Enduring Value

Report of the Directors

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2013

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

SOCIO-ECONOMIC ENVIRONMENT

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

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

That said, the world economy remains in a difficult phase with global output projected to grow at 3.3% in 2013 which is expected to be a year of transition with both Advanced Economies and Emerging Market & Developing Economies gradually approaching pre-crisis trend rates of growth. As per IMF estimates, Emerging Market & Developing Economies are estimated to grow at 5.3% in 2013 and 5.7% in 2014 while the US is forecast to grow at 1.9% in 2013 (after factoring the impact of fiscal consolidation accounting for 1.8% of GDP) and 3% in 2014. Growth in the euro area, in contrast, is estimated at (-)0.3% and 1.1% in 2013 and 2014 respectively. With Germany expected to record a sub 1% growth for the second year in succession and French economy forecast to contract in 2013, weakness in the euro area is no longer confined to the peripheral countries like Italy and Spain which remain in recession, and poses the single biggest risk to global recovery. A clear and long-term roadmap for fiscal consolidation in the US and EU, the need to further strengthen the banking system without weakening the sovereign in the EU, and bringing down the relatively high levels of unemployment are some of the key challenges facing the Advanced Economies. Emerging Market & Developing Economies, on the other hand, will need to deal with the growth-inflation dynamic by aligning fiscal & monetary policy, raise productivity through structural reforms, and rebuild social, fiscal and monetary buffers that were largely consumed in the aftermath of the global financial crisis so that if some of the risks prevailing in the world economy were to materialise, they are once again in a position to respond effectively and protect their economies from any large scale disruptions.

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

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

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

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

As per RBI estimates, the Indian economy is expected to grow by 5.7% during 2013-14 representing only a modest improvement over the previous year. While agricultural growth is expected to return to trend levels on the assumption of normal monsoons, the outlook for industrial activity remains subdued given the slow pace of investments and structural bottlenecks such as shortage of power, coal, natural gas and disruptions in mining activity in some States. Growth in services and exports is also likely to be sub-par in the backdrop of a sluggish world economy. WPI inflation during the year is expected to be range-bound around 5.5% on the expectation of higher agricultural output and benign commodity prices - a key positive. The Government's expenditure restructuring initiatives including capping of subsidies and improved revenue growth are expected to bring down the Fiscal Deficit to around 4.8% of GDP in 2013-14 (2013 Budget Estimates) as compared to 5.2% in 2012-13. The Current Account Deficit, which touched an all-time high during 2012-13, is estimated at around 5% of GDP in 2013-14, representing twice the sustainable level.

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

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

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

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

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

An emerging economy like India needs a huge amount of financial resources to realise its growth potential. However, India's 'Tax-to-GDP' ratio remains sub-optimal and well below the world average. It is a well established principle of fiscal policy that a moderate tax regime coupled with widening of the tax base leads to increase in tax revenues. While the tax net has been progressively expanded to include a wider range of services, service taxes constitute a mere 12.8% of Gross Tax Revenue (2012-13) - disproportionately lower than the 60% share of GDP that the services sector constitutes. The recent move to the 'Negative List' regime to widen the range of services under the ambit of Service Tax and the Government's efforts to introduce tax reforms by implementing a uniform Goods & Services Tax and the Direct Tax Code at an early date, would facilitate achieving the requisite buoyancy in revenues to the exchequer. The Government's concerted efforts to embark on a fiscal consolidation roadmap is another step in the right direction. Subsidy reforms announced recently will ensure that the Government's resources are channelised more effectively towards increasing the productivity of the economy.

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

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

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

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

FINANCIAL PERFORMANCE

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

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

Continuing with your Company’s chosen strategy of creating multiple drivers of growth, your Company is today, the leading FMCG marketer in India, a trailblazer in ‘green hoteliering’ and the second largest Hotel chain in India, the clear market leader in the Indian Paperboard and Packaging industry and the country’s foremost Agri business player. Your Company’s wholly-owned subsidiary, ITC Infotech India Limited, is one of India’s fast growing Information Technology companies in the mid-tier segment. Your Company is one of India’s most admired and valuable corporations with a current market capitalisation of over ₹ 260000 crores and has consistently featured amongst the top 10 private sector companies in terms of market capitalisation and profits.

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

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

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

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

FOREIGN EXCHANGE EARNINGS

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

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

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

PROFITS, DIVIDENDS AND SURPLUS

(₹ in Crores)

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

BUSINESS SEGMENTS

A. FAST MOVING CONSUMER GOODS

FMCG – Cigarettes

Discriminatory and punitive taxation coupled with a growing incidence of smuggling and illegal manufacture are the biggest challenges confronted by the domestic cigarette industry. These challenges were further compounded during the year by the steep increase of 22% in cigarette Excise Duty rates announced in the Union Budget 2012 and the arbitrary increases in Value Added Tax (VAT) on cigarettes by some States. Such increases not only undermine the legal domestic cigarette industry and sub-optimise revenue potential from this sector but also fail to achieve the objective of tobacco control in the country.

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

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

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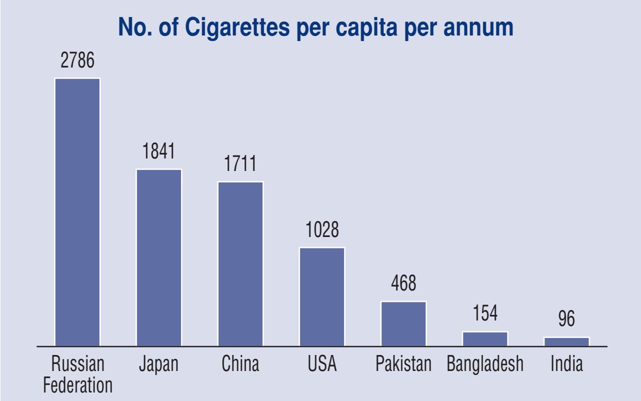
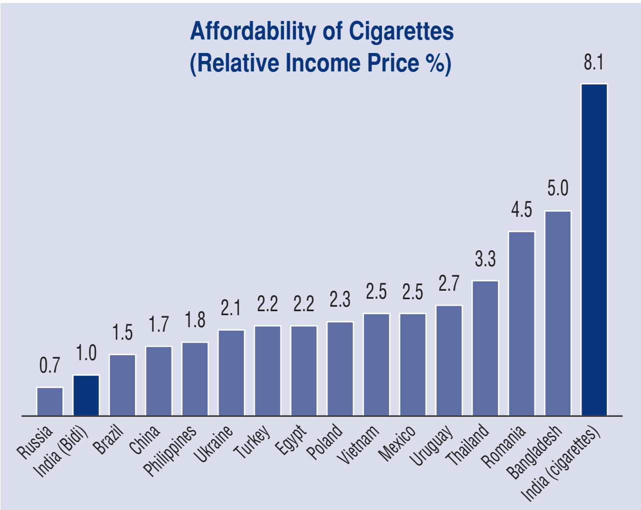
In fact, India's annual per capita consumption of cigarettes is amongst the lowest in the world.



