

## SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2003 (Rs. in Lakhs)	As at 31st March, 2002 (Rs. in Lakhs)
<b>1. CAPITAL</b>		
Authorised		
30,00,00,000 Ordinary Shares of Rs. 10.00 each	<u>3,00,00</u>	<u>3,00,00</u>
Issued and Subscribed		
24,75,11,886 (2002 - 24,54,14,904) Ordinary Shares of Rs. 10.00 each, fully paid	<u>2,47,51</u>	<u>2,45,41</u>

A) Of the above, following were allotted :

a) as fully paid up Bonus Shares –

37,90,000 in 1978-79 by Capitalisation of Capital Reserve, Share Premium Reserve and General Reserve;

45,48,000 in 1980-81 by Capitalisation of Capital Reserve and General Reserve;

3,31,68,110 in 1989-90 by Capitalisation of Capital Reserve, Share Premium Reserve, Export Promotion Reserve and General Reserve;

3,98,01,732 in 1991-92 by Capitalisation of General Reserve;

12,13,18,177 in 1994-95 by Capitalisation of General Reserve.

b) as fully paid up Shares –

1,05,95,075 in 1991-92 consequent to the merger of erstwhile Tribeni Tissues Limited to the Shareholders of erstwhile Tribeni Tissues Limited.

20,96,982 in 2002-03 consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited to the Shareholders of erstwhile ITC Bhadrachalam Paperboards Limited.

B) The Company has granted (net of options lapsed):

a) 3,06,598 (2002 - 3,16,043) share options in 2001-02 under the Employees' Stock Option Scheme at the closing market price on the date of grant of options. Thirty percent of these options vested on 30th May, 2002, a further thirty percent will vest on 30th May, 2003 and the balance on 30th May, 2004. None of the vested options has been exercised.

b) 5,88,590 share options in 2002-03 under the Employees' Stock Option Scheme at the closing market price on the date of grant of options. Thirty percent of these options vested on 22nd May, 2003, a further thirty percent will vest on 22nd May, 2004 and the balance on 22nd May, 2005.

### 1A. SHARE CAPITAL SUSPENSE

Share Capital Suspense	—	2,10
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Nil (2002-20,96,982 Ordinary Shares of Rs.10.00 each, fully paid, issued in 2002-03 pursuant to the Amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company).

## SCHEDULES TO THE ACCOUNTS

### 2. RESERVES AND SURPLUS

	As at 31st March, 2003 (Rs. in Lakhs)		As at 31st March, 2002 (Rs. in Lakhs)	
General Reserve				
At commencement of the year	<b>30,47,57</b>		22,45,35	
Less: Deferred Tax adjustment on initial adoption	<u>—</u>		<u>51,64</u>	
	<b>30,47,57</b>		21,93,71	
Add: On amalgamation*	<u>—</u>		<u>53,86</u>	
Add: From Profit and Loss Account	<b>10,00,00</b>	<b>40,47,57</b>	<u>8,00,00</u>	30,47,57
Debenture Redemption Reserve				
At commencement of the year	<b>71,44</b>		55,50	
Add: On amalgamation*	<u>—</u>		<u>6,73</u>	
Add: From Profit and Loss Account	<u>—</u>		<u>21,49</u>	
	<b>71,44</b>		83,72	
Less: To Profit and Loss Account	<b>60,50</b>	<b>10,94</b>	<u>12,28</u>	71,44
Share Premium				
At commencement of the year	<b>2,84,58</b>		2,74,08	
Add: On amalgamation* (including Rs. 1 Lakh received in 2002)	<u>—</u>	<b>2,84,58</b>	<u>10,50</u>	2,84,58
Capital Reserve				
At commencement of the year	<b>2,46</b>		2,22	
Add: On amalgamation* (including Rs. 9 Lakhs received in 2002)	<u>—</u>	<b>2,46</b>	<u>24</u>	2,46
Revaluation Reserve				
At commencement of the year	<b>62,50</b>		63,45	
Less: To Profit and Loss Account				
– Depreciation	<b>79</b>		94	
– Disposal of Fixed Assets	<u>8</u>	<b>61,63</b>	<u>1</u>	62,50
Hotel Foreign Exchange Earnings Reserve				
At commencement of the year	<b>9,00</b>		6,00	
Add: From Profit and Loss Account	<u>4,00</u>		<u>3,00</u>	
	<b>13,00</b>		9,00	
Less: To Profit and Loss Account	<b>9,00</b>	<b>4,00</b>	<u>—</u>	9,00
Contingency Reserve				
At commencement of the year	<b>3,63,05</b>		3,60,00	
Add: On amalgamation*	<u>—</u>	<b>3,63,05</b>	<u>3,05</u>	3,63,05
Profit and Loss Account		<b>3,43,88</b>		3,25,87
		<b>51,18,11</b>		41,66,47

\*Reserves (net of adjustments) taken over consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company.

## SCHEDULES TO THE ACCOUNTS

### 3. SECURED LOANS

	As at 31st March, 2003 (Rs. in Lakhs)	As at 31st March, 2002 (Rs. in Lakhs)
Debentures * ( Includes Rs. 21,87 Lakhs repayable within one year)	21,87	1,42,87
Loans and Advances from Banks		
Cash/Export Credit Facilities **	19,65	36,37
Other Loans *** ( Includes Rs. 4,50 Lakhs repayable within one year)		
From Financial Institutions		
Industrial Development Bank of India	5,00	15,00
The Industrial Finance Corporation of India	—	5,00
	<u>46,52</u>	<u>1,99,24</u>

These comprise :

- \* (i) 1,00,00,000 (2002-1,00,00,000) 16.50% Non-Convertible Privately Placed Debentures of Rs. 100/- each (amount outstanding per Debenture being lower and varying among debentureholders on account of repayments and prepayments), secured by equitable mortgage over certain immovable properties and charge over certain movable assets of the Company subject to prior charges created/to be created in favour of Bankers for securing Working Capital requirements, redeemable at par in three yearly instalments, from 12th September, 2001 - Rs. 21,87 Lakhs (2002 - Rs. 46,43 Lakhs).
- (ii) Nil (2002 - 5,000) 14.50% Non-Convertible Privately Placed Debentures of Rs. 1,00,000/- each, secured by equitable mortgage of certain immovable properties of the Company redeemable at par on 3rd March, 2003 - Rs. Nil (2002 - Rs. 50,00 Lakhs).
- (iii) Nil (2002 - 614) 15% Non-Convertible Privately Placed Debentures of Rs. 5,00,000/- each, (amount outstanding per Debenture - Rs. 1,70,000/-) secured by equitable mortgage over certain immovable properties and charge over certain movable assets of the Company, ranking pari passu with the charge in respect of debentures shown under (iv), redeemable at par in three annual instalments commencing 7th November, 2000 - Rs. Nil (2002 - Rs. 10,44 Lakhs).
- (iv) Nil (2002 - 1,200) 11.90% Non-Convertible Privately Placed Debentures of Rs. 5,00,000/- each, (amount outstanding per Debenture - Rs. 3,00,000/-) secured by equitable mortgage over certain immovable properties and charge over certain movable assets of the Company, ranking pari passu with the charge in respect of debentures shown under (iii), redeemable at par in five equal annual instalments commencing 8th December, 2000 with a call option on 8th December, 2002 and 8th December, 2003 - Rs. Nil (2002 - Rs. 36,00 Lakhs); option was exercised on 8th December, 2002.

\*\* Secured by charge over certain current assets of the Company, both present and future.

\*\*\* (i) Secured by equitable mortgage of certain immovable properties of the Company and charge over certain movable assets, both present and future, of the Company, subject to prior charges created/to be created in favour of Bankers for securing Working Capital requirements - Rs. 5,00 Lakhs (2002 - Rs. 15,00 Lakhs).

(ii) Secured by hypothecation over certain movable fixed assets of the Company - Rs. Nil (2002 - Rs. 5,00 Lakhs).

### 4. UNSECURED LOANS

Fixed Deposits	1,14	50,55
Short Term Loans		
From Banks		
- Temporary overdraft in cash credit account	26,68	—
Other Loans		
From other than Banks - Sales tax deferment loan (interest free)	42,64	34,75
	<u>70,46</u>	<u>85,30</u>

## SCHEDULES TO THE ACCOUNTS

### 5. FIXED ASSETS

	@As at commencement of the year (Rs. in Lakhs)	Additions (Rs. in Lakhs)	Withdrawals and adjustments (Rs. in Lakhs)	@As at end of the year (Rs. in Lakhs)	Depreciation for the year (Rs. in Lakhs)	Depreciation on Withdrawals and adjustments (Rs. in Lakhs)	Depreciation upto 31st March, 2003 (Rs. in Lakhs)	Net Book Value as at 31st March, 2003 (Rs. in Lakhs)
Trademarks & Goodwill	9,69	1,13	—	10,82	58	—	61	10,21
Land Freehold *	2,51,98	82,68	2,12	3,32,54	—	—	—	3,32,54
Buildings Freehold *	6,22,00	1,68,34	25,54	7,64,80	14,62	5,20	1,12,56	6,52,24
Leasehold Properties	35,66	—	13	35,53	13	2	1,85	33,68
Licensed Properties - Building Improvement	6,66	2,11	6	8,71	35	6	1,65	7,06
Railway Sidings etc.	1,17	—	—	1,17	5	—	48	69
Plant & Machinery	24,91,96	4,10,00	1,46,16	27,55,80	1,88,83	84,22	10,02,25	17,53,55
Capitalised Software	29,53	85	—	30,38	5,92	—	11,50	18,88
Computers etc.	96,59	22,26	2,59	1,16,26	14,84	2,37	54,53	61,73
Furniture & Fixtures	1,34,03	47,74	2,08	1,79,69	11,36	1,27	55,14	1,24,55
Motor Vehicles etc.	15,31	3,55	2,37	16,49	1,45	1,25	5,07	11,42
	36,94,58	7,38,66	1,81,05	42,52,19	2,38,13	94,39	12,45,64	30,06,55
Capital Work-in-Progress	3,87,27	4,76,66	7,00,51	1,63,42	—	—	—	1,63,42
<b>Total</b>	<b>40,81,85</b>	<b>12,15,32</b>	<b>8,81,56</b>	<b>44,15,61</b>	<b>2,38,13</b>	<b>94,39</b>	<b>12,45,64</b>	<b>31,69,97</b>
Previous Year	26,68,08	17,54,66 <sup>#</sup>	3,40,89	40,81,85	1,99,39	20,79	11,01,90	29,79,95

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

# Includes Rs. 8,79,29 Lakhs taken over on amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company.

Land Freehold includes the provisional purchase price of Rs. 14,81 Lakhs in respect of land at Bangalore. Final purchase price is to be determined by the Karnataka Industrial Areas Development Board, on settlement of which and on execution of a Sale Deed, title will pass to the Company in 21 years time from the date of agreement.

