

SCHEDULES TO THE ACCOUNTS

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

	As at 31st March, 2006 (Rs. in Crores)	As at 31st March, 2005 (Rs. in Crores)
1. CAPITAL		
Authorised		
5,00,00,00,000 Ordinary Shares of Re. 1.00 each (2005 - 30,00,00,000 Ordinary Shares of Rs. 10.00 each)	<u>500.00</u>	<u>300.00</u>
Issued and Subscribed		
3,75,51,78,860 Ordinary Shares of Re. 1.00 each, fully paid (2005 - 24,82,21,329 Ordinary Shares of Rs. 10.00 each, fully paid)	<u>375.52</u>	<u>248.22</u>

A) Of the above, following were allotted :

a) as fully paid up Bonus Shares –

3,79,00,000 * in 1978-79 by Capitalisation of Capital Reserve, Share Premium Reserve and General Reserve;

4,54,80,000 * in 1980-81 by Capitalisation of Capital Reserve and General Reserve;

33,16,81,100 * in 1989-90 by Capitalisation of Capital Reserve, Share Premium Reserve, Export Promotion Reserve and General Reserve;

39,80,17,320 * in 1991-92 by Capitalisation of General Reserve;

1,21,31,81,770 * in 1994-95 by Capitalisation of General Reserve;

1,25,17,12,290 in 2005-06 by Capitalisation of General Reserve.

b) as fully paid up Shares –

10,59,50,750 * in 1991-92 consequent to the amalgamation of erstwhile Tribeni Tissues Limited to the Shareholders of erstwhile Tribeni Tissues Limited;

2,09,69,820 * in 2002-03 consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited to the Shareholders of erstwhile ITC Bhadrachalam Paperboards Limited;

1,21,27,470 * in 2005-06 consequent to the amalgamation of erstwhile ITC Hotels Limited & Ansal Hotels Limited to the Shareholders of erstwhile ITC Hotels Limited & Ansal Hotels Limited.

* Consequent upon sub-division of share from Rs. 10.00 to Re. 1.00 during the year.

B) Under ITC Employee Stock Option Scheme the Company has granted (net of options lapsed):

a) 2,98,906 (2005 - 3,06,598) Options in 2001-02, of which 2,83,522 vested Options have been exercised.

b) 5,63,891 (2005 - 5,83,311) Options in 2002-03, of which 5,54,180 vested Options have been exercised.

c) 10,91,728 (2005 - 9,32,631) Options in 2003-04, including 1,83,501 Bonus Options allocated on unvested Options during the year, of which 5,45,660 vested Options have been exercised.

d) 10,95,161 (2005 - 8,25,513) Options in 2004-05, including 2,85,987 Bonus Options allocated on unvested Options during the year, of which 2,38,662 vested Options have been exercised.

e) 14,13,584 Options in 2005-06, including 4,75,638 Bonus Options allocated on unvested Options during the year of which no Options have been exercised.

Note :

Each Option entitles the holder thereof to apply for and be allotted 10 Ordinary Shares of the face value of Re. 1.00 each.

1A. SHARE CAPITAL SUSPENSE

Share Capital Suspense	<u>—</u>	<u>1.21</u>
Nil (2005 - 12,12,747 Ordinary Shares of Rs. 10.00 each, fully paid, to be issued pursuant to Scheme of Amalgamation of erstwhile ITC Hotels Limited and Ansal Hotels Limited with the Company).		

SCHEDULES TO THE ACCOUNTS

2. RESERVES AND SURPLUS

	As at 31st March, 2006 (Rs. in Crores)		As at 31st March, 2005 (Rs. in Crores)	
General Reserve				
At commencement of the year	6226.79		5047.57	
Less: On allotment of Bonus Shares	125.17		—	
Add: On amalgamation *	—		60.49	
Add: Deferred Tax Asset arising on amalgamation	—		18.73	
Add: From Profit and Loss Account	1150.00	7251.62	1100.00	6226.79
Share Premium				
At commencement of the year	382.25		295.62	
Add: On amalgamation	—		49.85	
Add: On issue of Shares	65.03	447.28	36.78	382.25
Capital Reserve				
At commencement of the year	2.48		2.46	
Add: On amalgamation * (including Rs. 40,000/- on forfeiture of shares in 2005)	—	2.48	0.02	2.48
Capital Redemption Reserve				
At commencement of the year	0.30		—	
Add: On amalgamation *	—	0.30	0.30	0.30
Revaluation Reserve				
At commencement of the year	59.90		60.84	
Less: To Profit and Loss Account				
– Depreciation	0.72		0.94	
– Disposal of Fixed Assets	0.01	59.17	—	59.90
Hotel Foreign Exchange Earnings Reserve				
At commencement of the year	—		5.00	
Add: On amalgamation *	—		10.14	
	—		15.14	
Less: To Profit and Loss Account	—	—	15.14	—
Contingency Reserve		363.05		363.05
Profit and Loss Account		562.06		611.41
		8685.96		7646.18

* Reserves (net of adjustments) taken over consequent to amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company.

SCHEDULES TO THE ACCOUNTS

3. SECURED LOANS

	As at 31st March, 2006 (Rs. in Crores)	As at 31st March, 2005 (Rs. in Crores)
Loans and Advances from Banks		
Cash/Export Credit Facilities *	25.91	88.69
Term Loans **	7.76	—
	<u>33.67</u>	<u>88.69</u>

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

** To be secured by equitable mortgage of certain immovable properties of the Company and charge over certain movable assets, both present and future, of the Company.

4. UNSECURED LOANS

Short Term Loans		
From Banks		
– Temporary overdraft in cash credit account	0.13	80.22
Other Loans		
From other than Banks – Sales tax deferment loan (interest free) (Due within one year Rs. 0.23 Crore, 2005 - Rs. Nil)	85.93	76.45
	<u>86.06</u>	<u>156.67</u>

5. DEFERRED TAX - NET

Deferred Tax Liabilities		
On fiscal allowances on fixed assets	547.92	573.46
Deferred Tax Assets		
On employees' separation and retirement	6.50	9.00
On provision for doubtful debts/advances	6.89	7.32
On State and Central taxes etc.	191.82	158.45
Other timing differences	17.95	22.60
	<u>223.16</u>	<u>197.37</u>
Deferred Tax – Net	<u>324.76</u>	<u>376.09</u>

SCHEDULES TO THE ACCOUNTS

6. FIXED ASSETS

	@ As at commencement of the year (Rs. in Crores)	Additions (Rs. in Crores)	Withdrawals and adjustments (Rs. in Crores)	@ As at the 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, 2006 (Rs. in Crores)	Net Book Value as at 31st March, 2006 (Rs. in Crores)
Trademarks & Goodwill	10.82	—	—	10.82	0.60	—	2.39	8.43
Know-how, Business and Commercial Rights	47.34	4.97	—	52.31	5.89	—	10.79	41.52
Land Freehold *	357.38	12.85	0.01	370.22	—	—	—	370.22
Buildings Freehold *	1082.13	74.92	3.70	1153.35	24.22	1.55	185.61	967.74
Leasehold Properties	89.61	0.06	—	89.67	0.57	—	4.54	85.13
Licensed Properties - Building Improvement	15.84	1.79	6.34	11.29	0.81	2.59	3.01	8.28
Railway Sidings etc.	1.17	—	—	1.17	0.05	—	0.63	0.54
Plant & Machinery	3588.87	363.29	56.45	3895.71	234.09	41.91	1582.82	2312.89
Capitalised Software	30.39	10.34	—	40.73	6.61	(0.06)	19.03	21.70
Computers etc.	220.66	48.55	8.06	261.15	32.01	7.74	123.67	137.48
Furniture & Fixtures	271.82	36.36	10.08	298.10	24.90	8.06	122.60	175.50
Motor Vehicles etc.	30.24	15.14	2.73	42.65	3.31	1.34	10.35	32.30
	5746.27	568.27	87.37	6227.17	333.06	63.13	2065.44	4161.73
Capital Work-in-Progress	186.15	527.01	469.76	243.40	—	—	—	243.40
Total	5932.42	1095.28	557.13	6470.57	333.06	63.13	2065.44	4405.13
Previous Year	5054.68	1568.74 #	691.00	5932.42	313.81	60.09	1795.51	4136.91

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

Includes Rs. 427.52 Crores consequent to amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company.

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. 41.08 Crores (2005 - Rs. 37.51 Crores) (at original cost) of buildings at New Delhi on Government land taken on perpetual lease and Rs. 0.12 Crore (2005 - Rs. 0.12 Crore) (at original cost) of buildings at Kolkata on Port Trust land taken on lease.

Trademarks purchased Rs. 5.92 Crores (2005 - Rs. 5.92 Crores) under "Trademarks & Goodwill" and "Know-how, Business and Commercial Rights" acquired Rs. 47.34 Crores in earlier years (2005 - Rs. 47.34 Crores) are being amortised over 10 years. Know-how purchased Rs. 4.97 Crores (2005 - Rs. Nil) during 2005-06 is being amortised over 4 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. 444.99 Crores (2005 - Rs. 93.78 Crores).

Capital Work-in-Progress includes intangible assets yet to be capitalised Rs. 10.53 Crores (2005 - Rs. Nil).

Additions for the year include net increase of Rs. 9.08 Crores (2005 - net reduction of Rs. 1.57 Crores) due to fluctuations in exchange rates.

