

SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2004 (Rs. in Crores)	As at 31st March, 2003 (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		
24,76,78,851 (2003 - 24,75,11,886) Ordinary Shares of Rs. 10.00 each, fully paid	<u>247.68</u>	<u>247.51</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 (2003 - 3,06,598) share options in 2001-02 under the Employee 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 will vest on 30th May, 2004. 54,830 vested options have been exercised.

b) 5,88,590 (2003 - 5,88,590) share options in 2002-03 under the Employee 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 will vest on 22nd May, 2005. 1,12,135 vested options have been exercised.

c) 9,47,448 share options in 2003-04 under the Employee 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 will vest on 23rd May, 2005 and the balance will vest on 23rd May, 2006. None of the vested options have been exercised.

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2. RESERVES AND SURPLUS

	As at 31st March, 2004 (Rs. in Crores)		As at 31st March, 2003 (Rs. in Crores)	
General Reserve				
At commencement of the year	4047.57		3047.57	
Add : From Profit & Loss Account	<u>1000.00</u>	5047.57	<u>1000.00</u>	4047.57
Debenture Redemption Reserve				
At commencement of the year	10.94		71.44	
Less: To Profit and Loss Account	<u>10.94</u>	—	<u>60.50</u>	10.94
Share Premium				
At commencement of the year	284.58		284.58	
Add: On issue of Shares	<u>11.04</u>	295.62	—	284.58
Capital Reserve		2.46		2.46
Revaluation Reserve				
At commencement of the year	61.63		62.50	
Less: To Profit and Loss Account				
– Depreciation	0.78		0.79	
– Disposal of Fixed Assets	<u>0.01</u>	60.84	<u>0.08</u>	61.63
Hotel Foreign Exchange Earnings Reserve				
At commencement of the year	4.00		9.00	
Add: From Profit and Loss Account	<u>5.00</u>		<u>4.00</u>	
	9.00		13.00	
Less: To Profit and Loss Account	<u>4.00</u>	5.00	<u>9.00</u>	4.00
Contingency Reserve		363.05		363.05
Profit and Loss Account		<u>387.84</u>		<u>343.88</u>
		<u>6162.38</u>		<u>5118.11</u>

3. SECURED LOANS

Debentures *		—		21.87
Loans and Advances from Banks				
Cash/Export Credit Facilities **		31.56		19.65
Other Loans ***				
From Financial Institutions				
Industrial Development Bank of India		—		5.00
		<u>31.56</u>		<u>46.52</u>

* These comprise Nil (2003 - 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. Nil (2003 - Rs. 21.87 Crores).

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

*** 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. Nil (2003 - Rs. 5.00 Crores).

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	As at 31st March, 2004 (Rs. in Crores)	As at 31st March, 2003 (Rs. in Crores)
4. UNSECURED LOANS		
Fixed Deposits	—	1.14
Short Term Loans		
From Banks		
- Temporary overdraft in cash credit account	24.15	26.68
Other Loans		
From other than Banks - Sales tax deferment loan (interest free)	65.14	42.64
	<u>89.29</u>	<u>70.46</u>
5. DEFERRED TAX - NET		
Deferred Tax Liabilities		
On fiscal allowances on fixed assets	488.62	400.25
On fiscal relief realised on pre-deposit of excise duty	125.56	66.15
	<u>614.18</u>	<u>466.40</u>
Deferred Tax Assets		
On employees' separation and retirement	7.83	6.66
On provision for doubtful debts/advances	6.05	7.14
On State and Central taxes etc.	508.88	387.33
Other timing differences	3.68	1.69
	<u>526.44</u>	<u>402.82</u>
Deferred Tax - Net	<u>87.74</u>	<u>63.58</u>

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6. FIXED ASSETS

	@As at commencement of the year (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, 2004 (Rs. in Crores)	Net Book Value as at 31st March, 2004 (Rs. in Crores)
Trademarks & Goodwill	10.82	—	—	10.82	0.59	—	1.20	9.62
Know-how, Business and Commercial Rights	—	47.34	—	47.34	0.17	—	0.17	47.17
Land Freehold *	332.54	5.85	(15.62)	354.01	—	—	—	354.01
Buildings Freehold *	764.80	49.44	16.17	798.07	15.83	0.22	128.17	669.90
Leasehold Properties	35.53	—	—	35.53	0.12	—	1.97	33.56
Licensed Properties - Building Improvement	8.71	0.55	0.07	9.19	0.57	0.04	2.18	7.01
Railway Sidings etc.	1.17	—	—	1.17	0.05	—	0.53	0.64
Plant & Machinery	2755.80	356.19	45.75	3066.24	182.70	34.78	1150.17	1916.07
Capitalised Software	30.38	11.16	—	41.54	6.89	—	18.39	23.15
Computers etc.	116.26	53.59	2.61	167.24	18.43	2.25	70.71	96.53
Furniture & Fixtures	179.69	12.83	7.02	185.50	15.05	7.00	63.19	122.31
Motor Vehicles etc.	16.49	10.16	2.36	24.29	2.00	1.12	5.95	18.34
	4252.19	547.11	58.36	4740.94	242.40	45.41	1442.63	3298.31
Capital Work-in-Progress	163.42	386.33	236.01	313.74	—	—	—	313.74
Total	4415.61	933.44	294.37	5054.68	242.40	45.41	1442.63	3612.05
Previous Year	4081.85	1215.32	881.56	4415.61	238.13	94.39	1245.64	3169.97

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

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 Reforms Act, 1950 for which compensation has not yet been determined.

Buildings Freehold include Rs. 36.79 Crores (2003 - Rs. 35.47 Crores) (at original cost) of buildings at New Delhi on Government land taken on perpetual lease and Rs. 0.12 Crore (2003 - Rs. 0.12 Crore) (at original cost) of buildings at Kolkata on Port Trust land taken on lease.

Trademarks purchased Rs. 5.92 Crores (2003 - Rs. 5.92 Crores) under " Trademarks & Goodwill " and "Know-how, Business and Commercial Rights" acquired Rs. 47.34 Crores (2003 - Rs. Nil) 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. 175.29 Crores (2003 - Rs. 175.93 Crores).

Additions for the year include fluctuations in the rate of foreign exchange (net) of Rs. 0.97 Crore (2003 - Rs. 2.31 Crores).

Depreciation for the year includes Rs. 0.78 Crore (2003 - Rs. 0.79 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, 2004 (Rs. in Crores)		As at 31st March, 2003 (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		0.05		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' Shares of Rs. 1,18,000.00 each, fully paid		0.04		0.04
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 *		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)	
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 (2003 - 1,02,00,000) Equity Shares of Rs. 10.00 each, fully paid (1,50,00,000 Shares acquired during the year)		25.14		10.14
ITC Hotels Limited 2,17,74,362 (2003 - 2,15,24,360) Equity Shares of Rs. 10.00 each, fully paid (2,50,002 Shares acquired during the year)	86.07		84.07	
Landbase India Limited 28,00,000 Equity Shares of Rs. 10.00 each, fully paid		9.57		9.57
ITC Global Holdings Pte. Limited 89,99,645 Ordinary Shares of US\$ 1.00 each, fully paid *		25.58		25.58
Carried over	88.66	743.29	86.66	728.29

