

SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2005 (Rs. in Crores)	As at 31st March, 2004 (Rs. in Crores)
1. CAPITAL		
Authorised		
30,00,00,000 Ordinary Shares of Rs. 10.00 each	<u>300.00</u>	<u>300.00</u>
Issued and Subscribed		
24,82,21,329 (2004 - 24,76,78,851) Ordinary Shares of Rs. 10.00 each, fully paid	<u>248.22</u>	<u>247.68</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 (2004 - 3,06,598) 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 vested on 30th May, 2003 and the balance vested on 30th May, 2004. 2,09,618 vested options have been exercised.

b) 5,83,311 (2004 - 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 vested on 22nd May, 2004 and the balance vested on 22nd May, 2005. 2,91,437 vested options have been exercised.

c) 9,32,631 (2004 - 9,47,448) share options in 2003-04 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 23rd May, 2004, a further thirty percent vested on 23rd May, 2005 and the balance will vest on 23rd May, 2006. 2,08,388 vested options have been exercised.

d) 8,25,513 share options in 2004-05 under the Employees' Stock Option Scheme at the closing market price on the date of grant of options. Thirty percent of these options will vest on 28th May, 2005, a further thirty percent will vest on 28th May, 2006 and the balance will vest on 28th May, 2007.

1A. SHARE CAPITAL SUSPENSE

Share Capital Suspense

1.21

—

12,12,747 (2004 - Nil) Ordinary Shares of Rs. 10.00 each, fully paid, to be issued pursuant to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company [see Schedule 19(i)].

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2. RESERVES AND SURPLUS

	As at 31st March, 2005 (Rs. in Crores)		As at 31st March, 2004 (Rs. in Crores)	
General Reserve				
At commencement of the year	5047.57		4047.57	
Add: On amalgamation *	60.49		—	
Add: Deferred Tax Asset arising on amalgamation [see Schedule 19(i)]	18.73		—	
Add: From Profit and Loss Account	<u>1100.00</u>	6226.79	<u>1000.00</u>	5047.57
Debenture Redemption Reserve				
At commencement of the year	—		10.94	
Less: To Profit and Loss Account	<u>—</u>	—	<u>10.94</u>	—
Share Premium				
At commencement of the year	295.62		284.58	
Add: On amalgamation * (including Rs. 21,000/- received during the year)	49.85		—	
Add: On issue of Shares	<u>36.78</u>	382.25	<u>11.04</u>	295.62
Capital Reserve				
At commencement of the year	2.46		2.46	
Add: On amalgamation * (including Rs. 40,000/- on forfeiture of shares during the year)	<u>0.02</u>	2.48	<u>—</u>	2.46
Capital Redemption Reserve				
At commencement of the year	—		—	
Add: On amalgamation *	<u>0.30</u>	0.30	<u>—</u>	—
Revaluation Reserve				
At commencement of the year	60.84		61.63	
Less: To Profit and Loss Account				
– Depreciation	0.94		0.78	
– Disposal of Fixed Assets	<u>—</u>	59.90	<u>0.01</u>	60.84
Hotel Foreign Exchange Earnings Reserve				
At commencement of the year	5.00		4.00	
Add: On amalgamation *	10.14		—	
Add: From Profit and Loss Account	<u>—</u>		<u>5.00</u>	
	15.14		9.00	
Less: To Profit and Loss Account	<u>15.14</u>	—	<u>4.00</u>	5.00
Contingency Reserve		363.05		363.05
Profit and Loss Account		<u>611.41</u>		<u>387.84</u>
		<u>7646.18</u>		<u>6162.38</u>

* Reserves (net of adjustments) taken over consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company [see Schedule 19(i)].

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	As at 31st March, 2005 (Rs. in Crores)	As at 31st March, 2004 (Rs. in Crores)
3. SECURED LOANS		
Loans and Advances from Banks		
Cash/Export Credit Facilities *	<u>88.69</u>	<u>31.56</u>
* Secured by charge over certain current assets of the Company, both present & future.		
4. UNSECURED LOANS		
Short Term Loans		
From Banks		
– Temporary overdraft in cash credit account	80.22	24.15
Other Loans		
From other than Banks – Sales tax deferment loan (interest free)	76.45	65.14
	<u>156.67</u>	<u>89.29</u>
5. DEFERRED TAX - NET		
Deferred Tax Liabilities		
On fiscal allowances on fixed assets	573.46	488.62
On fiscal relief realised on pre-deposit of excise duty	—	125.56
	<u>573.46</u>	<u>614.18</u>
Deferred Tax Assets		
On employees' separation and retirement	9.00	7.83
On provision for doubtful debts/advances	7.32	6.05
On State and Central taxes etc.	158.45	508.88
Other timing differences	22.60	3.68
	<u>197.37</u>	<u>526.44</u>
Deferred Tax – Net	<u>376.09</u>	<u>87.74</u>

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6. FIXED ASSETS

	@As at commencement of the year (Rs. in Crores)	Amalgamation # (Rs. in Crores)	Additions (Rs. in Crores)	Withdrawals and adjustments (Rs. in Crores)	@As at end of the year (Rs. in Crores)	Depreciation for the year (Rs. in Crores)	Depreciation on Withdrawals and adjustments (Rs. in Crores)	Depreciation upto 31st March, 2005 (Rs. in Crores)	Net Book Value as at 31st March, 2005 (Rs. in Crores)
Trademarks & Goodwill	10.82	—	—	—	10.82	0.59	—	1.79	9.03
Know-how, Business and Commercial Rights	47.34	—	—	—	47.34	4.73	—	4.90	42.44
Land Freehold *	354.01	9.33	3.37	9.33	357.38	—	—	—	357.38
Buildings Freehold *	798.07	127.30	145.66	(11.10)	1082.13	21.00	(3.07)	162.94	919.19
Leasehold Properties	35.53	40.91	3.84	(9.33)	89.61	0.57	—	3.97	85.64
Licensed Properties - Building Improvement	9.19	17.44	1.14	11.93	15.84	1.02	3.65	4.79	11.05
Railway Sidings etc.	1.17	—	—	—	1.17	0.05	—	0.58	0.59
Plant & Machinery	3066.24	152.31	419.57	49.25	3588.87	225.33	32.15	1390.64	2198.23
Capitalised Software	41.54	—	7.85	19.00	30.39	9.17	15.20	12.36	18.03
Computers etc.	167.24	15.54	47.39	9.51	220.66	27.41	8.65	99.40	121.26
Furniture & Fixtures	185.50	56.62	33.08	3.38	271.82	21.27	2.53	105.76	166.06
Motor Vehicles etc.	24.29	3.81	4.02	1.88	30.24	2.67	0.98	8.38	21.86
	4740.94	423.26	665.92	83.85	5746.27	313.81	60.09	1795.51	3950.76
Capital Work-in-Progress	313.74	4.26	146.81	278.66	186.15	—	—	—	186.15
Total	5054.68	427.52	812.73	362.51	5932.42	313.81	60.09	1795.51	4136.91
Previous Year	4415.61	—	933.44	294.37	5054.68	242.40	45.41	1442.63	3612.05

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

Taken over on amalgamation consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company [see Schedule 19(i)].

Land Freehold includes the provisional purchase price of Rs. 14.81 Crores 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 Reform Act, 1950 for which compensation has not yet been determined.

The Suit filed by a third party in September 1980 for cancellation of lease in respect of Bangalore land appurtenant to ITC Hotel Windsor Sheraton & Towers is still sub judice. In the opinion of the Management, based upon legal advice, the Company's title is tenable.

Buildings Freehold include Rs. 37.51 Crores (2004 - Rs. 36.79 Crores) (at original cost) of buildings at New Delhi on Government land taken on perpetual lease and Rs. 0.12 Crore (2004 - Rs. 0.12 Crore) (at original cost) of buildings at Kolkata on Port Trust land taken on lease.

Trademarks purchased Rs. 5.92 Crores (2004 - Rs. 5.92 Crores) under "Trademarks & Goodwill" and "Know-how, Business and Commercial Rights" acquired Rs. 47.34 Crores (2004 - Rs. 47.34 Crores) are being amortised over 10 years.

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

Capital expenditure commitments are Rs. 93.78 Crores (2004 - Rs. 175.29 Crores).

Additions for the year include fluctuations in the rate of foreign exchange (net) of Rs. 1.57 Crores (gain) [2004 - Rs. 0.97 Crore (loss)].

Depreciation for the year includes Rs. 0.94 Crore (2004 - Rs. 0.78 Crore) transferred from Revaluation Reserve in respect of revalued assets.