Depreciation for the year includes Rs. 0.72 Crore (2005 - Rs. 0.94 Crore) transferred from Revaluation Reserve in respect of revalued assets.

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

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS

Long Term

A. TRADE INVESTMENTS

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 Equity 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

4,300 Equity Shares of Rs. 10.00 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.

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

0.90

Bihar Hotels Limited

40,000 Equity Shares of Rs. 10.00 each, fully paid (acquired on amalgamation)

0.04

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

Landbase India Limited

40,00,000 Equity Shares of Rs. 10.00 each, fully paid

12.57

12.57

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

20.00

20.00

15,00,000 – 18.5% Non-Convertible Debentures of Rs. 100.00 each, renewed at 0 %

15.00

15.00

Carried over

2.59

782.18

2.59

782.18

SCHEDULES TO THE ACCOUNTS

		As at 31st March, 2006 (Rs. in Crores)		As at 31st March, 2005 (Rs. in Crores)	
		Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)					
SUBSIDIARY COMPANIES (Contd.)	Brought forward	2.59	782.18	2.59	782.18
Surya Nepal Private Limited					
19,82,400 Ordinary Shares of Nepalese Rs. 100.00 each, fully paid			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		18.53
Fortune Park Hotels Limited					
4,50,001 Equity Shares of Rs. 10.00 each, fully paid (acquired on amalgamation)			0.45		0.45
Bay Islands Hotels Limited					
11,875 Equity Shares of Rs. 100.00 each, fully paid (acquired on amalgamation)			0.12		0.12
C. DEPOSITS WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES					
Government Securities (2005 - cost Rs. 94,500.00)			0.01		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)		
APIDC - Venture Capital Fund (1990)					
1,000 Units of Rs. 1,000.00 each, fully paid (net of capital returned)			0.01		0.01
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
The Bengal Chamber of Commerce & Industry					
6 1/2% Registered Debentures, fully paid (cost Rs. 2,000.00)		
Tribeni Tissues Co-op. Stores Limited					
Nil (2005 - 200) Class 'B' Shares of Rs. 10.00 each, fully paid (200 Shares redeemed during the year) (2005 - cost Rs. 2,000.00)			—		...
Tourism Finance Corporation of India Limited					
25,000 Equity Shares of Rs.10.00 each, fully paid		0.05		0.05	
Unit Trust of India					
10,00,000 Units of 1995 scheme of Rs. 10.00 each, fully paid			1.04		1.04
Total Long Term Investments (At cost)		2.64	809.40	2.64	809.40
Current					
OTHER INVESTMENTS					
Unit Trust of India					
6.75% US-64 Tax Free Bonds					
1,23,44,658 (2005 - 84,19,658) Bonds of Rs. 100.00 each, fully paid (39,25,000 Bonds acquired during the year)			122.63		90.39
6.60% US-64 Tax Free Bonds					
17,19,000 (2005 - 10,00,000) Bonds of Rs. 100.00 each, fully paid (7,19,000 Bonds acquired during the year)			17.16		10.55
National Bank for Agricultural and Rural Development					
50,000 5.10% Tax Free Bonds of Rs. 10,000.00 each, fully paid			49.78		50.00
75,000 5% Tax Free Bonds of Rs. 10,000.00 each, fully paid			74.78		75.45
National Housing Bank					
2,500 5.25% Tax Free Bonds of Rs. 1,00,000.00 each, fully paid			24.86		25.00
Carried over			289.21		251.39

SCHEDULES TO THE ACCOUNTS

		As at 31st March, 2006 (Rs. in Crores)		As at 31st March, 2005 (Rs. in Crores)	
		Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)					
Current	Brought forward		289.21		251.39
OTHER INVESTMENTS (Contd.)					
Indian Railway Finance Corporation Limited					
250 5.20% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid			24.93		25.00
500 4.77% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid			49.22		50.03
Nuclear Power Corporation Limited					
220 4.75% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid			21.61		22.00
Power Finance Corporation Limited					
2,000 10.40% Tax Free Bonds of Rs. 1,00,000.00 each, fully paid			23.10		24.30
ICICI Bank Limited					
350 Non-Cumulative, Non-Participating, Non-Voting Preference Shares of Rs. 1,00,00,000.00 each, fully paid			120.00		120.00
ABN AMRO Cash Fund - Institutional Daily Dividend					
Nil (2005 - 2,00,02,516.46) Units of Rs. 10.00 each (16,58,13,775.703 Units purchased and 18,58,16,292.163 Units sold during the year)			—		20.00
Birla Sunlife Cash Manager - IP - Daily Dividend (formerly Alliance Cash Manager - IP - Daily Dividend)					
Nil (2005 - 4,35,67,901.238) Units of Rs. 10.00 each (11,55,63,968.638 Units purchased and 15,91,31,869.876 Units sold during the year)			—		43.57
Birla Cash Plus Institutional Premium Plan - Daily Dividend - Reinvestment					
16,32,76,135.128 (2005 - Nil) Units of Rs. 10.00 each (49,25,05,054.374 Units purchased and 32,92,28,919.246 Units sold during the year)			163.59		—
Birla Bond Plus - Institutional Plan - Fortnightly Dividend - Reinvestment					
Nil (2005 - 95,79,369.869) Units of Rs. 10.00 each (13,87,03,285.700 Units purchased and 14,82,82,655.569 Units sold during the year)			—		10.00
Birla Cash Plus Institutional Premium - Growth					
91,80,966.021 (2005 - Nil) Units of Rs. 10.00 each (91,80,966.021 Units purchased during the year)			10.00		—
Birla FMP - Series 2 - Quarterly - Dividend Payout					
2,99,52,076.677 (2005 - Nil) Units of Rs. 10.00 each (4,99,36,289.149 Units purchased and 1,99,84,212.472 Units sold during the year)			30.00		—
Birla FTP - Series H - Growth					
1,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (1,50,00,000 Units purchased during the year)			15.00		—
Birla FTP - Quarterly - Series 2 - Dividend Payout					
2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)			25.00		—
Birla Cash Plus - Institutional Premium-Dividend Plan					
Fortnightly Dividend - Reinvestment					
Nil (2005 - 17,25,12,722.103) Units of Rs. 10.00 each (2,91,658.816 Units purchased and 17,28,04,380.919 Units sold during the year)			—		173.41
	Carried over		771.66		739.70

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2006 (Rs. in Crores)		As at 31st March, 2005 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Current		771.66		739.70
Brought forward				
OTHER INVESTMENTS (Contd.)				
CANLIQUID Fund - Institutional Daily Dividend Reinvestment 8,15,39,043.177 (2005 - 8,86,47,541.248) Units of Rs. 10.00 each (31,89,38,463.603 Units purchased and 32,60,46,961.674 Units sold during the year)		81.87		89.01
CANFLOATING Rate Short Term - Weekly Dividend 3,24,24,276.560 (2005 - Nil) Units of Rs. 10.00 each (5,09,38,454.872 Units purchased and 1,85,14,178.312 Units sold during the year)		33.27		—
CANLIQUID Fund - Institutional - Growth 2,39,78,528.631 (2005 - Nil) Units of Rs. 10.00 each (2,39,78,528.631 Units purchased during the year)		30.00		—
Chola Liquid Institutional Plus - Cumulative Option 1,43,11,998.826 (2005 - Nil) Units of Rs. 10.00 each (1,43,11,998.826 Units purchased during the year)		20.00		—
Chola Liquid Institutional - Dividend Reinvestment Plan 7,19,07,189.610 (2005 - Nil) Units of Rs. 10.00 each (11,98,20,043.907 Units purchased and 4,79,12,854.297 Units sold during the year)		72.05		—
Deutsche Floating Rate Fund Regular Plan - Weekly Dividend Nil (2005 - 5,48,66,576.853) Units of Rs. 10.00 each (12,24,65,593.753 Units purchased and 17,73,32,170.606 Units sold during the year)		—		56.29
Deutsche Fixed Term Fund - Series 8 - Dividend Option 2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)		25.00		—
Deutsche Insta Cash Plus Fund - Institutional Plan - Monthly Dividend Nil (2005 - 4,59,78,567.344) Units of Rs. 10.00 each (1,59,420.287 Units purchased and 4,61,37,987.631 Units sold during the year)		—		46.11
DSP Merrill Lynch - Fixed Term Plan - Series 1B - Dividend 5,02,039.967 (2005 - Nil) Units of Rs. 1,000.00 each (5,02,039.967 Units purchased during the year)		50.20		—
DSP Merrill Lynch - Fixed Term Plan - Series 2 - Dividend 1,50,97,961.938 (2005 - Nil) Units of Rs. 10.00 each (1,50,97,961.938 Units purchased during the year)		15.10		—
DSP Merrill Lynch Fixed Term Plan - Series III - Growth 2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)		25.00		—
DSP Merrill Lynch Liquid Fund - Institutional - Daily Dividend 17,33,753.337 (2005 - Nil) Units of Rs. 1,000.00 each (22,63,647.357 Units purchased and 5,29,894.020 Units sold during the year)		173.41		—
Grindlays Floating Rate - ST - Super Institutional Plan C - Monthly Dividend Nil (2005 - 17,37,19,169.111) Units of Rs. 10.00 each (6,06,742.932 Units purchased and 17,43,25,912.043 Units sold during the year)		—		174.37
HDFC FMP 3M March 06 (1) - Institutional Dividend 2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)		25.00		—
Carried over		1322.56		1105.48