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	As at 31st March, 2004 (Rs. in Crores)		As at 31st March, 2003 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Brought forward	88.66	743.29	86.66	728.29
BFIL Finance Limited				
2,00,00,000 Equity Shares of Rs. 10.00 each, fully paid		20.00		20.00
15,00,000 - 18.5% Non-Convertible Debentures of Rs. 100.00 each, renewed at 0%		15.00		15.00
Surya Nepal Private Limited				
3,30,400 Ordinary Shares of Nepalese Rs. 100.00 each, fully paid		7.05		7.05
C. DEPOSITS WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES				
Government Securities (2004 - cost Rs. 1,500.00; 2003 - cost Rs. 6,500.00)	
D. OTHER INVESTMENTS				
The Bengal Chamber of Commerce & Industry				
6 1/2% Registered Debentures, fully paid (2003 - 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 Units of 1995 scheme of Rs. 10.00 each, fully paid		1.04		1.04
Nil (2003 - 36,14,213) Units of US-64 of Rs. 10.00 each, fully paid (converted into 6.75% US-64 Tax Free Bonds during the year)*		—		5.03
56,68,357 6.75% US-64 Tax Free Bonds of Rs. 100.00 each, fully paid (3,61,521 Bonds received on conversion of Units of US-64 and 53,06,836 Bonds acquired during the year)		60.87		—
Technology Development & Information Company of India Limited				
Venture Capital Unit Scheme (1990)				
Nil (2003 - 1,470) Units of Rs. 100.00 each, fully paid (Redeemed during the year)		—		0.01
APIDC - Venture Capital Fund (1990)				
1,000 Units of Rs. 1,000.00 each, fully paid (net of capital returned)		0.06		0.09
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				
900 (2003 - 1,600) Class 'B' Shares of Rs. 10.00 each, fully paid (700 Shares redeemed during the year)	
(2004 - cost Rs. 9,000.00; 2003 - cost Rs. 16,000.00)	
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 (Acquired during the year)		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 (Acquired during the year)		50.03		—
Nuclear Power Corporation Limited				
220 4.75% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid (Acquired during the year)		22.00		—
Total Long Term Investments (At cost)	88.66	1094.85	86.66	876.57

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	As at 31st March, 2004 (Rs. in Crores)		As at 31st March, 2003 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Current				
OTHER INVESTMENTS				
Alliance Cash Manager - Growth Nil (2003 - 2,68,11,466.173) Units of Rs. 10.00 each (33,68,840.920 Units purchased and 3,01,80,307.093 Units sold during the year)		—		39.59
Birla Cash Plus Institutional Plan : Dividend - Reinvestment 15,49,46,178.131 (2003 - Nil) Units of Rs. 10.00 each (1,08,83,52,519.400 Units purchased and 93,34,06,341.269 Units sold during the year)		167.11		—
Birla Cash Plus Plan B : Growth Nil (2003 - 33,34,635.811) Units of Rs. 10.00 each (3,23,70,281.728 Units purchased and 3,57,04,917.539 Units sold during the year)		—		5.42
Birla Income Plus Institutional Plan - Dividend - Reinvestment 1,89,44,632.417 (2003 - Nil) Units of Rs. 10.00 each (3,58,70,685.507 Units purchased and 1,69,26,053.090 Units sold during the year)		50.00		—
Chola Liquid Fund - Cumulative Nil (2003 - 1,60,54,680.988) Units of Rs. 10.00 each (1,96,68,100.799 Units purchased and 3,57,22,781.787 Units sold during the year)		—		19.52
Chola Liquid Institutional - Dividend Reinvestment Plan 1,53,03,166.192 (2003 - Nil) Units of Rs. 10.00 each (20,98,99,054.151 Units purchased and 19,45,95,887.959 Units sold during the year)		15.30		—
DSP Merrill Lynch Liquidity Fund Daily Dividend 17,36,36,800.471 (2003 - Nil) Units of Rs. 10.00 each (66,81,76,230.629 Units purchased and 49,45,39,430.158 Units sold during the year)		173.81		—
GCFG Grindlays Cash Fund - Growth Option Nil (2003 - 14,03,839.485) Units of Rs. 10.00 each (1,35,36,303.923 Units purchased and 1,49,40,143.408 Units sold during the year)		—		1.58
GFBF Grindlays Floating Rate - Inst Plan B - Daily Dividend 4,52,50,914.026 (2003 - Nil) Units of Rs. 10.00 each (6,44,11,539.280 Units purchased and 1,91,60,625.254 Units sold during the year)		45.57		—
GFRG Grindlays Floating Rate Fund - Growth Option Nil (2003 - 3,39,35,571.514) Units of Rs. 10.00 each (3,39,35,571.514 Units sold during the year)		—		34.00
GSQB GSSIF - Investment Plan B Inst Plan - Quarterly Dividend 4,00,88,007.160 (2003 - Nil) Units of Rs. 10.00 each (20,29,47,128.504 Units purchased and 16,28,59,121.344 Units sold during the year)		43.00		—
HSBC Cash Fund - Institutional - Daily Dividend 16,67,93,731.696 (2003 - Nil) Units of Rs. 10.00 each (27,12,28,118.991 Units purchased and 10,44,34,387.295 Units sold during the year)		174.09		—
		668.88		100.11
Carried over				

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	As at 31st March, 2004 (Rs. in Crores)		As at 31st March, 2003 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Current		668.88		100.11
Brought forward				
OTHER INVESTMENTS (Contd.)				
Principal Cash Management Fund - Liquid Institutional Plan - Daily Dividend Plan 17,39,84,360.959 (2003 - Nil) Units of Rs. 10.00 each (44,85,74,174.722 Units purchased and 27,45,89,813.763 Units sold during the year)		174.00		—
IDBI Principal Cash Management Fund - Liquid Option - Growth Plan Nil (2003 - 3,24,36,428.208) Units of Rs. 10.00 each (3,24,36,428.208 Units sold during the year)		—		38.62
IL & FS Liquid Account - Institutional Plan (Dividend Option) 8,70,24,043.331 (2003 - Nil) Units of Rs. 10.00 each (9,26,24,043.331 Units purchased and 56,00,000.000 Units sold during the year)		87.02		—
IL & FS Liquid Account Growth Plan Nil (2003 - 4,41,50,982.196) Units of Rs. 10.00 each (4,41,50,982.196 Units sold during the year)		—		49.27
ING Vysya Liquid Fund - Daily Dividend Option (formerly known as ING Treasury Portfolio) 7,50,24,462.849 (2003 - Nil) Units of Rs. 10.00 each (22,65,65,505.806 units purchased and 15,15,41,042.957 Units sold during the year)		80.81		—
ING Treasury Portfolio - Growth Option Nil (2003 - 1,79,79,767.793) Units of Rs. 10.00 each (1,79,79,767.793 Units sold during the year)		—		23.00
JM High Liquidity Fund - Growth Plan Nil (2003 - 2,76,38,193.160) Units of Rs. 10.00 each (91,75,679.613 Units purchased and 3,68,13,872.773 Units sold during the year)		—		45.94
JM High Liquidity Fund Institutional Plan - Daily Dividend 17,32,62,583.906 (2003 - Nil) Units of Rs. 10.00 each (49,58,24,065.657 Units purchased and 32,25,61,481.751 Units sold during the year)		173.26		—
Kotak Mahindra Liquid Scheme - Growth Nil (2003 - 3,62,78,527.614) Units of Rs. 10.00 each (49,79,471.099 Units purchased and 4,12,57,998.713 Units sold during the year)		—		43.60
Prudential ICICI Institutional Income Plan - Dividend Quarterly 6,68,06,812.513 (2003 - Nil) Units of Rs. 10.00 each (20,00,62,052.398 Units purchased and 13,32,55,239.885 Units sold during the year)		75.00		—
Prudential ICICI Liquid Plan Nil (2003 - 3,33,64,432.008) Units of Rs. 10.00 each (3,33,64,432.008 Units sold during the year)		—		49.34
Prudential ICICI Liquid Plan Institutional Plus - Daily Dividend Option 3,16,25,977.430 (2003 - Nil) Units of Rs. 10.00 each (69,24,19,088.251 Units purchased and 66,07,93,110.821 Units sold during the year)		37.48		—
Reliance Liquid Fund - Treasury Plan - Retail Option - Daily Dividend Option 7,89,32,788.656 (2003 - Nil) Units of Rs. 10.00 each (18,15,81,195.444 Units purchased and 10,26,48,406.788 Units sold during the year)		120.16		—
		1416.61		349.88
Carried over				