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

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	As at 31st March, 2005 (Rs. in Crores)		As at 31st March, 2004 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS				
Long Term				
A. TRADE INVESTMENTS				
Hotel Kathmandu Limited 6,450 Shares of Nepalese Rs. 100.00 each, fully paid (written off during the year)		—		0.05
International Travel House Limited 2,87,600 Equity Shares of Rs 10.00 each, fully paid	0.65		0.65	
Gujarat Hotels Limited 17,33,907 Shares of Rs 10.00 each, fully paid	1.94		1.94	
Hill Properties Limited 3 class 'A' Equity Shares of Rs. 1,20,000.00 each, Rs. 1,18,000.00 per share paid		0.04		0.04
Modern Flats Private Limited Nil (2004 - 86) Preference Shares of Rs. 500.00 each, fully paid (2004 - cost Rs 43,000.00) (redeemed during the year)		—		...
4,300 (2004 - Nil) Equity Shares of Rs. 10.00 each, fully paid (cost Rs 43,000.00) (acquired during the year)		...		—
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 *		1.19		1.19
King Maker Marketing Inc., USA 100 Non Assessable Shares of Class B Cumulative Preferred Stock without par value		0.01		0.01
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of Rs. 10.00 each, fully paid		2.32		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)	
Maharaja Heritage Resorts Limited 90,000 Equity Shares of Rs. 100.00 each, fully paid (acquired on amalgamation)		0.90		—
Bihar Hotels Limited 40,000 Equity Shares of Rs. 10.00 each, fully paid (acquired on amalgamation)		0.04		—
B. SUBSIDIARY COMPANIES				
Gold Flake Corporation Limited 1,59,98,385 Ordinary Shares of Rs 10.00 each, fully paid		16.00		16.00
Wills Corporation Limited 48,85,626 Ordinary Shares of Rs 10.00 each, fully paid		4.88		4.88
Russell Credit Limited 59,74,54,177 Equity Shares of Rs 10.00 each, fully paid		619.29		619.29
7,54,22,400 Equity Shares of Rs. 10.00 each, Rs. 6.50 per share paid		39.22		39.22
ITC Infotech India Limited 2,52,00,000 Equity Shares of Rs. 10.00 each, fully paid		25.14		25.14
ITC Hotels Limited Nil (2004 - 2,17,74,362) Equity Shares of Rs 10.00, fully paid (2,17,74,362 Shares extinguished on amalgamation)		—		86.07
Carried over	2.59	709.03	88.66	708.14

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	As at 31st March, 2005 (Rs. in Crores)		As at 31st March, 2004 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Brought forward	2.59	709.03	88.66	708.14
Landbase India Limited 40,00,000 (2004 - 28,00,000) Equity Shares of Rs 10.00 each, fully paid (12,00,000 Shares acquired during the year)		12.57		9.57
ITC Global Holdings Pte. Limited 89,99,645 Ordinary Shares of US\$ 1.00 each, fully paid *		25.58		25.58
BFIL Finance Limited 2,00,00,000 Equity Shares of Rs 10.00 each, fully paid 15,00,000 – 18.5% Non-Convertible Debentures of Rs. 100.00 each, renewed at 0 %		20.00		20.00
		15.00		15.00
Surya Nepal Private Limited 19,82,400 (2004 - 3,30,400) Ordinary Shares of Nepalese Rs. 100.00 each, fully paid (16,52,000 Shares received as Bonus Shares during the year)		7.05		7.05
Srinivasa Resorts Limited 1,63,20,477 Equity Shares of Rs. 10.00 each, fully paid (acquired on amalgamation)		18.53		—
Fortune Park Hotels Limited 4,50,001 Equity Shares of Rs. 10.00 each, fully paid (acquired on amalgamation)		0.45		—
Bay Islands Hotels Limited 11,875 Equity Shares of Rs. 100.00 each, fully paid (acquired on amalgamation)		0.12		—
Ansal Hotels Limited Nil (25,29,65,338 Equity Shares of Rs. 10.00 each acquired for Rs. 164.43 Crores and 1,300 Equity Shares sold during the year; 25,29,64,038 Shares extinguished on amalgamation)		—		—
C. DEPOSITS WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES				
Government Securities (2004 - cost Rs. 1,500.00)		0.01		...
D. OTHER INVESTMENTS				
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 Units of 1995 scheme of Rs. 10.00 each, fully paid		1.04		1.04
84,19,658 (2004 - 56,68,356) 6.75% US-64 Tax Free Bonds of Rs. 100.00 each, fully paid (27,51,302 Bonds acquired during the year)		90.39		60.87
10,00,000 Units of 6.60 % Government Guaranteed US-64 Bonds of Rs. 100.00 each, fully paid (acquired during the year)		10.55		—
APIDC - Venture Capital Fund (1990) 1,000 Units of Rs. 1,000.00 each, fully paid (net of capital returned)		0.01		0.06
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		0.01		0.01
Tribeni Tissues Co-op. Stores Limited 200 (2004 - 900) Class 'B' Shares of Rs. 10.00 each, fully paid (700 Shares redeemed during the year) (2005 - cost Rs. 2,000.00 ; 2004 - cost Rs. 9,000.00)	
Carried over	2.59	910.34	88.66	847.32

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	As at 31st March, 2005 (Rs. in Crores)		As at 31st March, 2004 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Brought forward	2.59	910.34	88.66	847.32
Tourism Finance Corporation of India Limited 25,000 Equity Shares of Rs.10.00 each, fully paid		0.05		0.05
National Bank for Agricultural and Rural Development 50,000 5.10% Tax Free Bonds of Rs. 10,000.00 each, fully paid		50.00		50.00
75,000 5% Tax Free Bonds of Rs. 10,000.00 each, fully paid		75.45		75.45
National Housing Bank 2,500 5.25% Tax Free Bonds of Rs. 1,00,000.00 each, fully paid		25.00		25.00
Indian Railway Finance Corporation Limited 250 5.20% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid		25.00		25.00
500 4.77% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid		50.03		50.03
Nuclear Power Corporation Limited 220 4.75% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid		22.00		22.00
Power Finance Corporation Limited 2,000 10.40% Tax Free Bonds of Rs. 1,00,000.00 each, fully paid (acquired during the year)		24.30		—
Total Long Term Investments (At cost)	2.59	1182.17	88.66	1094.85
Current				
OTHER INVESTMENTS				
ICICI Bank Limited 350 Non-Cumulative, Non-Participating, Non-Voting Preference Shares of Rs. 1,00,00,000.00 each, fully paid (acquired during the year)		120.00		—
ABN Amro Cash Fund - Institutional Daily Dividend 2,00,02,516.460 (2004 - Nil) Units of Rs. 10.00 each (3,95,61,645.860 Units purchased and 1,95,59,129.400 Units sold during the year)		20.00		—
Alliance Cash Manager - IP Daily Dividend 4,35,67,901.238 (2004 - Nil) Units of Rs. 10.00 each (40,58,15,401.936 Units purchased and 36,22,47,500.698 Units sold during the year)		43.57		—
Birla Cash Plus Institutional Plan : Dividend - Reinvestment Nil (2004 - 15,49,46,178.131) Units of Rs. 10.00 each (90,34,29,428.362 Units purchased and 1,05,83,75,606.493 Units sold during the year)		—		167.11
Birla Bond Plus Institutional Plan - Dividend - Reinvestment 95,79,369.869 (2004 - Nil) Units of Rs. 10.00 each (95,79,369.869 Units purchased during the year)		10.00		—
Birla Income Plus Institutional Plan - Dividend - Reinvestment Nil (2004 - 1,89,44,632.417) Units of Rs. 10.00 each (1,88,58,459.716 Units purchased and 3,78,03,092.133 Units sold during the year)		—		50.00
Birla Cash Plus - Institutional Premium Dividend Plan Fortnightly Dividend - Reinvestment 17,25,12,722.103 (2004 - Nil) Units of Rs. 10.00 each (17,25,12,722.103 Units purchased during the year)		173.41		—
Carried over		366.98		217.11

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	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Current		366.98		217.11
Brought forward				
OTHER INVESTMENTS (Contd.)				
CANLIQUID Fund - Institutional Daily Dividend Reinvestment 8,86,47,541.248 (2004 - Nil) Units of Rs. 10.00 each (74,59,24,567.879 Units purchased and 65,72,77,026.631 Units sold during the year)		89.01		—
Chola Liquid Institutional Dividend Reinvestment Plan Nil (2004 - 1,53,03,166.192) Units of Rs. 10.00 each (16,22,28,894.424 Units purchased and 17,75,32,060.616 Units sold during the year)		—		15.30
Deutsche Floating Rate Fund Regular Plan - Weekly Dividend 5,48,66,576.853 (2004 - Nil) Units of Rs. 10.00 each (23,00,71,522.38 Units purchased and 17,52,04,945.527 Units sold during the year)		56.29		—
Deutsche Insta Cash Plus Fund - Institutional Plan - Monthly Dividend 4,59,78,567.344 (2004 - Nil) Units of Rs. 10.00 each (4,59,78,567.344 Units purchased during the year)		46.11		—
DSP Merrill Lynch Liquidity Fund Daily - Dividend Nil (2004 - 17,36,36,800.471) Units of Rs. 10.00 each (1,15,97,14,084.771 Units purchased and 1,33,33,50,885.242 Units sold during the year)		—		173.81
Grindlays Floating Rate - ST - Super Institutional Plan C - Monthly Dividend 17,37,19,169.111 (2004 - Nil) Units of Rs. 10.00 each (17,37,19,169.111 Units purchased during the year)		174.37		—
GFBD Grindlays Floating Rate - Institutional Plan B - Daily Dividend Nil (2004 - 4,52,50,914.026) Units of Rs. 10.00 each (2,09,563.517 Units purchased and 4,54,60,477.543 Units sold during the year)		—		45.57
GSQB GSSIF - Investment Plan B Institutional Plan - Quarterly Dividend Nil (2004 - 4,00,88,007.160) Units of Rs. 10.00 each (4,00,88,007.160 Units sold during the year)		—		43.00
HDFC Floating Rate Income Fund - Short Term Plan - Dividend Reinvestment 9,74,27,349.469 (2004 - Nil) Units of Rs. 10.00 each (34,18,15,646.863 Units purchased and 24,43,88,297.394 Units sold during the year)		97.77		—
HSBC Cash Fund - Institutional - Daily Dividend Nil (2004 - 16,67,93,731.696) Units of Rs. 10.00 each (63,55,95,348.634 Units purchased and 80,23,89,080.330 Units sold during the year)		—		174.09
HSBC Floating Rate Fund Short Term - Institutional Option - Daily Dividend 11,75,67,261.936 (2004 - Nil) Units of Rs. 10.00 each (31,41,91,585.781 Units purchased and 19,66,24,323.845 Units sold during the year)		117.72		—
IL&FS Liquid Account - Institutional Plan (Dividend Option) Nil (2004 - 8,70,24,043.331) Units of Rs. 10.00 each (57,57,081.849 Units purchased and 9,27,81,125.180 Units sold during the year)		—		87.02
ING Vysya Liquid Fund - Daily Dividend Option Nil (2004 - 7,50,24,462.849) Units of Rs. 10.00 each (8,69,63,027.952 Units purchased and 16,19,87,490.801 Units sold during the year)		—		80.81
Carried over		948.25		836.71