SCHEDULES TO THE ACCOUNTS

		As at 31st March, 2006 (Rs. in Crores)		As at 31st March, 2005 (Rs. in Crores)	
		Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS (Contd.)					
Current	Brought forward		1322.56		1105.48
OTHER INVESTMENTS (Contd.)					
HDFC Floating Rate Income Fund - Short Term Plan - Dividend Reinvestment Nil (2005 - 9,74,27,349.469) Units of Rs. 10.00 each (46,99,45,397.698 Units purchased and 56,73,72,747.167 Units sold during the year)					
			—		97.77
HSBC Cash Fund - Institutional Plus- Daily Dividend 17,29,80,184.383 (2005 - Nil) Units of Rs. 10.00 each (1,22,87,19,710.032 Units purchased and 1,05,57,39,525.649 Units sold during the year)					
			173.08		—
HSBC Fixed Tenure Scheme - 3 - Dividend 2,51,03,869.925 (2005 - Nil) Units of Rs. 10.00 each (2,51,03,869.925 Units purchased during the year)					
			25.10		—
HSBC Fixed Tenure Series - 8 - Dividend 3,00,00,000 (2005 - Nil) Units of Rs. 10.00 each (3,00,00,000 Units purchased during the year)					
			30.00		—
HSBC Fixed Term Series 13 Institutional - Growth 1,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (1,50,00,000 Units purchased during the year)					
			15.00		—
HSBC Fixed Term Series 1 - Growth Option 1,00,00,000 (2005 - Nil) Units of Rs. 10.00 each (1,00,00,000 Units purchased during the year)					
			10.00		—
HSBC Floating Rate Fund - Short Term - Institutional Option - Daily Dividend Nil (2005 - 11,75,67,261.936) Units of Rs. 10.00 each (19,75,51,762.422 Units purchased and 31,51,19,024.358 Units sold during the year)					
			—		117.72
ING Vysya Fixed Maturity Fund Series - IX - Dividend Option 2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)					
			25.00		—
ING Vysya Fixed Maturity Fund Series - VIII - Dividend Option 3,00,00,000 (2005 - Nil) Units of Rs. 10.00 each (3,00,00,000 Units purchased during the year)					
			30.00		—
ING Vysya Floating Rate Fund - Daily Dividend Nil (2005 - 3,62,91,931.545) Units of Rs. 10.00 each (17,44,08,830.998 Units purchased and 21,07,00,762.543 Units sold during the year)					
			—		36.30
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend Nil (2005 - 15,33,65,175.620) Units of Rs. 10.00 each (93,97,58,248.798 Units purchased and 1,09,31,23,424.410 Units sold during the year)					
			—		153.62
Kotak Floater Long Term - Monthly Dividend Nil (2005 - 2,49,39,148.478) Units of Rs. 10.00 each (3,43,33,626.896 Units purchased and 5,92,72,775.374 Units sold during the year)					
			—		25.00
Kotak Floater Short Term - Monthly Dividend Nil (2005 - 9,24,78,054.919) Units of Rs. 10.00 each (3,30,041.043 Units purchased and 9,28,08,095.962 Units sold during the year)					
			—		92.51
	Carried over		1630.74		1628.40

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

		As at 31st March, 2006 (Rs. in Crores)		As at 31st March, 2005 (Rs. in Crores)	
		Quoted	Not Quoted	Quoted	Not Quoted
Current	Brought forward		1630.74		1628.40
OTHER INVESTMENTS (Contd.)					
Kotak FMP Series XIV - Growth					
2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)			25.00		—
Kotak FMP Series XVII - Dividend					
2,52,00,205.955 (2005 - Nil) Units of Rs. 10.00 each (2,52,00,205.955 Units purchased during the year)			25.20		—
Kotak Liquid (Institutional Premium) - Daily Dividend					
11,47,48,214.101 (2005 - 14,21,75,751.921) Units of Rs. 10.00 each (44,89,33,320.136 Units purchased and 47,63,60,857.957 Units sold during the year)			140.32		173.85
LIC MF Floating Rate Fund - Short Term Plan - Dividend Plan					
8,76,66,791.106 (2005 - Nil) Units of Rs. 10.00 each (16,17,30,128.363 Units purchased and 7,40,63,337.257 Units sold during the year)			88.72		—
LIC MF Liquid Fund - Growth Plan					
2,41,75,107.475 (2005 - Nil) Units of Rs. 10.00 each (2,41,75,107.475 Units purchased during the year)			30.00		—
LIC MF Liquid Fund - Dividend Plan					
13,17,47,521.082 (2005 - Nil) Units of Rs. 10.00 each (24,59,54,396.152 Units purchased and 11,42,06,875.070 Units sold during the year)			144.03		—
LIC MF SERIES 6 - 3 MONTHS - DIVIDEND PLAN					
2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)			25.00		—
Principal Cash Management Fund Liquid Option - Institutional Premium Plan - Dividend Reinvestment Daily					
Nil (2005 - 17,36,36,589.884) Units of Rs. 10.00 each (64,52,31,063.571 Units purchased and 81,88,67,653.455 Units sold during the year)			—		173.64
Principal Floating Rate Fund SMP Institutional Option - Dividend Reinvestment Daily					
Nil (2005 - 4,90,24,778.765) Units of Rs. 10.00 each (14,28,41,592.768 Units purchased and 19,18,66,371.533 Units sold during the year)			—		49.03
Prudential ICICI Floating Rate Plan C - Daily Dividend					
Nil (2005 - 18,40,86,450.997) Units of Rs. 10.00 each (22,76,59,333.312 Units purchased and 41,17,45,784.309 Units sold during the year)			—		184.11
Prudential ICICI Floating Rate Plan D - Daily Dividend					
14,39,77,650.842 (2005 - Nil) Units of Rs. 10.00 each (26,24,77,650.842 Units purchased and 11,85,00,000 Units sold during the year)			143.98		—
Prudential ICICI FMP - Monthly Plan - Dividend - XXVII					
3,00,00,000 (2005 - Nil) Units of Rs. 10.00 each (3,00,00,000 Units purchased during the year)			30.00		—
Prudential ICICI FMP - Yearly - Series XXIV - Dividend					
10,03,58,730.952 (2005 - Nil) Units of Rs. 10.00 each (10,03,58,730.952 Units purchased during the year)			100.36		—
Carried over			2383.35		2209.03

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2006 (Rs. in Crores)		As at 31st March, 2005 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Current		2383.35		2209.03
Brought forward				
OTHER INVESTMENTS (Contd.)				
Prudential ICICI FMP - Yearly - Series XXV - Dividend 2,53,37,000 (2005 - Nil) Units of Rs. 10.00 each (2,53,37,000 Units purchased during the year)		25.34		—
SBI Magnum Institutional Income - Savings - Fortnightly Dividend Nil (2005 - 17,27,30,774.404) Units of Rs. 10.00 each (2,71,166.468 Units purchased and 17,30,01,940.872 Units sold during the year)		—		173.29
Standard Chartered Fixed Maturity - 3rd Plan - Dividend 5,02,75,000 (2005 - Nil) Units of Rs. 10.00 each (5,02,75,000 Units purchased during the year)		50.28		—
Sundaram Money Fund Institutional - Dividend Reinvestment Daily Nil (2005 - 6,19,89,339.695) Units of Rs. 10.00 each (49,19,40,533.683 Units purchased and 55,39,29,873.378 Units sold during the year)		—		62.58
TATA Fixed Horizon Fund - Series 5 - Scheme A - Dividend 2,50,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased during the year)		25.00		—
TATA Fixed Horizon Fund - Series 2 - Plan A (13 Months) - Growth 2,00,00,000 (2005 - Nil) Units of Rs. 10.00 each (2,00,00,000 Units purchased during the year)		20.00		—
TATA Fixed Horizon Fund - Series 2B Option (18 Months) - Growth 1,00,00,000 (2005 - Nil) Units of Rs. 10.00 each (1,00,00,000 Units purchased during the year)		10.00		—
TATA Fixed Horizon Fund - Series 3 - Scheme A (6 Months) - Dividend 2,51,63,981.071 (2005 - Nil) Units of Rs. 10.00 each (2,51,63,981.071 Units purchased during the year)		25.16		—
TATA Liquid Super High Investment Fund - Monthly Dividend Nil (2005 - 15,40,892.963) Units of Rs. 1,000.00 each (9076.184 Units purchased and 15,49,969.147 Units sold during the year)		—		173.44
Templeton Floating Rate Income Fund Short Term Plan Nil (2005 - 14,43,40,591.926) Units of Rs. 10.00 each (17,15,95,265.882 Units purchased and 31,59,35,857.808 Units sold during the year)		—		144.70
Templeton India Treasury Management Account Institutional Plan Nil (2005 - 12,30,839.342) Units of Rs. 1,000.00 each (70,35,036.640 Units purchased and 82,65,875.982 Units sold during the year)		—		123.09
UTI - Floating Rate Fund - Short Term Plan (Dividend Option) 10,15,03,489.121 (2005 - 2,04,96,286.750) Units of Rs. 10.00 each (10,08,51,819.023 Units purchased and 1,98,44,616.652 Units sold during the year)		102.15		20.56
UTI Liquid Cash Plan Institutional - Daily Income Option 8,92,838.917 (2005 - 18,14,286.769) Units of Rs. 1,000.00 each (11,77,509.382 Units purchased and 20,98,957.234 Units sold during the year)		90.46		182.72
Total Current Investments	—	2731.74	—	3089.41
Total of Quoted and Unquoted Investments		3543.78		3901.45
Less: Provision for Long Term Investments *		26.77		26.77
TOTAL OF INVESTMENTS		3517.01		3874.68