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	As at 31st March, 2004 (Rs. in Crores)		As at 31st March, 2003 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)				
Current				
Brought forward		1416.61		349.88
OTHER INVESTMENTS (Contd.)				
SBI Mutual Fund - Magnum Insta Cash Fund Nil (2003 - 86,04,639.071) Units of Rs. 10.00 each (40,16,832.796 Units purchased and 1,26,21,471.867 Units sold during the year)		—		11.66
SBI Mutual Fund Magnum Institutional Income Fund - Saving Plan - Dividend 10,84,89,659.778 (2003 - Nil) Units of Rs. 10.00 each (43,81,89,270.536 Units purchased and 32,96,99,610.758 Units sold during the year)		108.64		—
TLFG Tata Liquid Fund - Appreciation Nil (2003 - 96,27,214.842) Units of Rs. 10.00 each (96,27,214.842 Units sold during the year)		—		13.50
Templeton India Treasury Management Account - Daily Dividend Reinvestment 11,48,378.963 (2003 - Nil) Units of Rs. 1,000.00 each (27,74,423.433 Units purchased and 16,26,044.470 Units sold during the year)		173.63		—
Templeton India Treasury Management Account - Growth Nil (2003 - 2,34,894.376) Units of Rs. 1,000.00 each (92,911.397 Units purchased and 3,27,805.773 Units sold during the year)		—		35.03
Templeton India Liquid Fund Growth Plan Nil (2003 - 3,11,28,971.468) Units of Rs. 10.00 each (3,11,28,971.468 Units sold during the year)		—		46.30
Templeton Floating Rate Income Fund - Long Term Plan - Growth Nil (2003 - 4,63,80,189.957) Units of Rs. 10.00 each (4,63,80,189.957 Units sold during the year)		—		50.01
Templeton Floating Rate Income Fund - Short Term Plan - Growth Nil (2003 - 1,39,39,613.594) Units of Rs. 10.00 each (1,39,39,613.594 Units sold during the year)		—		15.03
UTI Bond - Growth Nil (2003 - 8,70,42,333.276) Units of Rs. 10.00 each (8,70,42,333.276 Units sold during the year)		—		150.00
UTI Bond Fund (Income) 13,63,12,856.731 (2003 - Nil) Units of Rs. 10.00 each (54,88,62,741.480 Units purchased and 41,25,49,884.749 Units sold during the year)		146.69		—
UTI Liquid Cash Plan Institutional - Daily Income Option 5,13,29,355.269 (2003 - Nil) Units of Rs. 10.00 each (10,26,58,710.538 Units purchased and 5,13,29,355.269 Units sold during the year)		51.65		—
Zurich India Liquidity Fund - Savings Plan - Growth Nil (2003 - 19,11,861.271) Units of Rs. 10.00 each (19,11,861.271 Units sold during the year)		—		2.40
Total Current Investments		1897.22		673.81
Total of Quoted and Unquoted Investments		3080.73		1637.04
Less : Provision for Long Term Investments *		26.77		28.18
TOTAL OF INVESTMENTS		3053.96		1608.86

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7. INVESTMENTS (Contd.)

Total Market Value of Quoted Investments : 2004 - Rs. 285.22 Crores (2003 - Rs. 102.20 Crores)

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

- (1) 10,72,52,191.280 Units of Alliance Cash Manager - IP - Weekly Dividend at cost of Rs. 107.32 Crores
- (2) 5,69,76,874.880 Units of Alliance Cash Manager - IP - Daily Dividend at cost of Rs. 56.98 Crores
- (3) 4,68,25,568.823 Units of Birla Income Plus Institutional Plan - Dividend - Payout at cost of Rs. 124.00 Crores
- (4) 15,46,78,935.790 Units of Birla Bond Plus Plan A - Dividend Reinvestment at cost of Rs. 162.08 Crores
- (5) 2,33,88,829.330 Units of NLFD CANLIQUID FUND - Dividend Reinvestment at cost of Rs. 23.49 Crores
- (6) 12,23,88,140.940 Units of DSP Merrill Lynch Bond Fund - Institutional Plan Dividend at cost of Rs. 129.04 Crores
- (7) 15,11,37,399.040 Units of DSP Merrill Lynch Short Term Fund Weekly Dividend at cost of Rs. 152.18 Crores
- (8) 5,47,87,748.330 Units of DSP Merrill Lynch Bond Fund Retail - Dividend at cost of Rs. 60.17 Crores
- (9) 12,65,45,087.090 Units of Deutsche Short Maturity Fund - Weekly Dividend Plan at cost of Rs. 129.42 Crores
- (10) 27,71,86,435.600 Units of Deutsche Insta Cash Plus Fund - Daily Dividend Plan at cost of Rs. 285.33 Crores
- (11) 1,59,30,440.830 Units of GCFD Grindlays Cash Fund - Daily Dividend at cost of Rs. 16.85 Crores
- (12) 33,66,39,161.667 Units of GCDB Grindlays Cash Fund - Inst Plan B - Daily Dividend at cost of Rs. 356.14 Crores
- (13) 1,97,72,888.160 Units of GSTD GSSIF - Short Term - Monthly Dividend at cost of Rs. 20.39 Crores
- (14) 3,22,26,164.620 Units of GFRD Grindlays Floating Rate Fund - Daily Dividend at cost of Rs. 32.45 Crores
- (15) 10,52,29,917.785 Units of GFRG Grindlays Floating Rate Fund - Growth Option at cost of Rs. 106.65 Crores
- (16) 20,40,85,218.121 Units of GSBD GSSIF - Short Term Plan B Inst Plan - Monthly Dividend at cost of Rs. 209.92 Crores
- (17) 24,97,69,518.260 Units of OCFD HSBC Cash Fund - Dividend at cost of Rs. 254.45 Crores
- (18) 11,53,63,758.426 Units of OISID HSBC Institutional Income Fund - Short Term - Dividend at cost of Rs. 120.99 Crores
- (19) 9,71,98,026.580 Units of HDFC Liquid Fund - Dividend at cost of Rs. 97.80 Crores
- (20) 13,10,29,213.460 Units of HDFC Short Term Plan - Premium Plus Plan - Dividend Reinvestment at cost of Rs. 141.67 Crores
- (21) 4,62,17,857.280 Units of HDFC Income Fund - Premium Plus Plan - Dividend at cost of Rs. 51.13 Crores
- (22) 3,38,00,061.454 Units of HDFC Cash Management Fund - Call Plan - Daily - Dividend Reinvestment at cost of Rs. 34.78 Crores
- (23) 6,04,81,450.200 Units of HDFC High Interest Fund - Short Term Plan - Dividend Option at cost of Rs. 63.70 Crores
- (24) 14,37,68,567.080 Units of IDBI Principal Income Fund Short Term Plan - Instl Plan - Dividend Reinvestment - Weekly at cost of Rs. 154.04 Crores
- (25) 6,39,75,334.450 Units of IDBI Principal Cash Management Fund - Liquid Option Dividend Reinvestment Monthly at cost of Rs. 63.99 Crores
- (26) 3,01,74,661.740 Units of IDBI Principal Cash Management Fund - Liquid Option Dividend Reinvestment Daily at cost of Rs. 30.18 Crores
- (27) 13,60,25,765.280 Units of IL&FS Liquid Account - Dividend at cost of Rs. 136.03 Crores
- (28) 10,48,21,073.530 Units of IL&FS Bond Fund - Institutional Plan (Dividend Option) at cost of Rs. 123.95 Crores
- (29) 1,48,76,229.770 Units of IL&FS Bond Fund - Short Term - Institutional Plan (Dividend Option) at cost of Rs. 15.00 Crores
- (30) 4,05,28,009.740 Units of ING Treasury Portfolio - Weekly Dividend Option at cost of Rs. 43.56 Crores
- (31) 2,48,18,016.131 Units of ING Income Portfolio - Short Term Option - Dividend Option at cost of Rs. 26.64 Crores
- (32) 3,56,97,883.760 Units of JM High Liquidity Fund - Daily Dividend at cost of Rs. 37.18 Crores
- (33) 2,87,93,550.250 Units of JM Income Fund - Growth Plan - Growth Option at cost of Rs. 70.00 Crores
- (34) 3,48,35,137.330 Units of JM Income Fund - Dividend at cost of Rs. 36.43 Crores
- (35) 10,90,06,799.470 Units of JM Short Term Fund - Dividend at cost of Rs. 110.82 Crores

