

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2007

	Schedule	31st March, 2007 (Rs. in Crores)		31st March, 2006 (Rs. in Crores)	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	376.22		375.52	
b) Reserves and Surplus	2	<u>10270.36</u>	<u>10646.58</u>	<u>8845.94</u>	9221.46
2. Minority Interests			107.58		81.75
3. Loan Funds					
a) Secured Loans	3	60.80		52.86	
b) Unsecured Loans	4	<u>140.10</u>	<u>200.90</u>	<u>93.82</u>	146.68
4. Deferred Tax - Net	5		471.27		325.50
Total			<u>11426.33</u>		<u>9775.39</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	6	7795.17		6862.59	
b) Less : Depreciation		<u>2686.55</u>		<u>2339.28</u>	
c) Net Block		<u>5108.62</u>		4523.31	
d) Capital Work-in-Progress		<u>876.09</u>		<u>246.61</u>	
		<u>5984.71</u>		<u>4769.92</u>	
e) Less : Provision for assets given on lease		<u>8.71</u>	5976.00	<u>8.71</u>	4761.21
2. Investments	7		2505.89		2998.10
3. Current Assets, Loans and Advances					
a) Inventories	8	3934.67		3115.43	
b) Sundry Debtors	9	733.04		635.19	
c) Cash and Bank Balances	10	1086.50		977.77	
d) Other Current Assets	11	193.82		156.85	
e) Loans and Advances	12	<u>986.52</u>		<u>770.27</u>	
		<u>6934.55</u>		<u>5655.51</u>	
Less :					
4. Current Liabilities and Provisions					
a) Liabilities	13	2548.65		2282.06	
b) Provisions	14	<u>1441.99</u>		<u>1358.00</u>	
		<u>3990.64</u>		<u>3640.06</u>	
Net Current Assets			2943.91		2015.45
5. Miscellaneous Expenditure					
(To the extent not written off or adjusted)			0.53		0.63
[See Schedule 19 (ix)]					
Total			<u>11426.33</u>		<u>9775.39</u>
Notes to the Accounts	19				
Segment Reporting	20				
Related Party Disclosures	21				
Significant Accounting Policies	22				

The Schedules referred to above form an integral part of the Balance Sheet.

Per our Report attached

On behalf of the Board

For A. F. FERGUSON & CO.
Chartered Accountants

M. S. DHARMADHIKARI
Partner

Kolkata, 25th May, 2007

Y. C. DEVESHWAR *Chairman*

K. VAIDYANATH *Director*

B. B. CHATTERJEE *Secretary*

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	For the year ended 31st March, 2007 (Rs. in Crores)	For the year ended 31st March, 2006 (Rs. in Crores)
IA. GROSS INCOME		20569.53	17222.25
IB. NET INCOME			
Gross Sales [Includes share of Joint Ventures Rs. 101.22 Crores (2006 : Rs. 129.94 Crores)]		20208.77	16901.82
Less : Excise Duties and Taxes on Sales of Products and Services [Includes share of Joint Ventures Rs. 20.00 Crores (2006 : Rs. 24.08 Crores)]		7335.04	6584.26
Net Sales		12873.73	10317.56
Other Income	15	360.76	320.43
		<u>13234.49</u>	<u>10637.99</u>
II. OTHER EXPENDITURE			
Raw Materials etc.	16	5276.53	4018.97
Manufacturing, Selling etc. Expenses	17	3515.12	2882.35
Depreciation [Includes share of Joint Ventures Rs. 4.96 Crores (2006 : Rs. 5.48 Crores)]		393.78	359.49
		<u>9185.43</u>	<u>7260.81</u>
III. PROFIT			
Profit before Taxation and Exceptional items		4049.06	3377.18
Provision for Taxation	18	1274.72	1023.88
Profit after Taxation before Exceptional items		2774.34	2353.30
Exceptional items (net of tax)	19(ii)	—	(45.02)
Profit after Taxation before Share of Results of Associates and Minority Interests		2774.34	2308.28
Share of Net Profit / (Loss) of Associates		6.63	5.60
Profit after Taxation before Minority Interests		2780.97	2313.88
Minority Interests		25.71	18.50
Net Profit		2755.26	2295.38
Preacquisition Profit / (Loss)		1.14	(65.34)
Transfer to Capital Reserve on consolidation		(0.01)	—
Minority Interest of Preacquisition (Profit) / Loss		(1.13)	0.91
Profit brought forward (net of Rs. 0.04 Crore for opening Employee Benefit liability)		446.45	519.70
Available for appropriation		<u>3201.71</u>	<u>2750.65</u>
IV. APPROPRIATIONS			
General Reserve		1267.48	1160.48
Special Reserve under Section 45-IC of RBI Act, 1934		5.88	5.42
Proposed Dividend		1166.29	995.12
Income Tax on Proposed Dividend		201.74	143.14
Share of Revenue Reserves of Joint Ventures carried forward		17.30	22.21
Profit carried forward		543.02	424.28
		<u>3201.71</u>	<u>2750.65</u>
Earnings Per Share (Face Value Re. 1.00 each)	19(vi)		
On Net Profit before Exceptional items			
Basic		Rs. 7.33	Rs. 6.24
Diluted		Rs. 7.31	Rs. 6.21
On Net Profit			
Basic		Rs. 7.33	Rs. 6.12
Diluted		Rs. 7.31	Rs. 6.09
Notes to the Accounts	19		
Segment Reporting	20		
Related Party Disclosures	21		
Significant Accounting Policies	22		

The Schedules referred to above form an integral part of the Profit and Loss Account.

Per our Report attached to the Balance Sheet

For A. F. FERGUSON & CO.
Chartered Accountants

M. S. DHARMADHIKARI
Partner

Kolkata, 25th May, 2007

On behalf of the Board

Y. C. DEVESHWAR *Chairman*

K. VAIDYANATH *Director*

B. B. CHATTERJEE *Secretary*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2007

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

	For the year ended 31st March, 2007 (Rs. in Crores)	For the year ended 31st March, 2006 (Rs. in Crores)
A. NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	4049.06	3377.18
ADJUSTMENTS FOR :		
Depreciation	393.78	359.49
Interest etc. - Net [Excluding Rs. 12.28 Crores (2006 - Rs. 10.70 Crores) (net) (credit) in respect of financial enterprises consolidated]	(20.35)	1.48
Income from Long Term Investments	(3.06)	(3.01)
Income from Current Investments [Excluding Rs. 14.71 Crores (2006 - Rs. 11.86 Crores) in respect of financial enterprises consolidated]	(186.14)	(157.40)
Fixed Assets - Loss on Sale/Write off - Net	19.70	18.83
(Profit) / Loss on Sale of Current Investments - Net	(6.90)	(3.46)
Excess of Cost over Fair Value of Investments	20.60	12.76
Unrealised (Gain) / Loss on Exchange (Net)	(3.54)	1.55
(Write Back) / Provision for Fixed Assets given on lease	—	(1.46)
Amortisation of Miscellaneous Expenditure	0.10	0.11
Liability no longer required written back	(27.46)	(10.64)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4235.79	3595.43
ADJUSTMENTS FOR :		
Trade and Other Receivables	(236.52)	(100.10)
Inventories	(819.24)	(572.35)
Trade Payables	379.18	278.58
CASH GENERATED FROM OPERATIONS	3559.21	3201.56
Income Tax Paid including Fringe Benefit Tax (net of refunds)	(1311.60)	(1037.08)
Cash Flow before Exceptional Items	2247.61	2164.48
Exceptional items paid [See Schedule 19(ii)]	—	(67.87)
NET CASH FROM OPERATING ACTIVITIES	2247.61	2096.61
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1785.11)	(727.99)
Sale of Fixed Assets	3.91	5.96
Purchase of Business (See Note 1 Below)	(38.83)	(38.83)
Purchase of Current Investments	(28821.37)	(33193.21)
Sale/Redemption of Current Investments	29446.21	33649.41
Share of Profit of Associates in Long Term Investment	5.39	4.54
Purchase of Long Term Investments	(1.60)	—
Sale of Long Term Investments	0.01	—
Income from Current Investments Received	40.65	21.22
Income from Long Term Investments Received	3.06	3.08
Dividend Received from Associates	1.24	1.04
Interest Received	25.12	10.39
Refund of Deposits towards Property Options	47.50	46.50
Loans Given - Net	(7.95)	(3.48)
Purchase of Minority Interest in a Subsidiary	(2.38)	—
Purchase of Interest in a Subsidiary	—	(61.40)
NET CASH USED IN INVESTING ACTIVITIES	(1084.15)	(282.77)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	42.39	65.95
Proceeds from Long Term Borrowings	30.57	21.01
Net increase / (decrease) in Cash/Export Credit Facilities and other Short Term Loans	23.65	(148.65)
Interest etc. Paid	(9.73)	(16.95)
Dividends Paid	(996.97)	(773.80)
Income Tax on Dividend Paid	(144.81)	(111.33)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(1054.90)	(963.77)
NET INCREASE IN CASH AND CASH EQUIVALENTS	108.65	850.07
OPENING CASH AND CASH EQUIVALENTS	977.77	120.06
CASH AND CASH EQUIVALENTS ON CONVERSION OF JOINT VENTURE TO SUBSIDIARY [See Note 2 below]	0.17	—
CASH AND CASH EQUIVALENTS ON ACQUISITION OF SUBSIDIARY [See Note 3 Below]	—	7.64
CLOSING CASH AND CASH EQUIVALENTS	1086.50	977.77
CASH AND CASH EQUIVALENTS COMPRISE :		
Cash and Bank Balances	1086.50	977.77

