.22 Crores (2011 - ₹ 37.32 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 42.04 Crores (2011 - ₹ 39.15 Crores).
- Other matters, including share of Joint Ventures ₹ 1.56 Crores (2011 - ₹ 1.53 Crores), are ₹ 59.38 Crores (2011 - ₹ 68.81 Crores).
- In respect of Surya Nepal Private Limited (SNPL), Excise, Income tax and VAT authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that SNPL could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by SNPL in the year 1990-91 and that SNPL is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that SNPL's cigarette factory is under 'physical control' of the Revenue Authorities and cigarettes produced are duly accounted for and certified as such by the Revenue authorities.

The above basis of theoretical production has been rejected by the Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010. In the said order of the Supreme Court of Nepal dated 1st April, 2010, the Excise demands (for the financial years 1998-99 to 2002-03) and Income tax demands (for the financial year 2001-02) were set aside. Citing the aforesaid decisions of the Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 decided the following administrative review petitions in favour of SNPL relating to theoretical production:

- (i) Value added tax – ₹ 4.72 Crores [Nepalese Rupee (NRs.) 7.55 Crores] for the financial year 2001-02.
- (ii) Income tax – ₹ 3.07 Crores (NRs. 4.91 Crores) for the financial year 2005-06.

SNPL's counsel appearing in the matter has opined that the verdict of the Supreme Court of Nepal dated 29th October, 2009, which was delivered by a Full Bench of the Supreme Court of Nepal, will add substantial strength to SNPL's case in all the other matters relating to the issue of theoretical production.

Following is the status of pending demands and Show Cause Notices received from the Revenue Authorities based on similar untenable contention:

(i) Excise Demands and Show Cause Notice

1. Excise demand letter dated 22nd February, 2008 for ₹ 9.34 Crores (NRs. 14.95 Crores) relating to the financial years 2003-04 to 2005-06. SNPL's writ petition challenging the demand, has been admitted by the Supreme Court of Nepal on 2nd April, 2008 and it has issued Show Cause Notices to the respondents.
2. Excise demand letter dated 30th November, 2008 for ₹ 8.03 Crores (NRs. 12.85 Crores) relating to the financial year 2006-07. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 6th January, 2009 and it has issued Show Cause Notices to the respondents.
3. Show Cause Notice dated 19th January, 2010 seeking to demand ₹ 12.28 Crores (NRs. 19.65 Crores) by way of Excise duty for the financial year 2007-08. SNPL's writ petition challenging the Notice was admitted by the Supreme Court of Nepal. On 7th March, 2010, Supreme Court of Nepal issued interim order directing Inland Revenue Department not to raise demand, pending final disposal of the writ petition.

(ii) Value Added Tax (VAT) Demands

1. VAT demand letter dated 8th August, 2007 for ₹ 3.58 Crores (NRs. 5.72 Crores) relating to the financial year 2002-03. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.
2. VAT demand letter dated 5th August, 2008 for ₹ 0.67 Crore (NRs. 1.07 Crores) relating to the financial year 2003-04. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 5th September, 2008 and it has issued Show Cause Notices to the respondents.
3. VAT demand letter dated 10th July, 2009 for ₹ 6.69 Crores (NRs. 10.70 Crores) relating to the financial years 2004-05 to 2006-07. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 9th August, 2009 and it has issued Show Cause Notices to the respondents.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(iii) Income Tax Demands

1. Income tax demand letter dated 12th August, 2007 for ₹ 12.26 Crores (NRs. 19.61 Crores) relating to the financial year 2002-03. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.
2. Income tax demand letter dated 15th September, 2008 for the financial year 2003-04. Out of a total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of demand for ₹ 1.19 Crores (NRs. 1.91 Crores) is on theoretical production. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 8th December, 2008 and it has issued Show Cause Notices to the respondents.
3. Income tax demand letter dated 16th October, 2009 for the financial year 2004-05. Out of a total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of demand for ₹ 1.35 Crores (NRs. 2.16 Crores) is on theoretical production. SNPL has filed an administrative review petition before the Director General, Inland Revenue Department on 18th December, 2009. However, the Director General without dealing with the issues raised by SNPL, summarily dismissed the petition by an order dated 2nd March, 2010. SNPL thereafter filed an appeal before the Revenue Tribunal, on 17th June, 2010 and the matter is pending.

SNPL considers that all the demands and show cause notice listed above have no legal or factual basis. Accordingly, SNPL is of the view that there is no liability that is likely to arise, particularly in the light of the decisions in its favour by the Hon'ble Supreme Court of Nepal and the Inland Revenue Department.

- (b) Uncalled liability on shares partly paid ₹ 0.42 Crore (2011 – ₹ 0.42 Crore).
- (c) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint venture ₹ 6.27 Crores (2011 – ₹ 1.21 Crores), are ₹ 2332.44 Crores (2011 – ₹ 2037.30 Crores).
- (iv) The status on excise matters which is treated as an annexure to these accounts are as outlined in this year's Report of the Directors of ITC Limited (the Company) under the Excise section. In the opinion of the Directors, the Company does not accept any further liability.
- (v) 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.

(vi) Earnings per share

Earnings per share have been computed as under :

- (a) Profit for the year (₹ in 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 profit for the year
(Face Value ₹ 1.00 per share)
– Basic [(a)/(b)]
– Diluted [(a)/(d)]

	2012	2011
	6258.14	5017.93
	7,77,09,54,800	7,68,06,73,807
	9,24,70,193	10,22,43,533
	7,86,34,24,993	7,78,29,17,340
	₹ 8.05	₹ 6.53
	₹ 7.96	₹ 6.45

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

- (vii) Research and Development expenses for the year amount to ₹ 87.96 Crores (2011 – ₹ 90.56 Crores).
- (viii) The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as "Rent" under Note 25.

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

	As at 31st March, 2012 (₹ in Crores)	As at 31st March, 2011 (₹ in Crores)
Not later than one year	13.54	13.30
Later than one year and not later than five years	16.72	20.74
Later than five years	2.00	3.16

- (ix) The Group has adopted Accounting Standard 15 (AS 15) on 'Employee Benefits'. These Consolidated Financial Statements include the obligations as per requirement of this standard except for those subsidiaries which are incorporated outside India who have determined the valuation / provision for employee benefits as per requirements of their respective countries. In the opinion of the management, the impact of this deviation is not considered material.

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

		For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
I	Components of Employer Expense						
1	Current Service Cost	41.30	20.22	5.27	40.68	18.65	5.98
2	Interest Cost	40.60	16.11	5.50	34.05	14.02	4.07
3	Expected Return on Plan Assets	(42.29)	(18.81)	—	(36.18)	(17.37)	—
4	Curtailment Cost/(Credit)	—	—	—	—	—	—
5	Settlement Cost/(Credit)	—	—	—	—	—	—
6	Past Service Cost	—	—	—	—	0.03	—
7	Actuarial Losses/(Gains)	(7.91)	9.78	0.15	17.05	3.75	7.53
8	Total expense recognised in the Statement of Profit and Loss	31.70	27.30	10.92	55.60	19.08	17.58
The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 23.							

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

		For the year ended 31st March, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	36.76	17.65	—	36.83	17.86	—
III	Net Asset/ (Liability) recognised in Balance Sheet						
	1 Present Value of Defined Benefit Obligation	552.53	229.80	70.06	499.99	201.29	65.48
	2 Fair Value of Plan Assets	533.14	233.63	—	492.05	222.71	—
	3 Status [Surplus/(Deficit)]	(19.39)	3.83	(70.06)	(7.94)	21.42	(65.48)
	4 Unrecognised Past Service Cost	—	—	—	—	—	—
	5 Net Asset/(Liability) recognised in Balance Sheet	(19.39)	3.83	(70.06)	(7.94)	21.42	(65.48)
	— Current	(18.65)	3.83	(6.97)	(7.31)	21.42	(6.14)
	— Non-current	(0.74)	—	(63.09)	(0.63)	—	(59.34)
IV	Change in Defined Benefit Obligation (DBO)						
	1 Present Value of DBO at the beginning of year	499.99	201.29	65.48	442.61	180.39	55.12
	2 Current Service Cost	41.30	20.22	5.27	40.68	18.65	5.98
	3 Interest Cost	40.60	16.11	5.50	34.05	14.02	4.07
	4 Curtailment Cost/(Credit)	—	—	—	—	—	—
	5 Settlement Cost/(Credit)	—	—	—	—	—	—
	6 Past Service Cost	—	—	—	—	0.03	—
	7 Plan Amendments	—	—	—	—	—	—
	8 Acquisitions	—	—	—	—	—	—
	9 Actuarial (Gains)/Losses	(13.44)	8.62	0.15	17.70	4.24	7.53
	10 Benefits Paid	(15.92)	(16.44)	(6.34)	(35.05)	(16.04)	(7.22)
	11 Present Value of DBO at the end of the year	552.53	229.80	70.06	499.99	201.29	65.48
V	Change in Fair Value of Assets						
	1 Plan Assets at the beginning of the year	492.05	222.71	—	412.49	203.78	—
	2 Acquisition Adjustment	—	—	—	—	—	—
	3 Expected Return on Plan Assets	42.29	18.81	—	36.18	17.37	—
	4 Actuarial Gains/(Losses)	(5.53)	(1.16)	—	0.65	0.49	—
	5 Actual Company Contributions	20.25	9.71	—	77.78	17.11	—
	6 Benefits Paid	(15.92)	(16.44)	—	(35.05)	(16.04)	—
	7 Plan Assets at the end of the year	533.14	233.63	—	492.05	222.71	—
VI	Actuarial Assumptions						
	1 Discount Rate (%)	8.25	8.00 - 8.25	8.00 - 8.25	8.00	8.00	8.00
	2 Expected Return on Plan Assets (%)	8.25	7.25 - 9.15	—	8.00	7.50 - 9.15	—

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

VII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2012	As at 31st March, 2011
1	Government Securities/Special Deposit with RBI	28%	27%
2	High Quality Corporate Bonds	24%	28%
3	Insurance Companies*	40%	40%
4	Mutual Funds/Direct Equity	2%	3%
5	Cash and Cash Equivalents	2%	2%
6	Term Deposits	4%	—
	* 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, 2012 (₹ in Crores)			For the year ended 31st March, 2011 (₹ in Crores)			For the year ended 31st March, 2010 (₹ in Crores)			For the year ended 31st March, 2009 (₹ in Crores)			For the year ended 31st March, 2008 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of Defined Benefit Obligation	552.53	229.80	70.06	499.99	201.29	65.48	442.61	180.39	55.12	385.36	162.26	53.70	351.82	150.60	46.94
2	Fair Value of Plan Assets	533.14	233.63	—	492.05	222.71	—	412.49	203.78	—	386.04	189.82	—	365.50	172.27	—
3	Status [Surplus/(Deficit)]	(19.39)	3.83	(70.06)	(7.94)	21.42	(65.48)	(30.12)	23.39	(55.12)	0.68	27.56	(53.70)	13.68	21.67	(46.94)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	(4.25)	(0.61)	—	4.08	2.27	—	7.50	1.28	—	1.60	3.93	—	2.94	(0.75)	—
5	Experience Adjustment of Obligation [(Gain)/Loss]	(18.01)	6.96	0.40	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 Note 23.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(x) Derivative Instruments:

The Group uses forward exchange contracts and currency options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

a) Forward exchange contracts outstanding as at year end:

(in Million)

Currency	Cross Currency	As at 31st March, 2012		As at 31st March, 2011	
		Buy	Sell	Buy	Sell
US Dollar	Indian Rupees	146.33	183.23	9.00	84.40
EURO	US Dollar	60.08	—	57.40	—
CHF	US Dollar	1.58	—	0.92	—
GBP	US Dollar	1.00	—	3.00	—
SEK	US Dollar	3.33	—	3.20	—
JPY	US Dollar	770.54	—	483.08	—

b) Currency option contracts outstanding as at year end :

(in Million)