Land Freehold includes certain lands at Munger acquired by the Government of India under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.

Buildings Freehold include Rs. 35,47 Lakhs (2002- Rs. 34,83 Lakhs) (at original cost) of buildings at New Delhi on Government land taken on perpetual lease and Rs. 12 Lakhs (2002 - Rs. 12 Lakhs) (at original cost) of buildings at Kolkata on Port Trust land taken on lease.

Trademarks purchased Rs. 5,92 Lakhs (2002- Rs. 4,79 Lakhs) under " Trademarks & Goodwill " are being amortised over 10 years.

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

Capital expenditure commitments are Rs. 1,75,93 Lakhs (2002 - Rs. 2,11,71 Lakhs).

Additions for the year include fluctuations in the rate of foreign exchange (net) of Rs. 2,31 Lakhs (2002 - Rs. 1,88 Lakhs).

Depreciation for the year includes Rs. 79 Lakhs (2002 - Rs. 94 Lakhs) transferred from Revaluation Reserve in respect of revalued assets.

\* Includes certain properties for which deeds of conveyance are awaited.

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2003 (Rs. in Lakhs)		As at 31st March, 2002 (Rs. in Lakhs)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>6. INVESTMENTS</b>				
<b>Long Term</b>				
<b>A. TRADE INVESTMENTS</b>				
Hotel Kathmandu Limited 6,450 Shares of Nepalese Rs. 100.00 each, fully paid		<b>5</b>		5
International Travel House Limited 2,87,600 Equity Shares of Rs. 10.00 each, fully paid	<b>65</b>		65	
Surya Nepal Private Limited (formerly Surya Tobacco Company (P) Limited)** (2002 - 2,74,400) Ordinary Shares of Nepalese Rs. 100.00 each, fully paid		—		89
Gujarat Hotels Limited 17,33,907 Shares of Rs. 10.00 each, fully paid	<b>1,94</b>		1,94	
Hill Properties Limited 3 class 'A' Shares of Rs. 1,20,000.00 each, fully paid		<b>4</b>		4
Modern Flats Private Limited 86 Preference Shares of Rs. 500.00 each, fully paid (cost Rs. 43,000.00)		...		...
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of Rs. 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.4.1989 *		<b>1,19</b>		1,19
King Maker Marketing Inc., USA 100 Non Assessable Shares of Class B Cumulative Preferred Stock without par value		<b>1</b>		1
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of Rs. 10.00 each, fully paid		<b>2,32</b>		2,32
Cuffe Parade Sealord Co-operative Housing Society Limited 10 Shares of Rs. 50.00 each, fully paid (cost Rs. 500.00)		...		...
Tulsiani Chambers Premises Co-operative Society Limited 5 Shares of Rs. 50.00 each, fully paid (cost Rs. 250.00)		...		...
** Reclassified to 'Subsidiary Companies' consequent to increase in stake during the year				
<b>B. SUBSIDIARY COMPANIES</b>				
Gold Flake Corporation Limited 1,59,98,385 Ordinary Shares of Rs. 10.00 each, fully paid		<b>16,00</b>		16,00
Wills Corporation Limited 48,85,626 Ordinary Shares of Rs. 10.00 each, fully paid		<b>4,88</b>		4,88
Russell Credit Limited 59,74,54,177 Equity Shares of Rs. 10.00 each, fully paid		<b>6,19,29</b>		6,19,29
7,54,22,400 Equity Shares of Rs. 10.00 each, Rs. 6.50 per share paid		<b>39,22</b>		39,22
ITC Infotech India Limited 1,02,00,000 Equity Shares of Rs. 10.00 each, fully paid		<b>10,14</b>		10,14
ITC Hotels Limited 2,15,24,360 Equity Shares of Rs. 10.00 each, fully paid	<b>84,07</b>		84,07	
Landbase India Limited 28,00,000 Equity Shares of Rs. 10.00 each, fully paid		<b>9,57</b>		9,57
Carried over	<b>86,66</b>	<b>7,02,71</b>	86,66	7,03,60

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2003 (Rs. in Lakhs)		As at 31st March, 2002 (Rs. in Lakhs)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>6. INVESTMENTS (Contd.)</b>				
Brought forward	<b>86,66</b>	<b>7,02,71</b>	86,66	7,03,60
ITC Global Holdings Pte. Limited 89,99,645 Ordinary Shares of US\$ 1.00 each, fully paid *		<b>25,58</b>		25,58
BFIL Finance Limited 2,00,00,000 (2002 - 1,99,99,994) Equity Shares of Rs. 10.00 each, fully paid (6 shares acquired during the year)		<b>20,00</b>		20,00
15,00,000 - 18.5% Non-Convertible Debentures of Rs. 100.00 each, renewed at 0%		<b>15,00</b>		15,00
Surya Nepal Private Limited (formerly Surya Tobacco Company (P) Limited)** 3,30,400 Ordinary Shares of Nepalese Rs. 100.00 each, fully paid (56,000 shares acquired during the year)		<b>7,05</b>		—
** Reclassified from 'Trade Investments' consequent to increase in stake during the year.				
C. DEPOSITS WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES Government Securities (2003 - cost Rs. 6,500.00; 2002 - cost Rs. 8,500.00)		...		...
D. OTHER INVESTMENTS				
The Bengal Chamber of Commerce & Industry 6 1/2% Registered Debentures, fully paid (cost Rs.17,000.00)		...		...
Coffee Futures Exchange India Limited 1 Equity Share of Rs. 10,000.00 each, fully paid (cost Rs. 10,000.00)		...		...
Unit Trust of India 10,00,000 (2002 - 1,00,000) Units of 1995 scheme of Rs. 10.00 (2002 - Rs. 100.00) each, fully paid		<b>1,04</b>		1,04
36,14,213 Units of US - 64 of Rs. 10.00 each, fully paid *		<b>5,03</b>		5,03
Technology Development & Information Company of India Limited Venture Capital Unit Scheme (1990) 1,470 (2002 - 4,480) Units of Rs. 100.00 each, fully paid (3,010 Units redeemed during the year)		<b>1</b>		4
APIDC - Venture Capital Fund (1990) 1,000 Units of Rs. 926.00 each, fully paid		<b>9</b>		9
Woodlands Hospital & Medical Research Centre Limited (formerly The East India Clinic Limited) 1/2% Registered Debentures, fully paid (cost Rs. 15,200.00)		...		...
5% Registered Debentures, fully paid		<b>1</b>		1
Tribeni Tissues Co-op. Stores Limited 1,600 (2002 - 2,300) Class 'B' Shares of Rs. 10.00 each, fully paid (700 Shares redeemed during the year) (2003 - cost Rs. 16,000.00; 2002 - cost Rs. 23,000.00)		...		...
Tourism Finance Corporation of India Limited 25,000 Equity Shares of Rs.10.00 each, fully paid		<b>5</b>		5
National Bank for Agricultural and Rural Development 50,000 5.10% Tax Free Bonds of Rs. 10,000.00 each, fully paid (Acquired during the year)		<b>50,00</b>		—
National Housing Bank 2,500 5.25% Tax Free Bonds of Rs. 1,00,000.00 each, fully paid (Acquired during the year)		<b>25,00</b>		—
Indian Railway Finance Corporation Limited 250 5.20% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid (Acquired during the year)		<b>25,00</b>		—
Total Long Term Investments (At cost)	<b>86,66</b>	<b>8,76,57</b>	<b>86,66</b>	<b>7,70,44</b>

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	As at 31st March, 2003 (Rs. in Lakhs)		As at 31st March, 2002 (Rs. in Lakhs)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>6. INVESTMENTS (Contd.)</b>				
<b>Current</b>				
OTHER INVESTMENTS				
Alliance Cash Manager - Growth 2,68,11,466.173 (2002 - Nil) Units of Rs. 10.00 each (11,27,80,023.979 Units purchased and 8,59,68,557.806 Units sold during the year)		<b>39,59</b>		—
Birla Cash Plus Plan B: Growth 33,34,635.811 (2002 - 44,502.979) Units of Rs. 10.00 each (23,51,59,107.953 Units purchased and 23,18,68,975.121 Units sold during the year)		<b>5,42</b>		7
Chola Liquid Fund - Cumulative 1,60,54,680.988 (2002 - Nil) Units of Rs. 10.00 each (2,05,72,505.861 Units purchased and 45,17,824.873 Units sold during the year)		<b>19,52</b>		—
GCFG Grindlays Cash Fund - Growth Option 14,03,839.485 (2002 - 1,415.112) Units of Rs. 10.00 each (2002 - cost Rs. 14,885.00) (41,38,79,706.725 Units purchased and 41,24,77,282.352 Units sold during the year)		<b>1,58</b>		...
GFRG Grindlays Floating Rate Fund - Growth Option 3,39,35,571.514 (2002 - Nil) Units of Rs. 10.00 each (Purchased during the year)		<b>34,00</b>		—
HDFC Liquid Fund - Growth Nil (2002 - 52,763.388) Units of Rs. 10.00 each (29,20,39,055.056 Units purchased and 29,20,91,818.444 Units sold during the year)		—		6
IDBI Principal Cash Management Fund - Liquid Option - Growth Plan 3,24,36,428.208 (2002 - Nil) Units of Rs. 10.00 each (7,61,05,511.046 Units purchased and 4,36,69,082.838 Units sold during the year)		<b>38,62</b>		—
IL & FS Liquid Account Growth Plan 4,41,50,982.196 (2002 - Nil) Units of Rs. 10.00 each (4,50,43,799.481 Units purchased and 8,92,817.285 Units sold during the year)		<b>49,27</b>		—
ING Treasury Portfolio - Growth Option 1,79,79,767.793 (2002 - Nil) Units of Rs. 10.00 each (Purchased during the year)		<b>23,00</b>		—
JM High Liquidity Fund - Growth Plan 2,76,38,193.160 (2002 - Nil) Units of Rs. 10.00 each (21,70,96,312.443 Units purchased and 18,94,58,119.283 Units sold during the year)		<b>45,94</b>		—
Kotak Mahindra Liquid Scheme - Growth 3,62,78,527.614 (2002 - Nil) Units of Rs. 10.00 each (40,84,13,545.614 Units purchased and 37,21,35,018.000 Units sold during the year)		<b>43,60</b>		—
Carried over		<b>3,00,54</b>		13