Total Market Value of Quoted Investments : 2006 - Rs. 13.46 Crores (2005 - Rs. 8.70 Crores)

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

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

- (1) 30,28,14,211.018 Units of Deutsche Insta Cash Plus Fund - Institutional Plan - Daily Dividend at cost of Rs. 303.40 Crores
- (2) 12,44,59,492.755 Units of DSP Merrill Lynch Liquidity Fund Daily - Dividend at cost of Rs. 124.58 Crores
- (3) 65,88,68,110.375 Units of Grindlays Cash Fund - Super Institutional - Plan C - Daily Dividend at cost of Rs. 658.87 Crores
- (4) 58,59,87,221.422 Units of HDFC Cash Management Fund - Call Plan - Daily Dividend Reinvestment at cost of Rs. 610.99 Crores
- (5) 41,93,68,363.263 Units of HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment at cost of Rs. 446.06 Crores
- (6) 1,41,51,68,258.357 Units of HDFC Liquid Fund - Premium Plus Plan - Dividend at cost of Rs. 1730.01 Crores
- (7) 26,03,56,006.394 Units of ING Vysya Liquid Fund - Institutional - Daily Dividend Option at cost of Rs. 260.57 Crores
- (8) 68,46,33,796.173 Units of ING Vysya Liquid Fund - Super Institutional - Daily Dividend Option at cost of Rs. 684.78 Crores
- (9) 91,56,73,372.582 Units of JM High Liquidity Fund - Premium Plan - Daily Dividend at cost of Rs. 915.67 Crores
- (10) 39,71,63,134.987 Units of Prudential ICICI Institutional Liquid Plan - Super Institutional - Daily Dividend at cost of Rs. 397.16 Crores
- (11) 36,99,58,964.534 Units of Prudential ICICI Liquid Plan - Institutional Plus - Daily Dividend Option at cost of Rs. 438.46 Crores
- (12) 9,44,34,835.569 Units of SBI Magnum Insta Cash Fund - Dividend Option at cost of Rs. 99.63 Crores
- (13) 1,71,24,50,281.567 Units of SBI Magnum Institutional Income Savings Dividend at cost of Rs. 1718.01 Crores
- (14) 4,37,14,45,945.134 Units of Standard Chartered Liquidity Manager - Daily Dividend at cost of Rs. 4371.88 Crores
- (15) 12,08,47,589.989 Units of Sundaram Money Fund - Super Institutional - Dividend Reinvestment Daily at cost of Rs. 121.90 Crores
- (16) 1,34,37,342.503 Units of TATA Liquid Super High Investment Fund - Daily Dividend at cost of Rs. 1497.60 Crores
- (17) 53,46,683.158 Units of Templeton India Treasury Management Account - Super Institutional Plan at cost of Rs. 534.72 Crores
- (18) 15,22,14,236.664 Units of ABN AMRO Floating Rate Fund - Institutional - Daily Dividend at cost of Rs. 152.21 Crores
- (19) 9,11,90,211.164 Units of ABN AMRO Floating Rate Fund - Institutional Plus - Daily Dividend at cost of Rs. 91.19 Crores
- (20) 33,55,00,003.104 Units of Birla Floating Rate Fund - Short Term - Daily Dividend - Reinvestment at cost of Rs. 335.55 Crores
- (21) 19,47,10,124.090 Units of Birla Floating Rate Fund - Short Term - Weekly Dividend - Reinvestment at cost of Rs. 202.02 Crores
- (22) 28,85,61,930.910 Units of Birla Floating Rate Fund - STP IP - Daily Dividend - Reinvestment at cost of Rs. 288.81 Crores
- (23) 2,50,00,000.00 Units of Deutsche Fixed Term Fund - Series 7 - Dividend Option at cost of Rs. 25.00 Crores
- (24) 18,45,59,913.905 Units of Deutsche Short Maturity Fund - Weekly Dividend Option at cost of Rs. 188.65 Crores
- (25) 2,53,20,510.513 Units of DSP Merrill Lynch - Fixed Term Plan - Series 1A - Dividend at cost of Rs. 25.32 Crores
- (26) 49,38,615.662 Units of DSP Merrill Lynch Floating Rate - Daily Institutional Plan - Daily Dividend at cost of Rs. 493.89 Crores
- (27) 94,02,29,893.367 Units of DSP Merrill Lynch Floating Rate Fund - Daily Dividend at cost of Rs. 942.48 Crores
- (28) 6,43,81,357.410 Units of DSP Merrill Lynch Short Term Fund - Weekly Dividend at cost of Rs. 65.60 Crores
- (29) 35,86,67,357.154 Units of Grindlays Floating Rate ST - Super Institutional Plan C - Daily Dividend at cost of Rs. 358.66 Crores
- (30) 12,85,25,386.928 Units of Grindlays ST - Super Institutional Plan C - Monthly Dividend at cost of Rs. 128.95 Crores
- (31) 2,44,46,978.574 Units of GSSIF Short Term - Monthly Dividend at cost of Rs. 24.57 Crores
- (32) 33,83,81,625.624 Units of HDFC Cash Management Fund - Savings Plus Plan - Dividend - Weekly at cost of Rs. 338.99 Crores
- (33) 11,18,87,321.476 Units of HSBC Floating Rate - Short Term - Institutional Plus - Daily Dividend at cost of Rs. 111.89 Crores
- (34) 6,58,72,100.805 Units of HSBC Income Fund - Short Term - Institutional - Dividend at cost of Rs. 70.81 Crores
- (35) 21,47,45,559.682 Units of JM Floater Fund - Short Term Plan - Dividend Option at cost of Rs. 216.09 Crores
- (36) 3,91,70,999.954 Units of JM Short Term Fund - Institutional Plan - Dividend at cost of Rs. 40.16 Crores
- (37) 5,64,47,238.883 Units of Kotak Bond - Short Term - Monthly Dividend at cost of Rs. 56.85 Crores
- (38) 30,21,77,664.066 Units of Kotak Floater - Short Term - Weekly Dividend at cost of Rs. 302.38 Crores
- (39) 2,53,25,212.568 Units of LIC MF FMP Series 2 Dividend Plan at cost of Rs. 25.33 Crores
- (40) 2,53,37,716.425 Units of LIC MF FMP Series 3 Dividend Plan at cost of Rs. 25.34 Crores

SCHEDULES TO THE ACCOUNTS

7. INVESTMENTS (Contd.)

- (41) 2,50,11,252.392 Units of Principal Floating Rate Fund IP - Dividend Reinvestment Daily at cost of Rs. 25.01 Crores
- (42) 17,29,52,468.567 Units of Principal Income Fund STP IP - Dividend Reinvestment Weekly at cost of Rs. 189.13 Crores
- (43) 25,25,69,496.448 Units of Prudential ICICI - Institutional - Short Term Plan DR - Fortnightly at cost of Rs. 276.86 Crores
- (44) 8,30,58,872.303 Units of Prudential ICICI - Institutional - Short Term Plan - DP at cost of Rs. 91.07 Crores
- (45) 3,30,62,990.639 Units of SBI Magnum Income Fund Floating Rate - Short Term Plan - Weekly Dividend at cost of Rs. 33.64 Crores
- (46) 3,20,08,505.199 Units of SBI Magnum Insta Cash Fund - Liquid Floater Plan - Dividend at cost of Rs. 32.66 Crores
- (47) 5,69,15,549.009 Units of Sundaram Floater - Short Term - Institutional - Daily Dividend at cost of Rs. 57.21 Crores
- (48) 47,68,53,575.497 Units of TATA Floating Rate - Short Term - Institutional Plan - Daily Dividend at cost of Rs. 477.35 Crores
- (49) 14,16,43,670.772 Units of TATA Short Term Bond Fund - Dividend at cost of Rs. 154.72 Crores
- (50) 1,10,21,55,417.862 Units of Templeton Floating Rate Income Fund - Short Term - Institutional Option - Dividend Reinvestment at cost of Rs. 1104.85 Crores
- (51) 9,26,389.065 Units of Templeton India Short Term Income Plan - Weekly Dividend at cost of Rs. 101.02 Crores
- (52) 16,93,723.432 Units of Templeton India Short Term - Institutional Income Plan - Weekly Dividend at cost of Rs. 169.73 Crores
- (53) 5,49,50,239.628 Units of Birla Floating Rate Fund - Long Term - Growth at cost of Rs. 61.04 Crores
- (54) 13,63,77,434.406 Units of Birla Floating Rate Fund - Long Term - Monthly Dividend Reinvestment at cost of Rs. 141.81 Crores
- (55) 10,13,87,357.627 Units of Grindlays Floating Rate Fund - Long Term - Institutional Plan B - Monthly Dividend at cost of Rs. 101.85 Crores
- (56) 13,71,65,061.372 Units of Grindlays Floating Rate Fund - Long Term - Institutional Plan B - Weekly Dividend at cost of Rs. 137.20 Crores
- (57) 4,89,21,090.777 Units of HDFC Floating Rate Income Fund - Long Term Plan - Dividend Reinvestment at cost of Rs. 49.28 Crores
- (58) 8,98,89,949.717 Units of HDFC Income Fund - Dividend at cost of Rs. 92.09 Crores
- (59) 11,67,52,542.376 Units of HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend at cost of Rs. 117.03 Crores
- (60) 5,46,02,473.347 Units of Kotak Floater - Long Term - Weekly Dividend at cost of Rs. 54.63 Crores
- (61) 5,10,88,264.307 Units of Principal Floating Rate Fund - FMP at cost of Rs. 51.13 Crores
- (62) 4,99,36,924.507 Units of Prudential ICICI - Institutional Income Plan - Dividend Quarterly at cost of Rs. 50.00 Crores
- (63) 26,51,65,487.681 Units of Prudential ICICI - Long Term- Floating Rate Plan B - Dividend at cost of Rs. 266.53 Crores
- (64) 6,76,52,344.984 Units of Prudential ICICI - Long Term - Floating Rate Plan B - Growth at cost of Rs. 70.61 Crores