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

- (36) 4,07,95,772.540 Units of K Bond Unit Scheme 99 Institutional Plan - Growth at cost of Rs. 64.00 Crores
- (37) 32,61,301.415 Units of Kotak Mahindra Liquid Scheme - Dividend at cost of Rs. 3.27 Crores
- (38) 60,98,67,016.379 Units of Kotak Mahindra Liquid Institutional Plan - Daily Dividend at cost of Rs. 745.75 Crores
- (39) 40,74,36,573.300 Units of Kotak Liquid Institutional Premium Plan - Daily Dividend at cost of Rs. 498.22 Crores
- (40) 18,80,54,869.989 Units of Kotak Liquid Institutional Plan - Daily Dividend at cost of Rs. 188.45 Crores
- (41) 8,48,83,934.453 Units of Kotak Floater - Weekly Dividend at cost of Rs. 85.00 Crores
- (42) 27,25,65,525.447 Units of Kotak Bond Short Term Plan - Dividend at cost of Rs. 275.88 Crores
- (43) 4,18,61,362.230 Units of Prudential ICICI Liquid Plan - Dividend Option at cost of Rs. 49.54 Crores
- (44) 10,09,51,163.710 Units of Prudential ICICI Liquid Plan - Daily Dividend Option at cost of Rs. 119.62 Crores
- (45) 33,86,98,071.660 Units of Prudential ICICI Liquid Plan Institutional - Daily Dividend Option at cost of Rs. 401.32 Crores
- (46) 4,41,11,147.970 Units of Prudential ICICI Income Plan Institutional - Dividend Quarterly Option at cost of Rs. 49.44 Crores
- (47) 3,44,83,107.220 Units of Prudential ICICI Floating Rate Plan - Dividend at cost of Rs. 34.68 Crores
- (48) 2,84,34,940.855 Units of Prudential ICICI Income Plan - Dividend at cost of Rs. 30.00 Crores
- (49) 21,15,013.910 Units of Templeton India Short Term Income Plan Weekly Dividend Reinvestment at cost of Rs. 237.58 Crores
- (50) 12,10,42,749.210 Units of Reliance Liquid Fund - Treasury Plan - Retail Option - Weekly Dividend Option at cost of Rs. 125.13 Crores
- (51) 10,99,97,219.570 Units of Reliance Short Term Fund - Dividend Plan at cost of Rs. 110.70 Crores
- (52) 2,27,01,740.433 Units of Reliance Income Fund - Retail Plan - Monthly Dividend Plan at cost of Rs. 25.31 Crores
- (53) 29,06,79,534.500 Units of Sundaram Money Fund - Dividend Reinvested Daily at cost of Rs. 293.26 Crores
- (54) 4,89,69,997.460 Units of Sundaram Bond Saver - Dividend at cost of Rs. 51.20 Crores
- (55) 4,76,18,467.870 Units of Sundaram Bond Saver - Institutional - Dividend - Quarterly at cost of Rs. 50.53 Crores
- (56) 37,07,09,300.870 Units of SBI Mutual Fund - Magnum Insta Cash Fund - Cash Plan at cost of Rs. 390.04 Crores
- (57) 11,23,26,956.810 Units of SBI Mutual Fund - Magnum Insta Cash Fund - Short Term Plan - Dividend at cost of Rs. 114.04 Crores
- (58) 5,34,60,724.880 Units of Templeton India Treasury Management Account - Weekly Dividend Reinvestment at cost of Rs. 53.48 Crores
- (59) 84,14,43,001.200 Units of Templeton India Liquid Fund - Daily Dividend Reinvestment at cost of Rs. 841.44 Crores
- (60) 17,98,96,521.640 Units of Templeton Floating Rate Income Fund Short Term Plan - Dividend Reinvestment at cost of Rs. 178.67 Crores
- (61) 5,01,31,462.910 Units of Templeton Floating Rate Income Fund Long Term Plan - Dividend Reinvestment at cost of Rs. 51.85 Crores
- (62) 4,53,16,205.140 Units of Templeton India Income Fund - Daily Reinvestment at cost of Rs. 50.89 Crores
- (63) 9,54,72,742.460 Units of Templeton Income Builder Account - Institutional Plan - Dividend Reinvestment at cost of Rs. 104.71 Crores
- (64) 57,35,41,786.780 Units of TLSD Tata Liquid Super High Investment Fund - Daily Dividend at cost of Rs. 637.77 Crores
- (65) 1,38,72,780.150 Units of TLHD Tata Liquid High Investment Fund - Monthly Dividend at cost of Rs. 13.94 Crores
- (66) 11,73,12,298.460 Units of TSTD Tata Short Term Bond Fund - Dividend at cost of Rs. 125.01 Crores
- (67) 7,63,30,424.210 Units of UTI Liquid Cash Plan - Daily Income Option at cost of Rs. 76.44 Crores
- (68) 6,03,51,797.310 Units of Zurich India High Interest Fund STP - Dividend at cost of Rs. 63.58 Crores
- (69) 60,29,75,391.449 Units of Zurich India Liquidity Fund Savings Plan Daily Dividend at cost of Rs. 641.35 Crores
- (70) 3,66,89,096.080 Units of Zurich India Liquidity Fund Savings Plan Weekly Dividend at cost of Rs. 39.02 Crores

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2004 (Rs. in Crores)	As at 31st March, 2003 (Rs. in Crores)
8. INVENTORIES		
Stores and Spare Parts	84.94	79.44
Raw Materials	808.75	784.69
Intermediates – Tissue Paper and Paper Board	35.07	22.28
Stock in Process	16.21	17.49
Finished Goods	589.24	348.32
	<u>1534.21</u>	<u>1252.22</u>
9. SUNDRY DEBTORS		
Over 6 months old		
Good and Secured	2.01	1.35
Good and Unsecured		
– From Subsidiaries	0.04	0.35
– From Others	17.27	12.94
Doubtful and Unsecured		
– From Subsidiaries	0.11	0.11
– From Others	19.76	23.08
Other Debts		
Good and Secured	9.95	10.61
Good and Unsecured		
– From Subsidiaries	3.08	2.02
– From Others	209.76	191.43
Doubtful and Unsecured – From Others	—	0.09
	<u>261.98</u>	<u>241.98</u>
Less : Provision for Doubtful Debts	19.87	23.28
	<u>242.11</u>	<u>218.70</u>
Less : Deposits from normal Trade Debtors – Contra	11.96	11.96
	<u>230.15</u>	<u>206.74</u>
10. CASH AND BANK BALANCES		
With Scheduled Banks		
On Current Accounts etc.	21.32	32.16
On Deposit Accounts	—	340.00
With Other Banks*
Cash and Cheques on hand	12.72	6.68
	<u>34.04</u>	<u>378.84</u>

Rs. 0.05 Crore (2003 – Rs. 0.05 Crore) on deposit in Karachi–Blocked Account considered doubtful, fully provided.