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	As at 31st March, 2003 (Rs. in Lakhs)		As at 31st March, 2002 (Rs. in Lakhs)	
	Quoted	Not Quoted	Quoted	Not Quoted
<b>6. INVESTMENTS (Contd.)</b>				
<b>Current</b>				
Brought forward		<b>3,00,54</b>		13
OTHER INVESTMENTS (Contd.)				
Prudential ICICI Liquid Plan 3,33,64,432.008 (2002 - Nil) Units of Rs. 10.00 each (28,36,94,493.740 Units purchased and 25,03,30,061.732 Units sold during the year)		<b>49,34</b>		—
SBI Mutual Fund - Magnum Insta Cash Fund 86,04,639.071 (2002 - Nil) Units of Rs. 10.00 each (7,90,89,815.414 Units purchased and 7,04,85,176.343 Units sold during the year)		<b>11,66</b>		—
TLFG Tata Liquid Fund - Appreciation 96,27,214.842 (2002 - Nil) Units of Rs. 10.00 each (2,61,61,844.107 Units purchased and 1,65,34,629.265 Units sold during the year)		<b>13,50</b>		—
Templeton India Treasury Management Account - Growth (formerly Pioneer ITI Treasury Management Account - Growth) 2,34,894.376 (2002 - 1,750.686) Units of Rs. 1,000.00 each (20,20,051.281 Units purchased and 17,86,907.591 Units sold during the year)		<b>35,03</b>		25
Templeton India Liquid Fund Growth Plan 3,11,28,971.468 (2002 - Nil) Units of Rs. 10.00 each (16,53,66,356.281 Units purchased and 13,42,37,384.813 Units sold during the year)		<b>46,30</b>		—
Templeton Floating Rate Income Fund Long Term Plan - Growth 4,63,80,189.957 (2002 - Nil) Units of Rs. 10.00 each (5,10,06,307.164 Units purchased and 46,26,117.207 Units sold during the year)		<b>50,01</b>		—
Templeton Floating Rate Income Fund - Short Term Plan - Growth 1,39,39,613.594 (2002 - Nil) Units of Rs. 10.00 each (4,11,66,000.534 Units purchased and 2,72,26,386.940 Units sold during the year)		<b>15,03</b>		—
UTI Bond (Growth) 8,70,42,333.276 (2002 - 5,04,20,731.423) Units of Rs. 10.00 each (22,44,94,967.985 Units purchased and 18,78,73,366.132 Units sold during the year)		<b>1,50,00</b>		76,48
Zurich India Liquidity Fund - Savings Plan - Growth 19,11,861.271 (2002 - 1,21,401.435) Units of Rs. 10.00 each (48,87,30,297.052 Units purchased and 48,69,39,837.216 Units sold during the year)		<b>2,40</b>		14
Zurich India Liquidity Fund Savings Plan Weekly Dividend Nil (2002 - 10,07,176.791) Units of Rs. 10.00 each (5,05,71,915.424 Units purchased and 5,15,79,092.215 Units sold during the year)		—		1,01
Total Current Investments		<b>6,73,81</b>		78,01
Total of Quoted and Unquoted Investments		<b>16,37,04</b>		9,35,11
Less : Provision for Long Term Investments *		<b>28,18</b>		28,18
TOTAL OF INVESTMENTS		<b>16,08,86</b>		9,06,93

## SCHEDULES TO THE ACCOUNTS

### 6. INVESTMENTS (Contd.)

Total Market Value of Quoted Investments : 2003 - Rs. 1,02,20 Lakhs (2002 - Rs. 1,07,60 Lakhs)

During the year, the following current investments were purchased and sold:

- (i) 5,02,454.938 Units of Alliance Cash Manager - Dividend at cost of Rs. 50,30 Lakhs
- (ii) 3,98,77,369.194 Units of Alliance Short Term Fund - Growth Plan at cost of Rs. 42,13 Lakhs
- (iii) 18,23,78,009.972 Units of Birla Bond Plus Plan B Growth at cost of Rs. 1,99,57 Lakhs
- (iv) 2,80,87,183.726 Units of Birla Income Plus - Plan B - Growth at cost of Rs. 71,24 Lakhs
- (v) 82,49,048.817 Units of Chola Freedom Income - Short Term Fund - Cumulative Plan at cost of Rs. 14,07 Lakhs
- (vi) 17,37,69,075.296 Units of DSP Merrill Lynch Liquidity Fund - Growth at cost of Rs. 2,47,87 Lakhs
- (vii) 14,39,10,468.571 Units of DSP Merrill Lynch Short Term Fund - Growth at cost of Rs. 1,48,74 Lakhs
- (viii) 4,49,38,812.204 Units of DSP Merrill Lynch Bond Fund - Retail Growth at cost of Rs. 89,32 Lakhs
- (ix) 3,70,54,278.809 Units of GCFD Grindlays Cash Fund - Dividend Option at cost of Rs. 37,05 Lakhs
- (x) 1,03,61,230.161 Units of GCFC Grindlays Cash Fund - Growth at cost of Rs. 11,00 Lakhs
- (xi) 13,90,87,887.439 Units of Grindlays GSTG GSSIF - Short Term - Growth at cost of Rs. 1,64,05 Lakhs
- (xii) 2,91,45,257.915 Units of Grindlays GSQB GSSIF - Investment Plan B [Instt. Plan] - Quarterly Dividend at cost of Rs. 29,22 Lakhs
- (xiii) 5,47,86,968.131 Units of Grindlays GSSG GSSIF - Investment Plan - Growth Option at cost of Rs. 73,72 Lakhs
- (xiv) 1,84,46,601.942 Units of Grindlays GSSD GSSIF - Investment Plan - Quarterly Dividend Option at cost of Rs. 19,17 Lakhs
- (xv) 4,83,43,865.567 Units of HDFC Income Fund - Growth at cost of Rs. 69,07 Lakhs
- (xvi) 8,19,00,064.395 Units of HDFC Short Term Plan Fund - Growth Plan at cost of Rs. 88,60 Lakhs
- (xvii) 14,51,41,756.957 Units of IDBI Principal Cash Management Fund at cost of Rs. 1,52,99 Lakhs
- (xviii) 8,34,89,636.999 Units of IL & FS Bond Fund Short Term - Growth Plan at cost of Rs. 90,33 Lakhs
- (xix) 4,36,63,156.688 Units of JM High Liquidity Fund - Dividend Plan at cost of Rs. 50,30 Lakhs
- (xx) 6,85,17,524.318 Units of JM Short Term Fund - Growth Plan at cost of Rs. 72,24 Lakhs
- (xxi) 1,06,83,361.114 Units of JM Income Fund - Growth Plan - Growth Option at cost of Rs. 25,40 Lakhs
- (xxii) 7,77,52,267.476 Units of Kotak Mahindra Liquid Scheme - Dividend at cost of Rs. 77,85 Lakhs
- (xxiii) 12,71,78,856.507 Units of Kotak Bond Short Term Plan - Growth at cost of Rs. 1,34,85 Lakhs
- (xxiv) 74,738.416 Units of Templeton India Short Term Income Plan Growth at cost of Rs. 7,65 Lakhs
- (xxv) 10,40,141.375 Units of Templeton India Short Term Income Plan Growth at cost of Rs. 1,11,66 Lakhs
- (xxvi) 4,25,26,176.494 Units of Prudential ICICI Liquid Plan - Dividend Option at cost of Rs. 50,29 Lakhs
- (xxvii) 4,07,70,062.071 Units of Prudential ICICI Short Term Plan - Dividend Reinvestment Option at cost of Rs. 41,21 Lakhs
- (xxviii) 19,86,86,883.487 Units of Prudential ICICI Short Term Plan - Cumulative Option at cost of Rs. 2,18,22 Lakhs
- (xxix) 5,68,69,409.894 Units of SBI Magnum Insta Cash Fund - Short Term Plan at cost of Rs. 58,54 Lakhs
- (xxx) 4,23,72,923.745 Units of TSTG TATA Short Term Bond Fund - Growth at cost of Rs. 44,38 Lakhs
- (xxxi) 6,70,77,109.481 Units of Templeton India Liquid Fund - Weekly Dividend Plan at cost of Rs. 67,14 Lakhs
- (xxxii) 5,69,10,075.796 Units of Zurich India High Interest Fund STP - Growth at cost of Rs. 62,16 Lakhs
- (xxxiii) 6,39,11,008.213 Units of Zurich India High Interest Fund - Regular Growth at cost of Rs. 1,32,19 Lakhs
- (xxxiv) 7.40% 2012 Government of India Securities of Face Value of Rs. 13,00 Lakhs at cost of Rs. 14,18 Lakhs
- (xxxv) 9.81% 2013 Government of India Securities of Face Value of Rs. 5,00 Lakhs at cost of Rs. 6,51 Lakhs

## SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2003 (Rs. in Lakhs)	As at 31st March, 2002 (Rs. in Lakhs)
<b>7. INVENTORIES</b>		
Stores and Spare Parts	79,44	76,50
Raw Materials	7,84,69	7,02,68
Intermediates – Tissue Paper and Paper Board	22,28	18,42
Stock in Process	17,49	11,17
Finished Goods	3,48,32	3,71,50
	<u>12,52,22</u>	<u>11,80,27</u>
<b>8. SUNDRY DEBTORS</b>		
Over 6 months old		
Good and Secured	1,35	2,00
Good and Unsecured		6
– From Subsidiaries	35	17,08
– From Others	12,94	34,99
Doubtful and Unsecured		58,81
– From Subsidiaries	11	
– From Others	23,08	
Other Debts		
Good and Secured	10,61	8,33
Good and Unsecured		93
– From Subsidiaries	2,02	1,66,23
– From Others	1,91,43	
Doubtful and Unsecured		—
– From Others	9	
	<u>2,41,98</u>	<u>2,88,43</u>
Less : Provision for Doubtful Debts	23,28	93,80
	<u>2,18,70</u>	<u>1,94,63</u>
Less : Deposits from normal Trade Debtors – Contra	11,96	10,33
	<u>2,06,74</u>	<u>1,84,30</u>
<b>9. CASH AND BANK BALANCES</b>		
With Scheduled Banks		
On Current Accounts etc.	32,16	29,75
On Deposit Accounts	3,40,00	5,75
With Other Banks*	...	...
Cash and Cheques on hand	6,68	8,71
	<u>3,78,84</u>	<u>44,21</u>

Rs. 5 Lakhs (2002 – Rs. 5 Lakhs) on deposit in Karachi-Blocked Account considered doubtful, fully provided.

\* Includes on Current Account Rs. 12,720/- (2002 – Rs. 12,720/-) with Post Office Savings Bank and maximum amount outstanding at any time during the year was the same.

### 10. OTHER CURRENT ASSETS

Good and partially secured		
Deposit towards Property Options*	3,12,70	3,12,70
Good and Unsecured		
Deposits with Government, Public Bodies and Others@	4,46,10	4,34,23
Interest accrued on Loans, Advances etc.	21,68	5,53
Fixed Assets held for sale (at lower of cost and estimated realisable value)**	33,86	—
Doubtful and Unsecured		
Deposits with Government, Public Bodies and Others	1,38	1,38
	<u>8,15,72</u>	<u>7,53,84</u>
Less : Provision for Doubtful Deposits	1,38	1,38
	<u>8,14,34</u>	<u>7,52,46</u>

\* Rs. 1,47,80 Lakhs (2002 – Rs. 1,47,80 Lakhs) secured against equitable mortgage of land.

@ Deposit with subsidiary companies Rs. 2,56 Lakhs (2002 – Rs. 2,52 Lakhs).

\*\* Represents amount receivable consequent to an Arbitration settlement in respect of these assets. The difference between the book value and this value has been fully provided for in these Accounts.

## SCHEDULES TO THE ACCOUNTS

### 11. LOANS AND ADVANCES

	As at 31st March, 2003 (Rs. in Lakhs)	As at 31st March, 2002 (Rs. in Lakhs)
Good and Secured		
Loans to Subsidiaries	15,00	15,00
Loans to Others	1,40,00	1,38,50
Advances with Subsidiaries*	51,70	—
Good and Unsecured		
Loans to Subsidiaries	1,24,94	1,61,16
Loans to Others**	26,91	27,56
Advances recoverable in cash or in kind or for value to be received *	1,96,16	1,99,12
Advances with Government and Public Bodies	2,75,60	3,27,50
Advances with Subsidiaries*	5,28	47,53
Doubtful and Unsecured		
Loans	7,36	7,36
Advances recoverable in cash or in kind or for value to be received	9,04	9,10
Advances with Government and Public Bodies	55	55
	<b>8,52,54</b>	<b>9,33,38</b>
Less : Provision for Doubtful Loans and Advances	<b>16,95</b>	<b>17,01</b>
	<b>8,35,59</b>	<b>9,16,37</b>

Loans to Subsidiaries comprise of :

- Interest free loans to wholly owned subsidiaries :
    - ITC Infotech India Limited Rs. 65,20 Lakhs (The maximum outstanding during the year was Rs. 65,20 Lakhs).
    - BFIL Finance Limited Rs. 37,24 Lakhs (The maximum outstanding during the year was Rs. 37,24 Lakhs).
  - Interest bearing loans to other subsidiaries :
    - ITC Hotels Limited Rs. 22,50 Lakhs (The maximum outstanding during the year was Rs. 29,50 Lakhs).
    - Landbase India Limited Rs. 15,00 Lakhs (The maximum outstanding during the year was Rs. 15,00 Lakhs).
  - Loans to Others include :
    - Ansal Hotels Limited, an associate, Rs. 1,40,00 Lakhs (The maximum outstanding during the year was Rs. 1,40,00 Lakhs) repayable in 28 quarterly instalments ending 27.12.2009 with an initial moratorium of two years.
- \* Includes Capital Advances of Rs. 75,82 Lakhs (2002 – Rs. 1,31,74 Lakhs).
- \*\* Includes Loans and Advances to Directors and to Company Secretary – Rs. 1,41 Lakhs (2002 – Rs. 1,40 Lakhs). The maximum indebtedness during the year was Rs. 1,45 Lakhs (2002 – Rs. 1,44 Lakhs).

### 12. LIABILITIES

Acceptances	3,01	8,29
Sundry Creditors*		
Total outstanding dues of small scale industrial undertakings	1,40	1,59
Total outstanding dues of creditors other than small scale industrial undertakings	20,49,66	15,73,10
Sundry Deposits**	38,03	43,90
Unclaimed Dividend	12,22	10,16
Interest Accrued but not due on Loans	1,14	7,67
	<b>21,05,46</b>	<b>16,44,71</b>
Less : Deposits from normal Trade Debtors – Contra	<b>11,96</b>	<b>10,33</b>
	<b>20,93,50</b>	<b>16,34,38</b>

There is no amount due and outstanding to be credited to Investor Education and Protection Fund. For this purpose an amount of Rs. 30 Lakhs maintained with a bank has not been considered on account of a pending legal dispute for which the Company has filed a suit.

\* Includes amounts due to Subsidiary Companies Rs. 18,49 Lakhs (2002 – Rs. 4,45 Lakhs).

\*\* Includes deposits from Subsidiary Company Rs. 20,25 Lakhs (2002 – Rs. 20,25 Lakhs).

## SCHEDULES TO THE ACCOUNTS

### 13. PROVISIONS

	As at 31st March, 2003 (Rs. in Lakhs)	As at 31st March, 2002 (Rs. in Lakhs)
Taxation (net of advance payment)	1,42,99	98,84
Provision for Retirement Benefits	15,05	13,15
Provision for Subsidiary	50,00	50,00
Proposed Dividend	3,71,27	3,34,14
Income Tax on Proposed Dividend	47,57	—
	<u>6,26,88</u>	<u>4,96,13</u>

### 14. DEFERRED TAX-NET

	As at 31st March, 2003 (Rs. in Lakhs)	As at 31st March, 2002 (Rs. in Lakhs)
Deferred Tax Assets		
On employees' separation and retirement	6,66	7,68
On provision for doubtful debts/advances	7,14	31,83
On State and Central taxes etc.	3,87,33	2,40,27
Other timing differences	1,69	3,17
	<u>4,02,82</u>	<u>2,82,95</u>
Deferred Tax Liabilities		
On fiscal allowances on fixed assets	4,00,25	3,54,15
On fiscal relief realised on pre-deposit of excise duty	66,15	64,26
	<u>4,66,40</u>	<u>4,18,41</u>
Deferred Tax-Net	<u>(63,58)</u>	<u>(1,35,46)</u>

### 15. OTHER INCOME

	For the year ended 31st March, 2003 (Rs. in Lakhs)	For the year ended 31st March, 2002 (Rs. in Lakhs)
Miscellaneous Income	44,34	38,92
Licence Fees	—	6,00
Doubtful Debts, Claims and Advances – previous years	66	76
Gain on Exchange – Net	16,66	4,79
Income from Long Term Investments – Trade	2,94	4,08
– Subsidiary	—	2,15
– Others	12	55
	<u>3,06</u>	<u>6,78</u>
Income from Current Investments – Others	4,41	10,73
Interest on Loans and Deposits etc.	37,74	53,18
Profit on Sale of Long Term Investments	—	3,72
Profit on Sale of Current Investments – Net	42,70	2,90
Liability no longer required Written Back*	20,02	14,59
	<u>1,69,59</u>	<u>1,42,37</u>

The Income from Investments and Interest are stated Gross, the amount of Income Tax deducted is Rs. 5,80 Lakhs (2002 – Rs. 4,64 Lakhs).

\* Includes Rs. 9,62 Lakhs (2002 – Rs. Nil) written back following fulfilment of export obligation relating to EPCG licenses.

## SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2003 (Rs. in Lakhs)		For the year ended 31st March, 2002 (Rs. in Lakhs)	
<b>16. RAW MATERIALS ETC.</b>				
(a) RAW MATERIALS CONSUMED				
Opening Stock	7,02,68		8,88,49	
Purchases	16,31,69		13,97,37	
	<u>23,34,37</u>		<u>22,85,86</u>	
Less : Closing Stock	7,84,69	15,49,68	7,02,68	15,83,18
(b) PURCHASES AND CONTRACT MANUFACTURING CHARGES				
Cigarettes	10,42		8,83	
Agri Products	5,86,77		3,61,67	
Other Goods	78,24		23,48	
Packing Materials	23,84	6,99,27	14,77	4,08,75
(c) (INCREASE)/DECREASE IN FINISHED GOODS, INTERMEDIATES, STOCK IN PROCESS				
Opening Stock				
Cigarettes	2,31,44		1,65,04	
Smoking Tobaccos	21		27	
Printed Materials	2,17		2,32	
Agri Products	78,07		18,25	
Paper – Specialty Paper	4,05		5,03	
Paperboards and Paper	24,29		29,82	
Other Goods	28,50		29,15	
Packing Materials	2,77		1,17	
Intermediates – Tissue Paper and Paperboards	18,42		3,64	
Stock in Process	11,17		11,13	
	<u>4,01,09</u>		<u>2,65,82</u>	
Closing Stock				
Cigarettes	2,14,22		2,31,44	
Smoking Tobaccos	44		21	
Printed Materials	1,15		2,17	
Agri Products	48,02		78,07	
Paper – Specialty Paper	5,53		4,05	
Paperboards and Paper	27,00		24,29	
Other Goods	47,48		28,50	
Packing Materials	4,48		2,77	
Intermediates – Tissue Paper and Paperboards	22,28		18,42	
Stock in Process	17,49		11,17	
	<u>3,88,09</u>	13,00	<u>4,01,09</u>	(1,35,27)
Total		<u>22,61,95</u>		<u>18,56,66</u>
Less : Waste Material Sales		3,53		3,07
		<u>22,58,42</u>		<u>18,53,59</u>
Excise Duties etc. on Increase/(Decrease) of Finished Goods		(10,00)		36,83
		<u>22,48,42</u>		<u>18,90,42</u>

## SCHEDULES TO THE ACCOUNTS

### 17. MANUFACTURING, SELLING ETC. EXPENSES

	For the year ended 31st March, 2003 (Rs. in Lakhs)		For the year ended 31st March, 2002 (Rs. in Lakhs)	
Salaries/Wages and Bonus	2,25,88		2,10,92	
Contribution to Provident and Other Funds	52,59		40,69	
Workmen and Staff Welfare Expenses	32,33		30,75	
Reimbursement of contractual remuneration	35,32	3,46,12	28,10	3,10,46
Consumption of Stores and Spare Parts		92,93		90,87
Power and Fuel		1,37,94		1,19,55
Rent		32,76		29,62
Rates and Taxes		17,77		19,96
Insurance		30,49		23,62
Repairs				
– Buildings		22,30		24,84
– Machinery		29,83		28,36
– Others		13,73		15,48
Outward Freight and Handling Charges		1,71,25		1,41,45
Advertising/Sales Promotion – Net		2,19,69		1,80,09
Market Research		19,10		15,87
Doubtful and Bad Debts		4,06		2,01
Doubtful and Bad Advances, Deposits etc.		1,07		25
Information Technology Services		33,83		32,25
Travelling and Conveyance		69,05		57,78
Training		7,25		8,00
Legal Expenses		9,53		10,29
Postage, Telephone, Telex, etc.		18,95		20,25
Brokerage and Discount – Sales		1,58		2,58
Commission to Selling Agents		14,12		9,34
Bank Charges		5,23		6,35
Interest etc. Paid – Debenture, Term Loans and Fixed Deposits	17,98		40,47	
– Others	17,04		30,89	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	5,18	29,84	4,43	66,93
Miscellaneous Expenses		1,85,48		1,35,71
Fixed Assets and Stores Discarded – Net		9,99		6,74
Provision for diminution in value of Long Term Investments		—		1,41
		15,23,89		13,60,06
Deduct : Transfers to Fixed Assets etc. Accounts		30,47		27,59
		14,93,42		13,32,47
Miscellaneous Expenses include :				
(1) Contribution to Chief Minister's Relief Fund		5		—
(2) Auditors' Remuneration and Expenses :				
Audit Fees		87		79
Tax Audit Fees		23		18
Fees for Limited Review		16		12
Fees for Other Services		29		33
Reimbursement of Expenses		10		7
(3) Remuneration and Expenses of Auditors of erstwhile ITC Bhadrachalam Paperboards Limited				
Fees for audit of the erstwhile ITC Bhadrachalam Paperboards Limited		—		8
Fees for Other Services		—		3
Reimbursement of Expenses (2002 - Rs. 36,350.00)		—		...
(4) Cost Auditors' Fee		3		1
(5) Consultancy/Professional Fees		30,44		30,84
(6) Provision for estimated loss on Fixed Assets held for sale (See note under Schedule 10)		35,04		—

Interest received on Trading Debts, Deposits with Govt. Bodies etc. is stated Gross, the amount of Income Tax deducted is Rs. 36 Lakhs (2002 - Rs. 1,42 Lakhs).

## SCHEDULES TO THE ACCOUNTS

	<b>For the year ended 31st March, 2003 (Rs. in Lakhs)</b>	For the year ended 31st March, 2002 (Rs. in Lakhs)
<b>18. PROVISION FOR TAXATION</b>		
Income Tax On :		
Current Tax	<b>7,74,80</b>	5,18,38
Deferred Tax	<b>(71,88)</b>	83,82
	<b>7,02,92</b>	6,02,20
Less : Adjustments related to previous years – Net	<b>18,08</b>	11,66
	<b>6,84,84</b>	5,90,54

### 19. NOTES TO THE ACCOUNTS

- (i) Exchange difference in respect of forward exchange contracts to be recognised in the profit and loss account or capitalised in the subsequent accounting period amounts to Rs. 41 Lakhs - credit (2002 - Rs. 29 Lakhs - credit).
- (ii) (a) Claims against the Company not acknowledged as debts Rs. 1,18,59 Lakhs (2002 – Rs. 1,21,87 Lakhs).
- (b) Bills of Exchange discounted Rs. Nil (2002 – Rs. 6,34 Lakhs).
- (c) Guarantees and Counter Guarantees outstanding
- Excise Rs. 7,32 Lakhs (2002 – Rs. 3,30 Lakhs).
  - Others Rs. 1,64,82 Lakhs (2002 – Rs. 1,23,51 Lakhs).
- (d) Uncalled liability on shares partly paid Rs. 26,40 Lakhs (2002 – Rs. 26,40 Lakhs).

	<b>2003</b>	2002
(iii) Earnings per share		
Earnings per share has been computed as under :		
(a) Profit after Taxation (Rs. Lakhs)	<b>13,71,35</b>	11,89,72
(b) Number of Ordinary Shares outstanding	<b>24,75,11,886</b>	24,54,14,904
(c) Number of shares in Share Capital Suspende	—	20,96,982
(d) Total (b) + (c)	<b>24,75,11,886</b>	24,75,11,886
(e) Earnings per share (Face value Rs. 10/- per share ) (a)/(d) (Basic and diluted)*	<b>Rs. 55.41</b>	Rs. 48.07

\*The impact of share options granted under the Employees' Stock Option Schemes is negligible.

- (iv) Voluntary Retirement Schemes are in existence for certain non-management employees under which compensation becomes due and payable in instalments after voluntary retirement. The future liability in respect of such employees who have left, on fulfilment of the stipulated conditions, not provided for, would amount to Rs. 25 Lakhs (2002 - Rs. 34 Lakhs).
- (v) The status on excise matters which is treated as an annexure to these accounts are as outlined in this year's Report of the Directors & Management Discussion and Analysis under the Excise section. In the opinion of the Directors, the Company does not accept any further liability.
- (vi) Research and Development expenses for the year amount to Rs. 11,56 Lakhs (2002 - Rs. 7,52 Lakhs).
- (vii) Retirement Benefits in respect of Pension, Gratuity etc. are provided for based on Actuarial Valuations as at the Balance Sheet date.
- (viii) The names of small scale industrial undertakings to whom the Company owes sums outstanding for more than 30 days as at the Balance Sheet date are Consolidated Processors, Teja Industries, Shell Sands, Radio Equipment and Ailbee Industries.
- (ix) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 17.

## SCHEDULES TO THE ACCOUNTS

(x) Interests in Joint Ventures :

The Company's interests, as a venturer, in jointly controlled entities (Incorporated Joint Ventures) are :

Name	Country of Incorporation	Percentage of ownership interests as at 31st March, 2003
King Maker Marketing Inc., USA (KMM)	USA	50
Surya Nepal Private Limited (SNPL)	Nepal	*

\* Surya Nepal Private Limited (formerly known as Surya Tobacco Company (P) Limited) has become a subsidiary company on 20th August, 2002 consequent to an increase in stake during the year. The percentage of voting power prior to that date was 49%. The financial statements of KMM are drawn upto 31st January and of SNPL upto 16th August.

The Company's interests in these Joint Ventures are reported as Long Term Investments (Schedule - 6) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint venture) related to its interests in these Joint Ventures are:

**As at 31st March, 2003  
(Rs. in Lakhs)**

<b>I.</b>	<b>ASSETS</b>	
1.	Fixed Assets	1,13
2.	Current Assets, Loans and Advances	
	a) Inventories	10,14
	b) Sundry Debtors	2,01
	c) Cash and Bank Balances	25,32
	d) Other Current Assets	55
	e) Loans and Advances	1
3.	Deferred Tax-Net	18
<b>II.</b>	<b>LIABILITIES</b>	
1.	Current Liabilities and Provisions	
	a) Liabilities	26,76
	b) Provisions	4,56

**For the year ended  
31st March, 2003  
(Rs. in Lakhs)**

<b>III.</b>	<b>INCOME</b>	
1.	Sales	1,03,28
2.	Other Income	1,07
<b>IV.</b>	<b>EXPENSES</b>	
1.	Raw Materials etc.	21,70
2.	Excise Duties and Taxes on Sales of Products and Services	47,37
3.	Manufacturing, Selling etc. Expenses	17,44
4.	Depreciation	1,51
5.	Provision for Taxation	6,53

As this is the first year of adoption of Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures, figures for the previous year have not been presented.

## SCHEDULES TO THE ACCOUNTS

	<b>For the year ended 31st March, 2003 (Rs. in Lakhs)</b>	For the year ended 31st March, 2002 (Rs. in Lakhs)
(xi) DIRECTORS' REMUNERATION		
Salaries	<b>1,94</b>	1,56
Performance Bonus to Wholetime Directors	<b>1,16</b>	78
Other Benefits	<b>43</b>	38
Commission, etc. to Non-Wholetime Directors	<b>27</b>	27
Directors' Fees	<b>7</b>	9
	<b><u>3,87</u></b>	<u>3,08</u>

The above :

- a) Excludes contribution to the approved group pension and gratuity funds which are actuarially determined on an overall basis.
- b) Includes increase in remuneration of Rs. 81 Lakhs for the period from 1st August, 2002 to 31st March, 2003 in respect of wholetime directors as recommended by the Compensation Committee and approved by the Board of Directors, subject to the approval of the members at the forthcoming Annual General Meeting.