Currency	Cross Currency	As at 31st March, 2012		As at 31st March, 2011	
		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, 2012			As at 31st March, 2011		
		Buy	Sell	Net*	Buy	Sell	Net*
US Dollar	Indian Rupees	17.93	17.83	0.10	133.88	120.50	13.38
EURO	US Dollar	3.66	3.67	(0.01)	1.64	3.66	(2.02)
GBP	US Dollar	1.84	1.74	0.10	2.07	1.96	0.11
JPY	US Dollar	—	—	—	94.20	—	94.20
SEK	US Dollar	0.08	—	0.08	2.69	—	2.69
CHF	US Dollar	0.05	—	0.05	0.70	—	0.70
SGD	US Dollar	0.10	—	0.10	0.86	—	0.86
CAD	US Dollar	0.46	0.28	0.18	—	0.10	(0.10)
AUD	US Dollar	0.13	—	0.13	0.20	—	0.20
MYR	US Dollar	—	—	—	0.04	—	0.04

* Figures in brackets indicate open exports. Figures without brackets indicate open imports.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(xi) Statement of information regarding Subsidiary Companies :

(₹ in Crores)

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding Investments made in subsidiaries)	Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend
Russell Credit Limited	646.48	170.54	821.23	821.23	108.11	40.58	37.35	5.91	31.44	—
Greenacre Holdings Limited	42.06	11.72	57.90	57.90	12.56	2.97	1.20	0.23	0.97	—
Wimco Limited	68.59	42.99	219.85	219.85	...	184.98	(45.99)	—	(45.99)	—
Pavan Poplar Limited	5.51	1.48	7.35	7.35	—	0.73	0.04	...	0.03	—
Prag Agro Farm Limited	3.80	(7.43)	4.33	4.33	...	1.32	0.06	...	0.06	—
Srinivasa Resorts Limited	24.00	73.91	120.68	120.68	46.38	63.39	11.89	2.49	9.40	4.80
Fortune Park Hotels Limited	0.45	16.19	24.72	24.72	7.15	22.84	7.18	2.22	4.96	0.45
Bay Islands Hotels Limited	0.12	10.89	11.10	11.10	—	1.37	1.30	0.38	0.92	0.08
ITC Infotech India Limited	85.20	85.08	341.14	341.14	—	566.23	35.47	6.78	28.69	—
ITC Infotech Limited *	5.59	55.83	90.14	90.14	—	198.38	24.25	6.93	17.32	—
ITC Infotech (USA), Inc. \$	92.59	(7.83)	135.91	135.91	—	227.74	4.27	0.64	3.63	—
Pyxis Solutions, LLC \$	—	9.51	12.93	12.93	—	29.71	0.45	—	0.45	2.54@
Wills Corporation Limited	4.88	3.54	8.66	8.66	—	0.81	0.67	0.02	0.65	—
Gold Flake Corporation Limited	16.00	11.42	27.47	27.47	6.01	3.58	3.49	...	3.49	—
Landbase India Limited	199.00	(83.59)	154.43	154.43	...	10.57	(3.22)	—	(3.22)	—
BFIL Finance Limited	20.00	(59.91)	8.46	8.46	—	0.68	0.43	—	0.43	—
MRR Trading & Investment Company Limited	0.05	(0.04)	0.01	0.01	—	—	—	—	—	—
Surya Nepal Private Limited #	126.00	173.91	508.39	508.39	6.87	904.39	260.39	81.46	178.93	140.49@
King Maker Marketing, Inc. \$	0.02	30.64	51.32	51.32	—	137.75	3.99	1.55	2.44	—
Technico Pty Limited ~	232.75	(155.81)	80.86	80.86	—	7.24	0.59	—	0.59	—
Technico Technologies Inc. ^	6.56	(5.71)	2.17	2.17	—	1.38	0.08	—	0.08	—
Technico Horticultural (Kunming) Co. Limited **	15.36	(4.44)	11.11	11.11	—	3.39	...	—	...	—
Technico Agri Sciences Limited	37.96	8.25	64.15	64.15	8.43	51.97	7.83	—	7.83	—
Technico Asia Holdings Pty Limited ~	19.49	(14.36)	5.13	5.13	—	—	—	—	—	—

* Converted into Indian Rupees at the exchange rate, 1GBP = ₹ 81.4575 as on 30.03.2012 <

\$ Converted into Indian Rupees at the exchange rate, 1USD = ₹ 50.875 as on 30.03.2012 <

Converted into Indian Rupees at the exchange rate, 1NR = ₹ 0.625 as on 13.03.2012

~ Converted into Indian Rupees at the exchange rate, 1AUD = ₹ 52.91 as on 30.03.2012 <

^ Converted into Indian Rupees at the exchange rate, 1CAD = ₹ 51.0425 as on 30.03.2012 <

** Converted into Indian Rupees at the exchange rate, 1RMB = ₹ 8.0765 as on 30.03.2012 <

< Being the last working day of the financial year

@ 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, 2012 other than Surya Nepal Private Limited where it is as on 13th March, 2012.
- Pyxis Solutions, LLC is a New York Limited Liability Company and does not have any share capital. ITC Infotech (USA), Inc., holds 100% membership interest of Pyxis Solutions, LLC.
- The Subsidiary not considered in the preparation of the above statement is ITC Global Holdings Pte. Limited, Singapore, (ITC Global) a wholly owned subsidiary of ITC Limited, which is under liquidation vide Singapore High Court's Order dated 30th November, 2007. Prior to this, ITC Global was under Judicial Management in terms of an Interim Order passed by the Singapore High Court on 8th November, 1996, and confirmed by the Singapore High Court on 6th December, 1996.
- Turnover includes Other Income and Other Operating Income.

Notes to the Consolidated Financial Statements

29. Segment Reporting

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(₹ in Crores)

	External Sales	2012 Inter Segment Sales	Total	External Sales	2011 Inter Segment Sales	Total
1. Segment Revenue						
FMCG – Cigarettes	23232.32	–	23232.32	20721.27	–	20721.27
FMCG – Others	5555.95	7.77	5563.72	4495.06	8.97	4504.03
FMCG – Total	28788.27	7.77	28796.04	25216.33	8.97	25225.30
Hotels	1062.94	11.84	1074.78	1056.38	10.09	1066.47
Agri Business	3412.46	2282.85	5695.31	2815.16	1932.83	4747.99
Paperboards, Paper and Packaging	2525.32	1604.47	4129.79	2264.12	1402.76	3666.88
Others	828.46	192.41	1020.87	641.07	136.64	777.71
Segment Total	36617.45	4099.34	40716.79	31993.06	3491.29	35484.35
Eliminations			(4099.34)			(3491.29)
Gross Revenue from sale of products and services			36617.45			31993.06
2. Segment Results						
FMCG – Cigarettes			7191.24			6000.92
FMCG – Others			(215.08)			(331.52)
FMCG – Total			6976.16			5669.40
Hotels			294.29			283.30
Agri Business			643.15			566.29
Paperboards, Paper and Packaging			936.78			819.24
Others			93.64			57.65
Segment Total			8944.02			7395.88
Eliminations			(178.44)			(71.57)
Consolidated Total			8765.58			7324.31
Unallocated corporate expenses net of unallocated income			301.59			317.41
Profit before Interest etc. and tax			8463.99			7006.90
Interest expense			69.56			60.87
Interest earned on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc. - Net			773.72			488.84
Profit before tax			9168.15			7434.87
Tax expense			2845.76			2365.45
Profit after tax before share of results of associates and minority interests			6322.39			5069.42
Share of net profit of associates			11.28			9.61
Profit after tax before Minority Interests			6333.67			5079.03
3. Other Information						
	Segment Assets	Segment Liabilities*		Segment Assets	Segment Liabilities*	
FMCG - Cigarettes	5885.55	1981.66		4969.05	1676.02	
FMCG - Others	2653.68	634.43		2517.87	537.79	
FMCG - Total	8539.23	2616.09		7486.92	2213.81	
Hotels	3633.65	248.16		3069.93	236.28	
Agri Business	2211.71	393.33		2149.53	533.92	
Paperboards, Paper and Packaging	4808.64	456.48		4246.18	485.21	
Others	836.03	237.87		467.02	183.08	
Segment Total	20029.26	3951.93		17419.58	3652.30	
Unallocated Corporate Assets/Liabilities	10476.59	6938.25		9394.54	6531.10	
Total	30505.85	10890.18		26814.12	10183.40	
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	655.80	222.27	0.99	370.18	206.95	5.11
FMCG - Others	276.50	107.28	25.29	113.40	96.66	6.77
FMCG - Total	932.30	329.55	26.28	483.58	303.61	11.88
Hotels	764.67	85.53	7.53	369.15	88.96	4.89
Agri Business	159.26	21.57	1.41	91.07	22.75	1.66
Paperboards, Paper and Packaging	593.77	237.38	3.17	249.53	231.32	14.26
Others	84.14	23.38	5.54	26.26	21.30	0.66
Segment Total	2534.14	697.41	43.93	1219.59	667.94	33.35

* Segment Liabilities of FMCG – Cigarettes is before considering ₹ 763.31 Crores (2011 – ₹ 765.24 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States' appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'.

Notes to the Consolidated Financial Statements

29. Segment Reporting (Contd.)

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2012	2011
1. Segment Revenue		
– Within India	32805.73	28223.37
– Outside India	3811.72	3769.69
Total	36617.45	31993.06
2. Segment Assets		
– Within India	19378.30	16805.75
– Outside India	650.96	613.83
Total	20029.26	17419.58
3. Capital Expenditure		
– Within India	2460.14	1161.90
– Outside India	74.00	57.69
Total	2534.14	1219.59

NOTES :

- 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.
- The business groups comprise the following :

FMCG : Cigarettes	– Cigarettes, Cigars and Smoking Mixtures.
: Others	– Branded Packaged Foods (Staples, Biscuits, Confectionery, Snack Foods, Pasta & 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 soya, spices, coffee and leaf tobacco.
Others	– Information Technology services, Filter Rods, etc.
- The Group companies and joint ventures have been included in segment classification as follows :

FMCG : Cigarettes	– Surya Nepal Private Limited and King Maker Marketing, Inc.
: Others	– Surya Nepal Private Limited, Wimco Limited and King Maker Marketing, Inc.
Hotels	– Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited and joint ventures Maharaja Heritage Resorts Limited, Espirit Hotels Private Limited and Logix Developers Private Limited.
Others	– ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc. and Pyxis Solutions, LLC, Russell Credit Limited and its subsidiary Greenacre Holdings Limited, Wimco Limited and its subsidiaries Pavan Poplar Limited and Prag Agro Farm Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., along with its jointly controlled operation with Shamrock Seed Potato Farm Limited, Technico Agri Sciences Limited, Technico Asia Holdings Pty Limited and Technico Horticultural (Kunming) Co. Limited, BFIL Finance Limited and its subsidiary MRR Trading & Investment Company Limited, Landbase India Limited, Wills Corporation Limited, Gold Flake Corporation Limited and its joint venture ITC Filtrona Limited.
- The geographical segments considered for disclosure are :

– Sales within India
– Sales outside India
- 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.
- 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.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:

Entities, other than subsidiaries, under the control of the Group:

- a) ITC Sangeet Research Academy
- b) ITC Education Trust
- c) ITC Rural Development Trust

The above list does not include ITC Global Holdings Pte. Limited, Singapore (in liquidation)

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY AND ITS SUBSIDIARIES HAD TRANSACTIONS:

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) Russell Investments Limited
- c) ATC Limited
- d) Classic Infrastructure & Development Limited
- e) International Travel House Limited
- f) Divya Management Limited
- g) Antrang Finance Limited
– being associates of the Group
- h) Tobacco Manufacturers (India) Limited, UK
– of which the Company is an associate

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) ITC Filtrona Limited
- c) Espirit Hotels Private Limited
- d) Logix Developers Private Limited (w.e.f. 27.09.2011)

ii) a) Key Management Personnel (KMP):

Y. C. Deveshwar	Executive Chairman
N. Anand	Executive Director
P. V. Dhobale	Executive Director
K. N. Grant	Executive Director
A. Baijal	Non-Executive Director
S. Banerjee	Non-Executive Director
S. H. Khan	Non-Executive Director
A. V. Girija Kumar	Non-Executive Director
S. B. Mathur	Non-Executive Director
D. K. Mehrotra	Non-Executive Director
H. G. Powell	Non-Executive Director
P. B. Ramanujam	Non-Executive Director
A. Ruys	Non-Executive Director
B. Sen	Non-Executive Director
K. Vaidyanath	Non-Executive Director
B. Vijayaraghavan	Non-Executive Director