Notes :

- Purchase consideration of Rs. 232.99 Crores (net of liability of Rs. 15.03 Crores towards sales tax deferment loans assumed) on acquisition of business in 2004, payable to M/s BILT Industrial Packaging Company Limited.
Cash paid [including Rs. 38.83 Crores (2006 - Rs. 38.83 Crores) during the year as per scheme of repayment]
Balance Payable
- Cash & Cash Equivalents include Rs. 0.17 Crore of King Maker Marketing Inc. acquired consequent to it becoming a subsidiary of ITC Limited during the year and is included in the closing Cash and Cash Equivalents.
- Cash & Cash Equivalents include Rs. 7.64 Crores of Wimco Limited, acquired consequent to it becoming a subsidiary of ITC Limited in 2005-06 is included in the closing Cash and Cash Equivalents.

Per our Report attached to the Balance Sheet

For A. F. FERGUSON & CO.
Chartered Accountants
M. S. DHARMADHIKARI
Partner
Kolkata, 25th May, 2007

On behalf of the Board

Y. C. DEVESHWAR
K. VAIDYANATH
B. B. CHATTERJEE
Chairman
Director
Secretary

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

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

	As at 31st March, 2007 (Rs. in Crores)	As at 31st March, 2006 (Rs. in Crores)
1. CAPITAL		
Authorised		
5,00,00,00,000 Ordinary Shares of Re. 1.00 each (2006 - 5,00,00,00,000 Ordinary Shares of Re. 1.00 each)	<u>500.00</u>	<u>500.00</u>
Issued and Subscribed		
3,76,22,22,780 Ordinary Shares of Re. 1.00 each, fully paid (2006 - 3,75,51,78,860 Ordinary Shares of Re. 1.00 each, fully paid)	<u>376.22</u>	<u>375.52</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.		
B) Under ITC Employee Stock Option Scheme the Company has granted (net of options lapsed*) :		
a) 2,83,522 (2006 - 2,98,906) Options in 2001-02, of which 2,83,522 vested Options have been exercised.		
b) 5,63,891 (2006 - 5,63,891) Options in 2002-03, of which 5,54,180 vested Options have been exercised.		
c) 10,91,728 (2006 - 10,91,728) Options in 2003-04 (including 1,83,501 Bonus Options allocated on unvested Options), of which 9,15,795 vested Options have been exercised.		
d) 10,90,259 (2006 - 10,95,161) Options in 2004-05 (including 2,85,987 Bonus Options allocated on unvested Options), of which 4,35,135 vested Options have been exercised.		
e) 13,99,818 (2006 - 14,13,584) Options in 2005-06 (including 4,75,638 Bonus Options allocated on unvested Options), of which 1,37,784 vested Options have been exercised.		
f) 57,59,125 Options in 2006-07, of which no Option has been exercised.		

Note :

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

* Includes Options which were not exercised during the relevant Exercise Period.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

2. RESERVES AND SURPLUS

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
Capital Reserve on consolidation				
At commencement of the year	128.18		74.31	
Add/(less) : On increase in Group's Interest	<u>(2.31)</u>	125.87	<u>53.87</u>	128.18
General Reserve				
At commencement of the year	7328.49		6293.18	
Less : Adjustment consequent to recomputation as of 01.04.2006 of liability for defined benefit plans in accordance with the provisions of AS-15 (Revised) : Employee Benefits (Net of deferred tax)	(3.13)		—	
Add : From Profit and Loss Account	<u>1267.48</u>		<u>1160.48</u>	
	8592.84		7453.66	
Less : On allotment of Bonus Shares	<u>—</u>	8592.84	<u>125.17</u>	7328.49
Share Premium				
At commencement of the year	418.44		353.41	
Add : On issue of Share Capital	<u>41.69</u>	460.13	<u>65.03</u>	418.44
Capital Reserve				
At commencement of the year	5.91		5.58	
Add : On Acquisition	<u>(0.12)</u>	5.79	<u>0.33</u>	5.91
Capital Redemption Reserve		0.22		0.22
Special Reserve under Section 45-IC of the RBI Act, 1934				
At commencement of the year	20.33		14.91	
Add : From Profit and Loss Account	<u>5.88</u>	26.21	<u>5.42</u>	20.33
Subsidy Reserve				
At commencement of the year	0.23		0.09	
Add : On Acquisition	<u>—</u>	0.23	<u>0.14</u>	0.23
Revaluation Reserve				
At commencement of the year	135.24		65.17	
Less : To Profit and Loss Account				
– Depreciation	1.57		0.80	
– Disposal of Fixed Assets	<u>(0.56)</u>		<u>0.01</u>	
Add : On Acquisition	<u>0.51</u>	134.74	<u>70.88</u>	135.24
Contingency Reserve		363.05		363.05
Foreign Currency Translation Reserve		0.96		(0.64)
Profit and Loss Account		<u>543.02</u>		<u>424.28</u>
Total		<u>10253.06</u>		<u>8823.73</u>
Share of Joint Ventures - Schedule 19 (i) (b)				
Revenue Reserves		<u>17.30</u>		<u>22.21</u>
Grand Total		<u>10270.36</u>		<u>8845.94</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2007 (Rs. in Crores)	As at 31st March, 2006 (Rs. in Crores)
3. SECURED LOANS		
Loans and Advances from Banks		
Cash/Export Credit Facilities *	<u>60.78</u>	<u>52.83</u>
Total	<u>60.78</u>	<u>52.83</u>
Share of Joint Ventures - Schedule 19 (i) (b)	<u>0.02</u>	<u>0.03</u>
Grand Total	<u>60.80</u>	<u>52.86</u>

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

4. UNSECURED LOANS		
Short Term Loans		
From Banks - Temporary overdraft in cash credit account	<u>15.84</u>	0.13
Other Loans		
From Banks (Due within one year Rs. 1.42 Crores, 2006 - Rs. 0.06 Crore)	<u>30.45</u>	7.76
From other than Banks - Sales tax deferment loan (interest free) (Due within one year Rs. 0.28 Crore, 2006 - Rs. 0.23 Crore)	<u>93.81</u>	85.93
Grand Total	<u>140.10</u>	<u>93.82</u>

5. DEFERRED TAX - NET		
Deferred Tax Liabilities		
On fiscal allowances on fixed assets	<u>622.38</u>	560.13
On fiscal relief realised on pre-deposit of excise duty	<u>115.93</u>	—
	<u>738.31</u>	<u>560.13</u>
Deferred Tax Assets		
On employees' separation and retirement	12.22	7.80
On provision for doubtful debts / advances	6.00	6.98
On State and Central taxes etc.	239.36	191.82
On unabsorbed tax losses and depreciation *	9.83	9.47
Other timing differences	<u>0.11</u>	<u>18.05</u>
	<u>267.52</u>	<u>234.12</u>
Deferred Tax - Net	<u>470.79</u>	<u>326.01</u>
Share of Joint Ventures - Schedule 19 (i) (b)	<u>0.48</u>	<u>(0.51)</u>
Grand Total	<u>471.27</u>	<u>325.50</u>

* Set up based on future profit projections/plans and, where applicable, past financial performance of individual subsidiaries.