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

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

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



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

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

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

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

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

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

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

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

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

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

For a revenue sensitive product like cigarettes, a revenue efficient single point taxation system would provide the highest levels of certainty in tax collection. In addition, it would help in removing inter-State trade distortions and barriers and is aligned to the principles of the proposed National Competition Policy which seeks to create a single unified national market. Several expert committees such as the Taxation Reform Committee headed by Dr. Raja Chelliah and Indirect Tax Reform Committee headed by Dr. Vijay Kelkar have recommended the single point taxation model for cigarettes.

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

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

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

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

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

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

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

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

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

FMCG - Others

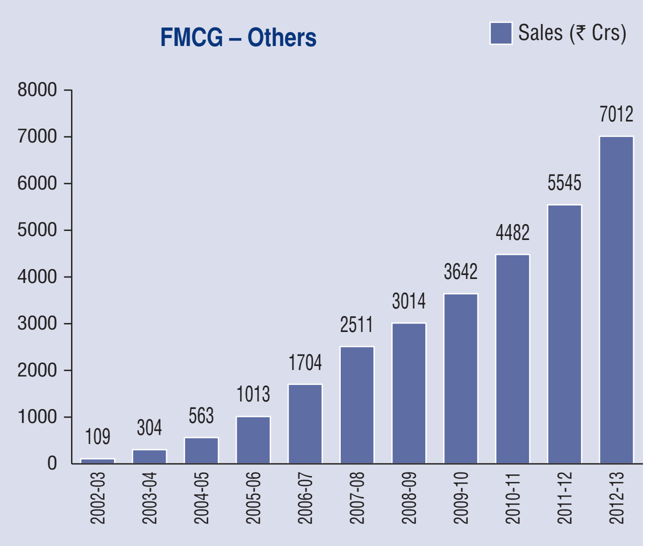
The size of the Indian FMCG industry is estimated at around ₹ 250000 crores representing nearly 2.5% of the country's GDP. The industry has tripled in size over the last 10 years and has grown at approximately 17% CAGR in the last 5 years driven by rising income levels, increasing urbanisation, strong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

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

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

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

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



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

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

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

Highlights of progress in each category are set out below.

Branded Packaged Foods Businesses

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

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

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

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

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

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

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

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

Buoyed by increasing consumer franchise for your Company's brands, it is expected that the accelerated growth of the Branded Packaged Foods businesses will be sustained in the years ahead. Your Company will continue to rapidly scale-up the Branded Packaged Foods businesses drawing upon the agri-sourcing strength of the e-Choupals, in-house cuisine knowledge, product development capabilities, packaging expertise and branding, sales & distribution competencies to establish itself as the 'most trusted provider of food products in the Indian market'.

Personal Care Products

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

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

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

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

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

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

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

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

Education & Stationery Products

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

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

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

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

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

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

Lifestyle Retailing

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

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

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

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

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

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

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

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

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

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

Safety Matches and Incense sticks (Agarbattis)

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

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

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

B. HOTELS

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

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

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

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

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

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

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

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

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

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

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

C. PAPERBOARDS, PAPER AND PACKAGING

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

Paperboards & Specialty Papers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Packaging and Printing

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

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

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

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

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

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

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

D. AGRI BUSINESS

Leaf Tobacco

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

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

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

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

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

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

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

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

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

Other Agri Commodities

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

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

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

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

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

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

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

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

An integrated and holistic view of the agricultural value chain is essential towards providing the necessary fillip to stagnating agricultural growth in the country. This requires a joint participatory approach from all stakeholders such as farmers, input vendors, traders, processors and the government agencies. Your Company plays a critical role as a catalyst in integrating farmers, input vendors and government agencies besides facilitating the necessary market linkages. Through its 'Choupal Pradarshan Khet' initiative, the business works with various government and private bodies to promote new seed varieties, adoption of farm technologies and practices among farmers towards improving productivity of crops (food grains, oilseeds, cereals etc.) while deepening relationship with the farming community. During the year, new soya seed varieties with high yield, high protein and high oleic acid were identified by your Company's Life Sciences & Technology Centre in association with the Directorate of Soybean Research, India. A number of farmer training programmes along with farm field demonstration of new technology (seed varieties and process) were conducted in more than 730 villages covering over 22,000 farmers towards yield enhancement in soybean, barley and wheat. Promotion of sustainability practices through the use of bio-fertilizers in paddy and bajra in western UP were also taken up.

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

NOTES ON SUBSIDIARIES

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

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

Surya Nepal Private Limited

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

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

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

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

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

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

(a) Continued to partner with Tobacco farmers in Nepal to ensure higher productivity and quality enhancement at the farm level through the induction of agricultural best practices. The adoption of such practices and other inputs provided by the company has led to a consistent improvement in quality of domestic grades of tobacco thereby improving marketability of the crop and farmer returns.

(b) Initiated a programme to assist village farmers, proximate to the Simara factory, in the plantation of high quality Poplar saplings to improve farmer earnings.

(c) Supported an initiative in the animal husbandry sector by providing extension services that will drive yield improvement and higher returns for underprivileged farmers.

(d) Partnered with Nepal Tourism Board in hosting Nepal's premier professional golf tournament - the 'Surya Nepal Private Limited Masters', with the objective of promoting Nepal as an attractive golfing destination.

(e) Continued to sponsor the 'Surya Nepal Private Limited Asha Social Entrepreneurship Awards', to recognize entrepreneurs who have created employment opportunities amongst local communities.

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

ITC Infotech India Limited

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

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

For the year under review:

(a) ITC Infotech India Limited registered a Total Revenue of ₹ 706.65 crores (previous year ₹ 566.23 crores) and a Net Profit of ₹ 68.73 crores (previous year ₹ 28.69 crores);

(b) ITC Infotech Limited, UK, (I2B) a wholly owned subsidiary of the company, registered a Total Revenue of GBP 25.03 million (previous year GBP 24.35 million) and a Net Profit of GBP 1.86 million (previous year GBP 2.13 million). During the year, I2B paid an Interim Dividend of GBP 3 (previous year : Nil) per Ordinary Share of GBP 1 each on 685,815 shares, amounting to GBP 2,057,445 (previous year: Nil) to the company;

(c) ITC Infotech (USA), Inc., (I2A) a wholly owned subsidiary of the company, together with its wholly owned subsidiary Pyxis Solutions LLC, registered Total Revenues of US$ 63.20 million (previous year US$ 49.85 million) and a Net Profit of US$ 0.91 million (previous year US$ 0.30 million).

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

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

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

During the year the company's renewed focus on Middle-East, Africa, India and the larger Asia-Pacific region resulted in significant traction in new customer acquisition, particularly in India and Middle-East. The company has set up a branch office in Dubai to increase market penetration in the region. The company is also extending its service lines to specific markets in Western Europe.

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

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

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

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

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

Russell Credit Limited

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

As stated in the Report of the Directors of the previous years, a petition was filed by an individual in the High Court at Calcutta, seeking an injunction against the company's counter offer to the shareholders of VST Industries Limited, made in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, as a competitive bid to a Public Offer made by an Acquirer in 2001.

During the year, the High Court at Calcutta, vide Order dated 22nd June, 2012, dismissed the aforesaid petition. Similar petitions filed in the High Court of Delhi at New Delhi and High Court of Judicature of Andhra Pradesh at Hyderabad had earlier been dismissed by the respective High Courts.