Members - Corporate Management Committee

B. B. Chatterjee

A. Nayak

T. V. Ramaswamy

S. Sivakumar

K. S. Suresh

R. Tandon

b) Relatives of Key Management Personnel:

Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)

Mrs. S. Chatterjee (wife of Mr. B. B. Chatterjee)

iii) Employee Trusts where there is significant influence:

- a) IATC Provident Fund
- b) IATC Staff X Provident Fund
- c) ITC Defined Contribution Pension Fund
- d) ITC Management Staff Gratuity Fund
- e) ITC Employees Gratuity Fund
- f) ITC Gratuity Fund 'C'
- g) ITC Pension Fund
- h) ILTD Seasonal Employees Pension Fund
- i) ITC Platinum Jubilee Pension Fund
- j) Tribeni Tissues Limited Provident Fund
- k) Tribeni Tissues Limited Gratuity Fund
- l) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- m) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- n) ITC Bhadrachalam Paperboards Limited Gratuity Fund '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
- s) Greenacre Holdings Limited Provident Fund
- t) Greenacre Holdings Limited Gratuity Fund

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31.03.2012

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprise where control exists		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
1. Sale of Goods/Services	0.02	0.01	1.68	1.12	6.59	6.42							8.29	7.55
2. Purchase of Goods/Services			94.77	92.68	174.38	131.63							269.15	224.31
3. Acquisition cost of Fixed Assets			—	...									—	...
4. Sale of Fixed Assets/Scraps			0.12	0.09									0.12	0.09
5. Acquisition of Investments					1.04	2.13							1.04	2.13
6. Investment in Associate			—	1.04									—	1.04
7. Interest Income							0.03	0.11					0.03	0.11
8. Remuneration to Key Management Personnel														
- Directors							16.37	17.16					16.37	17.16
- Others							6.15	6.89					6.15	6.89
9. Rent Paid							0.03	0.11	0.57				0.60	0.68
10. Remuneration of Managers on Deputation Reimbursed			0.23	0.19									0.23	0.19
11. Remuneration of Managers on Deputation Recovered			3.48	2.87	1.45	1.43							4.93	4.30
12. Donation	1.50	1.78											1.50	1.78
13. Sponsorship	0.30	—											0.30	—
14. Contributions to Employees Benefit Plans											65.24	127.02	65.24	127.02
15. Dividend Income			2.01	1.74	2.02	2.02							4.03	3.76
16. Dividend Payments			883.58	992.78			5.21	5.43					888.79	998.21
17. Expenses Recovered			1.83	1.40	0.28	0.36							2.11	1.76
18. Expenses Reimbursed	0.08	—	0.70	0.28	0.20	0.03							0.98	0.31
19. Receipt towards Loan Repayment							0.02	0.21					0.02	0.21
20. Adjustment/Receipt towards Refund of Advances			0.30	1.80									0.30	1.80
21. Deposits Received during the year			0.01	—									0.01	—
22. Deposits Given during the year							0.01	—					0.01	—
23. Receipt towards Refund of Deposits							—	0.05					—	0.05
24. Balances as on 31st March														
i) Receivables			1.63	1.30	5.29	6.07							6.92	7.37
ii) Advances Given			—	0.30							4.77	23.92	4.77	24.22
iii) Loans Given							0.44	0.46					0.44	0.46
iv) Deposits Given			0.10	0.10			0.04	0.03	0.29	0.29			0.43	0.42
v) Deposits Taken			0.64	0.63									0.64	0.63
vi) Payables			6.94	8.03	2.82	1.96					13.38	7.94	23.14	17.93
25. In addition, Remuneration of Managers on Deputation, absorbed	0.15	0.21											0.15	0.21

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES

RELATED PARTY TRANSACTIONS SUMMARY			RELATED PARTY TRANSACTIONS SUMMARY			RELATED PARTY TRANSACTIONS SUMMARY		
	2012	2011		2012	2011		2012	2011
1. Sale of Goods/Services			11. Remuneration of Managers on Deputation Recovered			20. Adjustment/Receipt towards Refund of Advances		
International Travel House Limited	1.59	1.10	International Travel House Limited	0.86	0.73	ATC Limited	0.30	1.80
ITC Filtrona Limited	6.52	5.31	ATC Limited	2.62	2.14			
Maharaja Heritage Resorts Limited	0.06	1.11	Maharaja Heritage Resorts Limited	1.12	1.13	21. Deposits Received during the year		
						International Travel House Limited	0.01	—
2. Purchase of Goods/Services			12. Donation			22. Deposits Given during the year		
International Travel House Limited	70.73	71.36	ITC Rural Development Trust	1.50	1.78	Mr. Y. C. Deveshwar	0.01	—
ITC Filtrona Limited	174.18	131.41	13. Sponsorship			Mr. Y. C. Deveshwar	—	0.05
3. Acquisition Cost of Fixed Assets			ITC Sangeet Research Academy	0.30	—	23. Receipt towards Refund of Deposits		
International Travel House Limited	—	...				Mr. Y. C. Deveshwar	—	0.05
4. Sale of Fixed Assets/Scraps			14. Contributions to Employees' Benefit Plans			24. Balances as on 31st March		
ATC Limited	0.12	0.09	IATC Provident Fund	31.03	24.06	i) Receivables		
5. Acquisition of Investments			ITC Pension Fund	18.61	68.13	ATC Limited	1.17	1.02
Espirito Hotels Private Limited	1.04	2.13	ITC Defined Contribution Pension Fund	7.77	5.50	Maharaja Heritage Resorts Limited	4.89	5.79
6. Investment in Associate			15. Dividend Income			Advances Given		
ATC Limited	—	1.04	Gujarat Hotels Limited	0.52	0.47	Employee Trust - Gratuity Funds	4.77	23.92
7. Interest Income			International Travel House Limited	1.49	1.27	Loans Given		
Mr. Y. C. Deveshwar	0.01	0.01	ITC Filtrona Limited	2.02	2.02	Mr. Y. C. Deveshwar	0.10	0.10
Mr. N. Anand	0.01	0.01	16. Dividend Payments			Mr. N. Anand	0.18	0.19
Mr. K. Vaidyanath	—	0.04	Tobacco Manufacturers (India) Limited, UK	883.58	992.78	Mr. B. B. Chatterjee	0.14	0.15
Mr. B.B. Chatterjee	0.01	0.01	17. Expenses Recovered			Deposits Given		
Mr. T. V. Ramaswamy	—	0.04	Gujarat Hotels Limited	0.93	0.57	Classic Infrastructure & Development Limited	0.10	0.10
8. Remuneration to Key Management Personnel- Directors & Others			International Travel House Limited	0.90	0.82	Mrs. B. Deveshwar	0.27	0.27
Mr. Y. C. Deveshwar	9.85	9.83	Maharaja Heritage Resorts Limited	0.27	0.36	Deposits Taken		
Mr. K. Vaidyanath	0.10	2.47	18. Expenses Reimbursed			International Travel House Limited	0.64	0.63
9. Rent Paid			Gujarat Hotels Limited	0.46	0.01	Payables		
Mr. B. Deveshwar	0.54	0.54	ATC Limited	0.20	0.22	International Travel House Limited	5.77	6.48
10. Remuneration of Managers on Deputation Reimbursed			Divya Management Limited	0.04	0.04	Gujarat Hotels Limited	0.97	—
International Travel House Limited	0.23	0.19	Maharaja Heritage Resorts Limited	0.20	0.03	ITC Filtrona Limited	2.82	1.96
			19. Receipt towards Loans Repayment			Employee Trust - Pension Funds	13.38	7.94
			Mr. K. Vaidyanath	—	0.12	25. In addition, Remuneration of Managers on Deputation, absorbed		
			Mr. T. V. Ramaswamy	—	0.05	ITC Sangeet Research Academy	0.15	0.21
			Mr. P.V. Drobale	0.01	—			
			Mr. N. Anand	0.01	0.01			

Notes to the Consolidated Financial Statements

31. Significant Accounting Policies

IT IS GROUP CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

Basis of Accounting

To prepare financial statements in accordance with the historical cost convention modified by revaluation of certain Fixed Assets as and when undertaken.

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

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs, if any.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation / enhancements unless they bring similar significant additional benefits.

Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Revaluation of Assets

As and when Fixed Assets are revalued, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on considerations of age, condition and unexpired useful life of such Fixed Assets; to transfer to Revaluation Reserve the difference between the written up value of the Fixed Assets revalued and depreciation adjustment and to charge Revaluation Reserve Account with annual depreciation on that portion of the value which is written up.

Impairment of Assets

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investments

To state Current Investments at lower of cost and fair value; and Long Term Investments, other than associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

To account for investments in associates using the equity method.

Interests in Joint Ventures

To account for interests in jointly controlled entities (incorporated Joint Ventures) using proportionate consolidation.

Goodwill on Consolidation

To state goodwill arising on consolidation at cost, and to recognise, where applicable, any impairment.

Inventories

To state inventories including work-in-progress at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

Revenue from sale of products and services

To recognise Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales Tax / Value Added Tax recovered from customers but including excise duty on goods payable by the Group. Net Revenue is stated after deducting such excise duty.

Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

Notes to the Consolidated Financial Statements

31. Significant Accounting Policies (Contd.)

Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of account of the parent as proposed by the Directors, pending approval at the Annual General Meeting.

Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue. To administer such Funds through duly constituted and approved independent trusts with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit / contribution schemes. To determine the liabilities towards such schemes, as applicable, and towards employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard – 15 on “Employee Benefits”. To determine actuarial gains or losses and to recognise such gains or losses immediately in the Statement of Profit and Loss as income or expense.

To charge against revenue, actual disbursements made, when due, under the Workers’ Voluntary Retirement Scheme.

Lease Rentals

To charge Rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

Research and Development

To write off all expenditure other than capital expenditure on Research and Development in the year it is incurred. Capital expenditure on Research and Development is included under Tangible Assets.

Taxes on Income

To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or 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 Statement of Profit and Loss in the period in which they arise.

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

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

To account for premium paid on currency options in the Statement of Profit and Loss at the inception of the option.

To account for profit/loss arising on settlement or cancellation of currency option as income/expense for the period.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of options / forwards / swaps as at the Balance Sheet date, and to ignore the net gain, if any.

To account for gains / losses in the Statement of Profit and Loss on foreign exchange rate fluctuations relating to monetary items at the year end.

To translate the financial statement of non-integral foreign operations by recording the exchange difference arising on translation of assets / liabilities and income / expenses in a foreign exchange translation reserve.

Claims

To disclose claims against the Group not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

Segment Reporting

To identify segments based on the dominant source and nature of risks and returns and the internal organisation and management structure.

To account for inter-segment revenue on the basis of transactions which are primarily market led.

To include under “Unallocated Corporate Expenses” revenue and expenses which relate to initiatives / costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems

To practise an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, provide financial and cost information appropriate to the businesses and facilitate Internal Control.