SCHEDULES TO THE CONSOLIDATED 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, 2007 (Rs. in Crores)	Net Book Value as at 31st March, 2007 (Rs. in Crores)
Goodwill on Consolidation	32.68	—	—	32.68	—	—	0.76	31.92
Trademarks & Goodwill	10.82	0.07	—	10.89	0.60	—	2.99	7.90
Know-how, Business and Commercial Rights	52.31	8.05	—	60.36	6.91	—	17.70	42.66
Land Freehold *	492.35	106.14	(1.26)	599.75	—	1.18	1.68	598.07
Buildings Freehold *	1279.04	133.86	4.18	1408.72	27.05	1.57	283.37	1125.35
Leasehold Properties	107.52	0.27	1.87	105.92	1.01	—	14.73	91.19
Licensed Properties - Building Improvement	15.88	8.28	—	24.16	1.89	—	6.15	18.01
Railway Sidings etc.	1.17	—	—	1.17	0.05	—	0.68	0.49
Plant & Machinery **	4127.57	598.07	39.50	4686.14	263.84	25.11	1952.95	2733.19
Capitalised Software	62.20	29.44	0.03	91.61	13.01	0.03	41.55	50.06
Computers, Servers and Other I.T. Equipments	280.89	66.31	11.42	335.78	40.11	10.41	165.21	170.57
Furniture & Fixtures	319.63	34.71	9.21	345.13	31.28	6.99	163.77	181.36
Motor Vehicles etc.	47.95	14.70	5.60	57.05	4.64	2.87	14.18	42.87
	6830.01	999.90	70.55	7759.36	390.39	48.16	2665.72	5093.64
Capital Work-in-Progress	246.44	1444.66	815.07	876.03	—	—	—	876.03
Total (a)	7076.45	2444.56	885.62	8635.39	390.39	48.16	2665.72	5969.67
Share of Joint Ventures - Schedule 19 (i) (b) Fixed Assets	32.91	2.96	0.06	35.81	4.96	0.07	20.83	14.98
Capital Work-in-Progress	0.17	2.41	2.52	0.06	—	—	—	0.06
Total (b)	33.08	5.37	2.58	35.87	4.96	0.07	20.83	15.04
Total (a) + (b)	7109.53	2449.93	888.20	8671.26	395.35	48.23	2686.55	5984.71
Provision for assets given on lease								8.71
Grand Total								5976.00
Previous Year	6556.62	1139.62	587.04	7109.20	361.00	78.81	2339.28	4769.92
Provision for assets given on lease								8.71
Grand Total								4761.21

The opening Gross Block and Accumulated Depreciation includes Rs. 0.33 Crore and Rs. 0.15 Crore respectively on account of conversion of King Maker Marketing Inc. from a Joint Venture to a Subsidiary. The preacquisition depreciation is Rs. 0.31 Crore.

@ Original Cost/Professional Valuation as at 30th June, 1986 in respect of assets of ITC Limited and as at 31st March, 1999 in respect of Bay Islands Hotels Limited.

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 on legal advice, ITC Limited's title is tenable.

Buildings Freehold include Rs. 162.98 Crores aggregate cost of building (2006 - Rs. 148.48 Crores) on leasehold land situated at various locations.

Trademarks & Goodwill include Trademarks acquired Rs. 5.99 Crores (2006 - Rs. 5.92 Crores) which are being amortised over 10 years. Out of the total amount of "Know-how, Business and Commercial Rights" aggregating Rs. 60.36 Crores (2006 - Rs. 52.31 Crores) :-

- Rs. 47.34 Crores (2006 - Rs. 47.34 Crores) acquired in earlier years are being amortised over 10 years.

- Rs. 4.97 Crores (2006 - Rs. 4.97 Crores) acquired in earlier years are being amortised over 4 years.

- Rs. 8.05 Crores (2006 - Rs. Nil) acquired during the year are being amortised over 5 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, including share of Joint Ventures Rs. 0.04 Crore (2006 - Rs. 0.33 Crore), are Rs. 814.88 Crores (2006 - Rs. 447.26 Crores).

Additions for the year include net decrease of Rs. 7.02 Crores (2006 - net increase of Rs. 9.10 Crores) due to fluctuations in exchange rates.

Depreciation for the year includes Rs. 1.57 Crores (2006 - Rs. 0.80 Crore) transferred from Revaluation Reserve in respect of revalued assets.

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

** Plant and Machinery includes Rs. 29.71 Crores (2006 - Rs. 31.92 Crores) being assets given on lease and these are depreciated over the primary period of the lease. In respect of assets aggregating Rs. 26.25 Crores (2006 - Rs. 26.25 Crores), the primary lease period has expired and balances reflected on this account have been fully realised or provided for.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
7. INVESTMENTS				
Long Term				
A. TRADE INVESTMENTS				
In Associates				
International Travel House Limited				
39,14,233 Equity Shares of Rs. 10.00 each, fully paid			21.87	
Cost of acquisition (including goodwill of Rs. 11.89 Crores)	21.87			
Add / (Less) : Group Share of Profits / (Losses)				
upto 31.03.2007	<u>17.79</u>	<u>39.66</u>	<u>14.00</u>	35.87
Gujarat Hotels Limited				
17,33,907 Equity Shares of Rs. 10.00 each, fully paid			1.94	
Cost of acquisition (including goodwill of Rs. 1.16 Crores)	1.94			
Add / (Less) : Group Share of Profits / (Losses)				
upto 31.03.2007	<u>3.61</u>	<u>5.55</u>	<u>3.09</u>	5.03
Asia Tobacco Company Limited				
55,650 Equity Shares of Rs. 100.00 each, fully paid				
Cost of acquisition (including capital reserve of Rs. 0.16 Crore)		0.83		0.83
Add / (Less) : Group Share of Profits / (Losses)				
upto 31.03.2007		<u>0.51</u>	<u>1.34</u>	<u>0.46</u>
1,39,125 Equity Shares of Rs. 100.00 each, partly paid				
Cost of acquisition (including goodwill of Rs. 0.30 Crore)		1.04		1.04
Add / (Less) : Group Share of Profits / (Losses)				
upto 31.03.2007		<u>0.20</u>	<u>1.24</u>	<u>0.17</u>
In Other Companies				
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)	
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
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)	
Atur Park Co-operative Housing Society Limited				
5 Shares of Rs. 50.00 each, fully paid (cost Rs. 250.00)		...		—
Bihar Hotels Limited				
40,000 Equity Shares of Rs. 10.00 each, fully paid		0.04		0.04
Maker Towers Co-operative Housing Society Limited				
5 Shares of Rs. 50.00 each, fully paid (cost Rs. 250.00)	
VST Industries Limited				
22,02,417 Equity Shares of Rs. 10.00 each, fully paid		36.58		36.58
		<u>81.79</u>		<u>77.48</u>
Carried over		<u>6.17</u>		<u>6.09</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward	81.79	6.17	77.48	6.09
B. SUBSIDIARY COMPANIES (UNDER JUDICIAL MANAGEMENT)				
ITC Global Holdings Pte. Limited 89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid *		25.58		25.58
C. DEPOSIT WITH OR FOR DEPOSIT WITH VARIOUS AUTHORITIES				
Government Securities		0.01		0.01
D. OTHER INVESTMENTS				
In Associates				
Russell Investments Limited 42,75,435 Equity Shares of Rs. 10.00 each, fully paid Cost of acquisition (net of capital reserve of Rs. 0.30 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2007		4.27 2.50	4.27 1.72	5.99
Peninsular Investments Limited 40,64,875 Equity Shares of Rs. 10.00 each, fully paid Cost of acquisition (net of capital reserve of Rs. 0.25 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2007		4.07 (0.07)	4.07 (0.11)	3.96
Minota Aquatech Limited 14,80,000 Equity Shares of Rs. 10.00 each, fully paid Cost of acquisition (net of capital reserve of Rs. 0.97 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2007		0.15 (0.15)	0.15 (0.15)	—
Newdeal Finance and Investment Limited 28,81,200 Equity Shares of Rs. 10.00 each, fully paid Cost of acquisition (net of capital reserve of Rs. 0.16 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2007		2.88 0.43	2.88 0.23	3.11
Megatop Financial Services and Leasing Limited 31,16,400 Equity Shares of Rs. 10.00 each, fully paid Cost of acquisition (including goodwill of Rs. 0.20 Crore) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2007		3.12 0.56	3.12 0.46	3.58
Classic Infrastructure and Development Limited 54,00,000 Equity Shares of Rs. 10.00 each, fully paid Cost of acquisition (including goodwill of Rs. 7.78 Crores) Add / (Less) : Group Share of Profits / (Losses) upto 31.03.2007		10.40 (1.11)	10.40 (1.02)	9.38
In Other Companies				
Lotus Court Private Limited 2 Class 'G' Shares of Rs. 48,000.00 each, fully paid		2.34		2.34
Adyar Property Holding Co. Limited 311 Equity Shares of Rs. 100.00 each, partly paid		43.86		43.86
Agrotech Foods Limited 40,85,800 Equity Shares of Rs. 10.00 each, fully paid	53.73		53.73	
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) Nil [2006 - 1,000 Units of Rs. 1,000.00 each, fully paid (net of capital returned)] (Redeemed during the year)		—		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
Carried over	135.52	105.02	131.21	103.92