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

Wimco Limited

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

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

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

The Engineering business revenues grew by 6% during the year driven mainly by improved value capture through continuous product development in packaging machinery. The company plans to leverage new and improved product design to offer superior packaging solutions to its customers.

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

Srinivasa Resorts Limited

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

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

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

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

Fortune Park Hotels Limited

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

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

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

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

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

Bay Islands Hotels Limited

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

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

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

Landbase India Limited

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

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

WelcomHotels Lanka (Private) Limited

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

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

Technico Pty Limited

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

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

For the year under review:

a) Technico Pty Limited, Australia registered a Turnover of Australian Dollar (A$) 1.39 million (previous year A$ 1.13 million) and a Net Profit of A$ 0.14 million (previous year A$ 0.11 million). Turnover and Net Profit have improved due to higher TECHNITUBER® seed volumes and better price realization.

b) Technico Agri Sciences Limited, India registered a Net Revenue of ₹ 64.04 crores (previous year ₹ 48.20 crores) and a Net Profit of ₹ 17.48 crores (previous year ₹ 7.83 crores). Strong demand and firm prices coupled with the strength of the company's brand, product quality, on field performance and trade and customer relationships drove a 33% increase in Net Revenue and 75% improvement in Profit Before Tax. The company has taken credit for deferred tax assets of ₹ 3.80 crores in the year under review (previous year : Nil).

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

King Maker Marketing, Inc.

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

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

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

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

ITC Global Holdings Pte. Limited

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

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

BFIL Finance Limited

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

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

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

NOTES ON JOINT VENTURES

ITC Filtrona Limited

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

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

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

Maharaja Heritage Resorts Limited

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

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

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

Espirit Hotels Private Limited

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

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

Logix Developers Private Limited

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

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

RISK MANAGEMENT

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

– The Corporate Governance Policy clearly lays down the roles and responsibilities of the various entities in relation to risk management. A range of responsibilities, from the strategic to the operational, is specified in the Governance Policy. These role definitions, inter-alia, are aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.

– The Corporate Risk Management Cell works with the businesses to establish and monitor the specific profiles including both strategic risks and operational risks. The process includes the prioritisation of risks, selection of appropriate mitigation strategies and periodic reviews of the progress on the management of risks.

– A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.

– Appropriate structures have been put in place to proactively monitor and manage the inherent risks in businesses with unique / relatively high risk profiles.

– A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. The Audit Compliance and Review Committee closely monitors the internal control environment within your Company and ensures that Internal Audit recommendations are effectively implemented.

– At the business level, Divisional Auditors continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures for new areas of operations.

– A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountability. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

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

AUDIT AND SYSTEMS

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

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

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

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

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

HUMAN RESOURCE DEVELOPMENT

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

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

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

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

Your Company firmly believes that alignment of all employees to a shared vision and purpose is vital to win in the market. Your Company also recognizes the mutuality of interests of key stakeholders and is committed to building harmonious employee relations. During the year under review, your Company successfully concluded long-term agreements at several of its manufacturing units and hotel properties and also ensured smooth commencement of operations at greenfield locations. The collaborative spirit across all sections of employees has resulted in significant enhancement in quality and productivity, further bolstered by continuous investment in contemporary management practices and manufacturing systems.

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

SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

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

It is a matter of humble pride that your Company's sustainable business models and value chains have supported the creation of 5 million sustainable livelihoods, a majority of them for the weakest in society. It has sustained its position as the only company in the world to have achieved the global environmental distinctions of being carbon positive (for 8 consecutive years), water positive (for 11 years in a row) and solid waste recycling positive (for 6 years successively). Your Company's renewable energy portfolio enables over 41% of its power requirements to be met from such clean sources - a significant achievement given the large manufacturing base of your Company. Further, all the premium luxury hotels and several factories of your Company are LEED (Leadership in Energy & Environmental Design) certified at the highest Platinum level by the US Green Building Council / Indian Green Building Council.

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

Social Investments/Corporate Social Responsibility (CSR)

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

It is your Company's policy:

– To pursue a corporate strategy that enables realisation of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.

– To align and integrate Social Investments / CSR programmes with the business value chains of your Company and make them outcome oriented. To support creation of on and off-farm sustainable livelihood sources thereby empowering stakeholder communities to conserve and manage their resources.

– To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long-term sustainability of such interventions.

– To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.

– To collaborate with communities and institutions to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through agricultural research and knowledge sharing, superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programmes and such other initiatives.

– To align your Company's operations with the national objective of inclusive growth and employment generation by leveraging your Company's diversified portfolio, manufacturing bases, supply chains and distribution channels, to infuse an appropriate mix of capital and technology to further social business initiatives such as e-Choupal, animal husbandry, agarbatti rolling etc. and support organisations / institutions engaged in building linkages with local, regional and urban communities and markets.

– To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world-class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.

– To encourage the development of human capital of the Nation by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.

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

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

(a) Diversification of farming systems of the rural communities by broad-basing the farm and off-farm based livelihoods portfolio of the poor through an integrated approach that includes the development of wastelands, watersheds, agriculture and animal husbandry, and

(b) In the catchment habitations of manufacturing units, the focus is on the economic empowerment of women and developing social capital to prepare the beneficiaries for relevant and contemporary skills.

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

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

The coverage of your Company's Soil and Moisture Conservation programme, designed to assist farmers in identified moisture-stressed districts, increased by an additional 26,637 hectares. 470 water-bodies were created during the year. The total area covered under the watershed programme cumulatively stands at 116,127 hectares. Your Company signed three new MOUs with the Government of Rajasthan for promoting sustainable livelihoods through watershed development in the districts of Bundi, Jhalawar and Pratapgarh under the government's Integrated Watershed Management Programme. With this, the total area to be brought under soil and moisture conservation through public-private-partnership projects has increased to over 144,000 hectares.

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

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

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

The Women's Empowerment Programme covered over 18,791 women through 1,557 self-help groups (SHG) with total savings of ₹ 340 lakhs. Cumulatively, over 40,000 women were gainfully employed either through micro-enterprises or assisted with loans to pursue income generating activities. Agarbatti production received further impetus during the year with the introduction of 1,326 pedal machines in the states of Bihar, Uttar Pradesh, Tamil Nadu, Rajasthan, Andhra Pradesh, Madhya Pradesh and Maharashtra. This has led to high productivity gains, translating into significant increase in incomes for poor rural women. As a result, raw agarbatti production more than doubled from the previous year to 834 tonnes during 2012-13, and helped create livelihoods for more than 3,300 women. The agarbatti scenting unit located at Munger, owned and managed by women, also saw a significant increase in dispatches - up from 235 million sticks in 2011-12 to 367 million sticks in 2012-13 - thus enabling women to capture even greater value from this micro-enterprise.

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

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

Environment, Health & Safety

The strategic objective of your Company's Environment, Health & Safety programmes is to move towards greenest and safest operations across all ITC Units, optimisation of natural resource usage, sustainability measurement and monitoring as well as safety of all its people and assets. Towards this, significant efforts are targeted towards ensuring resource security through optimisation of resource-use and replenishment of natural resources, aligning strategy with the National Action Plan on Climate Change to help create sustainable livelihoods, enable adaptation and mitigation in agriculture whilst safeguarding operations and assets. Your Company's proactive processes for inculcating a safe and green culture are supported by regular audits based on EHS Audit guidelines that incorporate the latest standards and regulatory requirements.