On behalf of the Board

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

Kolkata
25th May, 2012

Auditors' Report

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, 2012, and also the Consolidated Statement of Profit and Loss 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 ₹ 1217.02 crores as at 31st March, 2012, and the Group's share of total revenues of ₹ 1045.08 crores for the year ended on that date, and net cash inflows amounting to ₹ 123.65 crores for the year ended on that date and associates whose financial statements reflect the Group's share of profit upto 31st March, 2012 of ₹ 56.15 crores and the Group's share of profit of ₹ 11.28 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 Limited'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, 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, 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
25th May, 2012

(Membership No. 70928)

Ten Years at a Glance

Standalone Operating Results 2003 - 2012

(₹ in Crores)

Year Ending 31st March	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GROSS INCOME	11,176.47	12,027.92	13,542.39	16,447.51	19,557.14	21,878.74	23,593.64	26,814.32	31,399.10	36,072.59
Excise Duties	5,141.10	5,332.60	5,667.13	6,370.90	7,056.36	7,320.31	7,446.79	8,046.39	9,360.30	10,073.43
Net Income	6,035.37	6,695.32	7,875.26	10,076.61	12,500.78	14,558.43	16,146.85	18,767.93	22,038.80	25,999.16
PBDIT	2,323.37	2,585.47	3,028.37	3,613.46	4,292.90	5,014.84	5,393.47	6,688.77	7,992.53	9,673.96
Depreciation	237.34	241.62	312.87	332.34	362.92	438.46	549.41	608.71	655.99	698.51
PBIT	2,086.03	2,343.85	2,715.50	3,281.12	3,929.98	4,576.38	4,844.06	6,080.06	7,336.54	8,975.45
PBT	2,056.19	2,319.06	2,673.07	3,269.19	3,926.70	4,571.77	4,825.74	6,015.31	7,268.16	8,897.53
Tax	684.84	726.21	836.00	988.82	1,226.73	1,451.67	1,562.15	1,954.31	2,280.55	2,735.16
PAT (Before Exceptional Items)	1,371.35	1,592.85	1,837.07	2,280.37	2,699.97	3,120.10	3,263.59	4,061.00	4,987.61	6,162.37
PAT	1,371.35	1,592.85	2,191.40	2,235.35	2,699.97	3,120.10	3,263.59	4,061.00	4,987.61	6,162.37
Dividends *	418.84	558.83	882.97	1,134.70	1,364.50	1,543.18	1,633.87	4,452.33	4,002.09	4,089.04
- Ordinary Dividend	418.84	558.83	882.97	1,134.70	1,364.50	1,543.18	1,633.87	2,003.55	2,518.17	4,089.04
- Special Dividend								2,448.78	1,483.92	
Earnings Per Share on profit after tax before exceptional items										
Actual (₹) **	5.54	6.43	7.36	6.07	7.18	8.28	8.65	10.64	6.45	7.88
Adjusted (₹) @	1.82	2.11	2.43	3.01	3.56	4.11	4.29	5.31	6.45	7.88
Dividend Per Share										
Actual - Ordinary (₹) **	1.50	2.00	3.10	2.65	3.10	3.50	3.70	4.50	2.80	4.50
Actual - Special (₹) **								5.50	1.65	
Adjusted - Ordinary (₹) @	0.49	0.66	1.02	1.31	1.54	1.74	1.84	2.25	2.80	4.50
Adjusted - Special (₹) @								2.75	1.65	
Market Capitalisation ***	15581	25793	33433	73207	56583	77765	69751	100476	140408	177360
Foreign Exchange Earnings	1294.00	1077.51	1268.65	1793.51	2283.21	2168.41	2225.71	2354.27	2732.20	2620.67

* Including Dividend Distribution Tax.

** Based on number of shares outstanding at the year-end; reflects the impact of Corporate Actions and normalised for impact of 1:10 Stock Split effected in 2006.

*** Based on year-end closing prices, quoted on the Bombay Stock Exchange.

@ To facilitate like to like comparison, adjusted for impact of Corporate Actions.

During the above 10 year period, the following Corporate Actions took place:

2006 – 1:2 Bonus Issue

2011 – 1:1 Bonus Issue

Standalone Equity, Liabilities and Assets 2003 - 2012

(₹ in Crores)

Year Ending 31st March	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Equity										
Share capital	247.51	247.68	249.43	375.52	376.22	376.86	377.44	381.82	773.81	781.84
Reserves and surplus	5118.11	6162.38	7646.18	8685.96	10060.86	11680.81	13357.64	13682.56	15179.46	18010.05
Shareholders funds	5365.62	6410.06	7895.61	9061.48	10437.08	12057.67	13735.08	14064.38	15953.27	18791.89
Non-current liabilities										
Long-term borrowings	70.65	65.14	76.45	85.93	93.81	90.68	90.75	91.71	86.58	77.32
Deferred tax liabilities (Net)	63.58	87.74	376.09	324.76	472.85	545.07	867.19	785.01	801.85	872.72
Other Long-term liabilities	50.00	50.00	50.00	50.00	85.99	90.36	95.64	45.21	114.64	122.64
Current liabilities										
Short-term borrowings	46.33	55.71	168.91	26.04	76.62	91.91	61.63		1.94	1.77
Proposed dividend (including tax)	418.84	558.83	881.70	1134.70	1364.50	1543.18	1633.87	4452.33	4002.09	4089.04
Current liabilities (other)	2251.54	2923.88	2102.12	2401.13	2437.55	2830.60	3000.05	3566.70	4473.45	5011.02
Total Equity and Liabilities	8266.56	10151.36	11550.88	13084.04	14968.40	17249.47	19484.21	23005.34	25433.82	28966.40
Non-current assets										
Fixed assets (Gross)	4415.61	5054.68	5932.42	6470.57	8000.45	10086.52	11772.71	12976.85	14099.26	16421.10
Depreciation	1245.64	1442.63	1795.51	2065.44	2389.54	2790.87	3286.74	3825.46	4420.75	5045.16
Fixed Assets (Net)	3169.97	3612.05	4136.91	4405.13	5610.91	7295.65	8485.97	9151.39	9678.51	11375.94
Non-current investments	935.05	1156.74	785.27	784.23	835.35	845.57	892.31	1356.85	1563.30	1953.28
Long-term loans and advances	904.73	960.69	503.28	567.75	703.45	859.49	1117.21	882.24	1146.47	1193.61
Current assets										
Current investments	673.81	1897.22	3089.41	2732.78	2232.42	2088.98	1945.44	4370.02	3991.32	4363.31
Cash and cash equivalents	378.66	34.00	55.66	855.82	900.16	570.25	1031.01	1126.28	2243.24	2818.93
Current assets (others)	2204.34	2490.66	2980.35	3738.33	4686.11	5589.53	6012.27	6118.56	6810.98	7261.33
Total Assets	8266.56	10151.36	11550.88	13084.04	14968.40	17249.47	19484.21	23005.34	25433.82	28966.40
Net Worth Per Share (₹) *	7.23	8.63	10.55	12.07	13.87	16.00	18.20	18.42	20.62	24.04
Debt : Equity Ratio	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1	0.004:1

* To facilitate like to like comparison, adjusted for 1:10 Stock Split, 1:2 Bonus Issue in 2006 and 1:1 Bonus Issue in 2011.

Equity includes impact of :

2006 – 1,21,27,470 Ordinary Shares of ₹ 1.00 each, fully paid, issued pursuant to Scheme of Amalgamation of erstwhile ITC Hotels Limited and Ansal Hotels Limited with the Company.

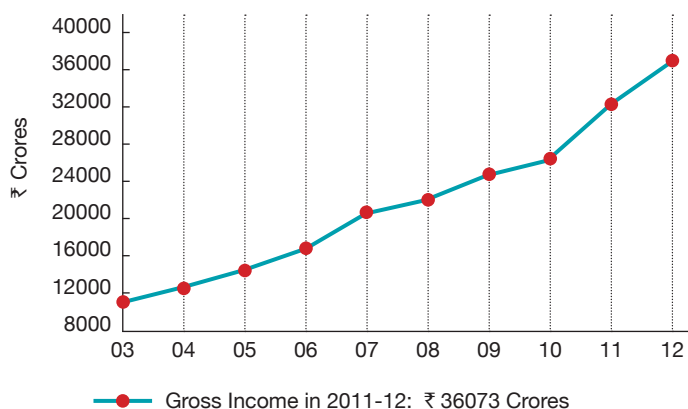
– 1:2 Bonus Issue (₹ 125 Crores).

2011 – 1:1 Bonus Issue (₹ 383 Crores).

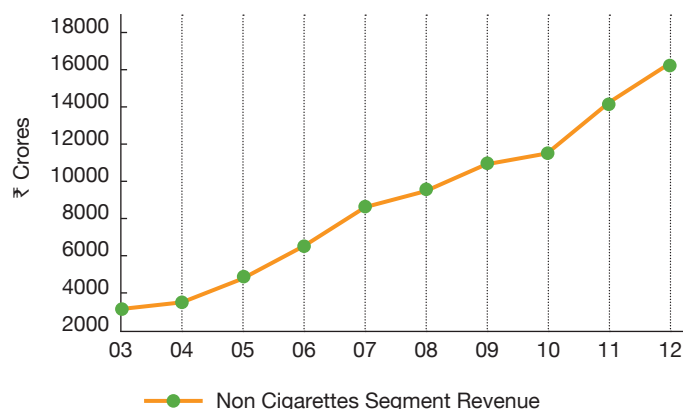
Note : Figures for the periods prior to 2011 have been re-classified/re-arranged/ re-grouped, wherever material, as per revised Schedule VI to the Companies Act, 1956 in order to facilitate like to like comparison.