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward	135.52	105.02	131.21	103.92
The Bengal Chamber of Commerce & Industry Nil [2006 - 6 1/2% Registered Debentures, fully paid. (Cost Rs. 2,000.00) (Redeemed during the year)]		—		...
Bilaspur Cane Development Corporation Limited 100 Equity Shares of Rs. 10.00 each, fully paid up (cost Rs. 1,000.00) (Acquired during the year)		...		—
Tourism Finance Corporation of India Limited 25,000 Equity Shares of Rs. 10.00 each, fully paid	0.05		0.05	
Mirage Advertising and Marketing Limited 12,488 Equity Shares of Rs. 10.00 each fully paid up*		0.01		0.01
Gilt Facilities India Private Limited 545 Redeemable Preference Shares (0.5%) of Rs. 1,00,000.00 each, fully paid*		5.45		5.45
Government Securities 5% Bikash Rinpatra, 2071		5.27		5.27
6.5% Bikash Rinpatra, 2075 (acquired during the year)		1.60		—
Total Long Term Investments	135.57	117.35	131.26	114.65
Current				
OTHER INVESTMENTS				
Unit Trust of India 6.75% US-64 Tax Free Bonds 1,23,44,658 Bonds of Rs. 100.00 each, fully paid		120.00		122.63
6.60 % US-64 Tax Free Bonds 17,19,000 Bonds of Rs. 100.00 each, fully paid		16.03		17.16
National Bank for Agricultural and Rural Development 50,000 5.10% Tax Free Bonds of Rs. 10,000.00 each, fully paid		49.13		49.78
80,000 (2006 - 75,000 Units) 5% Tax Free Bonds of Rs. 10,000.00 each, fully paid (5,000 Bonds acquired during the year)		78.29		74.78
National Housing Bank 2,500 5.25% Tax Free Bonds of Rs. 1,00,000.00 each, fully paid		24.38		24.86
Indian Railway Finance Corporation Limited 250 5.20% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid		24.58		24.93
500 4.77 % Tax Free Bonds of Rs. 10,00,000.00 each, fully paid		48.39		49.22
Nuclear Power Corporation Limited 220 4.75% Tax Free Bonds of Rs. 10,00,000.00 each, fully paid		21.27		21.61
Power Finance Corporation Limited 2,000 10.40% Tax Free Bonds of Rs. 1,00,000.00 each, fully paid		23.10		23.10
ICICI Bank Limited 350 Non-Cumulative, Non-Participating, Non-Voting Preference Shares of Rs. 1,00,00,000.00 each, fully paid		107.14		120.00
ABN AMRO FTP Series 2 - Thirteen Month Plan - Dividend 5,26,837 (2006 - 5,00,000) Units of Rs. 10.00 each (26,837 Units purchased and Nil Units sold during the year)		0.53		0.50
ABN AMRO FTP Series 4 - Quarterly Plan - C - Monthly Dividend 20,00,000 (2006 - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased and Nil Units sold during the year)		2.00		—
ABN AMRO FTP Series 4 - Quarterly Plan - C - Dividend on Maturity 2,52,53,942 (2006 - Nil) Units of Rs. 10.00 each (2,52,53,942 Units purchased and Nil Units sold during the year)		25.26		—
Carried over		540.10		528.57

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		540.10		528.57
ABN AMRO FTP Series 4 - Quarterly Plan - E - Dividend on Maturity 2,51,01,734 (2006 - Nil) Units of Rs. 10.00 each (2,51,01,734 Units purchased and Nil Units sold during the year)		25.10		—
ABN AMRO FTP Series Yearly Plan Dividend 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Birla FTP - Series H - Growth 1,50,00,000 Units of Rs. 10.00 each		15.00		15.00
Birla FTP - Quarterly - Series 2 - Dividend Payout Nil (2006 - 2,50,00,000) Units of Rs. 10.00 each (Nil Units purchased and 2,50,00,000 Units sold during the year)		—		25.00
Birla FTP - Quarterly - Series 5 - Dividend Payout 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Birla FTP Quarterly - Series 5 20,00,000 (2006 - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased and Nil Units sold during the year)		2.00		—
Birla FTP Quarterly - Series 7 20,00,000 (2006 - Nil) Units of Rs. 10.00 each (20,00,000 Units purchased and Nil Units sold during the year)		2.00		—
Birla FTP - Quarterly - Series 7 - Dividend Payout 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Birla FTP - Quarterly - Series 9 - Dividend Payout 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Birla FTP Quarterly - Series 10 5,00,000 (2006 - Nil) Units of Rs. 10.00 each (5,00,000 Units purchased and Nil Units sold during the year)		0.50		—
Birla FTP - Quarterly - Series 10 - Dividend Payout 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Birla Cash Plus Institutional Premium Plan - Daily Dividend - Reinvestment 7,28,72,688 (2006 - 16,32,76,135) Units of Rs. 10.00 each (1,52,82,77,941 Units purchased and 1,61,86,81,388 Units sold during the year)		73.01		163.59
Birla Cash Plus - Institutional Premium - Growth 91,80,966 Units of Rs. 10.00 each		10.00		10.00
Birla FMP - Series 2 - Quarterly - Dividend Payout Nil (2006 - 2,99,52,076) Units of Rs. 10.00 each (Nil Units purchased and 2,99,52,076 Units sold during the year)		—		30.00
CANFLOATING Rate Short Term - Weekly Dividend Nil (2006 - 4,09,91,305) Units of Rs. 10.00 each (18,04,35,403 Units purchased and 22,14,26,708 Units sold during the year)		—		42.09
Canfloater Short Term - Weekly Dividend Nil (2006 - 47,00,005) Units of Rs. 10.00 each (1,70,15,977 Units purchased and 2,17,15,982 Units sold during the year)		—		4.79
CANLIQUID Fund - Institutional - Growth 2,39,78,529 Units of Rs. 10.00 each		30.00		30.00
Carried over		822.71		849.04

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		822.71		849.04
CANLIQUID Fund - Institutional Daily Dividend Reinvestment Nil (2006 - 8,15,39,043) Units of Rs. 10.00 each (47,84,88,942 Units purchased and 56,00,27,985 Units sold during the year)		—		81.87
Chola Liquid Institutional Plus - Cumulative Option 1,43,11,999 Units of Rs. 10.00 each		20.00		20.00
Chola Liquid Institutional - Dividend Reinvestment Plan Nil (2006 - 7,19,07,190) Units of Rs. 10.00 each (27,19,45,062 Units purchased and 34,38,52,252 Units sold during the year)		—		72.05
DBS Chola Fixed Maturity Plan III - Series 6 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
DBS Chola FMP Series 6 (Quarterly Plan - 3) Dividend 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Deutsche Fixed Term Fund - Series 8 - Dividend Option Nil (2006 - 3,00,00,000) Units of Rs. 10.00 each (Nil Units purchased and 3,00,00,000 Units sold during the year)		—		30.00
DSP Merrill Lynch - Fixed Term Plan - Series 1B - Dividend Nil (2006 - 5,02,040) Units of Rs. 1,000.00 each (5,838 Units purchased and 5,07,878 Units sold during the year)		—		50.20
DSP Merrill Lynch - Fixed Term Plan Series 1L - Dividend Institutional Reinvestment Dividend 2,51,500 (2006 - Nil) Units of Rs. 1,000.00 each (2,51,500 Units purchased and Nil Units sold during the year)		25.15		—
DSP Merrill Lynch - Fixed Term Plan - Series 2 - Dividend Nil (2006 - 1,50,97,962) Units of Rs. 10.00 each (3,45,099 Units purchased and 1,54,43,061 Units sold during the year)		—		15.10
DSP Merrill Lynch Fixed Term Plan - Series - III - Growth Nil (2006 - 2,50,00,000) Units of Rs. 10.00 each (Nil Units purchased and 2,50,00,000 Units sold during the year)		—		25.00
DSP Merrill Lynch Liquid Fund - Institutional - Daily Dividend Nil (2006 - 17,33,753) Units of Rs. 1,000.00 each (89,36,347 Units purchased and 1,06,70,100 Units sold during the year)		—		173.41
DWS Fixed Term Fund - Series 14 - Dividend Option 5,00,00,000 (2006 - Nil) Units of Rs. 10.00 each (5,00,00,000 Units purchased and Nil Units sold during the year)		50.00		—
DWS Fixed Term Fund - Series 16 - Institutional Plan 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
DWS Fixed Term Fund - Series 23 - Dividend Option 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
G184 Standard Chartered Fixed Maturity - Quarterly Series 7 - Growth 2,00,000 Units (2006 - Nil) of Rs. 10.00 each (2,00,000 Units purchased and Nil Units sold during the year)		0.20		—
G37 Grindlays Fixed Maturity - 6th Plan - Growth 2,50,000 Units of Rs. 10.00 each		0.25		0.25
Carried over		994.31		1316.92