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	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Current				
Brought forward		948.25		836.71
OTHER INVESTMENTS (Contd.)				
ING Vysya Floating Rate Fund - Daily Dividend 3,62,91,931.545 (2004 - Nil) Units of Rs. 10.00 each (3,72,91,706.595 Units purchased and 9,99,775.050 Units sold during the year)		36.30		—
JM High Liquidity Fund Institutional Plan - Daily Dividend Nil (2004 - 17,32,62,583.906) Units of Rs. 10.00 each (20,80,31,327.174 Units purchased and 38,12,93,911.080 Units sold during the year)		—		173.26
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend 15,33,65,175.620 (2004 - Nil) Units of Rs. 10.00 each (90,98,50,713.708 Units purchased and 75,64,85,538.088 Units sold during the year)		153.62		—
Kotak Floater Long Term - Monthly Dividend 2,49,39,148.478 (2004 - Nil) Units of Rs. 10.00 each (2,49,39,148.478 Units purchased during the year)		25.00		—
Kotak Floater Short Term - Monthly Dividend 9,24,78,054.919 (2004 - Nil) Units of Rs. 10.00 each (15,22,46,876.167 Units purchased and 5,97,68,821.248 Units sold during the year)		92.51		—
Kotak Liquid (Institutional Premium) - Daily Dividend 14,21,75,751.921 (2004 - Nil) Units of Rs. 10.00 each (47,73,69,068.156 Units purchased and 33,51,93,316.235 Units sold during the year)		173.85		—
Principal Cash Management Fund - Liquid Institutional Plan - Daily Dividend Plan Nil (2004 - 17,39,84,360.959) Units of Rs. 10.00 each (21,75,94,956.121 Units purchased and 39,15,79,317.080 Units sold during the year)		—		174.00
Principal Cash Management Fund Liquid Option Institutional Premium Plan - Dividend Reinvestment Daily 17,36,36,589.884 (2004 - Nil) Units of Rs. 10.00 each (21,61,34,050.036 Units purchased and 4,24,97,460.152 Units sold during the year)		173.64		—
Principal Floating Rate Fund SMP Institutional Option - Dividend Reinvestment Daily 4,90,24,778.765 (2004 - Nil) Units of Rs. 10.00 each (7,36,51,953.519 Units purchased and 2,46,27,174.754 Units sold during the year)		49.03		—
Prudential ICICI Institutional Income Plan - Dividend Quarterly Nil (2004 - 6,68,06,812.513) Units of Rs. 10.00 each (6,68,06,812.513 Units sold during the year)		—		75.00
Prudential ICICI Floating Rate Plan C - Daily Dividend 18,40,86,450.997 (2004 - Nil) Units of Rs. 10.00 each (39,86,65,992.766 Units purchased and 21,45,79,541.769 Units sold during the year)		184.11		—
Prudential ICICI Liquid Plan Institutional Plus - Daily Dividend Option Nil (2004 - 3,16,25,977.430) Units of Rs. 10.00 each (64,96,29,473.467 Units purchased and 68,12,55,450.897 Units sold during the year)		—		37.48
		1836.31		1296.45
Carried over				

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2005 (Rs. in Crores)		As at 31st March, 2004 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Current				
Brought forward		1836.31		1296.45
OTHER INVESTMENTS (Contd.)				
Reliance Liquid Fund - Treasury Plan - Retail Option - Daily Dividend Option Nil (2004 - 7,89,32,788.656) Units of Rs. 10.00 each (8,58,89,783.164 Units purchased and 16,48,22,571.820 Units sold during the year)		—		120.16
SBI Magnum Institutional Income - Savings - Fortnightly Dividend 17,27,30,774.404 (2004 - Nil) Units of Rs. 10.00 each (17,27,30,774.404 Units purchased during the year)		173.29		—
SBI Mutual Fund Magnum Institutional Income Fund - Saving Plan - Dividend Nil (2004 - 10,84,89,659.778) Units of Rs. 10.00 each (75,28,67,221.414 Units purchased and 86,13,56,881.192 Units sold during the year)		—		108.64
Sundaram Money Fund Institutional - Dividend Reinvestment Daily 6,19,89,339.695 (2004 - Nil) Units of Rs. 10.00 each (50,33,39,714.098 Units purchased and 44,13,50,374.403 Units sold during the year)		62.58		—
TATA Liquid Super High Inv. Fund - Monthly Dividend 15,40,892.963 (2004 - Nil) Units of Rs. 10.00 each (15,40,892.963 Units purchased during the year)		173.44		—
Templeton India Treasury Management Account - Daily Dividend Reinvestment Nil (2004 - 11,48,378.963) Units of Rs. 10.00 each (17,361.657 Units purchased and 11,65,740.620 Units sold during the year)		—		173.63
Templeton Floating Rate Income Fund Short Term Plan 14,43,40,591.926 (2004 - Nil) Units of Rs. 10.00 each (27,02,35,128.939 Units purchased and 12,58,94,537.013 Units sold during the year)		144.70		—
Templeton India Treasury Management Account Institutional Plan 12,30,839.342 (2004 - Nil) Units of Rs. 10.00 each (49,44,785.529 Units purchased and 37,13,946.187 Units sold during the year)		123.09		—
UTI Bond Fund (Income) Nil (2004 - 13,63,12,856.731) Units of Rs. 10.00 each (13,63,12,856.731 Units sold during the year)		—		146.69
UTI - Floating Rate Fund - Short Term Plan (Dividend Option) 2,04,96,286.750 (2004 - Nil) Units of Rs. 10.00 each (3,04,38,621.210 Units purchased and 99,42,334.460 Units sold during the year)		20.56		—
UTI Liquid Cash Plan Institutional - Daily Income Option 18,14,286.769 (2004 - 5,13,293.553 Units of Rs. 1,000.00 each restated) Units of Rs. 1,000.00 each (2004 - 5,13,29,355.269 Units of Rs. 10.00 each) (13,50,677.442 Units purchased and 49,684.226 Units sold during the year)		182.72		51.65
Total Current Investments	—	2716.69	—	1897.22
Total of Quoted and Unquoted Investments		3901.45		3080.73
Less: Provision for Long Term Investments *		26.77		26.77
TOTAL OF INVESTMENTS		3874.68		3053.96

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

Total Market Value of Quoted Investments : 2005 - Rs. 8.66 Crores (2004 - Rs. 285.22 Crores)

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

- (1) 10,00,61,013.955 Units of ABN Amro Floating Rate Fund - Institutional Daily Dividend at cost of Rs. 100.07 Crores
- (2) 61,30,30,166.420 Units of Birla Cash Plus - Institutional Premium Plan Dividend - Reinvestment at cost of Rs. 614.20 Crores
- (3) 10,57,04,536.612 Units of Birla Cash Plus Retail Plan : Dividend - Reinvestment at cost of Rs. 173.03 Crores
- (4) 29,26,58,239.266 Units of Birla Floating Rate Fund Short Term Plan Dividend - Reinvestment at cost of Rs. 303.51 Crores
- (5) 3,98,57,304.764 Units of CANLIQUID Fund - Dividend Reinvestment at cost of Rs. 40.04 Crores
- (6) 2,17,18,503.839 Units of Chola Liquid Institutional Plus - Weekly Dividend at cost of Rs. 25.03 Crores
- (7) 27,82,03,459.012 Units of Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend Option at cost of Rs. 278.75 Crores
- (8) 6,72,51,885.518 Units of Deutsche Short Maturity Fund - Weekly Dividend Plan at cost of Rs. 69.02 Crores
- (9) 24,51,70,405.095 Units of DSP Merrill Lynch Floating Rate Fund Daily - Dividend at cost of Rs. 245.58 Crores
- (10) 6,26,52,199.406 Units of DSP Merrill Lynch Floating Rate Weekly Dividend at cost of Rs. 62.75 Crores
- (11) 3,55,19,857.478 Units of DSP Merrill Lynch Short Term Fund Weekly Dividend at cost of Rs. 36.04 Crores
- (12) 7,56,356.393 Units of Grindlays Cash Fund - Institutional Plan B - Daily Dividend at cost of Rs. 0.80 Crore
- (13) 1,77,89,87,847.810 Units of Grindlays Cash Fund - Super Institutional Plan C - Daily Dividend at cost of Rs. 1779.10 Crores
- (14) 5,01,58,338.302 Units of Grindlays Floating Rate Fund Super Institutional Plan C - Daily Dividend at cost of Rs. 50.16 Crores
- (15) 47,36,75,417.280 Units of Grindlays Floating Rate - ST - Super Institutional Plan C - Daily Dividend at cost of Rs. 473.68 Crores
- (16) 2,54,34,360.755 Units of Grindlays - Short Term - Monthly Dividend at cost of Rs. 25.59 Crores
- (17) 2,23,80,265.579 Units of Grindlays Short Term Plan B - Monthly Dividend at cost of Rs. 22.50 Crores
- (18) 7,99,35,180.796 Units of Grindlays ST - Super Institutional Plan C - Monthly Dividend at cost of Rs. 80.16 Crores
- (19) 52,03,11,450.624 Units of HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment at cost of Rs. 553.42 Crores
- (20) 2,45,22,747.375 Units of HDFC Cash Management Saving Plus Plan - Weekly Dividend at cost of Rs. 24.59 Crores
- (21) 12,51,33,694.556 Units of HDFC Floating Rate Income - Short Term Plan - Dividend Reinvestment at cost of Rs. 125.41 Crores
- (22) 3,38,47,165.542 Units of HDFC Income Fund - Premium Plan - Dividend at cost of Rs. 35.00 Crores
- (23) 3,36,15,157.450 Units of HDFC Income Fund - Premium Plus Plan - Dividend at cost of Rs. 35.00 Crores
- (24) 36,87,72,889.247 Units of HDFC Liquid Fund - Dividend Reinvestment at cost of Rs. 435.03 Crores
- (25) 1,33,55,539.814 Units of HDFC Short Term Plan - Premium Plus Dividend at cost of Rs. 14.51 Crores
- (26) 9,30,70,505.848 Units of HDFC Floating Rate Income Fund - Short Term Plan - Dividend Reinvestment at cost of Rs. 93.31 Crores
- (27) 99,01,63,420.621 Units of HSBC Cash Fund Institutional Plus - Daily Dividend at cost of Rs. 990.59 Crores
- (28) 41,99,53,493.431 Units of ING Vysya Liquid Fund Institutional - Daily Dividend Option at cost of Rs. 420.14 Crores
- (29) 10,33,74,346.306 Units of JM Floater Fund - Short Term Plan - Dividend Option at cost of Rs. 103.93 Crores