FINANCIAL HIGHLIGHTS

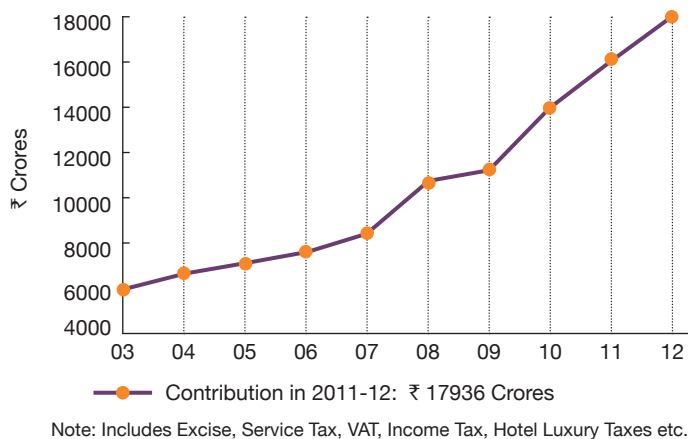
Gross Income



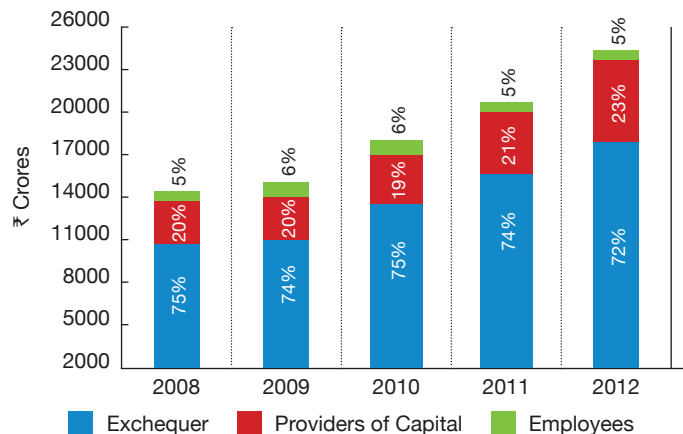
Non-Cigarettes Segment Revenue



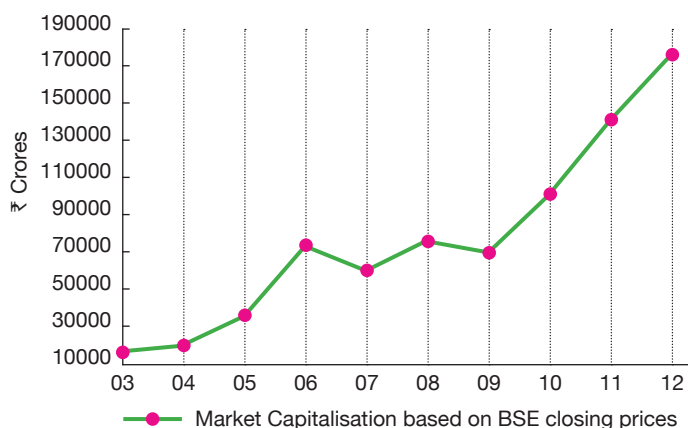
Contribution To The Exchequer



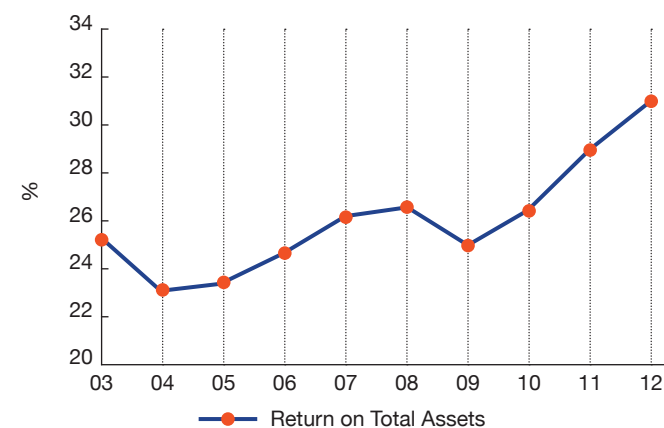
Distribution Of Value-Added



Market Capitalisation



Return On Total Assets*



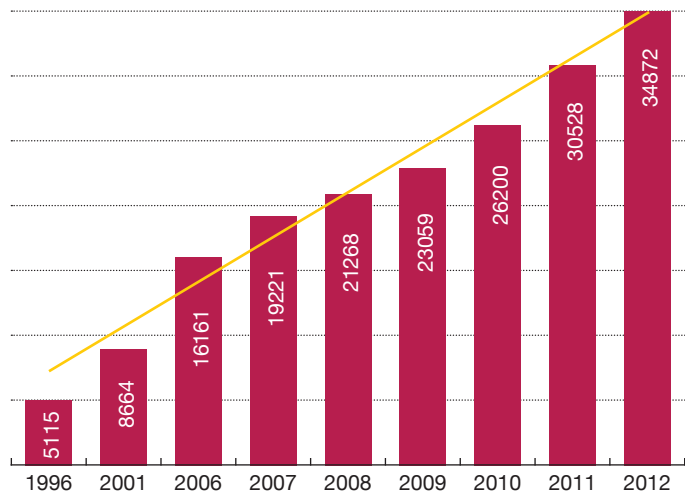
*Computed as PBIT divided by Total Assets as on Balance Sheet Date

These graphs depict the standalone financial position

Gross Revenue

₹ Crores

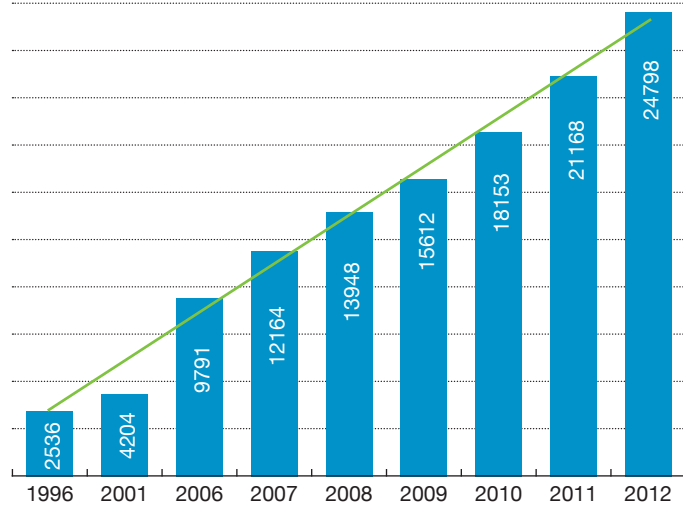
CAGR 13%



Net Revenue

₹ Crores

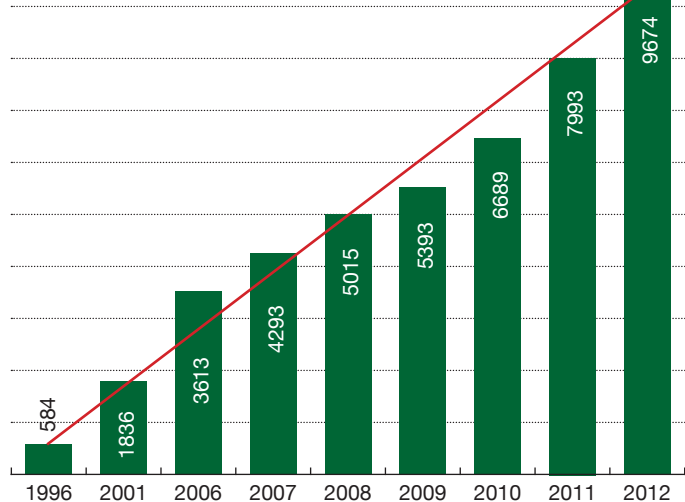
CAGR 15%



PBDIT

₹ Crores

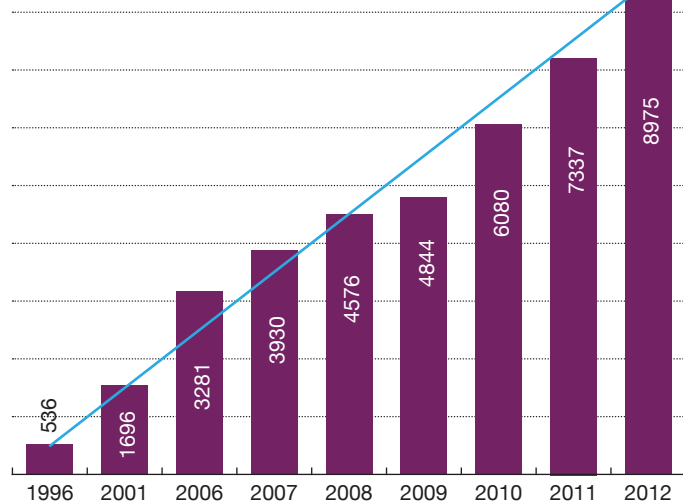
CAGR 19%



PBIT

₹ Crores

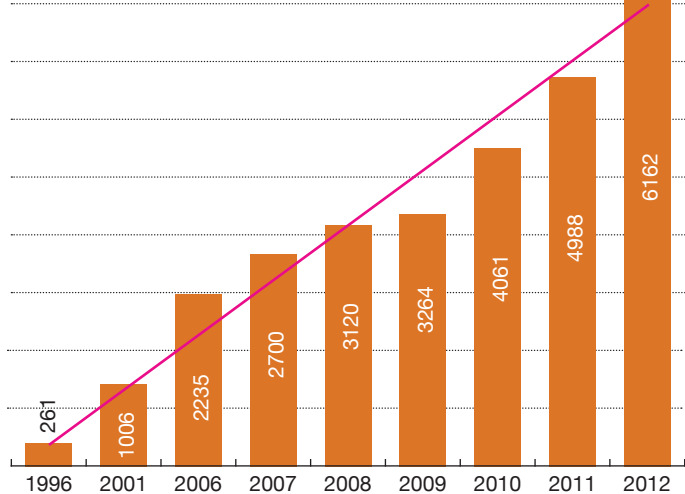
CAGR 19%



PAT

₹ Crores

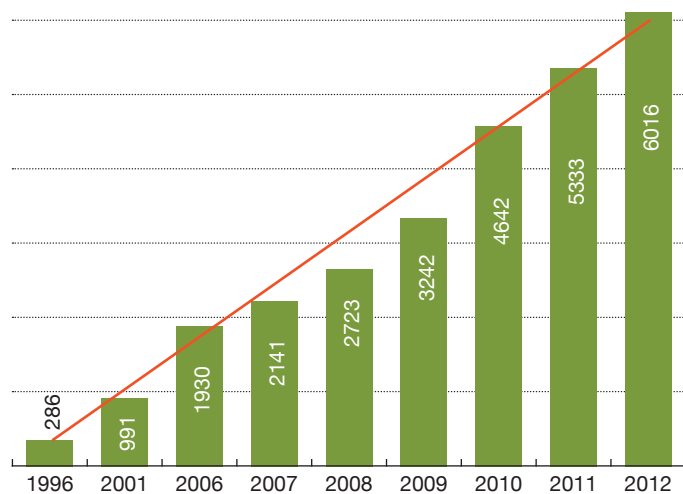
CAGR 22%



Operating Cash Flow (after tax)

₹ Crores

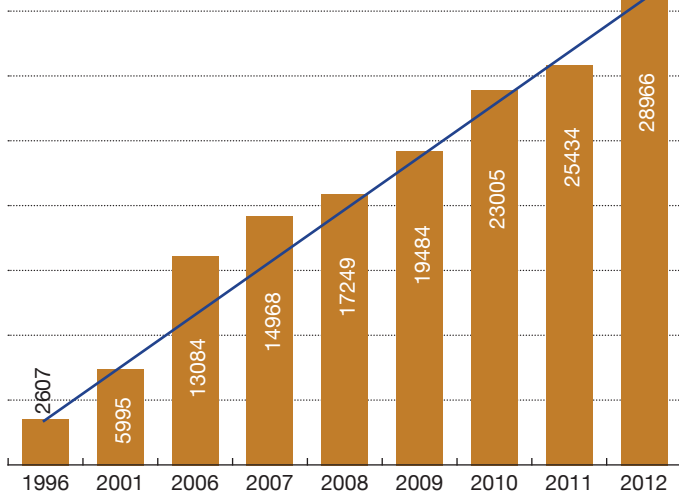
CAGR 21%



Total Assets

₹ Crores

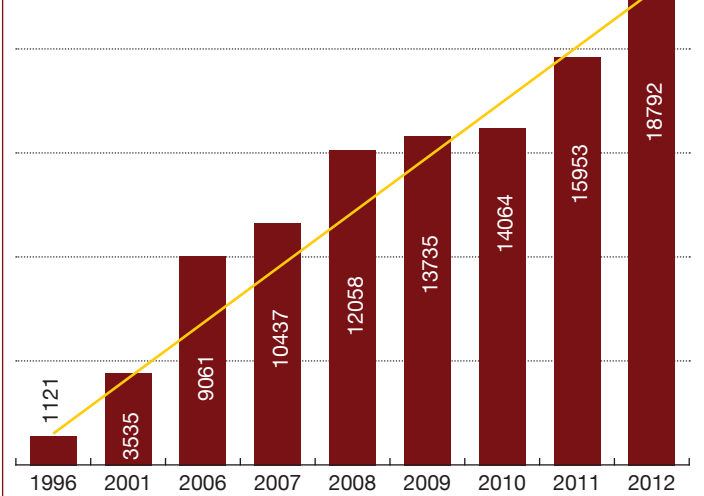
CAGR 16%



Net Worth

₹ Crores

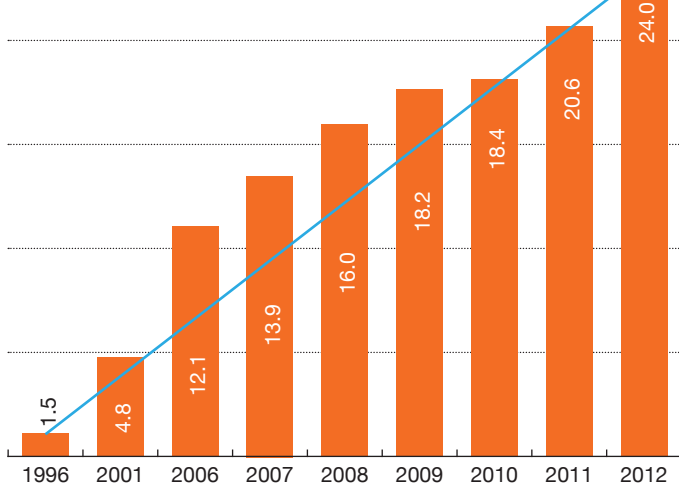
CAGR 19%



Net Worth Per Share (Adjusted^)