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		994.31		1316.92
Grindlays Fixed Maturity - 16th Plan A - Dividend 10,00,000 Units of Rs. 10.00 each		1.00		1.00
G197 Standard Chartered FMP - Quarterly Series 6 - Dividend 50,00,000 (2006 - Nil) Units of Rs. 10.00 each (50,00,000 Units purchased and Nil Units sold during the year)		5.00		—
HDFC FMP 3M March 06 (1) - Institutional - Dividend Nil (2006 - 2,50,00,000) Units of Rs. 10.00 each (4,28,750 Units purchased and 2,54,28,750 Units sold during the year)		—		25.00
HDFC FMP 90D January 2007 (3) - Wholesale Plan Dividend Option: Payout 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
HSBC Cash Fund - Institutional Plus - Daily Dividend Nil (2006 - 17,29,80,184) Units of Rs. 10.00 each (1,65,48,99,726 Units purchased and 1,82,78,79,910 Units sold during the year)		—		173.08
HSBC Fixed Tenure Scheme - 3 - Dividend Nil (2006 - 2,51,03,870) Units of Rs. 10.00 each (7,29,907 Units purchased and 2,58,33,777 Units sold during the year)		—		25.10
HSBC Fixed Tenure Series - 8 - Dividend Nil (2006 - 3,00,00,000) Units of Rs. 10.00 each (5,16,777 Units purchased and 3,05,16,777 Units sold during the year)		—		30.00
HSBC Fixed Term Series - 14 - Dividend 2,58,15,392 (2006 - Nil) Units of Rs. 10.00 each (2,58,15,392 Units purchased and Nil Units sold during the year)		25.82		—
HSBC Fixed Term Series - 15 - Institutional - Dividend 2,55,45,605 (2006 - Nil) Units of Rs. 10.00 each (2,55,45,605 Units purchased and Nil Units sold during the year)		25.55		—
HSBC Fixed Term Series - 13 - Institutional - Growth 1,50,00,000 Units of Rs. 10.00 each		15.00		15.00
HSBC Fixed Term Series 1- Growth 1,00,00,000 Units of Rs. 10.00 each		10.00		10.00
ING Vysya Fixed Maturity Fund Series VIII - Dividend Option Nil (2006 - 3,00,00,000) Units of Rs. 10.00 each (Nil Units purchased and 3,00,00,000 Units sold during the year)		—		30.00
ING Vysya Fixed Maturity Fund Series IX - Dividend Option Nil (2006 - 2,50,00,000) Units of Rs. 10.00 each (Nil Units purchased and 2,50,00,000 Units sold during the year)		—		25.00
ING Vysya Fixed Maturity Fund Series XV - Dividend Option 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
JM Fixed Maturity Fund Series IV Quarterly Plan 1 Dividend Plan 2,53,73,213 (2006 - Nil) Units of Rs. 10.00 each (2,53,73,213 Units purchased and Nil Units sold during the year)		25.37		—
JM Fixed Maturity Fund Series IV Quarterly Plan 4 - F3 Dividend Plan 2,51,91,423 (2006 - Nil) Units of Rs. 10.00 each (2,51,91,423 Units purchased and Nil Units sold during the year)		25.19		—
Kotak FMP 14M Series 2 Institutional Growth 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Carried over		1202.24		1651.10

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		1202.24		1651.10
Kotak FMP 3M Quarterly - Series 8 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
Kotak FMP 3M Series - 8 - Dividend 2,53,44,328 (2006 - Nil) Units of Rs. 10.00 each (2,53,44,328 Units purchased and Nil Units sold during the year)		25.33		—
Kotak FMP 3M Quarterly - Series 10 10,09,745 (2006 - Nil) Units of Rs. 10.00 each (10,09,745 Units purchased and Nil Units sold during the year)		1.01		—
Kotak FMP 3M Series - 10 - Dividend 2,52,43,621 (2006 - Nil) Units of Rs. 10.00 each (2,52,43,621 Units purchased and Nil Units sold during the year)		25.24		—
Kotak FMP 3M Quarterly - Series 11 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
Kotak FMP 3M Series - 11 - Dividend 2,51,51,409 (2006 - Nil) Units of Rs. 10.00 each (2,51,51,409 Units purchased and Nil Units sold during the year)		25.15		—
Kotak FMP 3M Quarterly - Series 12 5,00,000 (2006 - Nil) Units of Rs. 10.00 each (5,00,000 Units purchased and Nil Units sold during the year)		0.50		—
Kotak FMP 3M Series - 12 - Dividend 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Kotak FMP 3M Series - 14 - Dividend 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Kotak FMP Series XIV - Growth 2,50,00,000 Units of Rs. 10.00 each		25.00		25.00
Kotak FMP Series XVII - Dividend Nil (2006 - 2,52,00,206) Units of Rs. 10.00 each (1,56,971 Units purchased and 2,53,57,177 Units sold during the year)		—		25.20
Kotak Liquid (Institutional Premium) - Daily Dividend Nil (2006 - 11,47,48,214) Units of Rs. 10.00 each (73,69,60,415 Units purchased and 85,17,08,629 Units sold during the year)		—		140.32
Kotak FMP Series 23 & 25 Nil (2006 - 40,00,000) Units of Rs. 10.00 each (Nil Units purchased and 40,00,000 Units sold during the year)		—		4.00
Kotak FMP Series 23 - Growth Nil (2006 - 1,60,00,000) Units of Rs. 10.00 each (Nil Units purchased and 1,60,00,000 Units sold during the year)		—		16.00
LIC MF Floating Rate Fund - Short Term Plan - Dividend Nil (2006 - 8,76,66,791) Units of Rs. 10.00 each (4,31,09,139 Units purchased and 13,07,75,930 Units sold during the year)		—		88.72
LIC MF Liquid Fund Growth Plan 2,41,75,107 Units of Rs. 10.00 each		30.00		30.00
LIC MF Liquid Fund - Dividend Plan Nil (2006 - 13,17,47,521) Units of Rs. 10.00 each (1,14,07,57,287 Units purchased and 1,27,25,04,808 Units sold during the year)		—		144.03
Carried over		1386.47		2124.37

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		1386.47		2124.37
LIC MF Series 6 - 3 Months Dividend Plan Nil (2006 - 2,50,00,000) Units of Rs. 10.00 each (4,38,786 Units purchased and 2,54,38,786 Units sold during the year)		—		25.00
Principal Floating Rate Fund SMP Institutional Option Daily Dividend 17,93,560 (2006 - Nil) Units of Rs. 10.00 each (17,93,560 Units purchased and Nil Units sold during the year)		1.79		—
Principal Floating Rate Fund SMP Institutional Option Dividend Reinvestment 21,81,365 (2006 - Nil) Units of Rs. 10.00 each (5,57,84,752 Units purchased and 5,36,03,387 Units sold during the year)		3.09		—
Principal Floating Institutional Dividend Reinvestment Daily 11,20,738 (2006 - Nil) Units of Rs. 10.00 each (1,99,97,474 Units purchased and 1,88,76,736 Units sold during the year)		1.12		—
Principal PNB Fixed Maturity Plan - 91 Days - Series VIII 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
Principal PNB Fixed Maturity Plan - 385 Days - Series III 5,00,000 (2006 - Nil) Units of Rs. 10.00 each (5,00,000 Units purchased and Nil Units sold during the year)		0.50		—
Principal PNB Fixed Maturity Plan - 91 Days - Series VII 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
Principal PNB Fixed Maturity Plan - 91 Days - Series III Nil (2006 - 15,00,000) Units of Rs. 10.00 each (Nil units purchased and 15,00,000 Units sold during the year)		—		1.50
Principal PNB Fixed Maturity Plan (FMP - 34) 91 Days Series VII Feb 07 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Principal PNB Fixed Maturity Plan (FMP - 35) 91 Days Series VIII Feb 07 Dividend Payout 5,00,00,000 (2006 - Nil) Units of Rs. 10.00 each (5,00,00,000 Units purchased and Nil Units sold during the year)		50.00		—
Prudential ICICI Fixed Maturity Plan - 91 Days - Series 35 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
Prudential ICICI Floating Rate Plan D - Daily Dividend Nil (2006 - 14,39,77,651) Units of Rs. 10.00 each (41,42,41,100 Units purchased and 55,82,18,751 Units sold during the year)		—		143.98
Prudential ICICI FMP - Monthly Plan - Dividend - XXVII Nil (2006 - 3,00,00,000) Units of Rs. 10.00 each (5,11,500 Units purchased and 3,05,11,500 Units sold during the year)		—		30.00
Prudential ICICI FMP - Yearly - Series XXIV - Dividend Nil (2006 - 10,03,58,731) Units of Rs. 10.00 each (4,53,621 Units purchased and 10,08,12,352 Units sold during the year)		—		100.36
Carried over		1470.97		2425.21