SCHEDULES TO THE ACCOUNTS

8. INVENTORIES

	As at 31st March, 2006 (Rs. in Crores)	As at 31st March, 2005 (Rs. in Crores)
Stores and Spare Parts	109.94	92.30
Raw Materials	1664.91	1195.11
Intermediates – Tissue Paper and Paper Board	49.78	38.81
Stock in Process	24.89	21.31
Finished Goods	786.77	655.46
	<u>2636.29</u>	<u>2002.99</u>

9. SUNDRY DEBTORS

Over 6 months old		
Good and Secured	149.01*	2.50
Good and Unsecured	0.09	0.07
– From Subsidiaries		
– From Others	47.30*	43.55
Doubtful and Unsecured	—	0.11
– From Subsidiaries		
– From Others	20.22	20.24
Other Debts		
Good and Secured	7.55	199.40*
Good and Unsecured	7.25	3.43
– From Subsidiaries		
– From Others	347.82	288.71*
	<u>579.24</u>	<u>558.01</u>
Less : Provision for Doubtful Debts	20.22	20.35
	<u>559.02</u>	<u>537.66</u>
Less : Deposits from normal Trade Debtors – Contra	11.06	9.90
	<u>547.96</u>	<u>527.76</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. 161.54 Crores (2005 - Rs. 216.95 Crores) including Rs. 103.35 Crores (2005 - Rs. 161.54 Crores) not due within one year.

10. CASH AND BANK BALANCES

With Scheduled Banks		
On Current Accounts etc.	50.88	39.35
On Deposit Accounts	788.35	3.21
With Other Banks *
Cash and Cheques on hand	16.59	13.10
	<u>855.82</u>	<u>55.66</u>

Rs. 0.05 Crore (2005 – Rs. 0.05 Crore) on deposit in Karachi–Blocked Account considered doubtful, fully provided.

* Includes on Current Account Rs. 12,720/- (2005 – Rs. 12,720/-) with Post Office Savings Bank and maximum amount outstanding at any time during the year was Rs. 12,720/- (2005 - Rs. 14,522/-).

11. OTHER CURRENT ASSETS

Good and Unsecured		
Deposit towards Property Options	42.19	42.19
Deposits with Government, Public Bodies and Others @	91.61	92.38
Interest accrued on Loans, Advances etc.	0.82	0.60
Interest accrued on Investments	12.09	7.35
Dividend Receivable	0.09	—
Doubtful and Unsecured		
Deposits with Government, Public Bodies and Others	1.38	1.38
	<u>148.18</u>	<u>143.90</u>
Less : Provision for Doubtful Deposits	1.38	1.38
	<u>146.80</u>	<u>142.52</u>

@ Deposit with Subsidiary companies Rs. 2.56 Crores (2005 – Rs. 2.56 Crores).

SCHEDULES TO THE ACCOUNTS

	As at 31st March, 2006 (Rs. in Crores)	As at 31st March, 2005 (Rs. in Crores)
12. LOANS AND ADVANCES		
Good and Secured		
Loans to Subsidiaries	32.00	28.00
Advances to Others	14.09	—
Advances with Subsidiaries	56.65	55.25
Good and Unsecured		
Loans to Subsidiaries	145.33	148.73
Loans to Others *	26.91	29.18
Advances recoverable in cash or in kind or for value to be received **	233.53	202.11
Advances with Government and Public Bodies	464.57	343.75
Advances with Subsidiaries	1.95	3.34
Doubtful and Unsecured		
Loans	3.63	3.63
Advances recoverable in cash or in kind or for value to be received	8.43	8.43
Advances with Government and Public Bodies	0.55	0.55
	987.64	822.97
Less : Provision for Doubtful Loans and Advances	12.61	12.61
	975.03	810.36

Loans to Subsidiaries comprise of :

- Interest free loans to wholly owned subsidiaries :
 - ITC Infotech India Limited Rs. 108.09 Crores (2005 – Rs. 111.49 Crores)
(The maximum outstanding during the year was Rs. 118.45 Crores; 2005 – Rs. 114.84 Crores).
 - BFIL Finance Limited Rs. 37.24 Crores (2005 – Rs. 37.24 Crores)
(The maximum outstanding during the year was Rs. 37.24 Crores; 2005 – Rs. 37.24 Crores).
 - Landbase India Limited Rs. 32.00 Crores (2005 – Rs. 28.00 Crores)
(The maximum outstanding during the year was Rs. 32.00 Crores; 2005 – Rs. 28.00 Crores).

* Includes Loans and Advances to Directors and to Company Secretary - Rs. 1.14 Crores (2005 – Rs. 1.19 Crores).
The maximum indebtedness during the year was Rs. 1.19 Crores (2005 – Rs. 1.55 Crores).

** Includes Capital Advances of Rs. 156.57 Crores (2005 – Rs. 83.52 Crores).

SCHEDULES TO THE ACCOUNTS

SCHEDULES TO THE ACCOUNTS

16. RAW MATERIALS ETC.

(a) RAW MATERIALS CONSUMED

Opening Stock *
Less : Value Added Tax credit available on Opening Stock

Purchases

Less : Closing Stock

(b) PURCHASES AND CONTRACT MANUFACTURING CHARGES

Cigarettes
Agri Products
Other Goods
Packing Materials

(c) (INCREASE)/DECREASE IN FINISHED GOODS, INTERMEDIATES, STOCK IN PROCESS

Opening Stock

Cigarettes
Smoking Tobacco
Printed Materials
Agri Products
Paper – Specialty Paper
Paperboards and Paper
Other Goods **
Packing Materials
Intermediates – Tissue Paper and Paperboards
Stock in Process

Closing Stock

Cigarettes
Smoking Tobacco
Printed Materials
Agri Products
Paper – Specialty Paper
Paperboards and Paper
Other Goods
Packing Materials
Intermediates – Tissue Paper and Paperboards
Stock in Process

Total

Less : Waste Material Sales

Excise Duties etc. on Increase/(Decrease) of Finished Goods

Less: One time cost relating to write down of inventories considered as exceptional item [Schedule 19(i)]

For the year ended
31st March, 2006
(Rs. in Crores)

For the year ended
31st March, 2005
(Rs. in Crores)

1195.11
0.23
1194.88
3154.09
4348.97
1664.91 2684.06

24.30
942.69
445.14
40.70 1452.83

345.38
0.33
2.32
147.14
7.70
44.52
98.95
9.12
38.81
21.31
715.58

354.00
0.68
7.21
209.71
8.16
38.55
149.16
19.30
49.78
24.89
861.44 (145.86)

3991.03
11.99
3979.04
4.19
3983.23
—
3983.23

809.74
—
809.74
2409.32
3219.06
1195.11 2023.95

20.42
569.01
219.42
17.93 826.78

299.53
0.32
2.04
135.00
6.74
28.74
114.38
2.52
35.07
16.21
640.55

345.38
0.33
2.32
147.14
7.70
44.52
98.95
9.12
38.81
21.31
715.58 (75.03)

2775.70
10.66
2765.04
44.51
2809.55
40.00
2769.55

* Includes Raw Materials Rs. Nil (2005 - Rs. 0.99 Crore),

** Includes Other Goods Rs. Nil (2005 - Rs. 0.03 Crore),

taken over consequent to amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company.