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

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

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

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

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

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

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

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

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

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

Creating Thought Leadership in Sustainability

The 'CII – ITC Centre of Excellence for Sustainable Development', set up by your Company jointly with the apex national chamber Confederation of Indian Industry (CII) in 2006, continues its endeavours to promote sustainable business practices amongst corporates across the country. During the year, the Centre trained and raised awareness of over 2,000 business managers on various sustainability issues. It has expanded its gamut of activities to meet the core objectives of creating awareness, promoting thought leadership and building capacity amongst Indian enterprises in their quest for sustainable growth and business solutions. The 7th Sustainability Summit, held in October 2012, continued its legacy of bringing together thought provoking leaders to share the challenges, long-term strategies and best practices for sustainable and inclusive development. It featured senior politicians, bureaucrats, best brains of Indian industry and MNCs around the globe. The Summit and Exhibition were attended by over 300 participants. The 'CII – ITC Sustainability Awards', instituted to recognise excellence in sustainability performance, have honoured a large number of leading Indian companies and provided encouragement to many others. The winners of the Sustainability Awards 2012 were announced at an imposing function in Vigyan Bhawan, New Delhi on January 14, 2013 amongst an audience of 1,500 people. The occasion was graced by the Hon'ble President of India Shri Pranab Mukherjee as the Chief Guest.

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

Societal Capacity Enhancement

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

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

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

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

R&D, QUALITY AND PRODUCT DEVELOPMENT

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

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

ITC Life Sciences & Technology Centre (LSTC) has a mandate to develop unique sources of competitive advantage and build future readiness by harnessing contemporary advances in several relevant areas of science and technology and blending the same with classical concepts of product development and leveraging cross business synergies. This challenging task of driving science-led product innovation has been carefully addressed by appropriately identifying the required set of core competency areas of science such as Plant Breeding and Genetics, Agronomy, Microbiology, Cell Biology, Genomics, Proteomics, Silviculture and several disciplines of Chemistry. Presently, the LSTC team has evolved with over 250 world-class scientists and is creating Centres of Excellence in these areas. LSTC is carrying out research and securing proprietary technologies for your Company's businesses.

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

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

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

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

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

EXCISE

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

With respect to the Munger factory, proceedings for finalisation of assessments for the period prior to March 1983 resulted in the Deputy Commissioner's Orders dated 29th August, 2002 and 8th October, 2002 demanding ₹ 13.09 crores and ₹ 1.73 crores for clearances of cigarettes and smoking mixtures respectively. These were confirmed by the Commissioner (Appeals), Patna vide his orders dated 22nd December, 2004, against which your Company has preferred appeals before CESTAT, Kolkata, which are pending. Your Company had made pre-deposits of ₹ 2 crores and ₹ 0.55 crores against the aforesaid demands at the stage when its appeals were pending before Commissioner (Appeals), Patna.

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

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

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

LUXURY TAX

As mentioned in earlier years, the Hon'ble Supreme Court declared the various State luxury tax levies on cigarettes and other goods as unconstitutional. The Court further directed that if any party, after obtaining a stay order from the Court, had collected any amount towards luxury tax from its customers / consumers, such amounts should be paid to the respective State governments. Since your Company had not charged or collected any amounts towards luxury tax during the relevant period, there is no liability on your Company in this regard. However, the State of Andhra Pradesh has filed a contempt petition in the Supreme Court claiming a sum of about ₹ 323.25 crores towards luxury tax, and a further sum of about ₹ 261.97 crores towards interest, on the allegation that your Company had charged and collected luxury tax from its customers, but in view of a stay order passed by the Court on 1st April, 1999, did not pay the tax to the government. The State's contention is baseless, contrary to facts and is also contrary to the assessment orders passed by the State luxury tax authorities consistently holding that your Company, right from 1st March, 1997, did not charge or collect any amount towards luxury tax from its customers. Accordingly, the State's petition is being contested.

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

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

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

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

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

TREASURY OPERATIONS

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

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

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

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

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

TAXATION

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

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

PUBLIC DEPOSITS

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

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

INVESTOR SERVICE CENTRE

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

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

DIRECTORS

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

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

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

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

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

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

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

AUDITORS

Statutory Auditors

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

Cost Auditors

Your Company had appointed (i) Mr. P. Raju Iyer, Cost Accountant, Chennai, as Cost Auditor for audit of cost records maintained by the Paperboards and Specialty Papers business and (ii) Messrs. Shome & Banerjee, Cost Accountants, Kolkata, for cost records in respect of 'Paper' products other than the cost records maintained by the Paperboards and Specialty Papers business for the financial year ended 31st March, 2012. The Cost Audit Report was filed by the Cost Auditor on 23rd January 2013 within the due date of 28th February 2013.

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

EMPLOYEE STOCK OPTION SCHEME

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;

b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

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

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard 21 - Consolidated Financial Statements, ITC Group Accounts form part of this Report & Accounts. These Group Accounts also incorporate the Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures as notified under the Companies (Accounting Standards) Rules, 2006. These Group accounts have been prepared on the basis of audited financial statements received from Subsidiary, Associate and Joint Venture Companies, as approved by their respective Boards.

OTHER INFORMATION

The total number of employees as on 31st March, 2013 stood at 25,959.

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

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

There were 83 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ended 31st March, 2013. The information required under Section 217(2A) of the Companies Act, 1956 and the Rules thereunder, in respect of the aforesaid employees, is provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

Your Company's Board and employees are inspired by the Vision of sustaining ITC's position as one of India's most admired and valuable companies, creating enduring value for all stakeholders, including the shareholders and the Indian society. Your Company has created multiple drivers of growth by developing a portfolio of world-class businesses which have synergised to deliver 'Total Shareholder Returns' at a compound annual growth rate of over 26% during the 17 year period from 1996 to 2013. Each business within the portfolio is continuously engaged in upgrading strategic capability to effectively address the challenge of growth in an increasingly competitive market scenario. Effective management of diversity enhances your Company's adaptive capability and provides the intrinsic ability to effectively manage business risk. The vision of enlarging your Company's contribution to the Indian economy is manifest in the creation of unique business models that foster international competitiveness of not only its businesses but also the entire value chain of which they are a part.

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

17th May, 2013 On behalf of the Board
Virginia House
37 J L Nehru Road
Kolkata 700071 Y. C. DEVESHWAR *Chairman*
India P. V. DHOBALE *Director*

Annexure to the Report of the Directors

Statement as at 31st March, 2013, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of Options granted under the Company's Employee Stock Option Schemes

Sl. No.		ITC Employee Stock Option Scheme (Introduced in 2001)	ITC Employee Stock Option Scheme – 2006		ITC Employee Stock Option Scheme – 2010		Total	
		Cumulative# (i)	During 2012-13 (ii)	Cumulative (iii)	During 2012-13 (iv)	Cumulative (v)	During 2012-13 (ii)+(iv)	Cumulative (i)+(iii)+(v)
(A)	(i) Number of Options granted :	1,09,91,558	2,00,000	2,10,02,953	62,94,970	1,04,70,495	64,94,970	4,24,65,006
	(ii) Number of Bonus Options allocated* :	27,75,263	–	1,74,50,295	–	–	–	2,02,25,558
	(iii) Total number of Options granted / allocated :	1,37,66,821	2,00,000	3,84,53,248	62,94,970	1,04,70,495	64,94,970	6,26,90,564

* *Bonus Options were allocated in 2005-06 and 2010-11 in the same ratio as Bonus Shares issued in these years (i.e. 1 Bonus Share for every 2 Ordinary Shares & 1 Bonus Share for every 1 Ordinary Share, respectively).*
\# *Under the ITC Employee Stock Option Scheme (introduced in 2001), no Options were granted during 2012-13.*

(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 2012-13, Options were granted at ₹ 2,494.50 per Option.