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		1470.97		2425.21
Prudential ICICI FMP - Yearly - Series XXV - Dividend Nil (2006 - 2,53,37,000) Units of Rs. 10.00 each (80,825 Units purchased and 2,54,17,825 Units sold during the year)		—		25.34
Prudential ICICI FMP Series 34 - One Year Plan A - Dividend Option 2,54,84,777 (2006 - Nil) Units of Rs. 10.00 each (2,54,84,777 Units purchased and Nil Units sold during the year)		25.49		—
Prudential ICICI FMP Series 35 - Three Months Plan A - Retail Dividend 5,06,80,000 (2006 - Nil) Units of Rs. 10.00 each (5,06,80,000 Units purchased and Nil Units sold during the year)		50.68		—
Prudential ICICI FMP Series 37 - Three Months Plan B - Retail Dividend 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Prudential ICICI FMP Series 35 - Three Months Plan C - Retail Dividend 5,00,00,000 (2006 - Nil) Units of Rs. 10.00 each (5,00,00,000 Units purchased and Nil Units sold during the year)		50.00		—
Prudential ICICI Hybrid FMP 13 Months Plan - Institutional - Dividend Quarterly 2,58,44,026 (2006 - Nil) Units of Rs. 10.00 each (2,58,44,026 Units purchased and Nil Units sold during the year)		25.84		—
Reliance Fixed Horizon Fund I - Quarterly Plan - Series IV - Dividend Plan 5,00,00,000 (2006 - Nil) Units of Rs. 10.00 each (5,00,00,000 Units purchased and Nil Units sold during the year)		50.00		—
Reliance Fixed Horizon Fund II - Quarterly Plan - Series II - Institutional Dividend Plan 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Reliance Fixed Horizon Fund II - Quarterly Plan - Series IV - Dividend Plan 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Reliance Fixed Horizon Fund II - Quarterly Plan - Series V - Institutional Dividend Plan 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
SBI Debt Fund Series - 15 Month (July 06) - Dividend 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
Standard Chartered FMP Quarterly Series 6 1,60,00,000 (2006 - Nil) Units of Rs. 10.00 each (1,60,00,000 Units purchased and Nil Units sold during the year)		16.00		—
Standard Chartered Fixed Maturity Plan - Quarterly Series - 3 2,63,69,000 (2006 - Nil) Units of Rs. 10.00 each (2,63,69,000 Units purchased and Nil Units sold during the year)		26.37		—
Standard Chartered Fixed Maturity Plan Quarterly - Series 4 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
Standard Chartered Fixed Maturity Plan - Quarterly Series - 4 Dividend 2,52,76,000 (2006 - Nil) Units of Rs. 10.00 each (2,52,76,000 Units purchased and Nil Units sold during the year)		25.28		—
Carried over		1866.63		2450.55

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		1866.63		2450.55
Standard Chartered Fixed Maturity Plan - Quarterly Series - 7 Dividend 2,51,44,500 (2006 - Nil) Units of Rs. 10.00 each (2,51,44,500 Units purchased and Nil Units sold during the year)		25.14		—
Standard Chartered Fixed Maturity - 3rd Plan - Dividend Nil (2006 - 5,02,75,000) Units of Rs. 10.00 each (Nil Units purchased and 5,02,75,000 Units sold during the year)		—		50.28
Standard Chartered Liquidity Manager - Daily Dividend 2,50,07,456 (2006 - Nil) Units of Rs. 10.00 each (32,43,05,817 Units purchased and 29,92,98,361 Units sold during the year)		25.00		—
Sundaram BNP Paribas Fixed Term Plan Series XXV (90 Days)- Dividend Plan 2,51,66,452 (2006 - Nil) Units of Rs. 10.00 each (2,51,66,452 Units purchased and Nil Units sold during the year)		25.17		—
TATA Fixed Horizon Fund - Series 2 - Plan A (13 Months) - Growth Nil (2006 - 2,00,00,000) Units of Rs. 10.00 each (Nil Units purchased and 2,00,00,000 Units sold during the year)		—		20.00
TATA Fixed Horizon Fund - Series 2B Option (18 Months) - Growth 1,00,00,000 Units of Rs. 10.00 each		10.00		10.00
TATA Fixed Horizon Fund - Series 3 - Scheme A (6 Months) - Dividend Nil (2006 - 2,51,63,981) Units of Rs. 10.00 each (1,85,473 Units purchased and 2,53,49,454 Units sold during the year)		—		25.16
TATA Fixed Horizon Fund Series 5 - Scheme A - Dividend Nil (2006 - 2,50,00,000) Units of Rs. 10.00 each (4,36,983 Units purchased and 2,54,36,983 Units sold during the year)		—		25.00
TATA Fixed Horizon Fund Series 6 Scheme H 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
TATA Fixed Horizon Fund - Series 6 - Scheme A 2,59,60,703 (2006 - Nil) Units of Rs. 10.00 each (2,59,60,703 Units purchased and Nil Units sold during the year)		25.96		—
TATA Fixed Horizon Fund - Series 6 - Scheme H Dividend Option 2,55,26,019 (2006 - Nil) Units of Rs. 10.00 each (2,55,26,019 Units purchased and Nil Units sold during the year)		25.53		—
TATA Fixed Horizon Fund Series 8 Scheme E 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
TATA Fixed Horizon Fund Series 8 - Scheme E - Periodic Dividend Institutional Plan 2,53,52,317 (2006 - Nil) Units of Rs. 10.00 each (2,53,52,317 Units purchased and Nil Units sold during the year)		25.35		—
TATA Fixed Horizon Fund Series 9 Scheme D 10,00,000 (2006 - Nil) Units of Rs. 10.00 each (10,00,000 Units purchased and Nil Units sold during the year)		1.00		—
TATA Fixed Horizon Fund Series 9 - Scheme D - Periodic Dividend Institutional Plan 2,51,61,153 (2006 - Nil) Units of Rs. 10.00 each (2,51,61,153 Units purchased and Nil Units sold during the year)		25.16		—
TATA Fixed Horizon Fund Series 9 - Scheme E - Periodic Dividend Institutional Plan 2,51,08,436 (2006 - Nil) Units of Rs. 10.00 each (2,51,08,436 Units purchased and Nil Units sold during the year)		25.11		—
Carried over		2082.05		2580.99

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

7. INVESTMENTS (Contd.)

	As at 31st March, 2007 (Rs. in Crores)		As at 31st March, 2006 (Rs. in Crores)	
	Quoted	Not Quoted	Quoted	Not Quoted
Brought forward		2082.05		2580.99
UTI Balanced Fund - Income - Payout 10,00,000 Units of Rs. 10.00 each		1.04		1.04
UTI Fixed Maturity Plan Quarterly Series QFMP/0107/I - Dividend Plan - Reinvestment 2,53,51,805 (2006 - Nil) Units of Rs. 10.00 each (2,53,51,805 Units purchased and Nil Units sold during the year)		25.35		—
UTI Fixed Maturity Plan Quarterly Series QFMP/0107/II - Dividend Plan - Reinvestment 2,53,25,057 (2006 - Nil) Units of Rs. 10.00 each (2,53,25,057 Units purchased and Nil Units sold during the year)		25.33		—
UTI Fixed Maturity Plan Quarterly Series QFMP/0207/I - Dividend Plan - Reinvestment 5,05,03,512 (2006 - Nil) Units of Rs. 10.00 each (5,05,03,512 Units purchased and Nil Units sold during the year)		50.50		—
UTI Fixed Maturity Plan Quarterly Series QFMP/0207/II - Dividend Plan - Reinvestment 2,51,49,665 (2006 - Nil) Units of Rs. 10.00 each (2,51,49,665 Units purchased and Nil Units sold during the year)		25.15		—
UTI Fixed Maturity Plan Quarterly Series QFMP/0307/I - Dividend Plan - Payout 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
UTI Fixed Maturity Plan Quarterly Series QFMP/0307/II - Dividend Plan - Payout 2,50,00,000 (2006 - Nil) Units of Rs. 10.00 each (2,50,00,000 Units purchased and Nil Units sold during the year)		25.00		—
UTI Fixed Maturity Plan Quarterly Series QFMP/1206/II - Dividend Plan - Reinvestment 1,52,62,659 (2006 - Nil) Units of Rs. 10.00 each (1,52,62,659 Units purchased and Nil Units sold during the year)		15.26		—
UTI - Floating Rate Fund - Short Term Plan (Dividend Option) 61,306 (2006 - 10,15,035) Units of Rs. 1,000.00 each (3,48,345 Units purchased and 13,02,074 Units sold during the year)		6.23		102.15
UTI Liquid Cash Plan Institutional - Daily Income Option Nil (2006 - 8,92,839) Units of Rs. 1,000.00 each (17,97,799 Units purchased and 26,90,638 Units sold during the year)		—		90.46
Total Current Investments	—	2280.91	—	2774.64
Total of Quoted and Unquoted Investments		2533.83		3020.55
Less : Provision for Long Term Investments *		32.23		32.23
TOTAL OF INVESTMENTS		2501.60		2988.32
Share of Joint Ventures - Schedule 19 (i) (b)		4.29		9.78
Grand Total		2505.89		2998.10

Total market value of Quoted investments : 2007 - Rs. 172.22 Crores (2006 - Rs. 235.87 Crores); Total value of Unquoted investments : 2007 - Rs. 2398.26 Crores (2006 - Rs. 2889.29 Crores). Total Value of Quoted investments : 2007 - Rs. 135.57 Crores (2006 - Rs. 131.26 Crores).