* Includes on Current Account Rs. 14,522/- (2003 – Rs. 12,720/-) with Post Office Savings Bank and maximum amount outstanding at any time during the year was the same.

11. OTHER CURRENT ASSETS

Good and partially secured		
Deposit towards Property Options*	311.20	312.70
Good and Unsecured		
Deposits with Government, Public Bodies and Others@	436.08	446.10
Interest accrued on Loans, Advances etc.	27.28	21.68
Interest accrued on Investments	6.03	—
Dividend Receivable	2.73	—
Fixed Assets held for sale (at lower of cost and estimated realisable value)**	33.86	33.86
Doubtful and Unsecured		
Deposits with Government, Public Bodies and Others	1.38	1.38
	<u>818.56</u>	<u>815.72</u>
Less : Provision for Doubtful Deposits	1.38	1.38
	<u>817.18</u>	<u>814.34</u>

* Rs. 147.80 Crores (2003 – Rs. 147.80 Crores) secured against equitable mortgage of land.

@ Deposit with subsidiary companies Rs. 2.56 Crores (2003 – 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, 2004 (Rs. in Crores)	As at 31st March, 2003 (Rs. in Crores)
12. LOANS AND ADVANCES		
Good and Secured		
Loans to Subsidiaries	20.25	15.00
Loans to Others	147.00	140.00
Advances with Subsidiaries*	59.25	51.70
Good and Unsecured		
Loans to Subsidiaries	131.09	124.94
Loans to Others**	26.21	26.91
Advances recoverable in cash or in kind or for value to be received *	195.35	196.16
Advances with Government and Public Bodies	285.52	275.60
Advances with Subsidiaries*	5.10	5.28
Doubtful and Unsecured		
Loans	4.00	7.36
Advances recoverable in cash or in kind or for value to be received	9.02	9.04
Advances with Government and Public Bodies	0.55	0.55
	<u>883.34</u>	<u>852.54</u>
Less : Provision for Doubtful Loans and Advances	13.57	16.95
	<u>869.77</u>	<u>835.59</u>

Loans to Subsidiaries comprise of :

- Interest free loans to wholly owned subsidiaries :
 - ITC Infotech India Limited Rs. 93.85 Crores (2003 - Rs. 65.20 Crores)
(The maximum outstanding during the year was Rs. 93.85 Crores; 2003 - Rs. 65.20 Crores).
 - BFIL Finance Limited Rs. 37.24 Crores (2003 - Rs. 37.24 Crores)
(The maximum outstanding during the year was Rs. 37.24 Crores; 2003 - Rs. 37.24 Crores).
- Interest bearing loans to other subsidiaries :
 - ITC Hotels Limited Rs. Nil (2003 - Rs. 22.50 Crores)
(The maximum outstanding during the year was Rs. 22.50 Crores; 2003 - Rs. 29.50 Crores).
 - Landbase India Limited Rs. 20.25 Crores (2003 - Rs. 15.00 Crores)
(The maximum outstanding during the year was Rs. 20.25 Crores; 2003 - Rs. 15.00 Crores).
- Loans to Others include :
 - Ansal Hotels Limited, an associate, Rs. 147.00 Crores (2003 - Rs. 140.00 Crores)
(The maximum outstanding during the year was Rs. 147.00 Crores; 2003 - Rs. 140.00 Crores).
Includes Rs. 140.00 Crores repayable in 28 quarterly instalments ending 27.12.2009
with an initial moratorium of two years.

* Includes Capital Advances of Rs. 122.15 Crores (2003 – Rs. 127.52 Crores).

** Includes Loans and Advances to Directors and to Company Secretary – Rs. 1.53 Crores (2003 – Rs. 1.41 Crores). The maximum indebtedness during the year was Rs. 1.57 Crores (2003 – Rs. 1.45 Crores).

SCHEDULES TO THE ACCOUNTS

13. LIABILITIES

	As at 31st March, 2004 (Rs. in Crores)	As at 31st March, 2003 (Rs. in Crores)
Acceptances	2.02	3.01
Sundry Creditors*		
Total outstanding dues of small scale industrial undertakings	2.21	1.40
Total outstanding dues of creditors other than small scale industrial undertakings **	2802.10	2049.66
Sundry Deposits***	40.76	38.03
Unclaimed Dividend	13.91	12.22
Interest Accrued but not due on Loans	0.79	1.14
	<u>2861.79</u>	<u>2105.46</u>
Less : Deposits from normal Trade Debtors – Contra	11.96	11.96
	<u>2849.83</u>	<u>2093.50</u>

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

* Includes amounts due to Subsidiary Companies Rs. 18.90 Crores (2003 – Rs. 18.49 Crores).

** Includes amounts payable on acquisition of the Paperboards business Rs. 194.16 Crores (2003 - Rs. Nil), including Rs. 155.33 Crores (2003 - Rs. Nil) not due within one year [See Note 19 (x)].

*** Includes deposits from Subsidiary Company Rs. 20.25 Crores (2003 – Rs. 20.25 Crores).

14. PROVISIONS

Taxation (net of advance payment)	55.71	142.99
Provision for Retirement Benefits	18.34	15.05
Provision for Subsidiary	50.00	50.00
Proposed Dividend	495.36	371.27
Income Tax on Proposed Dividend	63.47	47.57
	<u>682.88</u>	<u>626.88</u>

15. OTHER INCOME

	For the year ended 31st March, 2004 (Rs. in Crores)	For the year ended 31st March, 2003 (Rs. in Crores)
Miscellaneous Income	30.57	44.34
Licence Fees	0.11	—
Doubtful Debts, Claims and Advances – previous years	0.43	0.66
Gain on Exchange – Net	18.41	16.66
Income from Long Term Investments – Trade	3.22	2.94
– Subsidiary	17.93	—
– Others	6.13	0.12
	<u>27.28</u>	<u>3.06</u>
Income from Current Investments – Others	78.16	4.41
Interest on Loans and Deposits etc.	60.67	37.74
Profit on Sale of Current Investments – Net	—	42.70
Liability no longer required Written Back *	9.25	20.02
	<u>224.88</u>	<u>169.59</u>

The Income from Investments and Interest are stated Gross, the amount of Income Tax deducted is Rs. 6.85 Crores (2003 – Rs. 5.80 Crores).

* Includes Rs. Nil (2003 – Rs. 9.62 Crores) written back following fulfilment of export obligation relating to EPCG licenses.

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2004 (Rs. in Crores)		For the year ended 31st March, 2003 (Rs. in Crores)	
16. RAW MATERIALS ETC.				
(a) RAW MATERIALS CONSUMED				
Opening Stock	784.69		702.68	
Purchases	2036.71		1631.69	
	<u>2821.40</u>		<u>2334.37</u>	
Less : Closing Stock	<u>808.75</u>	2012.65	<u>784.69</u>	1549.68
(b) PURCHASES AND CONTRACT MANUFACTURING CHARGES				
Cigarettes	13.90		10.42	
Agri Products	348.71		579.75	
Other Goods	190.51		85.26	
Packing Materials	<u>11.63</u>	564.75	<u>23.84</u>	699.27
(c) (INCREASE)/DECREASE IN FINISHED GOODS, INTERMEDIATES, STOCK IN PROCESS				
Opening Stock				
Cigarettes	214.22		231.44	
Smoking Tobacco	0.44		0.21	
Printed Materials	1.15		2.17	
Agri Products	48.00		78.07	
Paper – Specialty Paper	5.53		4.05	
Paperboards and Paper	27.00		24.29	
Other Goods	47.50		28.50	
Packing Materials	4.48		2.77	
Intermediates – Tissue Paper and Paperboards	22.28		18.42	
Stock in Process	<u>17.49</u>		<u>11.17</u>	
	<u>388.09</u>		<u>401.09</u>	
Closing 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	114.35		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>640.52</u>	(252.43)	<u>388.09</u>	13.00
Total		<u>2324.97</u>		2261.95
Less : Waste Material Sales		<u>4.62</u>		3.53
		<u>2320.35</u>		2258.42
Excise Duties etc. on Increase/(Decrease) of Finished Goods		<u>62.98</u>		(10.00)
		<u>2383.33</u>		<u>2248.42</u>