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

- (30) 2,67,97,237.212 Units of JM Floater Fund - Short Term Plan - Dividend Option at cost of Rs. 26.91 Crores
- (31) 7,77,885.441 Units of JM Liquidity Fund - Daily Dividend at cost of Rs. 0.81 Crore
- (32) 7,85,95,144.096 Units of Kotak Bond Fund IP at cost of Rs. 79.26 Crores
- (33) 17,17,82,673.844 Units of Kotak Floater Short Term - Weekly Dividend at cost of Rs. 171.85 Crores
- (34) 8,72,46,728.180 Units of Principal Cash Management Fund Money at Call - Dividend Reinvestment Daily at cost of Rs. 87.25 Crores
- (35) 2,91,01,379.912 Units of Principal Cash Management Fund Liquid Option - IP - Dividend Reinvestment Daily at cost of Rs. 29.11 Crores
- (36) 7,47,18,079.746 Units of Principal Income Fund STP IP - Dividend Reinvestment Weekly at cost of Rs. 81.69 Crores
- (37) 16,93,80,425.452 Units of Prudential ICICI Floating Rate Plan - Dividend at cost of Rs. 170.26 Crores
- (38) 10,37,74,931.090 Units of Prudential ICICI Floating Rate Plan - Dividend at cost of Rs. 104.35 Crores
- (39) 5,06,735.398 Units of Prudential ICICI Institutional Liquid Plan - Daily Dividend Option at cost of Rs. 0.60 Crore
- (40) 16,00,91,162.910 Units of Prudential ICICI Institutional Short Term Plan - DP at cost of Rs. 173.88 Crores
- (41) 3,10,99,890.257 Units of Prudential ICICI Liquid Plan Institutional Plus - Daily Dividend Option at cost of Rs. 36.86 Crores
- (42) 12,59,31,746.604 Units of Prudential ICICI Short Term Plan - DR at cost of Rs. 134.03 Crores
- (43) 5,00,00,000 Units of Reliance Fixed Term Scheme - Series XV - Monthly Plan Dividend Option at cost of Rs. 50.00 Crores
- (44) 19,75,71,469.518 Units of Reliance Short Term Fund - Floater Plan - Dividend Plan at cost of Rs. 198.38 Crores
- (45) 2,32,78,608.184 Units of Reliance Short Term Fund - Retail Plan - Dividend Plan at cost of Rs. 23.75 Crores
- (46) 38,21,12,364.316 Units of RFL - Treasury Plan - Institutional Option - Daily Dividend Option at cost of Rs. 583.73 Crores
- (47) 4,88,03,394.329 Units of SBI Magnum Income Fund Floating Rate Short Term Plan - Weekly Dividend at cost of Rs. 49.63 Crores
- (48) 4,86,86,928.297 Units of SBI Magnum Income Fund Floating Rate Short Term Plan at cost of Rs. 49.50 Crores
- (49) 3,30,59,129.864 Units of SBI Magnum Income Fund Floating Rate Short Term Plan - Weekly Dividend at cost of Rs. 33.61 Crores
- (50) 4,64,62,015.965 Units of SBI Magnum Insta Cash Dividend Plan at cost of Rs. 48.97 Crores
- (51) 59,13,75,278.146 Units of SBI Magnum Institutional Income Savings - Dividend at cost of Rs. 593.30 Crores
- (52) 25,08,03,845.317 Units of Sundaram Money Fund - Dividend Reinvest Daily at cost of Rs. 253.16 Crores
- (53) 6,22,97,985.989 Units of TATA Floating Rate Fund Short Term - Income / Bonus at cost of Rs. 62.39 Crores
- (54) 17,65,17,466.436 Units of TATA Floating Rate Short Term Institutional Plan - Daily Dividend at cost of Rs. 176.70 Crores
- (55) 1,10,23,120.079 Units of TATA Liquid Super High Investment Fund - Daily Dividend at cost of Rs. 1226.32 Crores
- (56) 30,12,12,796.601 Units of Templeton Floating Rate Income Fund Short Term Plan at cost of Rs. 301.36 Crores
- (57) 5,22,42,513.955 Units of Templeton Floating Rate Income Fund Short Term Plan at cost of Rs. 52.30 Crores
- (58) 10,21,04,561.986 Units of Templeton India Liquid Fund at cost of Rs. 102.10 Crores
- (59) 9,79,177.188 Units of Templeton India Short Term Income Plan Weekly - Dividend at cost of Rs. 106.74 Crores
- (60) 4,40,56,238.747 Units of UTI Bond Fund Income IP at cost of Rs. 46.00 Crores
- (61) 99,20,628.669 Units of UTI Liquid - Short Term Plan - Income Option at cost of Rs. 10.02 Crores
- (62) 99,40,256.149 Units of UTI Liquid Cash Plan Institutional - Daily Income Option at cost of Rs. 10.01 Crores

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2005 (Rs. in Crores)	As at 31st March, 2004 (Rs. in Crores)
8. INVENTORIES		
Stores and Spare Parts	92.30	84.94
Raw Materials	1195.11	808.75
Intermediates – Tissue Paper and Paper Board	38.81	35.07
Stock in Process	21.31	16.21
Finished Goods	655.46	589.24
	<u>2002.99</u>	<u>1534.21</u>
9. SUNDRY DEBTORS		
Over 6 months old		
Good and Secured	2.50	2.01
Good and Unsecured		
– From Subsidiaries	0.07	0.04
– From Others	43.55	17.27
Doubtful and Unsecured		
– From Subsidiaries	0.11	0.11
– From Others	20.24	19.76
Other Debts		
Good and Secured *	199.40	9.95
Good and Unsecured		
– From Subsidiaries	3.43	3.08
– From Others *	288.71	209.76
	<u>558.01</u>	<u>261.98</u>
Less : Provision for Doubtful Debts	20.35	19.87
	<u>537.66</u>	<u>242.11</u>
Less : Deposits from normal Trade Debtors – Contra	9.90	11.96
	<u>527.76</u>	<u>230.15</u>

* Includes amounts receivable on liquidation of legacy assets acquired as part and parcel of the schemes facilitating exit from the Financial Services and Edible Oil Businesses in 1997, Rs. 216.95 Crores (2004 - Rs. Nil) including Rs. 161.54 Crores (2004 - Rs. Nil) not due within one year.

10. CASH AND BANK BALANCES

With Scheduled Banks		
On Current Accounts etc.	39.35	21.32
On Deposit Accounts	3.21	—
With Other Banks *
Cash and Cheques on hand	13.10	12.72
	<u>55.66</u>	<u>34.04</u>

Rs. 0.05 Crore (2004 – Rs. 0.05 Crore) on deposit in Karachi–Blocked Account considered doubtful, fully provided.

* Includes on Current Account Rs. 12,720/- (2004 – Rs. 14,522/-) with Post Office Savings Bank and maximum amount outstanding at any time during the year was Rs. 14,522/- (2004 - Rs. 14,522/-).

11. OTHER CURRENT ASSETS

Good and partially secured		
Deposit towards Property Options *	42.19	311.20
Good and Unsecured		
Deposits with Government, Public Bodies and Others @	92.38	436.08
Interest accrued on Loans, Advances etc.	0.60	27.28
Interest accrued on Investments	7.35	6.03
Dividend Receivable	—	2.73
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>143.90</u>	<u>818.56</u>
Less : Provision for Doubtful Deposits	1.38	1.38
	<u>142.52</u>	<u>817.18</u>

* Rs. Nil (2004 – Rs. 147.80 Crores) secured against equitable mortgage of land.

@ Deposit with subsidiary companies Rs. 2.56 Crores (2004 – Rs. 2.56 Crores).

** 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 in the previous year.

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2005 (Rs. in Crores)	As at 31st March, 2004 (Rs. in Crores)
12. LOANS AND ADVANCES		
Good and Secured		
Loans to Subsidiaries	28.00	20.25
Loans to Others	—	147.00
Advances with Subsidiaries *	55.25	59.25
Good and Unsecured		
Loans to Subsidiaries	148.73	131.09
Loans to Others **	29.18	26.21
Advances recoverable in cash or in kind or for value to be received *	202.11	195.35
Advances with Government and Public Bodies	343.75	285.52
Advances with Subsidiaries *	3.34	5.10
Doubtful and Unsecured		
Loans	3.63	4.00
Advances recoverable in cash or in kind or for value to be received	8.43	9.02
Advances with Government and Public Bodies	0.55	0.55
	<u>822.97</u>	<u>883.34</u>
Less : Provision for Doubtful Loans and Advances	12.61	13.57
	<u>810.36</u>	<u>869.77</u>

Loans to Subsidiaries comprise of :

- Interest free loans to wholly owned subsidiaries :
 - ITC Infotech India Limited Rs. 111.49 Crores (2004 - Rs. 93.85 Crores)
(The maximum outstanding during the year was Rs. 114.84 Crores; 2004 - Rs. 93.85 Crores).
 - BFIL Finance Limited Rs. 37.24 Crores (2004 - Rs. 37.24 Crores)
(The maximum outstanding during the year was Rs. 37.24 Crores; 2004 - Rs. 37.24 Crores).
 - Landbase India Limited Rs. 28.00 Crores (2004, not a wholly owned subsidiary and not interest free - Rs. 20.25 Crores)
(The maximum outstanding during the year was Rs. 28.00 Crores; 2004 - Rs. 20.25 Crores).
Landbase India Limited became a wholly owned subsidiary on 26.05.2004.
- Loans to Others include :
 - Ansal Hotels Limited, an associate, Rs. Nil (2004 - Rs. 147.00 Crores)
(The maximum outstanding during the previous year was Rs. 147.00 Crores)
Included Rs. 140.00 Crores repayable in 28 quarterly instalments ending 27.12.2009
with an initial moratorium of two years. Ansal Hotels Limited has been amalgamated
with the Company [see Schedule 19 (i)].