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2007 (Rs. in Crores)	As at 31st March, 2006 (Rs. in Crores)
8. INVENTORIES		
Stocks and Shares	467.68	390.08
Stores and Spare Parts	133.91	117.47
Raw Materials	2073.31	1694.94
Intermediates – Tissue paper and Paperboard	52.48	49.78
Stock in Process	48.79	40.69
Finished Goods	<u>1149.82</u>	<u>808.85</u>
Total	<u>3925.99</u>	<u>3101.81</u>
Share of Joint Ventures - Schedule 19 (i) (b)	<u>8.68</u>	<u>13.62</u>
Grand Total	<u>3934.67</u>	<u>3115.43</u>
9. SUNDRY DEBTORS		
Over 6 months old		
Good and Secured *	101.39	148.46
Good and Unsecured *	47.41	50.90
Doubtful and Unsecured	39.98	43.20
Other Debts		
Good and Secured	8.16	7.96
Good and Unsecured	<u>578.21</u>	<u>427.41</u>
	<u>775.15</u>	<u>677.93</u>
Less : Provision for Doubtful Debts	<u>39.98</u>	<u>43.20</u>
	<u>735.17</u>	<u>634.73</u>
Less : Deposits from normal Trade Debtors – Contra	<u>13.33</u>	<u>13.05</u>
Total	<u>721.84</u>	<u>621.68</u>
Share of Joint Ventures - Schedule 19 (i) (b)	<u>11.20</u>	<u>13.51</u>
Grand Total	<u>733.04</u>	<u>635.19</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. 103.35 Crores (2006 - Rs. 161.54 Crores) including Rs. 49 Crores (2006 - Rs. 103.35 Crores) not due within one year.		
10. CASH AND BANK BALANCES		
With Scheduled Banks		
On Current Accounts etc.	97.05	66.36
On Deposit Accounts	883.25	849.99
With Other Banks	63.78	25.70
Cash and Cheques on hand	35.21	18.59
Total	<u>1079.29</u>	<u>960.64</u>
Share of Joint Ventures - Schedule 19 (i) (b)	<u>7.21</u>	<u>17.13</u>
Grand Total	<u>1086.50</u>	<u>977.77</u>
Rs. 0.05 Crore (2006 - Rs. 0.05 Crore) on deposit in Karachi – Blocked Account considered doubtful, fully provided.		
11. OTHER CURRENT ASSETS		
Good and Unsecured		
Deposit towards Property Options	42.19	42.19
Deposits with Government, Public Bodies and Others	138.55	99.96
Interest accrued on Loans, Advances etc.	1.56	1.02
Interest accrued on Investments	11.10	12.25
Dividend Receivable	0.17	0.09
Doubtful and Unsecured		
Deposits with Government, Public Bodies and Others	<u>1.49</u>	<u>1.49</u>
	<u>195.06</u>	<u>157.00</u>
Less : Provision for Doubtful Deposits	<u>1.49</u>	<u>1.49</u>
Total	<u>193.57</u>	<u>155.51</u>
Share of Joint Ventures - Schedule 19 (i) (b)	<u>0.25</u>	<u>1.34</u>
Grand Total	<u>193.82</u>	<u>156.85</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	As at 31st March, 2007 (Rs. in Crores)	As at 31st March, 2006 (Rs. in Crores)
12. LOANS AND ADVANCES		
Good and Secured Advances to Others	9.97	14.09
Good and Unsecured Loans to Others *	42.52	34.57
Advances recoverable in cash or in kind or for value to be received **	409.02	243.94
Advances with Government and Public Bodies	492.00	466.24
Advance payment of Income-tax including Fringe Benefit Tax (net of provision)	30.37	6.23
Doubtful and Unsecured Loans	3.63	3.63
Advances recoverable in cash or in kind or for value to be received **	10.59	10.34
Advances with Government and Public Bodies	0.61	0.06
	<u>998.71</u>	<u>779.10</u>
Less : Provision for Doubtful Loans and Advances	14.83	14.03
Total	<u>983.88</u>	<u>765.07</u>
Share of Joint Ventures - Schedule 19 (i) (b)	2.64	5.20
Grand Total	<u>986.52</u>	<u>770.27</u>

* Includes Loans and Advances to Directors and to Company Secretary - Rs. 1.01 Crores (2006 - Rs. 1.14 Crores). The maximum indebtedness during the year was Rs. 1.14 Crores (2006 - Rs. 1.19 Crores).

** Includes Capital Advances of Rs. 265.31 Crores (2006 - Rs. 156.93 Crores).

13. LIABILITIES

Acceptances	8.71	5.08
Sundry Creditors		
Total outstanding dues of small scale industrial undertakings	20.19	6.73
Total outstanding dues of creditors other than small scale industrial undertakings *	2432.55	2175.73
Sundry Deposits	59.28	59.32
Unclaimed Dividend	25.66	19.97
Interest Accrued but not due on Loans	0.55	0.60
	<u>2546.94</u>	<u>2267.43</u>
Less : Deposits from normal Trade Debtors - Contra	13.33	13.05
Total	<u>2533.61</u>	<u>2254.38</u>
Share of Joint Ventures - Schedule 19 (i) (b)	15.04	27.68
Grand Total	<u>2548.65</u>	<u>2282.06</u>

* Includes amounts payable on acquisition of the Paperboards business (Kovai unit) Rs. 77.67 Crores (2006 - Rs. 116.50 Crores), including Rs. 38.84 Crores (2006 - Rs. 77.67 Crores) not due within one year.

14. PROVISIONS

Taxation including Fringe Benefit Tax (net of advance payment)	10.95	176.47
Provision for Retirement Benefits	66.18	44.95
Proposed Dividend	1166.29	995.12
Income Tax on Proposed Dividend	198.21	139.56
Total	<u>1441.63</u>	<u>1356.10</u>
Share of Joint Ventures - Schedule 19 (i) (b)	0.36	1.90
Grand Total	<u>1441.99</u>	<u>1358.00</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

15. OTHER INCOME

	For the year ended 31st March, 2007 (Rs. in Crores)	For the year ended 31st March, 2006 (Rs. in Crores)
Profit /(Loss) on Sale, etc. of Stock in Trade – Net *	0.43	(0.09)
Miscellaneous Income	75.57	104.97
Doubtful Debts, Claims and Advances - previous years	0.35	0.23
Gain on Exchange - Net	8.91	5.64
Income from Long Term Investments – Trade	0.01	2.75
– Others	3.05	0.26
Income from Current Investments – Others	200.50	168.88
Interest on Loans and Deposits, etc.	36.46	22.47
Profit on Sale of Fixed Assets	0.03	0.08
Profit on Sale of Current Investments - Net	6.90	3.46
Liability no longer required Written Back	27.46	10.64
Total	359.67	319.29
Share of Joint Ventures - Schedule 19 (i) (b)	1.09	1.14
Grand Total	360.76	320.43
* Profit /(Loss) on Sale, etc. of Stock in Trade (Stocks, Shares and Land) – Net Sales	2422.13	2959.59
Less : Purchases	2499.30	2872.59
	(77.17)	87.00
Increase/(Decrease) in closing Stock in Trade	77.60	(87.09)
Profit /(Loss) on Stock in Trade	0.43	(0.09)