Sl. No.		ITC Employee Stock Option Scheme (Introduced in 2001)	ITC Employee Stock Option Scheme – 2006	ITC Employee Stock Option Scheme – 2010	Total
(C)	Total number of Options vested :	1,20,24,108	3,24,66,736	12,27,467	4,57,18,311
(D)	Total number of Options exercised : (Each Option represents 10 Ordinary Shares of ₹ 1/- each)	1,12,55,153	2,22,15,126	1,47,017	3,36,17,296
(E)	Total number of Ordinary Shares of ₹ 1/- each arising as a result of exercise of Options :	11,25,51,530	22,21,51,260	14,70,170	33,61,72,960
(F)	Total number of Options lapsed :	14,96,076	23,05,681	2,03,429	40,05,186
(G)	Variation of terms of Options :	None			
(H)	Money realised by exercise of Options :	₹ 1,264.76 crores	₹ 2,263.58 crores	₹ 29.75 crores	₹ 3,558.09 crores
(I)	Total number of Options in force :	10,15,592	1,39,32,441	1,01,20,049	2,50,68,082

(J)	Details of Options granted to (i) Senior managerial personnel	:	As provided below -

Sl. No.	Name	No. of Options granted during the financial year	Sl. No.	Name	No. of Options granted during the financial year
1.	Y. C. Deveshwar	2,70,000	27.	S. Kumar	23,000
2.	N. Anand	1,35,000	28.	S. Ganesh Kumar	25,300
3.	P. V. Dhobale	1,35,000	29.	U. Lall	23,000
4.	K. N. Grant	1,35,000	30.	H. Malik	30,600
5.	A. Baijal^	10,000	31.	A. K. Mukerji	40,000
6.	S. H. Khan^	10,000	32.	A. Nayak	56,250
7.	S. B. Mathur^	10,000	33.	A. R. Noronha	30,600
8.	H. G. Powell^	10,000	34.	R. Parasuram	30,600
9.	P. B. Ramanujam^	10,000	35.	A. Pathak	23,000
10.	A. Ruys^	10,000	36.	K. T. Prasad	23,000
11.	K. Vaidyanath^	10,000	37.	S. Puri	40,000
12.	S. M. Ahmad	25,300	38.	R. Rai	30,600
13.	N. Arif	32,000	39.	V. M. Rajasekharan	30,600
14.	S. Basu	40,000	40.	V. L. Rajesh	30,600
15.	M. S. Bhatnagar	23,000	41.	A. Rajput	40,000
16.	A. Chand	23,000	42.	T. V. Ramaswamy	56,250
17.	S. Chandrasekhar	23,000	43.	S. Rangrass	30,600
18.	L. C. Chandrasekharan	32,000	44.	S. Janardhana Reddy	23,000
19.	B. B. Chatterjee	40,000	45.	R. Senguttuvan	30,600
20.	C. Dar	40,000	46.	A. Seth	30,600
21.	C. S. Das	23,000	47.	S. K. Singh	40,000
22.	D. Haksar	30,600	48.	S. Sivakumar	56,250
23.	M. Ganesan	30,600	49.	R. Sridhar	23,000
24.	S. Guha	25,300	50.	B. Sumant	30,600
25.	P. Gupta	30,600	51.	K. S. Suresh	40,000
26.	S. Kaul	30,600	52.	R. Tandon	56,250

	(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year.	:	None
	(iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	None
(K)	Diluted Earnings Per Share pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 ‘Earnings Per Share’.	:	₹ 9.33

^ *Non-Executive Director*

(L)	(i) Method of calculation of employee compensation cost.	:	The employee compensation cost has been calculated using the intrinsic value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per the intrinsic value method for the financial year 2012-13 is Nil.
	(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options.	:	₹ 360.99 crores
	(iii) The impact of this difference on profits and on Earnings Per Share of the Company.	:	The effect on the profits and earnings per share, had the fair value method been adopted, is presented below:

Profit After Tax		**₹ in Crores**
As reported		7,418.39
Add: Intrinsic Value Compensation Cost		Nil
Less: Fair Value Compensation Cost (Black Scholes model)		360.99
Adjusted Profit		7,057.40
Earnings Per Share	**Basic (₹)**	**Diluted (₹)**
As reported	9.45	9.33
As adjusted	8.99	8.87

(M)	Weighted average exercise prices and weighted average fair values of Options granted whose exercise price either equals or exceeds or is less than the market price of the stock.	:	Weighted average exercise price per Option : ₹ 2,494.50 Weighted average fair value per Option : ₹ 647.92
(N)	A description of the method and significant assumptions used during the year to estimate the fair values of Options.	:	The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:

(i)	Risk-free interest rate	8.05%
(ii)	Expected life	3.16 years
(iii)	Expected volatility	26.06%
(iv)	Expected dividends	2.24%
(v)	The price of the underlying shares in market at the time of Option grant *(One Option = 10 Ordinary Shares)*	₹ 2,549.50

On behalf of the Board

Y. C. DEVESHWAR *Chairman*

Kolkata, 17th May, 2013

P. V. DHOBALE *Director*

Annexure to the Report of the Directors
For the Financial Year Ended 31st March, 2013