* Includes Capital Advances of Rs. 83.52 Crores (2004 – Rs. 122.15 Crores).

** Includes Loans and Advances to Directors and to Company Secretary – Rs. 1.19 Crores (2004 – Rs. 1.53 Crores).
The maximum indebtedness during the year was Rs. 1.55 Crores (2004 – Rs. 1.57 Crores).

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2005 (Rs. in Crores)		For the year ended 31st March, 2004 (Rs. in Crores)	
16. RAW MATERIALS ETC.				
(a) RAW MATERIALS CONSUMED				
Opening Stock *	809.74		784.69	
Purchases	<u>2409.32</u>		<u>2040.52</u>	
	3219.06		2825.21	
Less : Closing Stock	<u>1195.11</u>	2023.95	<u>808.75</u>	2016.46
(b) PURCHASES AND CONTRACT MANUFACTURING CHARGES				
Cigarettes	20.42		13.90	
Agri Products	569.01		349.35	
Other Goods	219.42		190.51	
Packing Materials	<u>17.93</u>	826.78	<u>11.63</u>	565.39
(c) (INCREASE)/DECREASE IN FINISHED GOODS, INTERMEDIATES, STOCK IN PROCESS				
Opening Stock				
Cigarettes	299.53		214.22	
Smoking Tobacco	0.32		0.44	
Printed Materials	2.04		1.15	
Agri Products	135.00		48.00	
Paper – Specialty Paper	6.74		5.53	
Paperboards and Paper	28.74		27.00	
Other Goods **	114.38		47.50	
Packing Materials	2.52		4.48	
Intermediates – Tissue Paper and Paperboards	35.07		22.28	
Stock in Process	<u>16.21</u>		<u>17.49</u>	
	<u>640.55</u>		<u>388.09</u>	
Closing Stock				
Cigarettes	345.38		299.53	
Smoking Tobacco	0.33		0.32	
Printed Materials	2.32		2.04	
Agri Products	147.14		135.00	
Paper – Specialty Paper	7.70		6.74	
Paperboards and Paper	44.52		28.74	
Other Goods	98.95		114.35	
Packing Materials	9.12		2.52	
Intermediates – Tissue Paper and Paperboards	38.81		35.07	
Stock in Process	<u>21.31</u>		<u>16.21</u>	
	<u>715.58</u>	(75.03)	<u>640.52</u>	(252.43)
Total		2775.70		2329.42
Less : Waste Material Sales		<u>10.66</u>		<u>4.62</u>
		2765.04		2324.80
Excise Duties etc. on Increase/(Decrease) of Finished Goods		<u>44.51</u>		<u>62.98</u>
		2809.55		2387.78
Less: One time cost relating to write down of inventories considered as exceptional item [see Schedule 19(ii)(c)]		<u>40.00</u>		<u>—</u>
		<u>2769.55</u>		<u>2387.78</u>

* Includes Raw Material Rs. 0.99 Crore,

** Includes Other Goods Rs. 0.03 Crore,

taken over consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company [see Schedule 19(i)].

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2005 (Rs. in Crores)		For the year ended 31st March, 2004 (Rs. in Crores)	
17. MANUFACTURING, SELLING ETC. EXPENSES				
Salaries/Wages and Bonus	349.86		271.17	
Contribution to Provident and Other Funds	68.00		69.64	
Workmen and Staff Welfare Expenses	53.13		35.82	
Reimbursement of contractual remuneration	—		39.85	
	<u>470.99</u>		<u>416.48</u>	
Less: Recoveries	<u>3.73</u>	467.26	—	416.48
Consumption of Stores and Spare Parts		118.49		101.52
Power and Fuel		218.54		158.57
Rent		58.92		33.81
Rates and Taxes		34.03		21.34
Insurance		39.20		33.29
Repairs				
– Buildings		26.22		20.98
– Machinery		43.29		29.93
– Others		15.66		14.01
Outward Freight and Handling Charges		260.97		198.00
Advertising/Sales Promotion – Net		220.53		265.72
Market Research		28.99		27.85
Doubtful and Bad Debts		2.63		0.69
Doubtful and Bad Advances, Deposits etc.		0.47		0.31
Information Technology Services		51.07		39.13
Travelling and Conveyance		98.07		82.63
Training		10.27		6.12
Legal Expenses		10.51		12.01
Postage, Telephone, Telex, etc.		22.87		18.88
Brokerage and Discount – Sales		3.98		2.64
Brokerage and Discount – Others		0.55		2.89
Commission to Selling Agents		17.75		17.73
Loss on Sale of Current Investments – Net		0.34		1.36
Bank Charges		3.05		4.99
Investments written off		0.05		—
Interest etc. Paid – Debenture, Term Loans and Fixed Deposits	0.01		0.11	
– Others [also see Schedule 19(ii)(a)]	47.74		29.08	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	<u>5.32</u>	42.43	<u>4.40</u>	24.79
Miscellaneous Expenses		339.02		206.01
Fixed Assets and Stores Discarded – Net		11.08		13.50
		<u>2146.24</u>		<u>1755.18</u>
Deduct : Transfers to Fixed Assets etc. Accounts		26.47		8.32
		<u>2119.77</u>		<u>1746.86</u>
Miscellaneous Expenses include :				
(1) Contribution to Chief Minister's Relief Fund		0.05		—
(2) Contribution to Prime Minister's Relief Fund		3.00		—
(3) Donation to Political parties [see Schedule 19 (xi)]		4.62		—
(4) Auditors' Remuneration (including service tax) and Expenses :				
Audit Fees		0.99		0.91
Tax Audit Fees		0.23		0.23
Fees for Limited Review		0.36		0.36
Fees for Other Services		0.45		0.33
Reimbursement of Expenses		0.11		0.09
(5) Remuneration and Expenses of Auditors of erstwhile ITC HL and AHL:				
Fees for audit of the erstwhile ITC HL and AHL		0.19		—
Fees for Other Services		0.05		—
Reimbursement of Expenses		0.04		—
(6) Cost Auditors' Fee		0.03		0.03
(7) Consultancy/Professional Fees		39.06		47.26
(8) On Contract Settlements in Commodity Exchanges – Net		—		7.66

Interest received on Trading Debts, Deposits with Govt. Bodies etc. is stated Gross, the amount of Income Tax deducted is Rs. 0.68 Crore (2004 - Rs. 0.43 Crore).

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2005 (Rs. in Crores)	For the year ended 31st March, 2004 (Rs. in Crores)
18. PROVISION FOR TAXATION		
Income Tax for the year :		
Current Tax	879.46	853.79
Deferred Tax	48.10	(92.80)
	<u>927.56</u>	<u>760.99</u>
Less : Adjustments related to previous years – Net		
Current Tax	73.96	151.74
Deferred Tax	17.60	(116.96)
	<u>91.56</u>	<u>34.78</u>
	<u>836.00</u>	<u>726.21</u>

19. NOTES TO THE ACCOUNTS

- (i) Amalgamation of erstwhile ITC Hotels Limited and Ansal Hotels Limited with the Company :
- In accordance with the Scheme of Amalgamation of ITC Hotels Limited (ITC HL) and Ansal Hotels Limited (AHL) with the Company as approved by the members at a meeting convened by the Hon'ble High Court at Calcutta held on 19th November, 2004, and subsequently sanctioned by the Hon'ble High Courts at Calcutta and Delhi on 24th January, 2005 and 2nd February, 2005, respectively, the assets and liabilities of ITC HL and AHL were transferred to and vested in the Company with effect from 1st April, 2004. The Scheme has accordingly been given effect to in these accounts.
 - The business of ITC HL and AHL was hoteliering.
 - The Amalgamation has been accounted for under the 'pooling of interests' method as prescribed by Accounting Standard 14 - Accounting for Amalgamations issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of ITC HL and AHL as at 1st April, 2004 have been taken over at their book values subject to adjustments as specified in the Scheme of Amalgamation. Accordingly, Rs. 1.82 Crores has been debited to the General Reserve taken over, and Rs. 88.54 Crores has been debited to the Share Premium Account being the unamortised discount on the issue of share of AHL. Further, earlier unrecognised deferred tax assets of Rs. 18.73 Crores on carry forward of business losses of AHL have been recognised as an adjustment to revenue reserves pursuant to Accounting Standard 22 – Accounting for Taxes on Income – read with Accounting Standard Interpretation 11 issued by the Institute of Chartered Accountants of India.
 - As per the Scheme of Amalgamation, 2,17,74,362 Equity Shares of Rs. 10/- each of ITC HL held by the Company and 28,02,43,348 Equity Shares of Rs. 10/- each of AHL held by the Company and ITC HL [including 25,29,64,038 shares (net of 1,300 shares sold) allotted to the Company during the year], stand cancelled.
 - Pursuant to the Scheme of Amalgamation, and after considering the cancellation of shares held in ITC HL and AHL by the Company and ITC HL, 10,11,858 Ordinary Shares of Rs. 10/- each of the Company are to be issued to the shareholders of ITC HL in the ratio of 3 (three) fully paid-up Ordinary Shares of the Company for every 25 (twenty-five) fully paid-up Equity Shares of Rs. 10/- each held in ITC HL and 2,00,889 Ordinary Shares of Rs. 10/- each of the Company are to be issued to the shareholders of AHL in the ratio of 1 (one) fully paid up Ordinary Share of the Company for every 150 (one hundred and fifty) fully paid up Equity Shares of Rs. 10/- each held in AHL. Notices have been given to the Stock Exchanges where the Company's Ordinary Shares are listed fixing 18th April, 2005 as the Record Date for this purpose. Pending allotment, an amount of Rs. 1.21 Crores has been included in the Share Capital Suspense Account as at 31st March, 2005 (Schedule 1A).
 - In view of the aforesaid amalgamation with effect from 1st April, 2004, the figures for the current year are not comparable to those of the previous year.