SCHEDULES TO THE ACCOUNTS

17. MANUFACTURING, SELLING ETC. EXPENSES

	For the year ended 31st March, 2006 (Rs. in Crores)		For the year ended 31st March, 2005 (Rs. in Crores)	
Salaries/Wages and Bonus	435.42		349.86	
Contribution to Provident and Other Funds	52.10		68.00	
Workmen and Staff Welfare Expenses	58.97		53.13	
	546.49		470.99	
Less: Recoveries	5.09	541.40	3.73	467.26
Consumption of Stores and Spare Parts		139.01		118.49
Power and Fuel		245.17		218.54
Rent		76.80		58.92
Rates and Taxes		40.18		34.03
Insurance		40.27		39.20
Repairs				
– Buildings		28.45		26.22
– Machinery		50.08		43.29
– Others		17.78		15.66
Outward Freight and Handling Charges		352.21		260.97
Advertising/Sales Promotion – Net		225.73		220.53
Market Research		23.70		28.99
Doubtful and Bad Debts		1.81		2.63
Doubtful and Bad Advances, Deposits etc.		0.66		0.47
Information Technology Services		58.23		51.07
Travelling and Conveyance		121.47		98.07
Training		15.18		10.27
Legal Expenses		19.07		10.51
Postage, Telephone etc.		25.44		22.87
Brokerage and Discount – Sales		4.66		3.98
Brokerage and Discount – Others		0.37		0.55
Commission to Selling Agents		20.33		17.75
Loss on Sale of Current Investments – Net		—		0.34
Excess of Cost over fair value of Current Investments		12.76		—
Bank Charges		5.32		3.05
Investments written off		—		0.05
Interest etc. Paid – Debentures, Term Loans and Fixed Deposits	0.19		0.01	
– Others [Also see Schedule 19(i)]	15.59		47.74	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	3.85	11.93	5.32	42.43
Miscellaneous Expenses		408.28		339.02
Fixed Assets and Stores Discarded – Net		21.34		11.08
		2507.63		2146.24
Deduct : Transfers to Fixed Assets etc. Accounts		15.78		26.47
		2491.85		2119.77
Miscellaneous Expenses include :				
(1) Contribution to Chief Minister's Relief Fund		—		0.05
(2) Contribution to Prime Minister's Relief Fund		1.00		3.00
(3) Donation to Political parties		—		4.62
(4) Auditors' Remuneration (including service tax) and Expenses :				
Audit Fees		1.16		0.99
Tax Audit Fees		0.29		0.23
Fees for Limited Review		0.36		0.36
Fees for Other Services		0.45		0.45
Reimbursement of Expenses		0.22		0.10
(5) Remuneration and Expenses of Auditors of erstwhile ITCHL & AHL:				
Fees for audit of the erstwhile ITCHL & 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		52.34		39.06

Interest received on Trading Debts, Deposits with Govt. Bodies etc. is stated Gross, the amount of Income Tax deducted is Rs. 0.58 Crore (2005 - Rs. 0.68 Crore).

SCHEDULES TO THE ACCOUNTS

18. PROVISION FOR TAXATION

	For the year ended 31st March, 2006 (Rs. in Crores)	For the year ended 31st March, 2005 (Rs. in Crores)
Income Tax for the year :		
Current Tax	1077.14	879.46
Deferred Tax	(69.60)	48.10
Fringe Benefit Tax	20.03	—
	<u>1027.57</u>	<u>927.56</u>
Less : Adjustments related to previous years – Net		
Current Tax	57.02	73.96
Deferred Tax	(18.27)	17.60
	<u>38.75</u>	<u>91.56</u>
	<u>988.82</u>	<u>836.00</u>

19. NOTES TO THE ACCOUNTS

- (i) Exceptional items comprise of:
- | | | |
|---|----------------|---------------|
| (a) Once-off assistance to contract manufacturers in view of the retrospective withdrawal of Central Excise exemption on Cigarettes manufactured in the North Eastern States during the year 2000 | (67.87) | Nil |
| (b) 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) | Nil | 1365.64 |
| (c) Settlement of Excise claims for the period March 1, 1983 to February 28, 1987 in terms of the Deed of Settlement | Nil | (350.00) |
| (d) One time cost relating to write down of inventories and restructuring of employees' compensation arrangements | Nil | (92.70) |
| (e) 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 | Nil | (230.88) |
| Items (a) to (d) relate to FMCG Businesses | | |
| Total | (67.87) | 692.06 |
| Income Tax thereon : | | |
| • Current Tax | 22.85 | 78.50 |
| • Deferred Tax | Nil | 259.23 |
| Exceptional Items (Net of Tax) | (45.02) | 354.33 |
- (ii) 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. 0.19 Crore (2005 – Rs. 0.15 Crore).
- (iii) (a) Claims against the Company not acknowledged as debts Rs. 98.72 Crores (2005 – Rs. 92.97 Crores). These comprise:
- Excise Duty, Sales Taxes and Indirect Taxes claims disputed by the Company relating to issues of applicability and classification aggregating Rs. 37.12 Crores (2005 – Rs. 27.60 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 (2005 – Rs. 25.12 Crores).
 - Third party claims arising from disputes relating to contracts aggregating Rs. 34.83 Crores (2005 – Rs. 39.20 Crores).
 - Other matters Rs. 1.65 Crores (2005 – Rs. 1.05 Crores).
- (b) Guarantees and Counter Guarantees outstanding
- Excise Rs. 24.07 Crores (2005 – Rs. 24.08 Crores).
 - Others Rs. 16.01 Crores (2005 – Rs. 6.31 Crores).
- (c) Uncalled liability on shares partly paid Rs. 26.40 Crores (2005 – Rs. 26.40 Crores).

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(iv) Earnings per share

Earnings per share has been computed as under :

(a) Profit after Taxation before Exceptional items (Rs. Crores)

(b) Profit after Taxation (Rs. Crores)

(c) Weighted average number of Ordinary Shares outstanding

(d) Effect of potential Ordinary Shares on Employee Stock Options outstanding

(e) Weighted average number of Ordinary Shares in computing diluted earnings per share [(c) + (d)]

(f) Earnings per share on profit after taxation before exceptional items (Face Value Re. 1.00 per share)

- Basic [(a) / (c)]

- Diluted [(a) / (e)]

(g) Earnings per share on profit after taxation (Face Value Re. 1.00 per share)

- Basic [(b) / (c)]

- Diluted [(b) / (e)]

	2006	2005
(a)	2280.37	1837.07
(b)	2235.35	2191.40
(c)	3,75,14,55,175	3,74,29,19,385
(d)	1,84,27,064	16,36,908
(e)	3,76,98,82,239	3,74,45,56,293
(f)		
- Basic [(a) / (c)]	Rs. 6.08	Rs. 4.91
- Diluted [(a) / (e)]	Rs. 6.05	Rs. 4.91
(g)		
- Basic [(b) / (c)]	Rs. 5.96	Rs. 5.85
- Diluted [(b) / (e)]	Rs. 5.93	Rs. 5.85

In the computation of Basic and Diluted earnings per share as disclosed above, 1,25,17,12,290 Bonus Shares allotted on 5th October, 2005 have also been included in the denominator of the previous year 2004-05, to conform to the requirements of the Accounting Standard 20 on Earnings Per Share issued by the Institute of Chartered Accountants of India.

- (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. 34.74 Crores (2005 – Rs. 25.05 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 Hindusthan Engineering Works, Bharati Engineering Works, Textile Inland Agency, Khaitan Paper & Packaging, FTS Engineering (P) Limited, Industrial Appliances & Technologies, Tulsyan Enterprise (P) Limited, Nondestructive Test Appliances Private Limited, Secure Polymers (P) Limited, Alfa Engineering Works, System Control and Automation (P) Limited, Chem Seals Engineering (P) Limited and Perfect Industrial Enterprise.
- (ix) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 17.

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(x) Interests in Joint Ventures:

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

Name	Country of Incorporation	Percentage of ownership interests as at 31st March, 2006	Percentage of ownership interests as at 31st March, 2005
King Maker Marketing Inc.	U.S.A.	50	50
Maharaja Heritage Resorts Limited	India	50	50

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, 2006 (Rs. in Crores)	As at 31st March, 2005 (Rs. in Crores)
I.	ASSETS		
1.	Fixed Assets	0.30	0.34
2.	Current Assets, Loans and Advances		
	a) Inventories	5.42	8.19
	b) Sundry Debtors	1.80	0.90
	c) Cash and Bank Balances	10.54	20.91
	d) Other Current Assets	1.06	0.60
	e) Loans and Advances	3.44	0.06
3.	Deferred Tax-Net	1.05	1.02
II.	LIABILITIES		
1.	Secured Loans	—	0.06
2.	Current Liabilities and Provisions		
	a) Liabilities	15.37	24.24
	b) Provisions	0.47	0.38

		For the year ended 31st March, 2006 (Rs. in Crores)	For the year ended 31st March, 2005 (Rs. in Crores)
III.	INCOME		
1.	Sales	57.30	80.85
2.	Other Income	0.75	0.68
IV.	EXPENSES		
1.	Raw Materials etc.	14.36	20.56
2.	Excise Duties and Taxes on Sales of Products and Services	21.31	33.32
3.	Manufacturing, Selling etc. Expenses	19.75	23.78
4.	Depreciation	0.08	0.06
5.	Provision for Taxation	1.07	1.57

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

	For the year ended 31st March, 2006 (Rs. in Crores)	For the year ended 31st March, 2005 (Rs. in Crores)
(xi) DIRECTORS' REMUNERATION		
Salaries	3.38	2.79
Performance Bonus to Wholetime Directors	2.68	2.21
Other Benefits	0.60	0.56
Commission, etc. to Non-Wholetime Directors	0.32	0.32
Directors' Fees	0.11	0.12
	<u>7.09</u>	<u>6.00</u>

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

In the case of two Wholetime Directors, Mr. K. Vaidyanath and Mr. S.S.H. Rehman, their appointment by the Board of Directors for fresh tenures commencing from 17th January, 2006 and 21st March, 2006 respectively, are subject to approval by the Company in General Meeting.

Aggregate managerial remuneration of Rs. 7.09 Crores for the year, includes Rs. 0.59 Crores attributable to the increase in the salaries of all the four Wholetime Directors with effect from 1st October, 2005 which is subject to approval by the Company in General Meeting.