### Computation of Net Profit and Directors' Commission

Profit before Taxation	<b>20,56,19</b>	17,80,26
Add :		
Directors' Remuneration	<b>3,87</b>	3,08
Wealth Tax - Net	<b>15</b>	33
Depreciation	<b>2,37,34</b>	1,98,45
Provision for estimated loss on fixed assets held for sale	<b>35,04</b>	—
Provision for diminution in value of Long Term Investments	<b>—</b> <b>2,76,40</b>	1,41
	<b><u>23,32,59</u></b>	<u>2,03,27</u>
		19,83,53
Less :		
Profit on Sale of Long Term Investments	<b>—</b>	3,72
Depreciation under Section 350 of the Companies Act, 1956	<b>2,26,92</b>	2,00,01
Adjusted loss on sale of fixed assets - Net	<b>15,17</b> <b>2,42,09</b>	—
Profit for the purpose of Directors' Commission	<b><u>20,90,50</u></b>	<u>17,79,80</u>
Non-Wholetime Directors' Commission @ 1%	<b>20,90</b>	17,80
Restricted to	<b>27</b>	27

## SCHEDULES TO THE ACCOUNTS

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

### (a) Licensed and Installed Capacity and Actual Production

Class of Goods	Unit of Quantity	CAPACITY				PRODUCTION	
		Registered/Licensed (a)		Installed		2003	2002
		2003	2002	2003	2002	2003	2002
Cigarettes	Million	<b>53,797 (b)</b>	53,797 (b)	<b>87,268</b>	80,286	<b>54,006</b>	53,551
Smoking Tobaccos	Tonne	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>81</b>	70
Printing/Packaging (Tiruvottiyur)	Tonne	<b>12,600</b>	12,600	<b>16,175</b>	16,175	<b>14,521 (c)</b>	9,748 (c)
Printing (Munger)	Million Standard Sheet Impression	<b>385</b>	385	<b>482</b>	482	<b>83 (c)</b>	101 (c)
Redried Tobacco	Tonne	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>68,229 (c)</b>	26,324 (c)
Pulp	Tonne	<b>N.A.</b>	N.A.	<b>1,00,000</b>	52,000	<b>66,832 (d)</b>	61,889 (d)
Paperboards and Paper	Tonne	<b>N.A.</b>	N.A.	<b>2,12,500</b>	2,12,500	<b>2,33,574 (c)</b>	2,29,762 (c)

- a) The "Registered/Licensed Capacity" is exclusive of additional capacity of 25% permissible under the policy of the Government of India.
- b) This is in accordance with the Registration Certificate which was re-endorsed on 27th October, 1984 and 7th October, 1991 by the Government of India.
- c) Includes production meant for internal consumption.
- d) The entire production of pulp is meant for internal consumption.

Smoking, Redried and Unredried Tobacco are not items covered by the Industries (Development & Regulation) Act, 1951 or any other regulatory provisions.

N.A. - Not Applicable

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

	Unit of Quantity	QUANTITY		VALUE (Rs. in Lakhs)	
		2003	2002	2003	2002
Cigarettes	Million	<b>63,415</b>	60,865	<b>87,56,82</b>	80,13,58
Smoking Tobaccos	Tonne	<b>75</b>	71	<b>6,78</b>	6,90
Unmanufactured Tobaccos	Tonne	<b>25,721</b>	20,531	<b>2,32,93</b>	1,94,04
Printed Materials	Tonne	<b>3,672</b>	4,063	<b>44,13</b>	45,32
Agri Products	Tonne	<b>11,44,723</b>	6,49,920	<b>9,85,79</b>	7,02,59
Marine Products	Tonne	<b>1,237</b>	1,693	<b>54,15</b>	70,95
Paper-Specialty Paper	Tonne	<b>16,157</b>	16,353	<b>1,11,23</b>	1,13,42
Paperboards and Paper	Tonne	<b>1,75,220</b>	1,82,644	<b>5,30,43</b>	5,09,01
Hotel Sales/Income from Services				<b>1,92,09</b>	1,60,28
Miscellaneous [FMCG - Others (Branded Garments, Branded Packaged Foods, Greeting Cards, etc.) and others]				<b>1,10,53</b>	24,00
				<b>1,10,24,88</b>	<b>98,40,09</b>

\* Net of Sales Returns and Damaged Stocks etc.

## SCHEDULES TO THE ACCOUNTS

	Unit of Quantity	Quantity		Value (Rs. in Lakhs)	
		2003	2002	2003	2002
<b>(c) Details of Finished Goods</b>					
(i) Opening Stock					
Cigarettes	Million	<b>2,505</b>	1,961	<b>2,31,44</b>	1,65,04
Smoking Tobaccos	Tonne	<b>2</b>	3	<b>21</b>	27
Printed Materials	Tonne	<b>287</b>	426	<b>2,17</b>	2,32
Agri Products	Tonne	<b>1,13,577</b>	10,921	<b>78,07</b>	18,25
Paper - Specialty Paper	Tonne	<b>647</b>	830	<b>4,05</b>	5,03
Paperboards and Paper	Tonne	<b>9,038</b>	9,416	<b>24,29</b>	29,82
Other Goods				<b>28,50</b>	29,15
Packing Materials				<b>2,77</b>	1,17
				<b>3,71,50</b>	2,51,05
(ii) Closing Stock					
Cigarettes	Million	<b>2,374</b>	2,505	<b>2,14,22</b>	2,31,44
Smoking Tobaccos	Tonne	<b>8</b>	2	<b>44</b>	21
Printed Materials	Tonne	<b>240</b>	287	<b>1,15</b>	2,17
Agri Products	Tonne	<b>40,984</b>	1,13,577	<b>48,02</b>	78,07
Paper - Specialty Paper	Tonne	<b>814</b>	647	<b>5,53</b>	4,05
Paperboards and Paper	Tonne	<b>8,276</b>	9,038	<b>27,00</b>	24,29
Other Goods				<b>47,48</b>	28,50
Packing Materials				<b>4,48</b>	2,77
				<b>3,48,32</b>	3,71,50
(iii) Purchases and Contract Manufacturing Charges					
Cigarettes	Million	<b>9,341</b>	7,940	<b>10,42</b>	8,83
Agri Products	Tonne	<b>8,77,730</b>	4,48,296	<b>5,86,77</b>	3,61,67
Other Goods				<b>78,24</b>	23,48
Packing Materials				<b>23,84</b>	14,77
				<b>6,99,27</b>	4,08,75
<b>(d) Details of Raw Materials Consumed during the year*</b>					
Unmanufactured Tobaccos	Tonne	<b>89,709</b>	75,968	<b>4,53,03</b>	4,46,94
Waste Paper and Pulp	Tonne	<b>1,46,580</b>	1,56,729	<b>1,93,55</b>	1,82,27
Hardwood and Bamboo	BDT**	<b>1,85,534</b>	1,65,428	<b>50,34</b>	43,83
Agri Products	Tonne	<b>2,16,571</b>	3,15,449	<b>2,93,50</b>	3,32,76
Board	Tonne	<b>4,761</b>	5,805	<b>72,07</b>	1,32,20
Filter Rods	Million	<b>8,384</b>	8,087	<b>89,25</b>	86,63
Aluminium Foil/Metallised Paper	Bobbin	<b>5,61,006</b>	5,23,036	<b>40,97</b>	42,21
BOPP/Viscose Film	Tonne	<b>1,543</b>	1,522	<b>23,17</b>	21,97
Chemicals for Paperboards and Paper				<b>1,20,09</b>	1,07,15
Miscellaneous				<b>2,13,71</b>	1,87,22
				<b>15,49,68</b>	15,83,18
* Relates to the Company's main products and the principal raw materials.					
** BDT-Bone Dry Tonne					
<b>(e) Value of Raw Materials, Spare Parts and Components Consumed during the year</b>					
		(Percentage)		Value (Rs. in Lakhs)	
		2003	2002	2003	2002
Raw Materials					
Imported		<b>20.56</b>	18.86	<b>3,18,63</b>	2,98,61
Indigenous		<b>79.44</b>	81.14	<b>12,31,05</b>	12,84,57
		<b>100.00</b>	100.00	<b>15,49,68</b>	15,83,18
Spare Parts and Components					
Imported		<b>36.45</b>	45.01	<b>33,87</b>	40,90
Indigenous		<b>63.55</b>	54.99	<b>59,06</b>	49,97
		<b>100.00</b>	100.00	<b>92,93</b>	90,87

## SCHEDULES TO THE ACCOUNTS

### (f) Earnings etc. in Foreign Exchange during the year

	<b>2003</b> <b>(Rs. in Lakhs)</b>	2002 (Rs. in Lakhs)
Export of Goods (F.O.B. – Realisation Basis)	<b>11,58,10</b>	8,25,78
Dividend	<b>49</b>	2,09
Hotel Earnings*	<b>1,09,08</b>	90,69
Other Earnings	<b>26,33</b>	29,01
	<b><u>12,94,00</u></b>	<u>9,47,57</u>

\* Includes Rs. 90,83 Lakhs (2002 – Rs. 72,23 Lakhs) being earnings during the year through International Credit Cards, Travel Agencies, Foreign Airlines etc.