₹

CAGR 19%



Dividend Payout

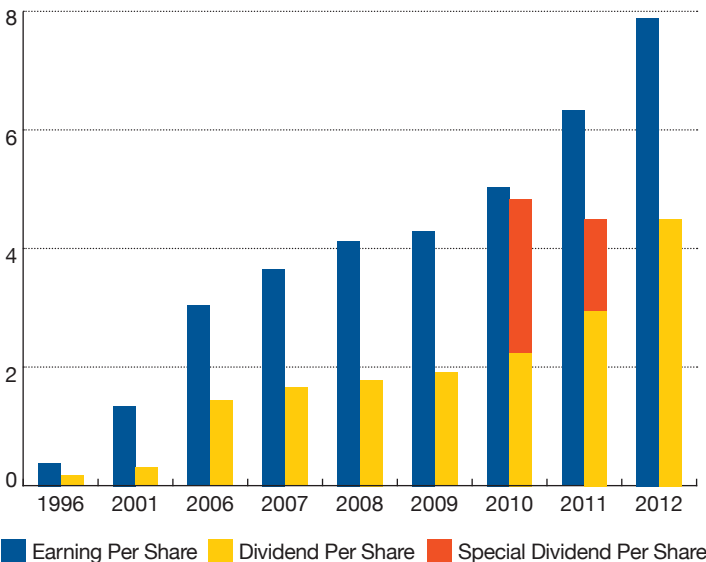
₹ Crores

CAGR 30%

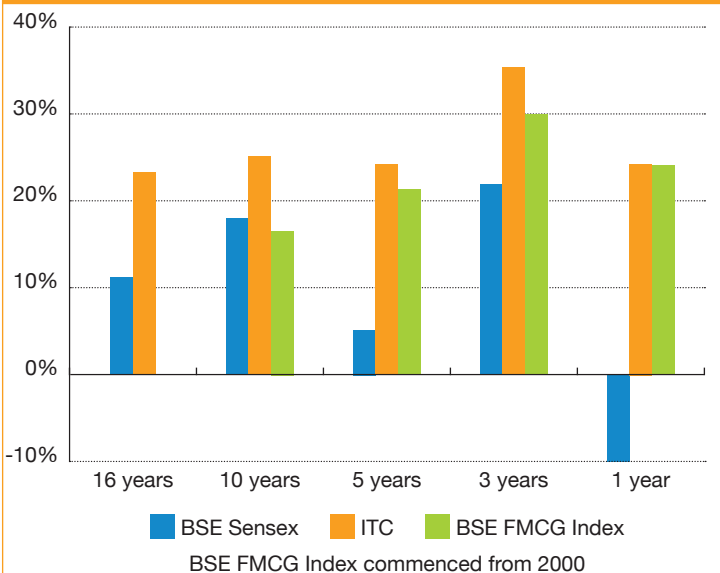


Earnings And Dividend Per Share (Adjusted^)

₹



Compound Annual Growth In ITC Share Price And Benchmark Indices



Dividend Per Share and Dividend Payout for 2012 is based on the Board's recommendation to Members

^ Refer Page 176 for details of Adjusted Earnings/Dividends/Net Worth per share

BUSINESS UPDATE : ITC INFOTECH



ITC Infotech is on a robust growth trajectory with performance well above the industry average

As a technology partner of choice for leading global companies, ITC Infotech continues to create enduring value for customer investments in IT. The company is working closely with customers as an extended arm of their IT departments and creating business enablers which deliver greater efficiency, increase flexibility, improve quality of service to end-customers, and help them stay ahead of competition.

ITC Infotech is on a robust growth trajectory with performance well above the industry average. The company acquired over 80 new customers in the financial year and expanded its services portfolio with existing customers, a befitting acknowledgement of customer faith in ITC Infotech.



Another important pillar of ITC Infotech's success lies in the company's deep long-term partnerships with some of the leading software providers globally. A close working relationship with global product majors has enabled the company achieve leadership in identified niche areas.

A decade long relationship with PTC, the world's leading Product Life Cycle Management, Content Management and Dynamic Publishing solutions provider, has today expanded across

categories, to include an India Solution Centre, Enterprise Services Partner and Value Added Re-seller.

The company is a Gold Certified Microsoft partner, and offers Dynamics services, Windows 7 remediation and online services.

ITC Infotech is also a key partner of Turaz, a leading provider of trade and risk management software, and has been instrumental in helping them deliver as the number one provider of trade and risk

management solutions globally. With Turaz, ITC Infotech is currently providing customer migration services to over 10 leading global banks and financial institutions.

ITC Infotech has developed in-depth expertise across SAP technologies, with large number of implementations. ITC Infotech's Supply Chain Performance Management solution implementation for a leading global beverage manufacturer, in partnership with SAP Consulting, won the award for innovation by the US Supply Chain Council (SCC). SCC is a renowned global nonprofit organisation.

Airline Data Model, Automation tool (iPad, iPhone, Windows) on Siebel CRM On Demand platform and Quick-start Trade Promotion Management (TPM) for the CPG Industry.

Inspired by ITC's commitment to the Triple Bottom Line, ITC Infotech has launched the company's first software product – 'OptSustain', which assists customers with managing and reporting corporate sustainability performance.

To support its growing business, ITC Infotech has also expanded its global footprint and set up offices

including centres for Banking Financial Services & Insurance, Infrastructure Services.

The company's human capital has been the driving force behind its growth and has expanded to over 5000 employees globally.

The company has launched an organisation wide employee volunteering programme under the umbrella of Employee Leagues – an initiative driven by employees that provides a forum for employees to showcase creativity, innovation, social awareness and other interests.

ITC Infotech was certified as an ISO 20000 organisation, and listed on the APMG website (a popular IT Service Management Forum site).

ITC Infotech's expertise as an outsourcing partner has been recognised globally. The company is ranked 26th in the Leaders Category for the '2011 Global Outsourcing 100' by the International Association of Outsourcing Professionals (IAOP). ITC Infotech has been featured in the Leader's Category for 5 consecutive years.

The company has also been listed in the 2011 Global Sourcing 100 by Global Services and neoIT for the 7th consecutive year.

The international analyst community continues to acknowledge ITC Infotech as a leader in identified niches, with the company featuring in numerous reports by analyst firms such as independent research firms, Forrester Research, Inc and Gartner.



As an Oracle Platinum Global Loyalty Marketing Partner, ITC Infotech is providing end-to-end SaaS Services, powered by Airline, Retail & Hospitality domain expertise. ITC Infotech is also a co-development and preferred implementation partner of Oracle for a number of solutions, including Oracle

in France, Korea, Hong Kong and Germany. In India, ITC Infotech has opened a new development centre in Pune, Maharashtra, to support the growing Product Lifecycle Management (PLM) Practice. State-of-the-art development centres have been set-up in the ITC Infotechpark in Bengaluru,

SUSTAINABILITY UPDATES : FOR ALL OUR TOMORROWS

ITC has crafted innovative business models that create larger societal and environmental capital while simultaneously delivering long term shareholder value



Inspired by a vision to serve a larger national purpose, ITC has crafted innovative business models that create larger societal and environmental capital while simultaneously delivering long

term shareholder value. Recognising that business enterprises are economic organs of society and draw on societal resources, it is ITC's belief that a company's performance must be

measured by its Triple Bottom Line contribution to building economic, societal and environmental capital. ITC is therefore, committed to creating larger 'stakeholder value' by aligning its performance to such Triple Bottom Line objectives. ITC believes that this approach can unleash strong drivers of growth, making it more inclusive and equitable and ensure long-term business sustainability and competitiveness.

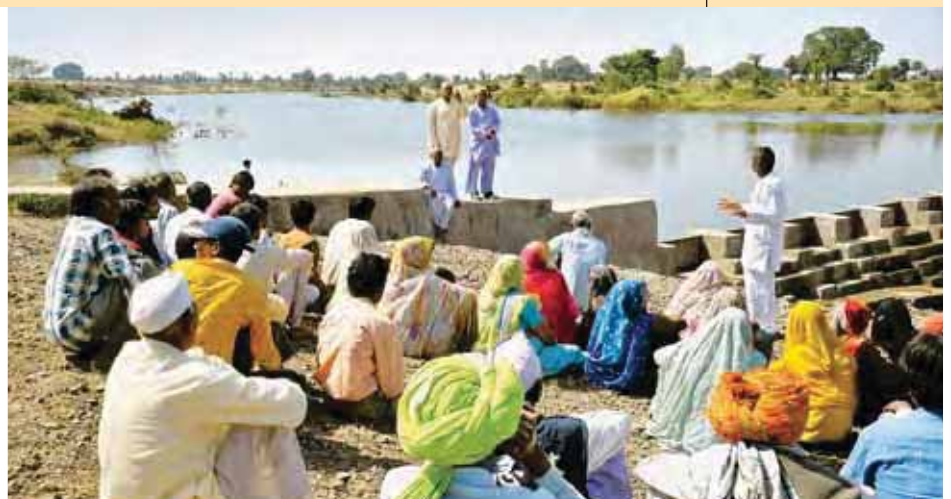
ITC's sustainability practices are aligned to the National Voluntary Guidelines on social, environmental and economic responsibilities of business, which has been crafted by the Ministry of Corporate Affairs, Government of India.

ITC's Alignment to the Principles of the National Voluntary Guidelines

Principle	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business	Strategic Alignment
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	✓
2	Businesses should provide goods and services that are safe and contribute to sustainability through their life cycle	✓
3	Businesses should promote the well being of all employees	✓
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	✓
5	Businesses should respect and promote human rights	✓
6	Businesses should respect, protect and make efforts to restore the environment	✓
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	✓
8	Businesses should support inclusive growth and equitable development	✓
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	✓

Principle 1

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders. The cornerstones of ITC's governance philosophy are trusteeship, transparency, empowerment & accountability, control and ethical corporate citizenship.



Principle 2

ITC's uncompromising commitment to providing world-class products and services to satisfy customers on a consistent basis is supported by concern for the safety of our consumers/customers. All ITC products and standards comply fully to all applicable National Standards addressing consumer/customer safety and where possible, work towards exceeding best international standard requirements. We have also commenced with life cycle assessment studies for a few of our products for this purpose.

Principle 3

ITC is committed to employee engagement that upholds individual dignity and respects human rights. Its capability development agenda ensures the deepening and enhancement of skills of all its employees through customised training and development inputs. All ITC employees including service providers operate in a work environment that is benchmarked internationally for the quality of its safety and health standards.

Principle 4

ITC's initiatives contribute to empowering rural communities to conserve and manage their natural resources, create sustainable on and off-farm livelihoods, and improve social infrastructure especially in areas where it impacts women and children. ITC has put in place various initiatives to transform rural communities

into vibrant economic organisations and empower stakeholders with enhanced incomes and livelihoods.

Principle 5

ITC is committed to ensuring that all its employees and business partners subscribe and adhere to honouring all local laws and upholds the spirit of human rights as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.

The Company has approved policies on Human Rights which are required to be followed in all its operating sites.

Principle 6

ITC recognises that global warming is one of the major challenges threatening the future sustainability of business and the society within which it operates. Agriculture, the mainstay for India, is by far more susceptible to extreme weather episodes, compounded as it is, by rural poverty. Accordingly, ITC makes special efforts to not





ITC's efforts to create a positive environmental impact has enabled it to be **Carbon Positive, Water Positive and Solid Waste Recycling Positive**

only minimise its environmental impact but to go beyond to create a positive environmental impact, by being carbon positive, water positive and recycling most of its waste besides using post consumer waste as raw material.

Principle 7

ITC interacts with Government / Regulatory Authorities on aspects relating to regulatory and public policy framework through industry bodies and various other fora. ITC in partnership with CII has supported the creation of a unique institution - The CII-ITC Centre of Excellence for Sustainable Development to promote thought leadership, build awareness and capacity on issues related to sustainable development and inclusive growth.

Principle 8

ITC's focus on creating larger societal value has enabled its businesses and value chains to generate sustainable livelihood opportunities for over 5 million people, many of whom represent the weakest sections of society. ITC partners State Governments including in schemes such as MGNREGA, for watershed development programmes.

Principle 9

ITC's engagement with consumers is based on the pillars of trust and respect. Accordingly, all our communications for consumers are defined by this abiding principle.

Monitoring Progress

ITC has also set in place an Integrated Sustainability Data Management System so as to be able to manage the various dimensions of its sustainability practices. As an additional

measure, businesses have been encouraged to define their own Key Performance Indicators, aligned to the objectives of the National Action Plan on Climate Change which will be monitored for progress.

Developmental Challenges for India

The principles as enunciated in the National Voluntary Guidelines find meaning when viewed against the developmental challenges confronting India.