SCHEDULES TO THE ACCOUNTS

17. MANUFACTURING, SELLING ETC. EXPENSES

	For the year ended 31st March, 2004 (Rs. in Crores)		For the year ended 31st March, 2003 (Rs. in Crores)	
Salaries/Wages and Bonus	271.17		225.88	
Contribution to Provident and Other Funds	69.64		52.59	
Workmen and Staff Welfare Expenses	35.82		32.33	
Reimbursement of contractual remuneration	<u>39.85</u>	416.48	<u>35.32</u>	346.12
Consumption of Stores and Spare Parts		101.52		92.93
Power and Fuel		159.21		137.94
Rent		33.81		32.76
Rates and Taxes		23.92		17.77
Insurance		33.29		30.49
Repairs				
– Buildings		20.98		22.30
– Machinery		29.93		29.83
– Others		14.01		13.73
Outward Freight and Handling Charges		198.00		171.25
Advertising/Sales Promotion – Net		266.83		219.19
Market Research		27.85		19.10
Doubtful and Bad Debts		0.69		4.06
Doubtful and Bad Advances, Deposits etc.		0.31		1.07
Information Technology Services		39.13		33.83
Travelling and Conveyance		82.63		69.05
Training		6.12		7.25
Legal Expenses		12.01		9.53
Postage, Telephone, Telex, etc.		18.88		18.95
Brokerage and Discount – Sales		2.76		1.58
Brokerage and Discount – Others		2.89		—
Commission to Selling Agents		17.73		14.62
Loss on Sale of Current Investments – Net		1.36		—
Bank Charges		4.99		5.23
Interest etc. Paid – Debenture, Term Loans and Fixed Deposits	0.11		17.98	
– Others	29.08		17.04	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	<u>4.40</u>	24.79	<u>5.18</u>	29.84
Miscellaneous Expenses		206.01		185.48
Fixed Assets and Stores Discarded – Net		13.50		9.99
		<u>1759.63</u>		<u>1523.89</u>
Deduct : Transfers to Fixed Assets etc. Accounts		8.32		30.47
		<u>1751.31</u>		<u>1493.42</u>
Miscellaneous Expenses include :				
(1) Contribution to Chief Minister's Relief Fund		—		0.05
(2) Auditors' Remuneration (including service tax) and Expenses :				
Audit Fees		0.91		0.87
Tax Audit Fees		0.23		0.23
Fees for Limited Review		0.36		0.16
Fees for Other Services		0.33		0.29
Reimbursement of Expenses		0.09		0.10
(3) Cost Auditors' Fee		0.03		0.03
(4) Consultancy/Professional Fees		47.26		30.44
(5) Provision for estimated loss on Fixed Assets held for sale		—		35.04
(6) 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. 0.43 Crore (2003 - Rs. 0.36 Crore).

SCHEDULES TO THE ACCOUNTS

	For the year ended 31st March, 2004 (Rs. in Crores)	For the year ended 31st March, 2003 (Rs. in Crores)
18. PROVISION FOR TAXATION		
Income Tax for the year :		
Current Tax	853.79	774.80
Deferred Tax	<u>(92.80)</u>	<u>(71.88)</u>
	<u>760.99</u>	<u>702.92</u>
Less : Adjustments related to previous years – Net		
Current Tax	151.74	18.08
Deferred Tax	<u>(116.96)</u>	<u>—</u>
	<u>34.78</u>	<u>18.08</u>
	<u>726.21</u>	<u>684.84</u>

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. 0.04 Crore - credit (2003 - Rs. 0.41 Crore - credit).
- (ii) (a) Claims against the Company not acknowledged as debts Rs. 171.07 Crores (2003 – Rs. 118.59 Crores).
(b) Guarantees and Counter Guarantees outstanding
– Excise Rs. 5.02 Crores (2003 – Rs. 7.32 Crores).
– Others Rs. 55.60 Crores (2003 – Rs. 164.82 Crores).
(c) Uncalled liability on shares partly paid Rs. 26.40 Crores (2003 – Rs. 26.40 Crores).
- (iii) Earnings per share
- | | 2004 | 2003 |
|--|--------------|--------------|
| Earnings per share has been computed as under : | | |
| (a) Profit after Taxation (Rs. Crores) | 1592.85 | 1371.35 |
| (b) Weighted average number of Ordinary Shares outstanding | 24,75,50,023 | 24,75,11,886 |
| (c) Effect of potential ordinary shares on Employee Stock Options outstanding | 4,82,056 | — |
| (d) Weighted average number of Ordinary Shares in computing diluted earnings per share [(b) + (c)] | 24,80,32,079 | 24,75,11,886 |
| (e) Earnings per share (Face value Rs. 10/- per share) - Basic [(a)/(b)] | Rs. 64.34 | Rs. 55.41 |
| - Diluted [(a)/(d)] | Rs. 64.22 | Rs. 55.41 |
- (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. 0.23 Crore (2003 - Rs. 0.25 Crore).
- (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. 23.75 Crores (2003 - Rs. 11.56 Crores).
- (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 Parason Machinery, Transmission Engineers, Unique Engg. Enterprises, Sri Gokul Engg. Works, Hindustan Engg. Works, Kakati Karshak Industries (P) Ltd., Khaitan Paper & Packaging, Industrial Development Company, FTS Engineering Pvt. Ltd., Udyogi Plastics (P) Ltd., Teja Industries and Kaling Vanidhya.
- (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.
- (x) During the year, the Company acquired from BILT Industrial Packaging Company Limited its paperboards business consisting primarily of the 65,000 MT per annum manufacturing facility at the Thekkampatty Village, Coimbatore District, Tamil Nadu ('Kovai' Unit) for a consideration of Rs. 248.02 Crores payable over a period of five years.

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(xi) 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, 2004	Percentage of ownership interests as at 31st March, 2003
King Maker Marketing Inc., USA (KMM)	USA	50	50
Surya Nepal Private Limited (SNPL)	Nepal	—	*

* Surya Nepal Private Limited had become a subsidiary company on 20th August, 2002 consequent to an increase in stake during the previous year. The percentage of voting power prior to that date was 49%.

The financial statements of KMM are drawn upto 31st January.

The Company's interest in this Joint Venture is reported as Long Term Investment (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 this Joint Venture and Surya Nepal Private Limited till 20th August, 2002 are:

		As at 31st March, 2004 (Rs. in Crores)	As at 31st March, 2003 (Rs. in Crores)
I.	ASSETS		
1.	Fixed Assets	0.19	1.13
2.	Current Assets, Loans and Advances		
	a) Inventories	10.89	10.14
	b) Sundry Debtors	1.54	2.01
	c) Cash and Bank Balances	14.14	25.32
	d) Other Current Assets	0.95	0.55
	e) Loans and Advances	—	0.01
3.	Deferred Tax-Net	1.11	0.18
II.	LIABILITIES		
1.	Current Liabilities and Provisions		
	a) Liabilities	23.35	26.76
	b) Provisions	0.23	4.56

		For the year ended 31st March, 2004 (Rs. in Crores)	For the year ended 31st March, 2003 (Rs. in Crores)
III.	INCOME		
1.	Sales	61.88	103.28
2.	Other Income	0.82	1.07
IV.	EXPENSES		
1.	Raw Materials etc.	13.46	21.70
2.	Excise Duties and Taxes on Sales of Products and Services	30.56	47.37
3.	Manufacturing, Selling etc. Expenses	17.99	17.44
4.	Depreciation	0.10	1.51
5.	Provision for Taxation	0.70	6.53