Computation of Net Profit and Directors' Commission

Profit before Taxation and Exceptional Items	3269.19	2673.07
Add :		
Directors' Remuneration	7.09	6.00
Wealth Tax - Net	1.00	0.94
Depreciation	332.34	312.87
Exceptional Items [see Schedule 19(i)]	<u>(67.87)</u> <u>272.56</u>	<u>692.06</u> <u>1011.87</u>
	3541.75	3684.94
Less :		
Depreciation under Section 350 of the Companies Act, 1956	332.34	318.42
Adjusted loss on sale of fixed assets - Net	<u>—</u> <u>332.34</u>	<u>16.92</u> <u>335.34</u>
Profit for the purpose of Directors' Commission	3209.41	3349.60
Non-Wholetime Directors' Commission @ 1%	32.09	33.49
Payable for the year	0.32	0.32

SCHEDULES TO THE ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(xii) Derivative Instruments:

- (a) Outstanding forward exchange contracts as at 31st March, 2006 entered by the Company for the purpose of hedging its foreign currency exposures are as under:

(in Lacs)

Currency	Cross Currency	Buy	Sell
Euro	US Dollar	400.30	2.50
Great Britain Pound	US Dollar	—	18.50
Swiss Francs	US Dollar	80.50	—
Japanese Yen	US Dollar	2180.00	—
Swedish Kroner	US Dollar	15.00	—
US Dollar	Indian Rupee	456.50	614.50

- (b) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2006 are as under :

(in Lacs)

Currency	Cross Currency	Buy	Sell	Net**
Euro	US Dollar	16.60	17.20	(0.60)
Great Britain Pound	US Dollar	10.00	10.40	(0.40)
US Dollar	Indian Rupee	522.40	436.20	86.20
Swiss Francs	US Dollar	2.70	—	2.70
Japanese Yen	US Dollar	85.30	—	85.30
Swedish Kroner	US Dollar	14.70	—	14.70
Singapore Dollar	US Dollar	0.90	—	0.90

** Positive figures indicate Open Imports and vice versa

As disclosure requirement regarding Derivative Instruments is effective in respect of financial statements ending on or after 31st March, 2006, previous year figures have not been provided.

- (xiii) The disclosures in respect of Employees Stock Option Scheme which are outlined in this year's Annexure to the Report of the Directors & Management Discussion and Analysis and Report on Corporate Governance are treated as an annexure to these accounts.

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			
		2006	2005	2006	2005	2006	2005
Cigarettes	Million	1,23,547	1,23,547	99,349	94,597	59,123	55,641
Smoking Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	118	72
Printing and Packaging including Flexibles	Tonne	N.A.	N.A.	47,837	37,909	38,316 (b)	31,223 (b)
Redried Tobacco	Tonne	N.A.	N.A.	N.A.	N.A.	1,03,889 (b)	96,432 (b)
Pulp	Tonne	N.A.	N.A.	1,00,000	1,00,000	97,615 (b)	95,672 (b)
Paperboards and Paper	Tonne	N.A.	N.A.	3,52,500	3,52,500	3,65,819 (b)	3,08,962 (b)

a) The "Registered/Licensed Capacity" (including as approved by Letters of Intent) is exclusive of additional capacities permissible under the policy of the Government of India.

b) Includes production meant for internal consumption.

N.A. - Not Applicable

(B) Particulars in respect of Sales *

	Unit of Quantity	QUANTITY		VALUE (Rs. in Crores)	
		2006	2005	2006	2005
Cigarettes	Million	75,894	69,998	11322.87	9996.39
Smoking Tobacco	Tonne	93	73	6.64	5.94
Printed Materials	Tonne	7,725	7,939	74.06	75.93
Agri Products					
- Unmanufactured Tobacco	Tonne	45,714	35,932	356.31	273.76
- Soya Extraction	Tonne	4,23,778	1,96,134	397.92	216.55
- Soya Oil	Tonne	82,719	37,605	279.43	138.08
- Soya Seeds	Tonne	71,472	65,796	89.55	90.55
- Rice	Tonne	2,70,703	1,11,813	285.63	122.33
- Wheat	Tonne	2,33,241	1,27,315	198.69	102.55
- Others				283.46	185.90
Marine Products	Tonne	898	1,823	36.26	77.44
Specialty Paper	Tonne	19,871	20,000	132.53	135.00
Paperboards and Paper	Tonne	2,90,109	2,36,920	938.37	765.88
Branded Packaged Foods (Staples, Biscuits and Confectionery)	Tonne	3,44,305	2,07,547	653.60	357.21
Hotel Sales/Income from Services				777.85	573.02
Others (Branded Garments, Greeting Cards, Ready to Eat Foods etc.)				391.26	233.05
				16224.43	13349.58

* 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)	
			2006	2005	2006	2005
(C) Details of Finished Goods						
(i)	Opening 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>589.27</u>
(ii)	Closing Stock					
	Cigarettes	Million	3,456	3,524	354.00	345.38
	Smoking Tobacco	Tonne	23	5	0.68	0.33
	Printed Materials	Tonne	581	419	7.21	2.32
	Agri Products					
	- Soya Extraction	Tonne	44,452	9,054	38.75	8.67
	- Soya Oil	Tonne	3,029	1,284	9.92	4.82
	- Rice	Tonne	34,934	80,058	31.54	75.23
	- Wheat	Tonne	10,712	3,116	9.16	3.51
	- Others				120.34	54.91
	Specialty Paper	Tonne	1,304	1,218	8.16	7.70
	Paperboards and Paper	Tonne	12,622	14,968	38.55	44.52
	Branded Packaged Foods (Staples, Biscuits and Confectionery)	Tonne	19,679	17,999	33.37	20.93
	Other Goods				115.79	78.02
	Packing Materials				19.30	9.12
					<u>786.77</u>	<u>655.46</u>
(iii)	Purchases and Contract Manufacturing Charges					
	Cigarettes	Million	16,867	14,631	24.30	20.42
	Agri Products					
	- Soya Extraction	Tonne	4,62,025	1,46,980	81.13	33.67
	- Soya Oil	Tonne	86,442	36,700	18.96	27.66
	- Rice	Tonne	2,26,419	1,91,949	220.88	182.47
	- Wheat	Tonne	4,83,652	2,53,432	351.48	178.45
	- Others				270.24	146.76
	Branded Packaged Foods (Staples, Biscuits and Confectionery)	Tonne	3,47,527	2,20,225	184.47	71.79
	Other Goods				260.67	147.63
	Packing Materials				40.70	17.93
					<u>1452.83</u>	<u>826.78</u>

* Includes Rs. Nil (2005 - Rs. 0.03 Crore) taken over consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company

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

Unmanufactured Tobacco	Tonne	1,22,489	1,06,373	597.90	493.01
Waste Paper and Pulp	Tonne	2,40,894	1,91,739	331.56	268.68
Hardwood and Bamboo	BDT**	2,67,102	2,63,283	95.19	89.36
Soya Seeds	Tonne	5,51,127	2,13,584	648.13	287.31
Other Agri Products	Tonne	16,626	12,816	57.46	31.67
Board	Tonne	10,558	9,016	90.86	80.26
Filter Rods	Million	10,216	9,414	111.17	97.02
Aluminium Foil/Metallised Paper	Bobbin	6,70,381	6,11,779	49.80	42.77
BOPP/Viscose Film	Tonne	1,878	1,749	33.54	30.71
Wheat Flour	Tonne	31,325	26,468	30.73	25.98
Sugar	Tonne	23,174	10,371	40.92	17.33
Hydrogenated Vegetable Oil	Tonne	11,798	4,690	45.97	20.64
Others				550.83	539.21
				<u>2684.06</u>	<u>2023.95</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)	
	2006	2005	2006	2005
Raw Materials				
Imported	16.35	18.67	438.89	377.82
Indigenous	83.65	81.33	2245.17	1646.13
	<u>100.00</u>	<u>100.00</u>	<u>2684.06</u>	<u>2023.95</u>
Spare Parts and Components				
Imported	30.98	30.02	43.07	35.57
Indigenous	69.02	69.98	95.94	82.92
	<u>100.00</u>	<u>100.00</u>	<u>139.01</u>	<u>118.49</u>

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

	2006 (Rs. in Crores)	2005 (Rs. in Crores)
Export of Goods (F.O.B. – Realisation Basis)	1315.78	917.40
Dividend	1.09	—
Hotel Earnings *	413.97	306.60
Other Earnings	62.67	44.65
	<u>1793.51</u>	<u>1268.65</u>

* Includes Rs. 367.77 Crores (2005 – Rs. 272.54 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	408.20	419.54
Components and Spare Parts	54.67	41.43
Capital Goods	139.84	123.69
Other Goods (including imports under eligible Export House Scheme)	6.69	12.43
	<u>609.40</u>	<u>597.09</u>

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

Professional Fees	13.80	19.31
Advertising/Sales Promotion	6.67	2.27
Export Promotion Expenses	6.09	4.47
Training	3.44	2.31
Hotel Reservation/Marketing Expenses	15.21	11.33
Licence Fees	0.82	0.40
Miscellaneous Expenditure	23.74	17.34
	<u>69.77</u>	<u>57.43</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)
2005/2006	2004/2005	8,65,61,943	76	268.34
2004/2005	2003/2004	9,01,57,514	82	180.32