- ◆ It is estimated that over 400 million people live in multi-dimensional poverty, surviving on less than \$1 a day.
- ◆ With 17% of the global population, India possesses only 2.4% of land-mass, 4% of water resources and 1% of forest resources.
- ◆ Reliable surveys show that almost half of the total of 600 districts in the country face severe water-stress. This will aggravate the challenges of food security by impacting India's agricultural sector (mostly rain fed) which provides a tenuous sustenance to over 58% of the country's work force, already battling issues like top soil erosion, groundwater depletion, etc.

The challenge before business and industry, therefore, is to not only sustain profitable enterprises as growth engines for the economy but to contribute meaningfully to social equity.

ITC has responded to these challenges by crafting innovative business models that align social sector investments with its value chains that have led to large scale livelihood creation as well as natural resource augmentation.

Protecting and Restoring the Environment

ITC’s approach to addressing environmental challenges are governed by its low carbon growth strategy, integrated water management strategy and improving efficiencies on natural resource usage.

Low Carbon Growth Strategy

Increasing energy usage efficiency: Concerted efforts by all ITC Units to reduce energy consumption through stringent audits and benchmarking have yielded positive results in most of the Units. In 2011-12, the total energy consumed by ITC stands at 21,130 TJ which is 6.3% lower than the energy utilised during the previous year (22,554 TJ in 2010-11*), inspite of significant growth in production volumes in almost all businesses.

The largest integrated Paperboards and Paper Unit at Bhadrachalam which accounted for 71% of the total energy consumed across ITC in 2011-12 has achieved a significant reduction of 12% in energy consumed per tonne of product over the last year, which now stands at 33.21 GJ per tonne of product.

Enhanced use of renewable sources of energy: In line with ITC’s commitment to reduce dependence on fossil fuel based energy, it has progressively made major investments in renewable resources of energy.

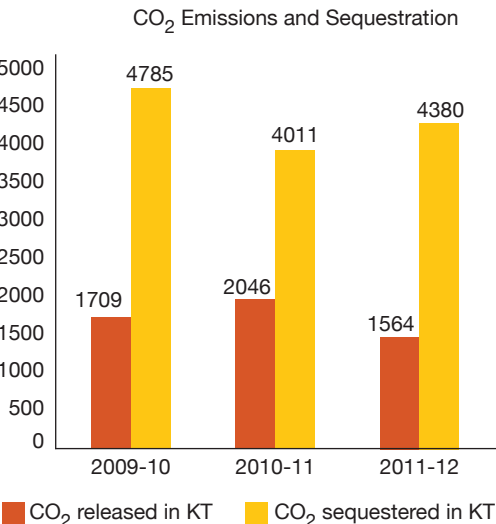
1,157 Kilotonnes of CO₂ emissions arising from use of direct energy (scope 1), 160 Kilotonnes from purchased electricity (scope 2) and 247 Kilotonnes emitted due to transportation of materials and products (scope 3).



In addition to the 43.6 MW wind power projects and a 90 TPH biomass fired Boiler already in operation for over a year, it has installed additional 13.8 MW wind energy units in Maharashtra and Tamil Nadu. These investments and better utilisation of biomass in the Paperboards and Specialty Papers Business ensured that 38.5% of the Company’s total energy requirements are from renewable sources, which is a remarkable achievement.

Increase in large scale carbon sequestration: Total CO₂ emissions from ITC’s operations decreased to 1,564 Kilotonnes in 2011-12 from 2,046 Kilotonnes in 2010-11*. These emissions, estimated in accordance with the GRI-G3 reporting framework, include

ITC continues to be a **Carbon Positive** Corporation for 7 consecutive years



* The reduction in energy consumption and associated CO₂ emissions, primarily reflects energy efficiency measures and revisions in computation of calorific value of fuel which the organisation intends to adopt in order to conform to ISO 14064 standard.

ITC's Social and Farm Forestry Initiatives added over 11,000 hectares of plantations during 2011-12. Total plantations, as on March 31, 2012, now cover over 125,000 hectares. The Social and Farm Forestry Programme has not only contributed to a sustainable source of raw material for the Paperboards Business, but has also helped sequester additional 4,380 Kilotonnes of CO₂ this year compared to 4,011 Kilotonnes last year, thus consolidating ITC's status as a 'Carbon Positive Company' for the seventh year in a row. The Social and Farm Forestry Programme has also provided 56.2 million person days of employment to date for small and marginal farmers.

Water Balance at ITC	2009 – 2010	2010 – 2011	2011 – 2012
Fresh water intake	29.96	29.36	29.02
Treated effluents discharged	23.41	22.21	22.80
Net water consumption	6.55	7.15	6.22
Total RWH potential* created (till date)	20.60	19.89	21.05

Units in Million KL

* Besides the actual rainfall, the amount of rainwater harvested in a year is also determined by the rainfall pattern.

ITC continues to be a Water Positive Corporation for a decade now

water, nearly 1.2% lower than the previous year (29.36 million KL in 2010-11). This is a noteworthy achievement considering the significant increase in production volumes in almost all businesses. A large number of business Units achieved substantial reduction in specific fresh water intake (fresh water intake per unit of product). ITC's largest integrated Paperboards and Paper Unit at Bhadrachalam achieved a reduction of 4.5% in specific fresh water intake which is a noteworthy achievement. This Unit alone accounts for 75% of total freshwater intake in ITC.

● **Rainwater Harvesting:** ITC continued to create rainwater harvesting structures both at the Company premises and through external watershed development projects in socially relevant areas.

As on March 31, 2012, the total rainwater harvesting potential created by the Company is over two times the total net water consumed by its operations.

It is a matter of great pride that ITC continues to be a Water Positive Corporation for a decade now.

Integrated Water Management

● **Enhancing efficiency in water usage:** ITC has undertaken several water conservation initiatives which include water audits,

benchmarking and adopting best available technologies to achieve lowest possible specific water consumption, treating and recycling effluent to achieve zero discharge in several of our Units.

In 2011-12, ITC Units drew 29.02 million Kilolitres of fresh



Improving Efficiency in Natural Resource Usage

● Recycling of solid waste:

In line with our commitment to reduce environmental impact and create a positive environmental footprint, we practice resource conservation through reduction of specific waste generation, maximise waste recycling and usage of post consumer waste at our Paperboards and Specialty Papers Business.

The performance of the Company in waste recycling is as illustrated below:

	2009 – 2010	2010 – 2011	2011 – 2012
Total waste (tonnes)	578,865	638,405	663,796
Waste recycled (tonnes)	577,766	637,452	662,978
% Recycled	99.8 %	99.8%	99.9%
Unrecycled waste (tonnes)	1099	953	818
External waste used as raw material (tonnes)	125,931	119,002	115,414
Waste recycling footprint (%) *	122	119	117

*Waste recycling footprint (%) = (waste recycled + external waste used as raw material) X 100/ Total waste generated in ITC.



ITC has been **Solid Waste Recycling Positive** for 5 years in a row

● **Use of post consumer waste:** ITC reused 115,414 tonnes of post consumer waste collected through the Paperboards and Specialty Papers Business’s Wealth out of Waste programme which promotes recycling through awareness on source segregation.



ITC's Businesses and value chains support over **5 million livelihoods**

Supporting Inclusive Growth

ITC's aspiration to create meaningful societal value is manifest in its strategy to enhance the competitiveness of value chains. It is therefore, a conscious strategy to deliver social development in the context of its businesses and by inclusive value chains that encompass the most disadvantaged sections of society, especially those residing in rural India. This approach has led to an enduring engagement with rural communities with the creation of sustainable livelihoods at the heart of its strategy.

Value Chain Integration and Community Development Projects at ITC

Farm to Food Products Value Chain

ITC's business synergies enable integration of efficient agri-sourcing and provide market drivers to build competitive agri value chains that ensure that a larger part of consumer spends reaches the farmer. For example, ITC's atta



brand, Aashirvaad provides opportunities for identity preserved procurement creating a wheat agri value chain. Farmers gain from the growing market share of Aashirvaad due to ITC's business synergies. ITC has also gained from an efficient supply chain and identity preserved procurement, which not only adds value to its business but in the process has also created an inclusive model of business that empowers small and marginal farmers through the e-Choupal network.

Business has provided 56.2 million person days of employment to date to poor tribals and marginal farmers. A conscious strategy to promote clonal propagation of fast growing and hardy species through intensive R&D, has today led to significant wasteland development and greening of over 125,000 hectares to date through the Social and Farm Forestry Programmes. These renewable plantations, cultivated by tribals and small farmers provide a competitive source of wood pulp to ITC's Paperboards and Paper Business. Such plantations enable ITC to offer the greenest products in the country such as Classmate

Tree to Textbook Value Chain

A wood-fibre value chain implemented by ITC's Paperboards and Paper



notebooks and Paperkraft business and copier paper. This provides synergy and value to farmers through a tree-to-textbook agri value chain. In addition, the introduction of an innovative agro-forestry model has led to synergising tree growing with crop production, addressing issues of food and wood security simultaneously as well as the conservation of precious natural resources.

Agarbatti Value Chain

The linkage of ITC's Women's Empowerment Programme to ITC's Agarbattis Business with the brand Mangaldeep is yet another unique example of livelihood creation through competitive value chains. Rural women have been trained to roll agarbattis which are sourced by the Company's Agarbattis Business, thereby empowering women with a stable source of income. Through ITC's Women's Empowerment Programme, nearly 40,000 women todate have been gainfully employed either through micro-enterprises or assisted with loans to pursue income generating activities.

Natural Resource Management

Promoting sustainable agricultural practices through

The Watershed Development Project at Sehore has been included in the list of 47 best sites by the Rajiv Gandhi Mission for Watershed Management, Government of Madhya Pradesh

Soil and Moisture Conservation Projects in acute moisture stressed areas, ITC has created large scale watershed development projects covering nearly 90,000 hectares including through public-private-people partnerships in several States. In situ moisture conservation and water harvesting protects crops from seasonal uncertainties and enhances farm productivity. It has a strong gender dimension too since it reduces the drudgery of women by reducing their burden of carrying water over long distances significantly.

Creating Off Farm Livelihood Opportunities

Livestock Development

The Programme for genetic improvements of cattle

through artificial insemination to produce high-yielding crossbred progeny 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. 83 new Cattle Development Centres were established during the year, taking the total to 293 centres, which have provided 8.07 lakh artificial inseminations todate. Taking the next step in the development of a viable livestock economy, Dairy Development in Munger was a major focus area this year. Farmers from 60 villages were mobilised for milk procurement on 3 milk routes.

Providing Supplementary Education and Skills Development

Over 19,000 new students were covered through Supplementary Learning Centres and Anganwadis this year. Of these, 952 first generation learners were enrolled into formal schools for the first time in their lives. 919 youth were covered this year by the skills development initiative with the objective of expanding an employable workforce.



ITC's Sustainability Initiatives : Scale and Impact

- ITC e-Choupals have empowered over **4 million farmers** in **40,000 villages**.
- ITC's Social and Farm Forestry Programme has created over **56 million person days of employment** and has greened over **125,000 hectares**.
- ITC's Watershed Development Programme covers nearly **90,000 hectares** of moisture stressed areas.
- ITC's Livestock Development Programme has reached out to over **300,000 milch animals**.
- ITC's Women's Empowerment Programme has benefitted nearly **40,000 rural women**.
- ITC's Supplementary Education Programme has covered nearly **270,000 children**.

Review Statement by Ernst & Young

We have carried out an independent review of the section 'Sustainability Updates' * of the ITC Annual Report and Accounts 2012 prepared by ITC Limited (the 'Company'). The scope of our work was limited to providing independent assurance to select information pertaining to Environment, Health & Safety (EHS) and social performance of the Company during the period 1st April 2011 to 31st March 2012, based on relevant review at nine representative business units of the Company and the corporate office at Kolkata.

The Company has presented, in a fairly balanced, accurate, complete and transparent manner, the information pertaining to EHS and social parameters on the GRI indicators pertaining to material consumption, energy, water consumption and discharge, GHG emissions, wastes, safety performance and social programmes.