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

	For the year ended 31st March, 2004 (Rs. in Crores)	For the year ended 31st March, 2003 (Rs. in Crores)
(xii) DIRECTORS' REMUNERATION		
Salaries	2.13	1.94
Performance Bonus to Wholetime Directors	1.28	1.16
Other Benefits	0.49	0.43
Commission, etc. to Non-Wholetime Directors	0.36	0.27
Directors' Fees	0.09	0.07
	<u>4.35</u>	<u>3.87</u>
The above :		
a) Excludes contribution to the approved group pension and gratuity funds which are actuarially determined on an overall basis.		
b) Includes Rs. 0.02 Crore for the period from 21st March, 2004 to 31st March, 2004 in respect of a wholetime director as 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	2319.06	2056.19
Add :		
Directors' Remuneration	4.35	3.87
Wealth Tax - Net	0.38	0.15
Depreciation	241.62	237.34
Provision for estimated loss on fixed assets held for sale	— 246.35	35.04 276.40
	<u>2565.41</u>	<u>2332.59</u>
Less :		
Depreciation under Section 350 of the Companies Act, 1956	247.17	226.92
Adjusted loss on sale of fixed assets - Net	— 247.17	15.17 242.09
Profit for the purpose of Directors' Commission	2318.24	2090.50
Non-Wholetime Directors' Commission @ 1%	23.18	20.90
Payable for the year	0.36	0.27

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(xiii) 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		2004	2003
		2004	2003	2004	2003	2004	2003
Cigarettes	Million	53,797 (b)	53,797 (b)	87,268	87,268	55,551	54,006
Smoking Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	79	81
Printing/Packaging (Tiruvottiyur)	Tonne	12,600	12,600	16,175	16,175	16,168 (c)	14,521 (c)
Printing (Munger)	Million Standard Sheet Impression	385	385	482	482	86 (c)	83 (c)
Redried Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	79,226 (c)	68,229 (c)
Pulp	Tonne	N.A.	N.A.	1,00,000	1,00,000	89,103 (c)	66,832 (c)
Paperboards and Paper	Tonne	N.A.	N.A.	2,77,500 (d)	2,12,500	2,34,663 (c)	2,33,574 (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) Installed capacities of the year include 65,000 MT acquired from M/s BILT Industrial Packaging Company Limited.

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 Crores)	
		2004	2003	2004	2003
Cigarettes	Million	65,387	63,415	9223.60	8756.82
Smoking Tobacco	Tonne	77	75	6.44	6.78
Unmanufactured Tobacco	Tonne	35,012	25,721	259.30	232.93
Printed Materials	Tonne	5,892	3,672	59.05	44.13
Agri Products	Tonne	6,10,100	11,44,723	954.62	985.79
Marine Products	Tonne	1,541	1,237	69.66	54.15
Paper-Specialty Paper	Tonne	17,212	16,157	118.81	111.23
Paperboards and Paper	Tonne	1,69,582	1,75,220	554.64	530.43
Hotel Sales/Income from Services				254.49	192.09
Miscellaneous [FMCG - Others (Branded Garments, Branded Packaged Foods, Greeting Cards, etc.) and others]				314.43	110.53
				11815.04	11024.88

* 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)	
		2004	2003	2004	2003
(c) Details of Finished Goods					
(i) Opening Stock					
Cigarettes	Million	2,374	2,505	214.22	231.44
Smoking Tobacco	Tonne	8	2	0.44	0.21
Printed Materials	Tonne	240	287	1.15	2.17
Agri Products	Tonne	40,984	1,13,577	48.00	78.07
Paper - Specialty Paper	Tonne	814	647	5.53	4.05
Paperboards and Paper	Tonne	8,276	9,038	27.00	24.29
Other Goods				47.50	28.50
Packing Materials				4.48	2.77
				<u>348.32</u>	<u>371.50</u>
(ii) Closing 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	Tonne	1,14,032	40,984	135.00	48.00
Paper - Specialty Paper	Tonne	1,267	814	6.74	5.53
Paperboards and Paper	Tonne	9,900	8,276	28.74	27.00
Other Goods				114.35	47.50
Packing Materials				2.52	4.48
				<u>589.24</u>	<u>348.32</u>
(iii) Purchases and Contract Manufacturing Charges					
Cigarettes	Million	10,858	9,341	13.90	10.42
Agri Products	Tonne	7,01,844	10,83,073	348.71	579.75
Other Goods				190.51	85.26
Packing Materials				11.63	23.84
				<u>564.75</u>	<u>699.27</u>
(d) Details of Raw Materials Consumed during the year*					
Unmanufactured Tobacco	Tonne	87,116	89,709	484.60	453.03
Waste Paper and Pulp	Tonne	1,26,048	1,46,580	175.03	193.55
Hardwood and Bamboo	BDT**	2,49,990	1,85,534	75.40	50.34
Agri Products	Tonne	4,36,966	2,16,571	627.56	293.50
Board	Tonne	10,982	4,761	96.79	72.07
Filter Rods	Million	8,784	8,384	92.58	89.25
Aluminium Foil/Metallised Paper	Bobbin	5,80,190	5,61,006	40.61	40.97
BOPP/Viscose Film	Tonne	1,661	1,543	26.67	23.17
Chemicals for Paperboards and Paper				130.85	120.09
Miscellaneous				262.56	213.71
				<u>2012.65</u>	<u>1549.68</u>

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

** BDT-Bone Dry Tonne

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

	(Percentage)	Value (Rs. in Crores)	
		2004	2003
Raw Materials			
Imported	14.83	298.55	318.63
Indigenous	85.17	1714.10	1231.05
	<u>100.00</u>	<u>2012.65</u>	<u>1549.68</u>
Spare Parts and Components			
Imported	36.06	36.61	33.87
Indigenous	63.94	64.91	59.06
	<u>100.00</u>	<u>101.52</u>	<u>92.93</u>

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

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

	2004 (Rs. in Crores)	2003 (Rs. in Crores)
Export of Goods (F.O.B. – Realisation Basis)	918.02	1158.10
Dividend	2.97	0.49
Hotel Earnings*	127.21	109.08
Other Earnings	29.31	26.33
	<u>1077.51</u>	<u>1294.00</u>

* Includes Rs. 115.53 Crores (2003 – Rs. 90.83 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)

Raw Materials	232.22	262.25
Components and Spare Parts	32.29	31.53
Capital Goods	100.62	67.18
Other Goods (including imports under eligible Export House Scheme)	47.24	8.17
	<u>412.37</u>	<u>369.13</u>

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

Professional Fees	6.30	5.78
Advertising/Sales Promotion	1.43	1.09
Export Promotion Expenses	4.98	4.84
Training	0.97	1.77
Hotel Reservation/Marketing Expenses	7.48	3.94
Licence Fees	0.73	0.82
Miscellaneous Expenditure	12.87	20.86
	<u>34.76</u>	<u>39.10</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 Crores)
2003/2004	2002/2003	9,01,59,678	86	135.24
2002/2003	2001/2002	9,11,73,256	86	105.26