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

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi-ence (Years)	Date of Commence-ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000/- or more per annum.								
Anand Nakul	56	Executive Director	2,04,31,651	93,89,196	B.A. (Hons.)	33	01.12.1979	@
Arif Nazeeb	51	V.P. - Corporate Communications	65,34,034	32,37,218	B.A.(Hons.), M.A.	27	01.09.2006	Indian Chamber of Commerce, Secretary General
Basu S	61	Head of Internal Audit	78,93,805	40,38,628	A.C.A., F.C.A. (Eng. & Wales)	43	02.01.1978	Whinney Murray & Co., London, Audit Asst.
Bhatnagar M S	61	V.P. - Growth & Development (HD)	67,80,998	30,49,719	B.Sc., M.B.A.	38	01.01.1975	@
Chand A	48	Divisional Chief Executive (LRBD)	66,17,977	32,76,945	B.A., M.B.A.	26	01.06.1988	Godfrey Philips (I) Ltd., Mktg. Exec.
Chandrasekhar S	60	Services on Loan to Subsidiary Co.	68,26,736	33,97,157	B.Sc., F.C.A.	35	01.01.1978	@
Charraudeau Phillippe Herve	56	V.P. & General Manager - ITC Grand Chola (HD)	1,53,11,605	72,87,085	B.E.P.C., (Rehaul Rebout), C.A.P.	31	09.05.2011	Movenpick Hotels & Resorts, Saudi Arabia, G.M.
Chandrasekharan L C (Dr.)	58	Chief Scientist - Research & Technology Innovation (LS & T)	89,90,128	58,85,058	Ph.D.	31	01.10.2005	G.E. India, Director, Mfg. Engg.
Chatterjee B B	60	Executive V.P. & Company Secretary	88,26,971	49,94,641	B.Com. (Hons.), F.C.A., F.C.S., LL.B.	35	16.05.1983	Wacsgen, Deputy Mgr.
Dar C	57	Divisional Chief Executive (FD)	98,05,311	46,95,487	B.Tech. (Hons.), P.G.D.M.	34	01.05.1981	Tata Eng. & Loco. Co., Shift Supvr.
Das C S	57	SBU Chief Executive (ESPB)	64,70,626	31,85,719	B. Tech. (Hons.), M.B.A.	33	15.04.1980	Larsen & Toubro Ltd., Trainee
Deveshwar Y C	66	Executive Chairman	11,35,51,923	5,62,91,879	B.Tech. (Mech.)	44	11.02.1994	Air India Ltd., Chairman & M.D.
Dhobale P V	57	Executive Director	1,97,69,068	93,35,313	B.Tech. (Chem.)	36	01.07.1977	#
Ganesan M	50	Executive V.P. - Finance, Procurement & IT (FD)	63,99,141	32,14,161	B.Com., A.C.A., A.C.S.	27	01.03.1986	Nil
Ganesh Kumar S	45	Executive V.P. - Staples & Snacks (FD)	60,91,704	30,54,652	B.E.	21	14.12.1991	Nil
Grant K N	55	Executive Director	1,99,81,069	94,14,760	B.A. (Hons.), M.B.A.	34	02.06.1980	DCM Ltd., Mgmt. Trainee
Gullota Massimo	49	Italian Chef - ITC Grand Chola (HD)	68,80,889	34,18,588	M.N. E.F.S.M.P. (New York Academy), H.S.(Milan), C.S.(Lausanne)	20	26.09.2011	G Mgmt., Bangkok, Thailand, Exec. Chef
Gupta P	56	Head of Corporate Taxation	63,30,046	38,09,441	B.Com. (Hons.), A.C.A., D.M.A.(I.C.A.)	33	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Haksar Dipak	55	Chief Operating Officer (HD)	68,05,871	32,93,967	B.Com. (Hons.)	35	01.09.1977	@
Janardhana Reddy S	64	Executive V.P. - Corporate Affairs	72,57,287	37,60,957	B.Sc. (Ag.)	40	27.12.1972	Nil
Kaul Sandeep	46	SBU Chief Executive (PCPB)	63,69,129	31,68,571	B.E., P.G.D.M.	23	01.06.1990	Nil
Lall U	62	Services on Loan to Tobacco Institute of India	74,51,009	36,93,476	B.A. (Hons.)	41	03.01.1972	PARCO, Officer on Spl. Duty
Madan Sachidanand	54	Services on Loan to Subsidiary Co.	85,49,782	38,24,563	B.Com. (Hons.), A.C.A., A.C.S.	31	01.04.2012	Services on Loan to Subsidiary Co.
Malik Hemant	46	Chief Operating Officer (ITD)	69,22,301	34,33,196	B.A., M.B.A.	24	01.06.1989	Nil
Mukerji Arup K	54	Corporate Financial Controller	82,25,128	39,29,209	B.Com. (Hons.), A.C.A.	31	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Nariyoshi Nakamura	61	Master Chef - WelcomHotel New Delhi (HD)	65,64,476	32,74,190	Graduate from Nihon University	21	24.05.2010	The Metropolitan Hotel Nikko, Exec. Chef
Nayak Anand	61	Executive V.P. and Head - Corporate Human Resources	1,41,48,395	76,40,851	B.Sc., P.G.D.I.R.	40	14.05.1973	Nil
Noronha A R	59	Executive V.P. - Projects (HD)	67,56,895	32,80,716	B.E. (Elec.)	35	01.05.1978	@
Parasuram R	54	Executive V.P. - Finance & MIS (ITD)	65,36,694	34,55,338	B.Com. (Hons.), A.C.A.	31	15.09.1982	Nil
Pathak Arun	53	Executive V.P. - Finance (HD)	79,32,791	34,25,823	B.Com. (Hons.), F.C.A.	30	20.06.1983	Nil
Puri Sanjiv	50	Divisional Chief Executive (ITD)	99,03,246	46,65,223	B.Tech.	28	20.01.1986	TELCO Ltd., Trainee
Rai R K	50	Chief Operating Officer (ABD)	66,67,703	35,94,078	B.A. (Mktg.), P.G.D. in Export & Imports	30	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajesh V L	45	Executive V.P. - Marketing (FD)	64,70,178	32,16,625	B.Sc., M.B.A.	23	01.06.1990	Nil
Rajput A K	57	Senior V.P. - Corporate Affairs	98,31,324	47,78,349	B.Com., M.B.A.	37	10.04.1976	Nil
Ramaswamy T V	61	Group Head - LS & T, Projects, EHS	1,26,63,575	58,37,061	B.E., M.M.S.	39	01.07.1974	Nil
Rangrass S	52	Divisional Chief Executive (ABD - ILTD)	66,70,446	35,44,688	B.Tech.	31	01.07.1982	Nil
Senguttuvan R	51	SBU Chief Executive (PPB)	60,96,034	29,74,219	B.E., P.G.D.M.	27	27.05.1991	Asian Paints, Purchase Exec.
Seth Anil	55	Executive V.P. - Finance & MIS (PSPD)	69,34,995	31,93,754	B.A. (Hons.), A.C.A., P.G.D.B.M.	30	01.11.1982	Nil
Singh S K	56	Divisional Chief Executive (PSPD)	78,88,550	40,15,498	B.Tech. (Chem.)	36	21.06.1977	#
Sivakumar S	52	Divisional Chief Executive (ABD)	1,35,19,392	75,01,088	B.Sc., P.G. Dip. in Rural Mgmt.	30	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Sridhar R	54	Executive V.P. - Human Resources (ITD)	65,82,659	32,83,648	B.Sc., P.G. Dip. in P.M. & I.R.	31	01.06.1982	Nil
Sumant B	49	Services on Loan to Subsidiary Co.	68,76,494	33,59,339	B.E.	27	20.01.1986	Nil
Suresh K S	52	General Counsel	97,58,339	46,75,914	B.A., B.L., P.G.D.P.M., I.R. & L.W.	30	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Tandon R	59	Chief Financial Officer	1,26,83,986	59,18,941	B.Sc., F.C.A.	35	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Venkateswaran Krishnan (Dr.)	53	Chief Scientist - Product Development (PCPB)	64,43,362	40,58,583	B.Sc., M.Sc., Ph.D.	28	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Wanchoo Siddarth	52	General Manager - Marketing (ITD)	60,23,688	29,79,449	B.Com. (Hons.)	32	19.10.1981	Nil