	(Rs. in Crores)
(ii) Exceptional items comprise of	
(a) Provision for taxes and interest thereon on cigarettes and smoking mixtures reversed in view of favourable Court verdict in January 2005 (including Rs. 243.57 Crores relating to the period April to December 2004)	1365.64
(b) Settlement of Excise claims for the period March 1, 1983 to February 28, 1987 in terms of the Deed of Settlement	(350.00)
(c) One time cost relating to write down of inventories and restructuring of employees' compensation arrangements	(92.70)
(d) Excess of cost over fair value of Current Investment in preference shares of ICICI Bank Limited, originally subscribed to by a wholly-owned subsidiary at the time of disengagement from, and restructuring of, the financial services business	(230.88)
Items (a) to (c) relate to FMCG Businesses	
Total (2004 Rs. Nil)	692.06
Income Tax thereon :	
Current Tax	78.50
Deferred Tax	259.23
Exceptional Items (Net of Tax)	354.33

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

- (iii) 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. 0.15 Crore (2004 – Rs. 0.04 Crore - credit).
- (iv) (a) Claims against the Company not acknowledged as debts Rs. 92.97 Crores (2004 – Rs. 171.07 Crores). These comprise:
- Excise Duty, Sales Taxes and Indirect Taxes claims disputed by the Company relating to issues of applicability and classification aggregating Rs. 27.60 Crores (2004 – Rs. 41.83 Crores).
 - Local Authority Taxes/Cess/Royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating Rs. 25.12 Crores (2004 – Rs. 15.73 Crores).
 - Third party claims arising from disputes relating to contracts aggregating Rs. 39.20 Crores (2004 – Rs. 112.29 Crores).
 - Other matters Rs. 1.05 Crores (2004 – Rs. 1.22 Crores).
- (b) Guarantees and Counter Guarantees outstanding
- Excise Rs. 28.28 Crores (2004 – Rs. 5.02 Crores).
 - Others Rs. 67.35 Crores (2004 – Rs. 55.60 Crores).
- (c) Uncalled liability on shares partly paid Rs. 26.40 Crores (2004 – Rs. 26.40 Crores).

(v) Earnings per share	2005	2004
Earnings per share has been computed as under :		
(a) Profit after Taxation before Exceptional items (Rs. Crores)	1837.07	1592.85
(b) Profit after Taxation (Rs. Crores)	2191.40	1592.85
(c) Weighted average number of Ordinary Shares outstanding	24,79,08,818	24,75,50,023
(d) Number of Shares in Share Capital Suspense	12,12,747	—
(e) Total (c) + (d)	24,91,21,565	24,75,50,023
(f) Effect of potential ordinary shares on Employee Stock Options outstanding	7,61,021	4,82,056
(g) Weighted average number of ordinary shares in computing diluted earnings per share [(e) + (f)]	24,98,82,586	24,80,32,079
(h) Earnings per share on profit after taxation before exceptional items (Face Value Rs. 10/- per share)		
- Basic [(a) / (e)]	Rs. 73.74	Rs. 64.34
- Diluted [(a) / (g)]	Rs. 73.52	Rs. 64.22
(i) Earnings per share on profit after taxation (Face Value Rs. 10/- per share)		
- Basic [(b) / (e)]	Rs. 87.97	Rs. 64.34
- Diluted [(b) / (g)]	Rs. 87.70	Rs. 64.22

- (vi) 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.
- (vii) Research and Development expenses for the year amount to Rs. 25.05 Crores (2004 – Rs. 23.75 Crores).
- (viii) Retirement Benefits in respect of Pension, Gratuity etc. are provided for based on Actuarial Valuations as at the Balance Sheet date.
- (ix) 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 Kingslay Industries, Industrial Associates, Perfect Industrial Enterprise, Penguin Plastics, Khaitan Paper & Packaging, Industrial Appliances & Technologies, Ruchira Packaging Products, Tulsyan Enterprise (P) Limited, Nondestructive Test Appliances Private Limited.
- (x) 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.
- (xi) Donations, determined on an equitable basis by the Board, were made to political parties during the year as follows :
- All India Anna Dravida Munnetra Kazhagam – Rs. 0.06 Crore; All India Trinamool Congress – Rs. 0.04 Crore; Bahujan Samaj Party – Rs. 0.19 Crore; Bharatiya Janata Party – Rs. 1.37 Crores; Biju Janata Dal – Rs. 0.11 Crore; Dravida Munnetra Kazhagam – Rs. 0.16 Crore; Indian National Congress – Rs. 1.44 Crores; Indian National Lok Dal – Rs. 0.03 Crore; Jammu & Kashmir National Conference – Rs. 0.03 Crore; Nationalist Congress Party – Rs. 0.09 Crore; Samajwadi Party – Rs. 0.36 Crore; Shiv Sena – Rs. 0.12 Crore; Telegu Desam Party – Rs. 0.15 Crore; Janata Dal (United) – Rs. 0.08 Crore; Jharkhand Mukti Morcha – Rs. 0.05 Crore; Rashtriya Janata Dal – Rs. 0.21 Crore; Shiromani Akali Dal – Rs. 0.08 Crore; Telangana Rashtra Samithi – Rs. 0.05 Crore.

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(xii) Interests in Joint Ventures :

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

Name	Country of Incorporation	Percentage of ownership interests as at 31st March, 2005	Percentage of ownership interests as at 31st March, 2004
King Maker Marketing Inc., USA (KMM)	USA	50	50
Maharaja Heritage Resorts Limited	India	50 *	—

* Consequent to amalgamation of ITC Hotels Limited with the Company [see Schedule 19(i)].

The financial statements of KMM, for the previous year, were drawn upto 31st January, 2004. In view of the change in KMM's financial year for statutory purposes, the results for the period included below are for the period February 2004 to March 2005.

The Company's interest in these Joint Ventures is reported as Long Term Investments (Schedule - 7) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the joint venture) related to its interests in these Joint Ventures are:

		As at 31st March, 2005 (Rs. in Crores)	As at 31st March, 2004 (Rs. in Crores)
I.	ASSETS		
1.	Fixed Assets	0.34	0.19
2.	Current Assets, Loans and Advances		
	a) Inventories	8.19	10.89
	b) Sundry Debtors	0.90	1.54
	c) Cash and Bank Balances	20.91	14.14
	d) Other Current Assets	0.60	0.95
	e) Loans and Advances	0.06	—
3.	Deferred Tax-Net	1.02	1.11
II.	LIABILITIES		
1.	Secured Loans	0.06	—
2.	Current Liabilities and Provisions		
	a) Liabilities	24.24	23.35
	b) Provisions	0.38	0.23

		For the year ended 31st March, 2005 (Rs. in Crores)	For the year ended 31st March, 2004 (Rs. in Crores)
III.	INCOME		
1.	Sales	80.85	61.88
2.	Other Income	0.68	0.82
IV.	EXPENSES		
1.	Raw Materials etc.	20.56	13.46
2.	Excise Duties and Taxes on Sales of Products and Services	33.32	30.56
3.	Manufacturing, Selling etc. Expenses	23.78	17.99
4.	Depreciation	0.06	0.10
5.	Provision for Taxation	1.57	0.70

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

	For the year ended 31st March, 2005 (Rs. in Crores)	For the year ended 31st March, 2004 (Rs. in Crores)
(xiii) DIRECTORS' REMUNERATION		
Salaries	2.79	2.13
Performance Bonus to Wholetime Directors	2.21	1.28
Other Benefits	0.56	0.49
Commission, etc. to Non-Wholetime Directors	0.32	0.36
Directors' Fees	0.12	0.09
	<u>6.00</u>	<u>4.35</u>

The above excludes contribution to the approved group pension and gratuity funds which are actuarially determined on an overall basis.

Computation of Net Profit and Directors' Commission

Profit before Taxation and Exceptional items	2673.07	2319.06
Add :		
Directors' Remuneration	6.00	4.35
Wealth Tax - Net	0.94	0.38
Depreciation	312.87	241.62
Exceptional items [see Schedule 19(ii)]	692.06	—
	<u>1011.87</u>	<u>246.35</u>
	3684.94	2565.41
Less :		
Depreciation under Section 350 of the Companies Act, 1956	318.42	247.17
Adjusted loss on sale of fixed assets - Net	16.92	—
	<u>335.34</u>	<u>247.17</u>
Profit for the purpose of Directors' Commission	3349.60	2318.24
Non-Wholetime Directors' Commission @ 1%	33.49	23.18
Payable for the year	0.32	0.36

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(xiv) 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		2005	2004
		2005	2004	2005	2004	2005	2004
Cigarettes	Million	1,23,547 (b)	1,23,547 (b)	94,597	87,268	55,641	55,551
Smoking Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	72	79
Printing/Packaging (Tiruvottiyur)	Tonne	12,600	12,600	16,175	16,175	20,916 (c)	16,168 (c)
Printing (Munger)	Million Standard Sheet Impression	385	385	482	482	85 (c)	86 (c)
Redried Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	96,432 (c)	79,226 (c)
Pulp	Tonne	N.A.	N.A.	1,00,000	1,00,000	95,672 (c)	89,103 (c)
Paperboards and Paper	Tonne	N.A.	N.A.	3,52,500	2,77,500	3,08,962 (c)	2,34,663 (c)

a) The "Registered/Licensed Capacity" is exclusive of additional capacity of 25% permissible under the policy of the Government of India.

b) Registered / Licensed capacity including as approved by Letters of Intent.

c) Includes production meant for internal consumption.