### (g) Value of Imports during the year (C.I.F. Basis)

Raw Materials	<b>2,62,25</b>	2,40,01
Components and Spare Parts	<b>31,53</b>	28,52
Capital Goods	<b>67,18</b>	1,08,24
Other Goods (including imports under eligible Export House Scheme)	<b>8,17</b>	35,81
	<b><u>3,69,13</u></b>	<u>4,12,58</u>

### (h) Expenditure in Foreign Currency during the year (on payment basis)

Professional Fees	<b>5,78</b>	5,11
Advertising/Sales Promotion	<b>1,09</b>	44
Export Promotion Expenses	<b>4,84</b>	3,50
Training	<b>1,77</b>	2,43
Hotel Reservation/Marketing Expenses	<b>3,94</b>	4,02
Licence Fees	<b>82</b>	65
Miscellaneous Expenditure	<b>20,86</b>	6,77
	<b><u>39,10</u></b>	<u>22,92</u>

### (i) Remittances in Foreign Currencies on account of Dividends (2003 - Net of tax deducted at source)

Financial Year	On Account of	No. of Shares held	No. of Non-Resident Shareholders	(Rs. in Lakhs)
<b>2002/2003</b>	<b>2001/2002</b>	<b>9,11,73,256</b>	<b>86</b>	<b>1,05,26</b>
2001/2002	2000/2001	9,11,75,972	90	91,18

## SCHEDULES TO THE ACCOUNTS

### 20. SEGMENT REPORTING

#### PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(Rs. in Lakhs)

	2003			2002		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
<b>1. Segment Revenue</b>						
FMCG - Cigarettes	87,64,00	—	87,64,00	80,20,92	—	80,20,92
FMCG - Others	1,08,47	73	1,09,20	21,63	43	22,06
<b>FMCG - Total</b>	<b>88,72,47</b>	<b>73</b>	<b>88,73,20</b>	<b>80,42,55</b>	<b>43</b>	<b>80,42,98</b>
Hotels	1,92,09	1,32	1,93,41	1,60,28	2,10	1,62,38
Agri Business	12,72,95	3,85,19	16,58,14	9,67,75	1,80,03	11,47,78
Paperboards, Paper and Packaging	6,87,37	4,75,49	11,62,86	6,69,51	3,61,50	10,31,01
<b>Segment Total</b>	<b>1,10,24,88</b>	<b>8,62,73</b>	<b>1,18,87,61</b>	<b>98,40,09</b>	<b>5,44,06</b>	<b>1,03,84,15</b>
Eliminations			(8,62,73)			(5,44,06)
<b>Total Revenue</b>			<b>1,10,24,88</b>			<b>98,40,09</b>
<b>2. Segment Results</b>						
FMCG - Cigarettes			19,23,53			16,93,11
FMCG - Others			(1,22,44)			(73,44)
<b>FMCG - Total</b>			<b>18,01,09</b>			<b>16,19,67</b>
Hotels			10,09			(50)
Agri Business			84,05			10,97
Paperboards, Paper and Packaging			2,26,27			1,62,17
<b>Segment Total</b>			<b>21,21,50</b>			<b>17,92,31</b>
Eliminations			(40,76)			17,56
<b>Consolidated Total</b>			<b>20,80,74</b>			<b>18,09,87</b>
Unallocated corporate expenses net of unallocated income			82,62			38,58
<b>Profit before interest, etc., and taxation</b>			<b>19,98,12</b>			<b>17,71,29</b>
Interest etc. paid - Net			29,84			66,93
Interest on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc.			87,91			75,90
Provision for Taxation			6,84,84			5,90,54
<b>3. Profit after Taxation</b>			<b>13,71,35</b>			<b>11,89,72</b>

#### Other Information

(Rs. in Lakhs)

	Segment Assets	Segment Liabilities*	Segment Assets	Segment Liabilities*
FMCG - Cigarettes	23,03,03	6,81,45	23,34,56	6,99,91
FMCG - Others	1,23,33	42,92	69,62	11,62
<b>FMCG - Total</b>	<b>24,26,36</b>	<b>7,24,37</b>	<b>24,04,18</b>	<b>7,11,53</b>
Hotels	10,37,76	94,67	8,54,91	72,51
Agri Business	5,23,36	1,12,48	4,80,48	67,73
Paperboards, Paper and Packaging	13,92,34	1,31,43	13,25,41	1,32,92
<b>Segment Total</b>	<b>53,79,82</b>	<b>10,62,95</b>	<b>50,64,98</b>	<b>9,84,69</b>
Unallocated Corporate Assets/Liabilities	32,89,56	22,40,81	21,82,46	18,48,77
<b>Total</b>	<b>86,69,38</b>	<b>33,03,76</b>	<b>72,47,44</b>	<b>28,33,46</b>

	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	1,14,97	1,00,05	6,28	1,39,00	91,38	2,16
FMCG - Others	17,67	3,56	2	31,53	1,17	(12)
<b>FMCG - Total</b>	<b>1,32,64</b>	<b>1,03,61</b>	<b>6,30</b>	<b>1,70,53</b>	<b>92,55</b>	<b>2,04</b>
Hotels	2,14,12	21,57	45	1,99,90	18,66	1,02
Agri Business	23,16	17,59	1,61	9,31	12,48	1,42
Paperboards, Paper and Packaging	1,15,74	71,68	4,18	1,72,32	65,45	2,22
<b>Segment Total</b>	<b>4,85,66</b>	<b>2,14,45</b>	<b>12,54</b>	<b>5,52,06</b>	<b>1,89,14</b>	<b>6,70</b>

\* Segment Liabilities of FMCG-Cigarettes is before considering provision of Rs. 9,70,20 Lakhs (2002 - Rs. 5,89,00 Lakhs) in respect of disputed State Taxes, the levy / collection of which has been stayed. These have been included under 'Unallocated corporate liabilities'.

## SCHEDULES TO THE ACCOUNTS

### SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

	(Rs. in Lakhs)	
	2003	2002
<b>1. Segment Revenue</b>		
— Within India	97,95,82	89,35,16
— Outside India	12,29,06	9,04,93
<b>Total Revenue</b>	<b>1,10,24,88</b>	98,40,09
<b>2. Segment Assets</b>		
— Within India	53,77,73	50,62,67
— Outside India	2,09	2,31
<b>Total Assets</b>	<b>53,79,82</b>	50,64,98
<b>3. Capital Expenditure</b>		
— Within India	4,85,66	5,52,06
— Outside India	—	—
<b>Total Capital Expenditure</b>	<b>4,85,66</b>	5,52,06

#### NOTES

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

FMCG : Cigarettes	— Cigarettes and Smoking mixtures.
: Others	— Branded Garments, Greeting Cards, Stationery & Gifts, Packaged Foods (Staples, Confectionery, Snack Foods and Ready to Eat Food) and Agarbattis and Matches sourced from the small scale sector.
Hotels	— Hoteliering.
Paperboards, Paper and Packaging	— Paperboards, Paper including Specialty Paper & Packaging.
Agri Business	— Agri commodities such as rice, soya, wheat, coffee and leaf tobacco.
- (3) The geographical segments considered for disclosure are :
 

— Sales within India
— Sales outside India
- (4) Branded Garments, Greeting Cards, Stationery & Gifts, Packaged Foods (Staples, Confectionery, Snack Foods and Ready to Eat Food) and Agarbattis and Matches constitute new business activities. Accordingly segment results largely reflect start up and business development costs.
- (5) In its Hotels business, the Company has been engaged in implementing its strategic investment plans to complete the ITC Welcomgroup chain. Capital employed of Rs. 943 Crores (2002 - Rs. 782 Crores) includes Rs. 841 Crores (2002 - Rs. 676 Crores) relating to the recently opened hotels at Delhi, Mumbai and Kolkata as well as capital work-in-progress in respect of hotels under construction.
 

The Hotel industry showed early signs of recovery during the second half of the year. However, the segment results for the year continue to reflect the gestation cost of the newly opened hotels, the impact of the global slump in international travel, the adverse effect of travel advisories and the holding cost in respect of Hotel Searock which has been the subject matter of a prolonged legal dispute.
- (6) The Company's Agri Business markets agri commodities in the domestic and export markets, supplies agri raw materials to the Branded Packaged Foods Business and sources leaf tobacco for the Cigarettes Business.
- (7) Unallocated corporate assets include Rs. 803 Crores (2002 - Rs. 881 Crores) being legacy assets acquired by the Company as part and parcel of the schemes facilitating exit from the Financial Services and Edible Oil Businesses in 1997.

## **SCHEDULES TO THE ACCOUNTS**

### **21. RELATED PARTY DISCLOSURES**

#### **1. ENTERPRISES WHERE CONTROL EXISTS :**

##### **i) Subsidiaries :**

- a) ITC Hotels Limited and its subsidiaries  
Srinivasa Resorts Limited  
Fortune Park Hotels Limited  
Bay Islands Hotels Limited
- b) Russell Credit Limited and its subsidiary  
Greenacre Holdings Limited
- c) ITC Infotech India Limited and its subsidiaries  
ITC Infotech Limited, UK  
ITC Infotech (USA), Inc.
- d) Wills Corporation Limited
- e) Gold Flake Corporation Limited
- f) Landbase India Limited
- g) BFIL Finance Limited and its subsidiary  
MRR Trading & Investment Company Limited
- h) Surya Nepal Private Limited (from 20.08.2002)

The above list does not include :

- a) ITC Global Holdings Pte. Limited, Singapore being under Judicial Management and its subsidiaries  
Hup Hoon Traders Pte. Ltd., Singapore  
Hup Hoon Shipping Pte. Ltd., Singapore  
Chai Fu Trading Pte. Ltd., Singapore  
AOZT "Hup Hoon", Moscow  
Hup Hoon Impex Srl, Romania  
Fortune Tobacco Co. Ltd., Cyprus  
Fortune Tobacco Company, Inc., USA, and
- b) BFIL Securities Limited (a subsidiary of BFIL Finance Ltd.)  
which is under voluntary winding up proceedings.