SCHEDULES TO THE ACCOUNTS

20. SEGMENT REPORTING

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

	(Rs. in Crores)					
	2006			2005		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
1. Segment Revenue						
FMCG - Cigarettes	11329.74	—	11329.74	10002.54	—	10002.54
FMCG - Others	1011.92	1.55	1013.47	562.15	1.24	563.39
FMCG - Total	12341.66	1.55	12343.21	10564.69	1.24	10565.93
Hotels	777.85	5.50	783.35	573.02	4.23	577.25
Agri Business	1954.67	723.77	2678.44	1220.70	559.37	1780.07
Paperboards, Paper and Packaging	1150.25	745.48	1895.73	991.17	574.14	1565.31
Segment Total	16224.43	1476.30	17700.73	13349.58	1138.98	14488.56
Eliminations			(1476.30)			(1138.98)
Total Revenue			16224.43			13349.58
2. Segment Results						
FMCG - Cigarettes			2708.78			2288.84
FMCG - Others			(171.81)			(195.23)
FMCG - Total			2536.97			2093.61
Hotels			258.09			140.94
Agri Business			90.86			96.41
Paperboards, Paper and Packaging			351.42			279.99
Segment Total			3237.34			2610.95
Eliminations			(39.49)			(17.33)
Consolidated Total			3197.85			2593.62
Unallocated corporate expenses net of unallocated income			93.42			32.24
Profit before interest, etc., exceptional items and taxation			3104.43			2561.38
Interest etc. paid - Net			11.93			42.43
Interest on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc.			176.69			154.12
Profit before taxation and exceptional items			3269.19			2673.07
Provision for Taxation			988.82			836.00
Profit after taxation before exceptional items			2280.37			1837.07
Exceptional items (net of tax) [See Schedule 19(i)]			(45.02)			354.33
3. Profit after Taxation			2235.35			2191.40
Other Information						
	(Rs. in Crores)					
	Segment Assets	Segment Liabilities*		Segment Assets	Segment Liabilities*	
FMCG - Cigarettes	2336.54	873.26		2083.14	843.13	
FMCG - Others	610.43	121.13		344.50	82.19	
FMCG - Total	2946.97	994.39		2427.64	925.32	
Hotels	1505.74	131.52		1511.13	110.52	
Agri Business	1299.22	239.57		874.16	134.44	
Paperboards, Paper and Packaging	2239.11	331.04		2110.73	365.62	
Segment Total	7991.04	1696.52		6923.66	1535.90	
Unallocated Corporate Assets/Liabilities	5316.16	2549.20		4824.59	2316.74	
Total	13307.20	4245.72		11748.25	3852.64	
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	206.90	103.41	3.46	116.34	115.29	12.01
FMCG - Others	79.26	13.16	0.48	58.31	7.06	0.42
FMCG - Total	286.16	116.57	3.94	174.65	122.35	12.43
Hotels	77.30	59.12	13.06	101.35	52.72	1.60
Agri Business	79.53	31.19	1.78	62.74	27.87	2.01
Paperboards, Paper and Packaging	133.74	113.84	2.97	184.55	102.88	8.26
Segment Total	576.73	320.72	21.75	523.29	305.82	24.30

* Segment Liabilities of FMCG-Cigarettes is before considering provision of Rs. 425.87 Crores (2005 - Rs. 337.25 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)	
	2006	2005
1. Segment Revenue		
— Within India	14811.45	12340.48
— Outside India	1412.98	1009.10
Total Revenue	16224.43	13349.58
2. Segment Assets		
— Within India	7984.80	6921.43
— Outside India	6.24	2.23
Total Assets	7991.04	6923.66
3. Capital Expenditure		
— Within India	576.73	523.29
— Outside India	—	—
Total Capital Expenditure	576.73	523.29

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 : Others	— Cigarettes and Smoking mixtures. — Branded Garments, Greeting, Gifting & Stationery, Packaged Foods (Staples, Confectionery, Snack Foods, 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) 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.

SCHEDULES TO THE ACCOUNTS

21. RELATED PARTY DISCLOSURES

1. ENTERPRISES WHERE CONTROL EXISTS :

i) Subsidiaries :

- a) Srinivasa Resorts Limited
 - b) Fortune Park Hotels Limited
 - c) Bay Islands Hotels Limited
 - d) Russell Credit Limited and its subsidiaries
 - Greenacre Holdings Limited
 - Wimco Limited and its subsidiaries (became subsidiaries with effect from 01.07.2005)
 - Wimco Boards Limited
 - Wimco Seedlings Limited and its subsidiaries
 - Pavan Poplar Limited
 - Prag Agro Farm Limited
 - e) ITC Infotech India Limited and its subsidiaries
 - ITC Infotech Limited,
 - ITC Infotech (USA), Inc.
 - f) Wills Corporation Limited
 - g) Gold Flake Corporation Limited
 - h) Landbase India Limited
 - i) BFIL Finance Limited and its subsidiary
 - MRR Trading & Investment Company Limited
 - j) 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., U.S.A., 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) Gujarat Hotels Limited
- b) Megatop Financial Services and Leasing Limited
- c) Newdeal Finance and Investment Limited
- d) Peninsular Investments Limited
- e) Russell Investments Limited
- f) Asia Tobacco Company Limited
- g) Classic Infrastructure & Development Limited
- h) International Travel House Limited
 - being associates of the Company, and
- i) Tobacco Manufacturers (India) Limited, U.K.
 - of which the Company is an associate.

Joint Ventures

- a) King Maker Marketing Inc.
- b) Maharaja Heritage Resorts Limited

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
S.S.H. Rehman	Executive Director
A. Singh	Executive Director
K. Vaidyanath	Executive Director
J.P. Daly	Non-Executive Director
C.R. Green	Non-Executive Director
Y.P. Gupta	Non-Executive Director (resigned w.e.f. 29.07.2005)
S.B. Mathur	Non-Executive Director (w.e.f. 29.07.2005)
Ajeet Prasad	Non-Executive Director (resigned w.e.f. 28.10.2005)
P.B. Ramanujam	Non-Executive Director
B. Sen	Non-Executive Director
Ram S. Tarneja	Non-Executive Director
T.S. Vijayan	Non-Executive Director (w.e.f. 28.10.2005)
B. Vijayaraghavan	Non-Executive Director
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

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 Employees Gratuity Fund
- e) ITC Gratuity Fund 'C'
- f) ITC Pension Fund
- g) ILTD Seasonal Employees' Pension Fund
- h) ITC Platinum Jubilee Pension Fund
- i) Tribeni Tissues Limited Provident Fund
- j) Tribeni Tissues Limited Gratuity Fund
- k) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- l) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- m) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'B'
- n) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- o) 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		2006	2005	2006	2005	2006	2005
1. Sale of Goods / Services	61.84	49.37			34.77	38.37				
2. Purchase of Goods / Services	82.28	36.23			144.61	121.36				
3. Acquisition cost of Fixed Assets (including project consultancy fees, etc.)		2.49								
4. Sale of Fixed Assets/ Scrap	0.12	350.00			0.14	0.10				
5. Acquisition of Investments					
6. Purchase of Preference shares of ICICI Bank Limited		0.31				0.06	0.03	0.04		
7. Interest Income							7.09	6.00		
8. Remuneration to Key Management Personnel							2.26	1.58		
9. Rent Paid	1.00	1.26			0.01	0.02	0.01			
10. Reimbursement of Contractual Remuneration					0.08	0.08				
11. Remuneration of managers on deputation recovered	4.85	1.29			1.69	1.14				
12. Receipt towards reimbursement of staff cost on Contractual Remuneration to subsidiary hotels		2.36								
13. Donations			1.50	8.85					31.34	55.29
14. Contributions to Employees' Benefit Plans	7.10	26.61			1.41	0.25	0.18	0.10		
15. Dividend income					205.18	132.37				
16. Dividend payments	5.15	5.47	0.02	0.02	2.74	5.28				
17. Expenses recovered	6.10	2.05			2.60	1.96				
18. Expenses reimbursed										
19. Loans Given		112.00				1.70		0.03		
20. Receipt towards Loan Repayment	55.24	69.67								
21. Advances Given										
22. Receipt towards refund of Advances	54.64	112.00				1.70	0.11	0.37		
23. Payment towards refund of Advances		44.28			6.50	1.50				
24. Deposits received during the year		0.03			2.10	0.85				
25. Receipt towards refund of Deposits		4.03			0.02	0.58		0.04		
26. Balances as on 31st March,					0.31	112.63				
i) Debtors / Receivables	7.34	3.51			0.19					
ii) Advances Given	58.60	58.59			30.68	37.83				
iii) Loans Given	177.33	176.73			8.06	11.86				
iv) Deposits with (including Deposits towards Property Options)	2.56	2.56			42.29	42.29	1.13	1.24	0.01	0.52
v) Deposits From										
vi) Creditors/Payables	43.22	12.16			3.37	3.25				
vii) Investments in Non-Convertible Debentures	15.00	15.00			6.70	4.47				
27. Provision for subsidiary (made in earlier years) as on 31st March	50.00	50.00	0.03	0.03	0.36	0.65				
28. In addition, remuneration of managers on deputation, absorbed										

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 Current tax as the amount of tax payable in respect of taxable income for the period.

To provide 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,
26th May, 2006