N.A. - Not Applicable

(B) Particulars in respect of Sales *

	Unit of Quantity	QUANTITY		VALUE (Rs. in Crores)	
		2005	2004	2005	2004
Cigarettes	Million	69,998	65,387	9,996.39	9,223.60
Smoking Tobacco	Tonne	73	77	5.94	6.44
Printed Materials	Tonne	7,939	5,892	75.93	59.05
Agri Products					
- Unmanufactured Tobacco	Tonne	35,932	35,012	273.76	259.30
- Soya Extraction	Tonne	1,96,134	2,82,041	216.55	315.88
- Soya Oil	Tonne	37,605	78,067	138.08	306.41
- Soya Seeds	Tonne	65,796	53,136	90.55	75.26
- Rice	Tonne	1,11,813	1,04,973	122.33	83.13
- Wheat	Tonne	1,27,315	33,274	102.55	26.71
- Others				185.90	147.23
Marine Products	Tonne	1,823	1,541	77.44	69.66
Specialty Paper	Tonne	20,000	17,212	135.00	118.81
Paperboards and Paper	Tonne	2,36,920	1,69,582	765.88	554.64
Branded Packaged Foods (Staples, Biscuits and Confectionery)	Tonne	2,07,547	83,461	357.21	136.50
Hotel Sales/Income from Services				573.02	254.49
Others (Branded Garments, Greeting Cards, Ready to Eat Foods etc.)				233.05	177.93
				<u>13,349.58</u>	<u>11,815.04</u>

* Net of Sales Returns and Damaged Stocks etc.

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

	Unit of Quantity	Quantity		Value (Rs. in Crores)	
		2005	2004	2005	2004
(C) Details of Finished Goods					
(i) Opening Stock					
Cigarettes	Million	3,299	2,374	299.53	214.22
Smoking Tobacco	Tonne	7	8	0.32	0.44
Printed Materials	Tonne	367	240	2.04	1.15
Agri Products					
- Soya Extraction	Tonne	59,867	5,891	64.91	5.23
- Soya Oil	Tonne	3,513	771	14.99	2.50
- Rice	Tonne	161	16,372	0.17	11.03
- Wheat	Tonne	22,225	12,838	16.08	10.45
- Others				38.85	18.79
Specialty Paper	Tonne	1,267	814	6.74	5.53
Paperboards and Paper	Tonne	9,900	8,276	28.74	27.00
Branded Packaged Foods (Staples, Biscuits and Confectionery)	Tonne	7,888	446	10.52	1.27
Other Goods *				103.86	46.23
Packing Materials				2.52	4.48
				<u>589.27</u>	<u>348.32</u>
(ii) Closing Stock					
Cigarettes	Million	3,524	3,299	345.38	299.53
Smoking Tobacco	Tonne	5	7	0.33	0.32
Printed Materials	Tonne	419	367	2.32	2.04
Agri Products					
- Soya Extraction	Tonne	9,054	59,867	8.67	64.91
- Soya Oil	Tonne	1,284	3,513	4.82	14.99
- Rice	Tonne	80,058	161	75.23	0.17
- Wheat	Tonne	3,116	22,225	3.51	16.08
- Others				54.91	38.85
Specialty Paper	Tonne	1,218	1,267	7.70	6.74
Paperboards and Paper	Tonne	14,968	9,900	44.52	28.74
Branded Packaged Foods (Staples, Biscuits and Confectionery)	Tonne	17,999	7,888	20.93	10.52
Other Goods				78.02	103.86
Packing Materials				9.12	2.52
				<u>655.46</u>	<u>589.24</u>
(iii) Purchases and Contract Manufacturing Charges					
Cigarettes	Million	14,631	10,858	20.42	13.90
Agri Products					
- Soya Extraction	Tonne	1,46,980	3,41,004	33.67	52.04
- Soya Oil	Tonne	36,700	82,145	27.66	45.19
- Rice	Tonne	1,91,949	89,411	182.47	62.45
- Wheat	Tonne	2,53,432	1,06,877	178.45	74.58
- Others				146.76	115.09
Branded Packaged Foods (Staples, Biscuits and Confectionery)	Tonne	2,20,225	90,968	71.79	29.65
Other Goods				147.63	160.86
Packing Materials				17.93	11.63
				<u>826.78</u>	<u>565.39</u>

* Includes Rs. 0.03 Crore taken over consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company [see Schedule 19(i)]

(D) Details of Raw Materials Consumed during the year *

Unmanufactured Tobacco	Tonne	1,06,373	1,00,439	493.01	484.60
Waste Paper and Pulp	Tonne	1,91,739	1,26,048	268.68	175.03
Hardwood and Bamboo	BDT**	2,63,283	2,49,990	89.36	75.40
Soya Seeds	Tonne	2,13,584	4,20,309	287.31	585.47
Other Agri Products	Tonne	12,816	16,657	31.67	45.90
Board	Tonne	9,016	10,982	80.26	96.79
Filter Rods	Million	9,414	8,784	97.02	92.58
Aluminium Foil/Metallised Paper	Bobbin	6,11,779	5,80,190	42.77	40.61
BOPP/Viscose Film	Tonne	1,749	1,661	30.71	26.67
Wheat Flour	Tonne	26,468	5,597	25.98	5.73
Sugar	Tonne	10,371	2,180	17.33	2.97
Hydrogenated Vegetable Oil	Tonne	4,690	1,069	20.64	4.90
Others				539.21	379.81
				<u>2023.95</u>	<u>2016.46</u>

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

** BDT-Bone Dry Tonne

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(E) Value of Raw Materials, Spare Parts and Components Consumed during the year

	(Percentage)		Value (Rs. in Crores)	
	2005	2004	2005	2004
Raw Materials				
Imported	18.67	14.81	377.82	298.55
Indigenous	81.33	85.19	1646.13	1717.91
	<u>100.00</u>	<u>100.00</u>	<u>2023.95</u>	<u>2016.46</u>
Spare Parts and Components				
Imported	30.02	36.06	35.57	36.61
Indigenous	69.98	63.94	82.92	64.91
	<u>100.00</u>	<u>100.00</u>	<u>118.49</u>	<u>101.52</u>

(F) Earnings etc. in Foreign Exchange during the year

	2005 (Rs. in Crores)	2004 (Rs. in Crores)
Export of Goods (F.O.B. – Realisation Basis)	917.40	918.02
Dividend	—	2.97
Hotel Earnings *	306.60	127.21
Other Earnings	44.65	29.31
	<u>1268.65</u>	<u>1077.51</u>

* Includes Rs. 272.54 Crores (2004 – Rs. 115.53 Crores) 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)

	2005	2004
Raw Materials	419.54	232.22
Components and Spare Parts	41.43	32.29
Capital Goods	123.69	100.62
Other Goods (including imports under eligible Export House Scheme)	12.43	47.24
	<u>597.09</u>	<u>412.37</u>

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

	2005	2004
Professional Fees	19.31	6.30
Advertising/Sales Promotion	2.27	1.43
Export Promotion Expenses	4.47	4.98
Training	2.31	0.97
Hotel Reservation/Marketing Expenses	11.33	7.48
Licence Fees	0.40	0.73
Miscellaneous Expenditure	17.34	12.87
	<u>57.43</u>	<u>34.76</u>

(I) Remittances in Foreign Currencies on account of Dividends

Financial Year	On Account of	No. of Shares held	No. of Non-Resident Shareholders	(Rs. in Crores)
2004/2005	2003/2004	9,01,57,514	82	180.32
2003/2004	2002/2003	9,01,59,678	86	135.24

SCHEDULES TO THE ACCOUNTS

20. SEGMENT REPORTING

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

			(Rs. in Crores)			
	External Sales	Inter Segment Sales	2005 Total	External Sales	Inter Segment Sales	2004 Total
1. Segment Revenue						
FMCG - Cigarettes	10002.54	—	10002.54	9230.27	—	9230.27
FMCG - Others	562.15	1.24	563.39	303.58	0.58	304.16
FMCG - Total	10564.69	1.24	10565.93	9533.85	0.58	9534.43
Hotels	573.02	4.23	577.25	254.49	3.04	257.53
Agri Business	1220.70	559.37	1780.07	1285.74	423.03	1708.77
Paperboards, Paper and Packaging	991.17	574.14	1565.31	740.96	512.33	1253.29
Segment Total	13349.58	1138.98	14488.56	11815.04	938.98	12754.02
Eliminations			(1138.98)			(938.98)
Total Revenue			13349.58			11815.04
2. Segment Results						
FMCG - Cigarettes			2288.84			2033.34
FMCG - Others			(195.23)			(174.36)
FMCG - Total			2093.61			1858.98
Hotels			140.94			32.51
Agri Business			96.41			89.80
Paperboards, Paper and Packaging			279.99			229.85
Segment Total			2610.95			2211.14
Eliminations			(17.33)			6.36
Consolidated Total			2593.62			2217.50
Unallocated corporate expenses net of unallocated income			32.24			38.40
Profit before interest, etc., exceptional items and taxation			2561.38			2179.10
Interest etc. paid - Net			42.43			24.79
Interest on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc.			154.12			164.75
Profit before taxation and exceptional items			2673.07			2319.06
Provision for Taxation			836.00			726.21
Profit after taxation before exceptional items			1837.07			1592.85
Exceptional items (net of tax) [see Schedule 19(ii)]			354.33			—
3. Profit after Taxation			2191.40			1592.85

Other Information

	Segment Assets		Segment Liabilities*		Segment Assets		Segment Liabilities*	
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation
FMCG - Cigarettes	2083.14	843.13	2324.95	752.45				
FMCG - Others	344.50	82.19	255.00	42.90				
FMCG - Total	2427.64	925.32	2579.95	795.35				
Hotels	1511.13	110.52	1048.54	70.85				
Agri Business	874.16	134.44	636.05	159.15				
Paperboards, Paper and Packaging	2110.73	365.62	1833.72	364.84				
Segment Total	6923.66	1535.90	6098.26	1390.19				
Unallocated Corporate Assets/Liabilities	4824.59	2316.74	4579.54	2877.55				
Total	11748.25	3852.64	10677.80	4267.74				

* Segment Liabilities of FMCG-Cigarettes is before considering provision of Rs. 337.25 Crores (2004 - Rs. 1366.34 Crores) 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