##### **ii) Other entities under control of the Company :**

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

#### **2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.**

##### **i) Associates & Joint Ventures :**

###### **Associates**

- a) Ansal Hotels Limited
- b) Gujarat Hotels Limited
- c) Megatop Financial Services and Leasing Limited
- d) Newdeal Finance and Investment Limited
- e) Peninsular Investments Limited
- f) Russell Investments Limited
- g) Asia Tobacco Company Limited
- h) Classic Infrastructure & Development Limited
- i) International Travel House Limited
- j) Tobacco Manufacturers (India) Limited, UK

###### **Joint Ventures**

- a) King Maker Marketing Inc., USA
- b) Surya Nepal Private Limited [formerly known as Surya Tobacco Company (P) Limited] (upto 19.08.2002)

###### **Joint Ventures of the Company's subsidiaries**

- a) ITC Filtrona Limited (a Joint Venture of Gold Flake Corporation Limited)
- b) Maharaja Heritage Resorts Limited (a Joint Venture of ITC Hotels Limited)

## **SCHEDULES TO THE ACCOUNTS**

### **ii) Key Management Personnel :**

Y.C. Deveshwar	Executive Chairman
A. Singh	Executive Director
K. Vaidyanath	Executive Director
S.S.H. Rehman	Executive Director
A.A.F. Rodrigues	Non-Executive Director (upto 22.5.2002)
M.V. Muthu	Non-Executive Director (upto 29.7.2002)
Y.P. Gupta	Non-Executive Director
C.R. Green	Non-Executive Director
P.B. Ramanujam	Non-Executive Director
B. Sen	Non-Executive Director
Ram S. Tarneja	Non-Executive Director
R. Vasudevan	Non-Executive Director (upto 14.8.2002)
B. Vijayaraghavan	Non-Executive Director
Ajeet Prasad	Non-Executive Director
J.B. Stevens	Non-Executive Director
T.M. Nagarajan	Non-Executive Director (from 14.8.2002)
K.S. Vaidyanathan	Member - Corporate Management Committee
A. Nayak	Permanent Invitee - Corporate Management Committee
R. Srinivasan	Permanent Invitee - Corporate Management Committee

### **iii) Employees' Benefit Plans where there is significant influence :**

- a) IATC Provident Fund
- b) IATC Staff X Provident Fund
- c) ITC Management Staff Gratuity Fund
- d) ITC Gratuity Fund
- e) ITC Gratuity Fund 'B'
- f) ITC Gratuity Fund 'C'
- g) ITC Pension Fund
- h) ILTD Seasonal Employees Pension Fund
- i) ITC Platinum Jubilee Pension Fund
- j) Tribeni Tissues Limited Provident Fund
- k) Tribeni Tissues Limited Gratuity Fund
- l) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund (from January 2003)
- m) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A' (from January 2003)
- n) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'B' (from January 2003)
- o) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C' (from January 2003)
- p) ITC Bhadrachalam Paperboards Limited Staff Provident Fund (from January 2003)

## SCHEDULES TO THE ACCOUNTS

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

(Rs. in Lakhs)

	Enterprises where control exists				Associates & Joint Ventures		Key Management Personnel & Relatives		Employee Trusts	
	Subsidiaries		Others		2003	2002	2003	2002	2003	2002
	2003	2002	2003	2002						
1. Sale of Goods / Services	<b>22,21</b>	3,67			<b>51,43</b>	65,74				
2. Purchase of Goods / Services	<b>36,24</b>	25,31			<b>98,55</b>	87,02				
3. Acquisition cost of Fixed Assets (including project consultancy fees, etc.)	<b>1,31</b>	4,73								
4. Sale of Fixed Assets	<b>1</b>	60			<b>3</b>					
5. Purchase of Investments (Purchase of equity shares of ITC Bhadrachalam Paperboards Limited from Russell Credit Limited)		1,27,46								
6. Sale of Investments (Sale of equity shares of ITC Infotech Limited to ITC Infotech India Limited)		6,87								
7. Interest Income	<b>3,90</b>	4,14			<b>13,93</b>	14,10	<b>8</b>	5		
8. Remuneration to Key Management Personnel							<b>3,87</b>	3,08		
— Directors [see Schedule 19 (xi)]							<b>1,15</b>	99		
— Others								...		
9. Rent Paid (2002 - Rs. 40,000)	<b>32</b>									
10. Reimbursement of Contractual Remuneration	<b>35,32</b>	28,10								
11. Remuneration of managers on deputation recovered	<b>6</b>				<b>20</b>	18				
12. Donations			<b>74</b>	2,50						
13. Contributions to Employees' Benefit Plans									<b>45,47</b>	25,51
14. Dividend income		2,15			<b>2,94</b>	4,08				
15. Dividend payments					<b>89,35</b>	66,19	<b>1</b>	1		
16. Expenses recovered	<b>3,55</b>	81	<b>2</b>		<b>49</b>	32				
17. Expenses reimbursed	<b>4,31</b>	36			<b>2,00</b>	14				
18. Loans Given	<b>11,47,40</b>	1,60,30			<b>1,50</b>	34,50	<b>5</b>			
19. Receipt towards Loan Repayment	<b>11,83,62</b>	1,29,50					<b>5</b>	5		
20. Advances Given	<b>9,56</b>	1,75			<b>1</b>					
21. Receipt towards refund of Deposits					<b>10</b>	43				
22. Receipt towards refund of Advances	<b>63</b>				<b>1,23</b>	90				
23. Balances as on 31st March,										
i) Debtors/Receivables	<b>3,82</b>	1,28			<b>17,10</b>	6,20				
ii) Advances Given	<b>56,98</b>	47,53			<b>9,68</b>	10,90				
iii) Loans Given	<b>1,39,94</b>	1,76,16			<b>1,40,00</b>	1,38,50	<b>1,43</b>	1,43		
iv) Deposits with (including Deposits towards Property Options)	<b>2,56</b>	2,52			<b>1,54,92</b>	1,55,02	<b>4</b>	4		
v) Deposits From	<b>20,25</b>	20,25			<b>3</b>					
vi) Creditors/Payables	<b>18,49</b>	4,45			<b>3,16</b>	23,75				
vii) Investments in Non-Convertible Debentures	<b>15,00</b>	15,00								
24. Provision for subsidiary (made in earlier years) as on 31st March,	<b>50,00</b>	50,00								
25. In addition, remuneration of managers on deputation, absorbed			<b>10</b>	7	<b>72</b>	66				

**Note :** Mr. S. S. H. Rehman, a Wholtime Director of the Company, is the Managing Director of ITC Hotels Limited and his aggregate remuneration for the year of Rs. 74 Lakhs (2002 - Rs. 57 Lakhs) is borne by the Company (included in 8 above).

## **SCHEDULES TO THE ACCOUNTS**

### **22. SIGNIFICANT ACCOUNTING POLICIES**

#### IT IS CORPORATE POLICY

##### **Convention**

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

##### **Basis of Accounting**

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

##### **Fixed Assets**

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs. To adjust the original cost of Fixed Assets acquired through foreign currency loans at the end of each financial year by any change in liability arising out of expressing the outstanding foreign loan at the rate of exchange prevailing at the date of Balance Sheet.

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

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

##### **Depreciation**

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

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

##### **Revaluation of Assets**

To review the original book value of Fixed Assets, from time to time, and revalue such of those Fixed Assets as have appreciated in value significantly, in order to relate them more closely to current replacement values, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on considerations of age, condition and unexpired useful life of such Fixed Assets; to transfer to Revaluation Reserve the difference between the written up value of the Fixed Assets revalued and depreciation adjustment and to charge Revaluation Reserve Account with annual depreciation on that portion of the value which is written up.

##### **Investments**

To state Current Investments at lower of cost and fair value; and Long Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made where there is a permanent fall in valuation of Long Term Investments.

##### **Inventories**

To state inventories including work-in-progress at cost or below. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

##### **Turnover**

To state Turnover, which represents invoiced value of goods sold and services rendered, net of sales tax but inclusive of excise duties, luxury taxes etc.

##### **Investment Income**

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

##### **Proposed Dividend**

To provide for Dividends (including income tax thereon) as proposed by the Directors in the books of account, pending approval at the Annual General Meeting.

## **SCHEDULES TO THE ACCOUNTS**

### **Retirement Benefits**

To make regular monthly contributions to various Provident Funds, Pension Funds and Gratuity Funds which are charged against revenue. To also charge against revenue, actual disbursements made, when due, under the Workers' Voluntary Retirement Scheme.

To administer through duly constituted and approved independent trusts, various Funds in respect of Employees' Retirement Benefit Schemes, with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

### **Lease Rentals**

To charge Rentals in respect of leased equipment to the Profit and Loss Account.

### **Research and Development**

To write off all expenditure other than capital expenditure on Research and Development in the year it is incurred.

Capital expenditure on Research and Development is included under Fixed Assets.

### **Taxes on Income**

To provide and determine Current tax as the amount of tax payable in respect of taxable income for the period.

To provide and recognise Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

Not to recognise Deferred tax assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

### **Foreign Currency Translation**

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss in the period in which they arise except in respect of Fixed Assets where exchange variance is adjusted in the carrying amount of the respective Fixed Asset.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts, except in respect of liabilities incurred for acquiring Fixed Assets, in which case such differences are adjusted in the carrying amount of the respective Fixed Asset.

To account for profit/loss arising on cancellation or renewal of forward exchange contracts as income/expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring Fixed Assets, in which case such profit/loss are adjusted in the carrying amount of the respective Fixed Asset.

To account for gains/losses on foreign exchange rate fluctuations relating to current assets and liabilities at the year end.

To account for gains/losses on foreign exchange rate fluctuations relating to inventories at foreign branches where valuation is at net realisable value.

To account for gains/losses on foreign exchange rate fluctuations relating to current assets and liabilities of foreign branch and foreign currency bank accounts at the year end.

### **Claims**

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

### **Segment Reporting**

To identify segments having regard to the dominant source and nature of risks and returns and the internal organisation and management structure.

To account for inter-segment revenue on the basis of transactions which are primarily market led.

To include under "Unallocated Corporate Expenses" revenue and expenses which relate to the enterprise as a whole and are not attributable to segments.

### **Financial and Management Information Systems**

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

On behalf of the Board

Y. C. DEVESHWAR *Chairman*

K. VAIDYANATH *Director*

B. B. CHATTERJEE *Secretary*

Kolkata,  
23rd May, 2003