The initiatives on carbon sequestration, waste recycling, creating rainwater harvesting potential and creating sustainable livelihoods, demonstrate the Company's commitment on these key sustainability issues. The Company has continued to maintain its carbon positive, water positive and solid waste recycling positive status. The Company's carbon positive status is based on improvements in specific energy consumption, increasing share of energy from renewable resources and sequestration of CO₂ emissions through social and farm forestry initiatives. The water-positive status is based on reduction of specific water consumption and creation of the rainwater harvesting structures with an evaluated rainwater harvesting potential. Solid waste recycling positive status of the Company is by recycling of wastes generated out of their operations and external wastes used as raw material.

For Ernst & Young Private Limited

Sudipta Das
Partner
30 May, 2012
Kolkata

* The EHS and social information contained in this section will form a part of ITC's Sustainability Report 2012, which is being independently assured by Ernst & Young.

FMCG : SELECT LAUNCHES 2011-12

ITC's FMCG portfolio, powered by world-class Indian Brands, continued to delight consumers with new and differentiated offerings across all segments

Bingo! Tangles

ITC's Snacks brand Bingo! further expanded its portfolio with the addition of the innovative Bingo! Tangles. This 'first-to-market' snack offers a unique eating experience as each bite disintegrates into multiple flavour filled strands. Bingo! Tangles is available in two delicious flavours - Masala and Tomato.



Sunfeast Dream Cream

The latest offering from Sunfeast biscuits - Dream Cream Chocolate Vanilla and Dream Cream Strawberry Vanilla are a unique combination with two luscious and complimentary creams in the same biscuit, making it a first in the cream biscuits industry.



Minto Gol – Green Mango Chew

After the success of Mint and Orange variants under Minto Gol, a new Green Mango flavour has been launched, providing refreshing indulgence with its outer shell, soft and lasting chewy core.



Candyman Toffichoo Lychee

ITC is expanding its Candyman Toffichoo basket with the launch of the Lychee flavour. The product is currently in the test marketing phase in the North and an all India launch will follow as the initial response is encouraging.



Fiama Di Wills Men - Aqua Surge Bathing Bar

The Aqua Surge bathing bar enlivens senses and leaves one feeling refreshed and recharged.



Fiama Di Wills Men - Aqua Pulse Face Wash

Aqua Pulse de-stressing and brightening face wash enriched with the unique 'Derma Revitalizers' fights signs of daily stress on skin and revitalises one's face with each wash.



Vivel Face Washes

Vivel augmented its skin care range by introducing Vivel Face Washes in three variants. Vivel Active Essentials 3-in-1 face wash with gentle jojoba scrub cleanses and moisturises to reveal a bright and glowing skin. Vivel Active Essentials Purifying face wash fights pimple-causing microbes to prevent breakouts and Vivel Active Fair Mild Exfoliating Fairness face wash with fairness beads brightens the skin.



Vivel Luxury Crème Soaps

Vivel Luxury Crème exquisitely combines the goodness of pure and exotic butters – Olive and Shea with essential oils for an irresistibly soft skin.



Vivel Clear 3-in-1 Bathing Bar

Vivel Clear 3-in-1 enriched with almond oil, glycerine and germ guards nourishes, moisturises and protects skin. The bathing bar is fragranced with essential oils of orange and patchouli for a blissful sensorial experience.



Wendell Rodricks Now At Wills Lifestyle

Wendell Rodricks joins leading Indian designers – Rohit Bal, Rajesh Pratap Singh, JJ Valaya, Satya Paul, Ranna Gill, Rohit Gandhi and Rahul Khanna to present a bouquet of their offerings in collaboration with Wills Lifestyle.

Wills Classic Wonderpress Shirts

Shirts with advanced liquid ammonia treatment and moist cure to give a sharp and wrinkle free look.



John Players Jeans

John Players Jeans gives one the perfect vintage look with its comprehensive collection of urban styled denims in textured yarns, in slim and regular fits, with a variety of distressed finishes.



Gold Flake Kings

A variant of Gold Flake Kings has been relaunched across key markets.



Gold Flake Filter

A new variant of Gold Flake Filter has been launched.



Royal Special Filter

Royal Special Filter has been launched in Uttar Pradesh and Kerala.



Scissors Menthol Fresh

Scissors Menthol Fresh has been launched in Kerala and Tamil Nadu.



Classmate Stripes

Classmate has expanded its notebooks portfolio with the launch of Classmate Stripes, a premium range designed to offer an international feel and rich look, with funky and bright cover designs specially crafted to resonate with the youth.



Paperkraft Signature Series

The Paperkraft Signature Series range has been designed to meticulously capture the 5000-year-old diverse yet distinguishing tradition and culture of India with specially crafted covers that incorporate special foil stamping and spot UV.



Classmate and Paperkraft Pens

Classmate has expanded its pens portfolio with the launch of new variants including Gelowiz, Bfirst, Galactic and Octoflo. Beethoven and Chopin from the Paperkraft brand were launched in the premium metal pens category. These pens have been specially designed with precision engineered tips, ergonomically designed grips and controlled ink flow.



Fragrance of Temple - Gold and Silver Tradition

Fragrance of Temple-Gold Tradition from Mangaldeep replicates the ambience of a temple at home with a fine fragrance that permeates longer. Mangaldeep's Fragrance of Temple-Silver Tradition delivers a lasting impression of morning freshness with unique fresh floral notes brewed with exotic spices.



Aim Special

Aim Special was launched in Western India, as a specially designed cardboard alternative to the traditional veneer matches. This offering with enhanced moisture protection and reinforced packaging has been extremely well received by the market.



AWARDS AND ACCOLADES



Select Awards received in 2011-12

- ◆ Rotary International honoured Chairman Y C Deveshwar with the title "Jewel of India" for demonstrating exemplary leadership
- ◆ ITC's Paperboards Units at Bhadrachalam, Bollaram, Kovai and Tribeni are now FSC Chain of Custody certified
- ◆ The SmartWood Program of the Rainforest Alliance has awarded ITC's Unit at Bhadrachalam, the Forest Stewardship Council Forest Management certification
- ◆ ITC's Units at Bollaram and Tribeni were honoured with the British Safety Council's Sword of Honour
- ◆ The Units at Bhadrachalam and Kovai received the Globe of Honour from the British Safety Council for Excellence in Environmental Performance



◆ ITC Green Centre re-certified LEED Platinum with the highest ratings by US Green Building Council

- ◆ ITC's Corporate Communications received 6 national awards from the Public Relations Society of India
- ◆ Wills Lifestyle products have been granted the OEKO-TEX® Standard 100 certification by Hohenstein Textile Testing Institute
- ◆ ITC's Saharanpur Unit received the Platinum rated Green Factory Award from the Indian Green Building Council 2011
- ◆ ITC's Agri Business Division has won the FICCI Food 360 Award in recognition of ITC's contribution to the entire Food Value Chain
- ◆ ITC's factory in Bengaluru was awarded Platinum Rating with the highest score by the Indian Green Building Council in 2011
- ◆ ITC's Bengaluru factory was awarded the 2nd prize for Energy Conservation by the Karnataka Renewable Energy Development Limited in association with the Energy Department, Government of Karnataka



◆ ITC's factory in Bengaluru won the CII National Award for Excellence in Water Management

- ◆ ITC's factories in Munger, Bengaluru, Saharanpur and Kolkata were presented the ROSPA Occupational Health and Safety Award
- ◆ The Paperboards Unit in Kovai was conferred the CII National Award for Excellence in Water Management 2011
- ◆ ITC's Unit at Bhadrachalam received the Excellent Energy Efficient Award from CII at the National Awards for Excellence in Energy Management 2011
- ◆ ITC Hotels was awarded the 'Most Trusted Hotel brand' in the Public Choice Honours category at the Times Travel Honours 2011
- ◆ Bukhara, Dum Pukht and Dakshin were the only 3 Indian brands that were awarded among the TOP 20 Restaurants of Asia by the Miele Asia, Singapore
- ◆ ITC Units at Chirala, Anaparti, Kovai and Munger bagged the British Safety Council's International Safety Award
- ◆ The Green Leaf Redrying Plant at Anaparti was awarded the title Excellent Water Efficient Unit by CII

◆ ITC's Unit at Kolkata was conferred the Water Efficient Unit for the second consecutive year by CII at the 8th National Awards for Excellence in Water Management, 2011

Major Awards over the Years

- Chairman Y C Deveshwar was conferred the Padma Bhushan by the Government of India (2011)
- Chairman Y C Deveshwar was conferred the Global Leadership Award by the US India Business Council of the US Chamber of Commerce (2010)
- The FICCI Outstanding Vision Corporate Triple Impact Award presented by the Prime Minister, Dr Manmohan Singh (2008)
- The FICCI Award for Outstanding Achievement in Rural and Community Development presented by the Finance Minister, Shri Pranab Mukherjee (2010)
- Chairman Y C Deveshwar received the Business Person of the Year Award from UK Trade & Investment (2006)
- Chairman Y C Deveshwar was awarded the SAM/SPG Sustainability Leadership Award in Zurich (2007)
- The National Award for Excellence in Corporate Governance from the Institute of Company Secretaries of India (2007)
- ITC was ranked 2nd among top Indian companies in the first of its kind S&P Environmental, Social and Corporate Governance ratings (2008)
- ITC ranked 2nd among top companies in India and 7th in Asia in the first of its kind Asian Sustainability Rating released by CSR Asia (2010)

- ITC became the first Indian Company to gain Membership with WWF-GFTN for Responsible Forestry (2010)
- ITC was ranked the world's 6th largest sustainable value creator among consumer goods companies according to a Report by Boston Consulting Group (2010)
- ITC won the top UNIDO Award at the International Conference on Sharing Innovative Agri Business Solutions at Cairo (2008)
- ITC was conferred the Corporate Social Responsibility Crown Award for Water Practices from UNESCO and Water Digest (2008)
- The Asian CSR Award for Environmental Excellence, given by the Asian Institute of Management (2007)
- ITC was the 1st Indian company and 2nd in the world to win the Development Gateway Award for its trail-blazing e-Choupal initiative (2005)



- Inaugural World Business Award by UNDP for ITC's e-Choupal initiative (2004)
- ITC e-Choupal won the Stockholm Challenge Award (2006)
- ITC was rated amongst Asia-Pacific's 50 biggest listed companies in 'Asia Fab 50' by Forbes in 2010
- All ITC's super premium luxury hotels accorded LEED Platinum status making ITC Hotels the 'Greenest Luxury Hotel Chain in the World'



Transforming Lives and Landscapes



ITC's e-Choupal – world's largest rural digital infrastructure
Empowering more than **4 million** farmers



ITC's Primary Education Initiative
Educating nearly **270,000** children



ITC's Afforestation Programme
Greening over **125,000** hectares



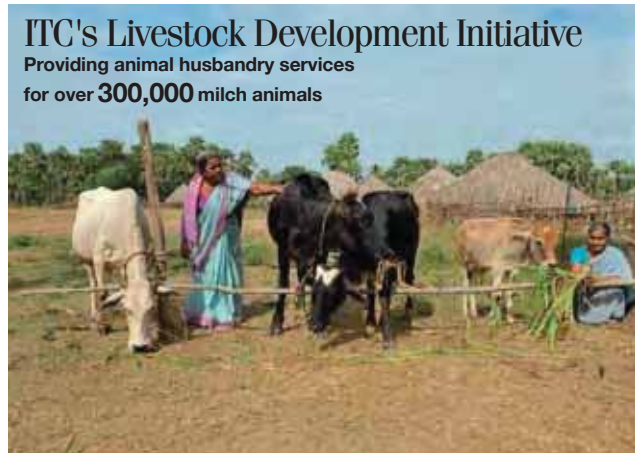
ITC's Women's Empowerment Initiative
Creating nearly **40,000** sustainable livelihoods for women



ITC's Watershed Development Programme
Irrigating nearly **90,000** hectares of dryland



ITC's Livestock Development Initiative
Providing animal husbandry services for over **300,000** milch animals



www.itcportal.com

ITC is the only company in the world of comparable dimensions to be carbon positive, water positive and solid waste recycling positive. ITC's value chains support over 5 million livelihoods.