20. SEGMENT REPORTING (Contd.)

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

	(Rs. in Crores)	
	2005	2004
1. Segment Revenue		
— Within India	12340.48	10837.82
— Outside India	1009.10	977.22
Total Revenue	13349.58	11815.04
2. Segment Assets		
— Within India	6921.43	6094.41
— Outside India	2.23	3.85
Total Assets	6923.66	6098.26
3. Capital Expenditure		
— Within India	523.29	670.93
— Outside India	—	—
Total Capital Expenditure	523.29	670.93

NOTES

- (1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
- (2) The business groups comprise the following :
- | | |
|---|---|
| <p>FMCG : Cigarettes</p> <p style="padding-left: 20px;">: Others</p> <p>Hotels</p> <p>Paperboards, Paper and Packaging</p> <p>Agri Business</p> | <p>— Cigarettes and Smoking mixtures.</p> <p>— Branded Garments, Greeting, Gifting & Stationery, Packaged Foods (Staples, Confectionery, Snack Foods and Ready to Eat Foods).</p> <p>— Agarbattis and Matches sourced from the small scale sector.</p> <p>— Hoteliering.</p> <p>— Paperboards, Paper including Specialty Paper & Packaging.</p> <p>— Agri commodities such as rice, soya, wheat, coffee and leaf tobacco.</p> |
|---|---|
- (3) The geographical segments considered for disclosure are :
- Sales within India
 - Sales outside India
- (4) Segment results of the new business activities namely 'FMCG : Others' 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. 1401 Crores (31.03.2004 - Rs. 978 Crores) includes Rs. 428 Crores (31.03.2004 - Rs. 829 Crores) relating to investments in hotels which became operational in the last three years. The segment results are net of the depreciation charge of the newly opened hotels and the holding cost in respect of Hotel Searock which has been the subject matter of a prolonged legal dispute. This matter has since been mutually resolved to the benefit of the Company.
- (6) The Company's Agri Business markets agri commodities in the export and domestic markets, supplies agri raw materials to the Branded Packaged Foods Business and sources leaf tobacco for the Cigarettes Business. The segment results for the year are after absorbing costs relating to the expansion of the strategic e-Choupal initiatives.
- (7) The Hotels segment incorporates the impact of the amalgamation of erstwhile ITC Hotels Limited and Ansal Hotels Limited with the Company effective 1.4.2004.
- (8) Unallocated corporate assets include Rs. 235 Crores (31.03.2004 - Rs. 801 Crores) being legacy assets acquired by the Company as part and parcel of the schemes facilitating exit from 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 (amalgamated with the Company with effect from 1.4.2004)
- b) Srinivasa Resorts Limited
- c) Fortune Park Hotels Limited
- d) Bay Islands Hotels Limited
- e) Russell Credit Limited and its subsidiary
Greenacre Holdings Limited
- f) ITC Infotech India Limited and its subsidiaries
ITC Infotech Limited, UK
ITC Infotech (USA), Inc.
- g) Wills Corporation Limited
- h) Gold Flake Corporation Limited
- i) Landbase India Limited
- j) BFIL Finance Limited and its subsidiary
MRR Trading & Investment Company Limited
- k) Surya Nepal Private Limited

Note: (b), (c) and (d) in the above list have become direct subsidiaries of the Company with effect from 1.4.2004 consequent to the amalgamation of ITC Hotels Limited with the Company.

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
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 (amalgamated with the Company with effect from 1.4.2004)
- 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
- being associates of the Company, and
- j) Tobacco Manufacturers (India) Limited, UK
of which the Company is an associate.

Joint Ventures

- a) King Maker Marketing Inc., USA
- b) Maharaja Heritage Resorts Limited (a joint venture of the Company with effect from 1.4.2004 consequent to the amalgamation of ITC Hotels Limited with the Company)

Joint Ventures of the Company's subsidiaries

- a) ITC Filtrona Limited (a Joint Venture of Gold Flake Corporation Limited)
- b) CLI3L e-Services Limited (a Joint Venture of ITC Infotech India Limited)

SCHEDULES TO THE ACCOUNTS

21. RELATED PARTY DISCLOSURES (Contd.)

ii) Key Management Personnel :

Y.C. Deveshwar	Executive Chairman
A. Singh	Executive Director
K. Vaidyanath	Executive Director
S.S.H. Rehman	Executive Director
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
B. Vijayaraghavan	Non-Executive Director
Ajeet Prasad	Non-Executive Director
J.B. Stevens	Non-Executive Director (resigned w.e.f. 21.01.2005)
J.P. Daly	Non-Executive Director (w.e.f. 21.01.2005)
K.S. Vaidyanathan	Member - Corporate Management Committee
A. Nayak	Permanent Invitee - Corporate Management Committee
R. Srinivasan	Permanent Invitee - Corporate Management Committee
R.G. Jacob	Special Invitee - Corporate Management Committee (w.e.f. 23.08.2004)

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
- m) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- n) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'B'
- o) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- p) ITC Bhadrachalam Paperboards Limited Staff Provident Fund

SCHEDULES TO THE ACCOUNTS

21. RELATED PARTY DISCLOSURES (Contd.)

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

(Rs. in Crores)

	Enterprises where control exists				Others	Associates & Joint Ventures		Key Management Personnel		Employee Trusts	
	Subsidiaries		Others			2005	2004	2005	2004	2005	2004
	2005	2004	2005	2004							
1. Sale of Goods / Services											
2. Purchase of Goods / Services	49.37	44.31				38.37	32.36				
3. Acquisition cost of Fixed Assets (including project consultancy fees, etc.)	36.23	73.97				119.73	109.96				
4. Sale of Fixed Assets/ Scrap (2004 - Rs. 11,000/-)	2.49	3.30				0.10	1.07				
5. Acquisition of Investments		0.02							
6. Purchase of Preference shares of IICI Bank Limited from Russel Credit Limited	350.00										
7. Purchase of Equity shares of erstwhile ITC Hotels Limited from Russel Credit Limited		2.00									
8. Investment made in ITC Infotech India Limited		15.00									
9. Sale of Equity Shares of Ansal Hotels Limited to subsidiaries (Rs. 3,900/-)					
10. - to Associates & Joint Ventures (Rs. 2,600/-)	0.31	2.92				0.06	11.25		0.04	0.05	
11. Interest income									6.00	4.35	
12. Remuneration to Key Management Personnel									1.58	1.28	
13. — Directors [see Schedule 19 (xiii)]											
14. — Others	1.26	0.33				1.65					
15. Rent Paid											
16. Reimbursement of Contractual Remuneration to : - ITC Hotels Limited	1.29	0.65				0.08	0.48				
17. - Others	2.36	39.85				1.14					
18. Remuneration of managers on deputation recovered											
19. Receipt towards reimbursement of staff cost on Contractual Remuneration to subsidiary hotels	26.61	17.93	8.85	1.13		0.25	3.22		0.10	0.01	62.21
20. Donations	5.47	5.69				132.37	99.28				
21. Contributions to Employees' Benefit Plans	2.05	6.49				5.28	0.59				
22. Dividend income						1.96	0.25				
23. Expenses recovered	112.00	332.00				1.70	7.00				
24. Expenses reimbursed	69.67	45.05							0.03	0.15	
25. Loans Given											
26. - Russel Credit Limited	112.00	332.00				1.70	7.00				
27. - Others	69.67	45.05									
28. Receipt towards Loan Repayment											
29. - Russel Credit Limited	112.00	332.00				1.70	7.00				
30. - Others	44.28	33.65				1.50	2.45				
31. Advances Given	0.03	9.98				0.85	1.07				
32. Receipt towards refund of Advances	4.03	3.36				0.58	2.62				
33. Deposits received during the year						112.63			0.04		
34. Receipts towards refund of Deposits											
35. Balances as on 31st March,											
36. i) Debtors/Receivables	3.51	6.88				37.83	24.52				
37. ii) Advances Given	58.59	63.31				11.86	11.05				
38. iii) Loans Given	176.73	151.34				42.29	147.00		1.24	1.52	0.52
39. iv) Deposits with (including Deposits towards Property Options)	2.56	2.56	0.03	0.08			154.92				
40. v) Deposits From											
41. vi) Creditors/Payables	12.16	18.90				3.25	2.65				
42. vii) Investments in Non-Convertible Debentures	15.00	15.00				4.47	4.94				
43. Provision for subsidiary (made in earlier years) as on 31st March											
44. In addition, remuneration of managers on deputation, absorbed	50.00	50.00				0.65	0.30				

Note : Mr. S. S. H. Rehman, a Wholtime Director of the Company, was the Managing Director of erstwhile ITC Hotels Limited (till 30th July, 2003) and his aggregate remuneration for the year 2004 of Rs. 0.84 Crore was 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 and when undertaken as detailed below.

Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs. To adjust the original cost of imported 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 Intangible Assets in a manner that amortises the cost of the assets after commissioning, over their estimated useful lives or, where specified, lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, by equal annual instalments. Leasehold properties are amortised over the period of the lease.

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

Revaluation of Assets

As and when Fixed Assets are revalued, to adjust the provision for depreciation on such revalued Fixed Assets, where applicable, in order to make allowance for consequent additional diminution in value on considerations of age, condition and unexpired useful life of such Fixed Assets; to transfer to Revaluation Reserve the difference between the written up value of the Fixed Assets revalued and depreciation adjustment and to charge Revaluation Reserve Account with annual depreciation on that portion of the value which is written up.

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.

Sales

To state net sales after deducting taxes and duties from invoiced value of goods and services rendered.

Investment Income

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

Proposed Dividend

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

SCHEDULES TO THE ACCOUNTS

22. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 imported 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 imported 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 imported 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.

Claims

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

Segment Reporting

To identify segments based on the dominant source and nature of risks and returns and the internal organisation and management structure.

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

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

Financial and Management Information Systems

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

On behalf of the Board

Y. C. DEVESHWAR *Chairman*

K. VAIDYANATH *Director*

B. B. CHATTERJEE *Secretary*

Kolkata,
27th May, 2005