SCHEDULES TO THE ACCOUNTS

20. SEGMENT REPORTING

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

					(Rs. in Crores)	
	External Sales	Inter Segment Sales	2004 Total	External Sales	Inter Segment Sales	2003 Total
1. Segment Revenue						
FMCG - Cigarettes	9230.27	—	9230.27	8764.00	—	8764.00
FMCG - Others	303.58	0.58	304.16	108.47	0.73	109.20
FMCG - Total	9533.85	0.58	9534.43	8872.47	0.73	8873.20
Hotels	254.49	3.04	257.53	192.09	1.32	193.41
Agri Business	1285.74	423.03	1708.77	1272.95	385.19	1658.14
Paperboards, Paper and Packaging	740.96	512.33	1253.29	687.37	475.49	1162.86
Segment Total	11815.04	938.98	12754.02	11024.88	862.73	11887.61
Eliminations			<u>(938.98)</u>			<u>(862.73)</u>
Total Revenue			11815.04			11024.88
2. Segment Results						
FMCG - Cigarettes			2033.34			1923.53
FMCG - Others			(174.36)			(122.44)
FMCG - Total			1858.98			1801.09
Hotels			32.51			10.09
Agri Business			89.80			84.05
Paperboards, Paper and Packaging			229.85			226.27
Segment Total			2211.14			2121.50
Eliminations			6.36			(40.76)
Consolidated Total			2217.50			2080.74
Unallocated corporate expenses net of unallocated income			38.40			82.62
Profit before interest, etc. and taxation			2179.10			1998.12
Interest etc. paid - Net			24.79			29.84
Interest on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc.			164.75			87.91
Provision for Taxation			726.21			684.84
3. Profit after Taxation			1592.85			1371.35

Other Information

	Segment Assets		Segment Liabilities*		(Rs. in Crores)	
	Segment Assets	Segment Liabilities*	Segment Assets	Segment Liabilities*		
FMCG - Cigarettes	2324.95	752.45	2303.03	681.45		
FMCG - Others	255.00	42.90	123.33	42.92		
FMCG - Total	2579.95	795.35	2426.36	724.37		
Hotels	1048.54	70.85	1037.76	94.67		
Agri Business	636.05	159.15	523.36	112.48		
Paperboards, Paper and Packaging	1833.72	364.84	1392.34	131.43		
Segment Total	6098.26	1390.19	5379.82	1062.95		
Unallocated Corporate Assets/Liabilities	4579.54	2877.55	3289.56	2240.81		
Total	10677.80	4267.74	8669.38	3303.76		

	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	71.33	101.52	4.52	114.97	100.05	6.28
FMCG - Others	19.13	4.93	0.02	17.67	3.56	0.02
FMCG - Total	90.46	106.45	4.54	132.64	103.61	6.30
Hotels	46.71	30.24	2.41	214.12	21.57	0.45
Agri Business	62.45	20.13	(0.56)	23.16	17.59	1.61
Paperboards, Paper and Packaging	471.31	79.40	5.24	115.74	71.68	4.18
Segment Total	670.93	236.22	11.63	485.66	214.45	12.54

* Segment Liabilities of FMCG-Cigarettes is before considering provision of Rs. 1366.34 Crores (2003 - Rs. 970.20 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)	
	2004	2003
1. Segment Revenue		
— Within India	10837.82	9795.82
— Outside India	977.22	1229.06
Total Revenue	11815.04	11024.88
2. Segment Assets		
— Within India	6094.41	5377.73
— Outside India	3.85	2.09
Total Assets	6098.26	5379.82
3. Capital Expenditure		
— Within India	670.93	485.66
— Outside India	—	—
Total Capital Expenditure	670.93	485.66

NOTES

- (1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
- (2) The business groups comprise the following :
- | | |
|----------------------------------|--|
| FMCG : Cigarettes | — Cigarettes and Smoking mixtures. |
| : Others | — Branded Garments, Greeting, Gifting & Stationery, Packaged Foods (Staples, Confectionery, Snack Foods and Ready to Eat Foods). |
| | — 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) 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. 978 Crores (31.03.2003 - Rs. 943 Crores) includes Rs. 829 Crores (31.03.2003 - Rs. 841 Crores) relating to the new hotels at Mumbai and Kolkata as well as capital work in progress in respect of the second hotel under construction in Mumbai. In the wake of the upturn in the industry, the Hotels business registered a significant growth in revenue and profits. However, the segment results continue to reflect the depreciation charge of the newly opened hotels, the impact of the global slump in international travel during the earlier part of the financial year, 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 export and domestic markets, supplies agri raw materials to the Branded Packaged Foods Business and sources leaf tobacco for the Cigarettes Business. During the year ended 31st March, 2004, the Agri Business revenues / results witnessed a marginal growth over the same period last year inspite of :
- (a) transporters' strike in April 2003;
 - (b) significant reduction in the size of export opportunity in non basmati rice which was available last year (Rs. 76 Crores for the year ended 31.03.2004 as against Rs. 519 Crores for the year ended 31.03.2003); and
 - (c) significant appreciation of the Rupee against the US Dollar.
- (7) Unallocated corporate assets include Rs. 801 Crores (31.03.2003 - Rs. 803 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

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
- 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

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)
- c) CL13L 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
T.M. Nagarajan	Non-Executive Director (resigned w.e.f. 12.6.2003)
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) Tribeni Tissues Junior Management Pension Fund
- m) Tribeni Tissues Management Staff Pension Fund
- n) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- o) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- p) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'B'
- q) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- r) 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				Associates & Joint Ventures		Key Management Personnel		Employee Trusts			
	Subsidiaries		Others		2003		2004		2003		2004	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	
1. Sale of Goods / Services	44.31	22.21			32.36	51.43						
2. Purchase of Goods / Services	73.97	36.24			109.96	98.55						
3. Acquisition cost of Fixed Assets (including project consultancy fees, etc.)	3.30	1.31			1.07							
4. Sale of Fixed Assets (2004 - Rs. 11,000)	0.02	0.01			...	0.03						
5. Purchase of Investments (Purchase of equity shares of ITC Hotels Limited from Russell Credit Limited)	2.00											
6. Investment made in ITC Infotech India Limited	15.00				11.25	13.93		0.05	0.08			
7. Interest income	2.92	3.90						4.35	3.87			
8. Remuneration to Key Management Personnel — Directors [see Schedule 19 (xii)] — Others								1.28	1.15			
9. Rent Paid	0.33	0.32										
10. Reimbursement of Contractual Remuneration to ITC Hotels Limited	39.85	35.32										
11. Remuneration of managers on deputation recovered	0.65	0.06			0.48	0.50						
12. Donations			1.13	0.74							45.47	
13. Contributions to Employees' Benefit Plans	17.93				3.22	2.94		0.01	0.01			
14. Dividend income					99.28	89.35						
15. Dividend payments					0.59	0.49						
16. Expenses recovered	5.69	3.55		0.02	0.25	2.00						
17. Expenses reimbursed	6.49	4.31										
18. Loans Given — Russell Credit Limited — Others	332.00	1120.00			7.00	1.50		0.15	0.05			
19. Receipt towards Loan Repayment — Russell Credit Limited — Others	45.05	27.40										
20. Advances Given	332.00	1176.62			2.45	0.01		0.06	0.05			
21. Receipt towards refund of Deposits	33.65	7.00			1.07	0.10		0.04				
22. Receipt towards refund of Advances	9.98	9.56			2.62	1.23						
23. Deposits received	3.36	0.63										
24. Balances as on 31st March, i) Debtors/Receivables	6.88	3.82			24.52	17.10						
ii) Advances Given	63.31	56.98			11.05	9.68						
iii) Loans Given	151.34	139.94			147.00	140.00		1.42	1.43			
iv) Deposits with (including Deposits towards Property Options)	2.56	2.56			154.92	154.92			0.04			
v) Deposits From	20.25	20.25			2.65	0.03						
vi) Creditors/Payables	18.90	18.49			4.94	3.16						
vii) Investments in Non-Convertible Debentures	15.00	15.00										
25. Provision for subsidiary (made in earlier years) as on 31st March	50.00	50.00			0.30	0.42						
26. In addition, remuneration of managers on deputation, absorbed			0.08	0.07								

Note : Mr. S. S. H. Rehman, a Wholetime Director of the Company, was the Managing Director of ITC Hotels Limited (till 30th July, 2003) and his aggregate remuneration for the year of Rs. 0.84 Crore (2003 - Rs. 0.74 Crore) 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 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

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 Gross 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

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 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,
28th May, 2004