Enduring Value

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

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi-ence (Years)	Date of Commence-ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Employed for a part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month.								
Achar Sudhir (Dr.)	49	Principal Scientist - New Product Development (PCPB)	5,16,145	4,68,147	B.Sc., M.Sc., Ph.D.	25	27.08.2007	Unilever Research Centre, Bangalore, Principal Scientist, Polymers
Ahmad S M	59	Executive V. P. - Marketing (ITD)	51,45,217	25,76,912	M.A.	36	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Balakrishnan K P (Dr.)	60	Principal Scientist - Product Development (PCPB)	12,90,449	11,43,110	B.Sc., M.Sc., Ph. D.	26	02.12.2002	Soma Technologies - Incharge
Banerjea P	60	Executive V.P. - Risk Management & Strategic Initiatives	65,09,567	40,75,770	B.Sc., M.Sc., F.C.A., F.I.C.W.A.	33	01.10.1982	Shaw Wallace & Co. Ltd., Financial Accountant
Bartwal Pradeep	28	Sous Chef (HD)	1,30,203	1,23,258	B.Sc.,Dip in Hotel Mgmt. & Catering Technology	5	22.12.2007	Nil
Biswas Supriya	28	Asst. - Technical (PPB)	3,35,200	3,04,695	B. Tech., M.Tech. (Dual Degree)	3	09.06.2009	Nil
Biddappa K C	60	V.P. - Marketing and R & D (ABD - ILTD)	31,28,380	19,53,085	B.Sc. (Ag.)	35	06.02.1978	Nil
Chitteth Rohit G	34	Divisional Manager - Retail Operations (LRBD)	5,51,364	4,89,664	B.Tech., P.G.D.M.	10	01.06.2002	Nil
Das K C Jithin	23	Customer Associate (LRBD)	28,706	27,030	BHM	2	14.03.2011	McDonald, Trainee Manager
Desai G D	62	Senior Executive Chef - ITC Maratha (HD)	25,94,955	16,33,917	Dip. in Hotel Mgmt. & Catering	30	03.06.1982	@
Dixit Amod	31	Front Office Manager (HD)	2,01,130	1,91,154	B.A.	8	15.06.2004	Nil
Dutta Bishnu Pada	60	Chief Manager (PSPD)	7,24,578	5,90,226	D.I.P.L.	39	01.12.2002	Rama Newsprint & Papers Ltd., Sr. Manager
Evans John Wyn	52	Exec. Pastry Chef, ITC Grand Chola (HD)	34,66,111	18,31,986	Cake Design & Decoration., Advanced Pastry & Basic Catering (North Wales)	37	05.09.2011	J W Marriott, Bangkok
Garg Amit	26	Process Engineer - CPD (ITD)	79,256	78,980	M. Tech.	3	09.06.2009	Nil
Gheedia Nitin	27	Project Executive - Electrical	1,37,758	1,32,319	B.E. (Elec.)	4	09.07.2008	Nil
Gourisankar Sathyamurthy	56	Chief Scientist (ITD)	66,55,045	42,03,207	B. E., B. Tech., M.E., M. Tech., Doctorate	25	14.07.2011	Neos Therapeutics, Project Manager
Jayanthi R V	60	Manager- Knowledge Centre	13,04,598	10,40,889	B. Sc., M. Sc.	38	15.07.1974	Nil
Karteek T	27	Asst. Manager - Maintenance (ILTD)	1,08,984	1,01,096	B.E.	6	17.10.2005	Nil
Kedia Jitendra	29	Asst. Manager - Finance	2,46,105	2,30,475	A.C.A.	7	01.10.2008	Singhi & Co., Article Asst.
Khaitan Shonam	28	Asst. Manager - Secondary (ITD)	1,45,720	1,44,014	B. Tech.	5	07.06.2007	Nil
Kumar Amit	33	Finance Superintendent (ITD)	89,688	89,114	B.Com.(Hons.), I.C.W.A.	8	10.07.2006	Baxter India Pvt. Ltd., Accounts Executive
Kumar M	60	V.P. - Corporate Affairs	34,61,918	18,91,444	M. Com., LL.B.	32	01.04.1981	Nil
Lal Manoj Kumar	41	Dy. Manager (PSPD)	1,05,197	88,531	B.Sc., B.Tech.	16	29.09.2010	Bilt Graphic Paper Products Ltd., Dy. Manager
Lamba Nikesh	25	Asst. Manager - F & B (HD)	1,19,929	1,13,251	Dip. in Hotel Mgmt. & Catering Technology	4	06.06.2008	Nil
Narayan Vivek	33	Asst. Manager - Finance (ABD)	1,52,418	1,46,712	B.Com., P.E.E.	10	16.05.2005	Article Clerk, Audit
Raghuvanshi Dharmendra Singh	28	Asst. Manager - Projects	2,08,910	2,00,611	B.Tech., M.Tech.	5	07.06.2007	Nil
Ramachandran Varun	27	Asst. Marketing (PPB)	1,29,013	1,20,853	B.E., M.B.A.	2	01.06.2011	B Shankar & Co., Business Associate
Rao A Babu	60	Dy. Manager (PSPD)	5,29,824	4,36,420	L.M.E.	28	03.02.1984	Nil
Ravichandar Raghav	28	Asst. Brand Manager (FD)	1,02,232	1,01,695	B.Com., P.G.D.B.M.	4	10.06.2008	Nil
Reddy M Ramana	33	Officer (PSPD)	1,35,998	1,22,073	B.Sc.	11	18.10.2000	Nil
Sharma Navin Kumar (Dr.)	51	Chief Scientist - Agri Sciences	50,16,321	34,04,936	B.Sc., M.Sc., Ph.D.	24	14.08.2006	Hindustan Lever Ltd., Principal Scientist
S Rajesh	27	Area Executive (ITD)	37,369	37,225	B.Sc., M.B.A.	3	01.07.2009	Nil
Sinha Akhilesh	53	Works Manager (PPB)	7,93,016	5,64,405	B. Tech.	27	01.07.2004	Agro Tech Foods Ltd., Head, Manufacturing
Singh Bhati Satyapal	25	F & B Executive (HD)	56,809	55,099	Dip. in Hotel Mgmt. & Catering Technology	3	07.08.2010	Nil
Sinha Lal Ranjan	60	Manager - Operations (ITD)	31,99,341	16,49,440	B. Sc. (Hons.)	38	08.02.1982	SAIL, Metallurgical Asst.
Sivaprakash K	32	Officer (PSPD)	87,301	76,695	B.Sc., M.Sc.	9	04.01.2010	Triveni Engg. & Industries Ltd., Sr. Chemist
Vishwanadham P V G K	58	Manager - Quality Control (ABD- ILTD)	11,15,440	8,73,537	B. Sc., P.G.D.P.M.	37	18.04.1975	Nil

Abbreviations denote :

ITD	:	India Tobacco Division	HD	:	Hotels Division
PSPD	:	Paperboards & Specialty Papers Division	PPB	:	Printing & Packaging Business
LRBD	:	Lifestyle Retailing Business Division	ESPB	:	Education & Stationery Products Business
ABD	:	Agri Business Division	PCPB	:	Personal Care Products Business
ABD - ILTD	:	Agri Business, Leaf Tobacco	LS&T	:	Life Sciences & Technology
FD	:	Foods Division			

@ Previously employed with ITC Hotels Ltd. which was merged with the Company on March 23, 2005
\# Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on March 13, 2002

Notes :

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

On behalf of the Board

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

Kolkata, 17th May, 2013

Annexure to the Report of the Directors

CONSERVATION OF ENERGY:

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

a) Energy conservation measures taken:

All business units continued their efforts to improve energy usage efficiencies and increase contributions from renewable sources of energy. Various key performance indicators like specific energy (energy consumed per unit of production), specific energy costs and renewable energy contributions were continuously tracked to monitor alignment with the Company's overall carbon strategy. Innovative ways and new technologies were constantly explored to bring about alignment with the Government of India's National Action Plan on Climate Change. Some of the measures adopted across the Company were:

I. 5 Star GRIHA rating, the highest national rating for Green Buildings in India, for the ITC Grand Chola, the 600-key super premium integrated luxury hotel complex in Chennai, which is also the world's largest LEED Platinum certified Green Hotel.

II. Improvement in energy usage efficiencies of lighting systems by changing over to higher efficiency lighting solutions such as Light Emitting Diodes and increased daylight harvesting systems.

III. Reduction in lighting and air conditioning loads by installation of automated controls & sensors.

IV. Installation of furnace oil atomization system for better combustion efficiency in boilers.

V. Replacement of existing pumping, compressed air, vacuum and air conditioning systems with higher efficiency equipment.

VI. Enhanced implementation of schemes for waste heat recovery from processes.

VII. Recovery of waste heat from chillers for hot water generation.

VIII. Use of producer gas for baking ovens, which is a by-product of the waste treatment process, in lieu of fossil fuels.

IX. Replacing DG sets with Uninterrupted Power Systems (UPS) as backup power source.

X. Installing chilled water condensate recovery systems in Air Handling Units for boiler feed water supply.

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

I. Installation of additional wind, solar and bio mass residue based power plants across businesses.

II. Installation of small hydro electric plants to meet electrical energy demands of ITC facilities in northern India.

III. Optimization of vacuum system for paper machines.

IV. Replacement of existing pumps and motors with higher efficiency class systems.

V. Replacement of existing lighting systems with higher efficiency systems and maximize natural day lighting.

VI. Install variable frequency drives to match output of drives to changing load patterns and thereby optimize energy consumption.

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

Energy conservation measures taken have resulted in savings in Energy costs and helped partially offset the inflationary trend in fuel / electricity. Significant reductions in specific energy consumption have been recorded across businesses with commensurate reduction in costs. These improvements in specific energy consumption have resulted in a reduction in overall electrical energy consumption exceeding 3 giga watt hours (GWH), across all ITC units. This reduction in turn, combined with the increased usage of renewable energy has correspondingly resulted in reduced GHG emissions.

Enduring Value

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

A. POWER AND FUEL CONSUMPTION

Relating to Paperboards & Paper

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
1. Electricity		
a) Purchased Units (KWH in Lakhs)	**311**	340
Total Amount (₹ in Lakhs)	**2614**	2259
Rate / Unit (₹)	**8.40**	6.65
b) Own Generation		
i) Through Diesel Generator		
Units (KWH in Lakhs)	**11**	5
Units / Litre of Diesel Oil	**3.36**	3.35
Cost / Unit (₹)	**14.36**	12.56
ii) Through Wind Turbine / Generator		
Units (KWH in Lakhs)	**162.72**	–
Cost / Unit (₹)	**0.75**	–
iii) a) Through Steam Turbine / Generator-Coal Fired Boilers		
Units (KWH in Lakhs)	**3742**	3796
Units / Kg. of Coal	**1.39**	1.48
Cost / Unit (₹)	**3.63**	3.28
b) Through Steam Turbine / Generator - Soda Recovery Boilers		
Units (KWH in Lakhs)	**2596**	2419
Units / Kg. of Black Liquor Solids	**0.44**	0.43
Cost / Unit (₹)	Nil - Internally generated #	

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

	For the Year ended 31st March, 2013			For the Year ended 31st March, 2012		
	Process	**Power**	**Total**	Process	Power	Total
2. Coal						
B/C/D/E/F Grades Coal						
Quantity (MT)	421728	269934	691662	364802	256091	620893
Total Cost (₹ in Lakhs)			17852			15002
Average Rate (₹ per MT)			2580.98			2416.25
3. Furnace Oil						
Quantity (KL)			6567			8240
Total Amount (₹ in Lakhs)			2917			3340
Average Rate (₹ per KL)			44427			40537
4. Others / Internal Generation						
De Oiled Bran, Saw Dust etc.						
Quantity (MT)			131311			148397
Total (₹ in Lakhs)			2188			2794
Rate / tonne (₹)			1666			1883
Black Liquor Solids						
Quantity (MT)			591091			569024
Total (₹ in Lakhs)	Nil - Internally generated #					
Rate / tonne (₹)						
# since it is a by-product and no significant value is attributable to it						
LP Gas						
Quantity (MT)			1277			1228
Total (₹ in Lakhs)			845			684
Rate / tonne (₹)			66159			55722

B. CONSUMPTION PER UNIT OF PRODUCTION

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Products (Paper in MT)	**653190**	622880
Electricity (KWH)	**1027**	1026
Coal C / F Grade (MT)	**0.70**	0.64
Black Liquor Solids (MT)	**0.90**	0.91
Furnace Oil (Litre)	**12**	16
Others - De Oiled Rice Bran / Saw Dust / Raw Lignite / LP Gas etc.(MT)	**0.17**	0.18

TECHNOLOGY ABSORPTION

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

Research & Development

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

   I. Method Development and Quality Assurance for packaged foods, viz. biscuits, chips.

   II. Development of Innovative washes and surface Treatments for Denim Collection.

   III. Development of blends for flat knits in garments.

   IV. Development of new products such as face washes, skin creams / lotions and men's grooming products.

   V. Development of sustainable Agro-forestry models for food and wood security.

   VI. Vertical growth for farm prosperity through the use of Hybrids and stress tolerant varieties.

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

   I. Improved Consumer benefits and development of products with unique value propositions.

   II. Differentiated products and enhanced Market standing.

III. Sustained availability of pulpwood for the expanding business.

IV. Improved farm productivity in Eucalyptus, Casuarina and Tobacco leading to higher returns to farmers.

3. Future Plan of Action :

I. Enhanced analytical capabilities with more areas under ISO 17025 accreditation.

II. Enhanced packaging through eco-friendly materials.

III. Product development with nutritional and health benefits in the packaged foods and Personal care business.

	For the year ended 31st March, 2013
4. Expenditure on R&D :	**(₹ in Lakhs)**
i) Capital	1,414.83
ii) Recurring	10,922.16
Total	**12,336.99**
Total R&D Expenditure as a % of	
– Gross Revenue	0.30%
– Net Revenue	0.42%

Technology Absorption, Adoption and Innovation

I. Establishment of wind energy farms in Karnataka.

II. Induction of state of the art printing and conversion equipment for packaging.

III. IT based systems for guest convenience in the Hotels.

IV. Induction of contemporary technology and continuous improvement projects across businesses towards reducing process variability, cycle time and wastage while enhancing manufacturing productivity.

Benefits Derived

I. Reduction in carbon foot print through fuel conservation / switch and reduction in emissions.

II. Customer delight for Hotel guests.

III. Improved productivity and process control.

IV. World-class quality and differentiated products.

On behalf of the Board

Kolkata, **Y. C. DEVESHWAR** ***Chairman***
17th May 2013 **P. V. DHOBALE** ***Director***