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	For the year ended 31st March, 2007 (Rs. in Crores)		For the year ended 31st March, 2006 (Rs. in Crores)	
16. RAW MATERIALS ETC.				
(a) RAW MATERIALS CONSUMED				
Opening Stock	1694.94		1220.80	
Purchases	4015.40		3236.51	
	<u>5710.34</u>		<u>4457.31</u>	
Less: Closing Stock	<u>2073.31</u>	3637.03	<u>1694.94</u>	2762.37
(b) PURCHASES AND CONTRACT MANUFACTURING CHARGES				
Cigarettes	25.51		24.30	
Agri Products	1567.38		942.69	
Other Goods	251.66		356.59	
Packing Materials	<u>46.68</u>	1891.23	<u>40.70</u>	1364.28
(c) INCREASE / (DECREASE) IN FINISHED GOODS, INTERMEDIATES, STOCK IN PROCESS				
Opening Stock				
Cigarettes*	391.12		364.66	
Smoking Tobacco	0.68		0.33	
Printed Materials	7.21		2.32	
Agri Products	209.71		147.14	
Paper - Specialty Paper	8.15		7.70	
Paperboard	38.55		44.52	
Other Goods	159.51		105.11	
Packing Materials	19.30		9.12	
Intermediates - Tissue paper and Paperboard	49.78		38.81	
Stock in Process	<u>38.23</u>		<u>23.65</u>	
	<u>922.24</u>		<u>743.36</u>	
On acquisition of Subsidiary during the year				
Other Goods	—		11.44	
Stock in Process	—		16.81	
	<u>922.24</u>		<u>771.61</u>	
Closing Stock				
Cigarettes	486.28		368.20	
Smoking Tobacco	0.67		0.68	
Printed Materials	6.96		7.21	
Agri Products	348.84		209.71	
Paper - Specialty Paper	9.73		8.15	
Paperboard	38.18		38.55	
Other Goods	232.93		159.51	
Packing Materials	26.23		19.30	
Intermediates - Tissue paper and Paperboard	52.48		49.78	
Stock in Process	<u>48.79</u>		<u>38.23</u>	
	<u>1251.09</u>	(328.85)	<u>899.32</u>	(127.71)
Total		5199.41		3998.94
Less : Waste Material Sales		<u>15.47</u>		<u>12.38</u>
		5183.94		3986.56
Excise Duties etc. on Increase / (Decrease) of Finished Goods		<u>73.04</u>		<u>0.20</u>
		5256.98		3986.76
Share of Joint Ventures - Schedule 19 (i)(b)		<u>19.55</u>		<u>32.21</u>
Grand Total		<u>5276.53</u>		<u>4018.97</u>

* Includes Rs. 22.92 Crores of King Maker Marketing Inc. (Joint Venture upto 24th October, 2006) which became subsidiary with effect from 25th October, 2006.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	For the year ended 31st March, 2007 (Rs. in Crores)		For the year ended 31st March, 2006 (Rs. in Crores)	
17. MANUFACTURING, SELLING ETC. EXPENSES				
Salaries / Wages and Bonus	709.68		588.46	
Contribution to Provident and Other Funds	74.83		65.63	
Workmen and Staff Welfare Expenses	78.73		66.83	
Recovery towards contractual remuneration	(4.36)	858.88	(0.29)	720.63
Consumption of Stores and Spare Parts		164.30		145.37
Power and Fuel		272.58		260.84
Rent		103.59		84.39
Rates and Taxes		45.44		42.61
Insurance		51.35		43.65
Repairs				
- Buildings		37.25		31.77
- Machinery		70.98		55.93
- Others		25.95		21.06
Outward Freight and Handling Charges		467.58		358.92
Advertising/Sales Promotion - Net		311.39		238.25
Market Research		29.25		23.70
Doubtful and Bad Debts		2.89		2.21
Doubtful and Bad Advances, Deposits etc.		1.34		2.23
Information Technology Services		63.26		38.46
Travelling and Conveyance		168.84		165.23
Training		14.37		16.34
Legal Expenses		23.83		24.38
Postage, Telephone, Telex etc.		32.70		30.98
Brokerage and Discount - Sales		6.37		4.66
Brokerage and Discount - Others		0.62		0.37
Commission to Selling Agents		22.45		20.33
Excess of Cost over Fair Value of Current Investments		20.60		12.76
Bank Charges		7.75		5.71
Investments written off		—		0.01
Loss on Exchange - Net		0.19		0.10
Interest etc. Paid				
- Debentures, Term Loans and Fixed Deposits	2.08		1.47	
- Others	7.51		15.84	
Less : Interest Received on Trading Debts, Deposits with Government Bodies etc.	5.49	4.10	4.02	13.29
Miscellaneous Expenses		675.33		447.27
Fixed Assets and Stores Discarded		21.37		22.71
		3504.55		2834.16
Deduct : Transfers to Fixed Assets etc. Accounts		42.52		15.78
Total		3462.03		2818.38
Share of Joint Ventures - Schedule 19 (i)(b)		53.09		63.97
Grand Total		3515.12		2882.35
18. PROVISION FOR TAXATION				
Current Tax (Including Fringe Benefit Tax)		1276.02		821.55
Deferred Tax		31.93		238.62
		1307.95		1060.17
Less : Adjustments related to previous years - Net				
Current Tax		152.38		56.98
Deferred Tax		(116.07)		(18.27)
		36.31		38.71
Total		1271.64		1021.46
Share of Joint Ventures - Schedule 19 (i)(b)		3.08		2.42
Grand Total		1274.72		1023.88

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

19. NOTES TO THE ACCOUNTS

- (i) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements", Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interests in Joint Ventures", issued by The Institute of Chartered Accountants of India.
- (a) The subsidiaries (which alongwith ITC Limited, the parent, constitute the Group) considered in the preparation of these consolidated financial statements are :

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2007	Percentage of ownership interest as at 31st March, 2006
Srinivasa Resorts Limited	India	68	68
Fortune Park Hotels Limited	India	100	100
Bay Islands Hotels Limited	India	100	100
Surya Nepal Private Limited	Nepal	59	59
Landbase India Limited	India	100	100
BFIL Finance Limited	India	100	100
MRR Trading & Investment Company Limited (a 100% subsidiary of BFIL Finance Limited)	India	100	100
Russell Credit Limited	India	100	100
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	India	100	100
Wimco Limited (a 94.25% subsidiary of Russell Credit Limited)	India	94.25	93.48*
Wimco Boards Limited (a 100% subsidiary of Wimco Limited)	India	94.25	93.48*
Wimco Seedlings Limited (a 100% subsidiary of Wimco Limited)	India	94.25	93.48*
Prag Agro Farm Limited (a 100% subsidiary of Wimco Seedlings Limited)	India	94.25	93.48*
Pavan Poplar Limited (a 100% subsidiary of Wimco Seedlings Limited)	India	94.25	93.48*
ITC Infotech India Limited	India	100	100
ITC Infotech Limited (a 100% subsidiary of ITC Infotech India Limited)	U.K.	100	100
ITC Infotech (USA), Inc. (a 100% subsidiary of ITC Infotech India Limited)	U.S.A.	100	100
Wills Corporation Limited	India	100	100
Gold Flake Corporation Limited	India	100	100
King Maker Marketing Inc. (a subsidiary effective 25.10.2006; wholly-owned subsidiary since 9.5.2007)	U.S.A.	50.98	—

* Subsidiaries of Russell Credit Limited with effect from 1st July, 2005.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

The subsidiaries not considered in the preparation of these Consolidated Financial Statements are :

ITC Global Holdings Pte. Limited, Singapore (a wholly-owned subsidiary of ITC Limited) being under Judicial Management and its subsidiaries -

Hup Hoon Traders Pte. Limited, Singapore
 AOZT "Hup Hoon", Moscow
 Hup Hoon Impex Srl, Romania
 Fortune Tobacco Company Limited, Cyprus
 Fortune Tobacco Company, Inc., U.S.A., and

BFIL Securities Limited (a wholly-owned subsidiary of BFIL Finance Limited) which is under voluntary winding up.

The financial statements of all subsidiaries, considered in the consolidated accounts, are drawn upto 31st March other than for Surya Nepal Private Limited where it is upto 14th March.

(b) Interests in Joint Ventures :

The Group's interests in jointly controlled entities (incorporated Joint Ventures) are :

Name	Country of Incorporation	Percentage of ownership interests as at 31st March, 2007	Percentage of ownership interests as at 31st March, 2006
King Maker Marketing, Inc. (upto 24.10.2006)	U.S.A.	—	50
Maharaja Heritage Resorts Limited	India	50	50
ITC Filtrona Limited (a joint venture of Gold Flake Corporation Limited)	India	50	50
CLI3L e-Services Limited (a joint venture of ITC Limited)	India	50% minus 1 share (with effect from 23.03.2007)	50% minus 1 share*

* A joint venture of ITC Infotech India Limited upto 22.03.2007

The financial statements of the joint ventures, considered in the consolidated accounts, are drawn upto 31st March other than for ITC Filtrona Limited where it is upto 31st December.

The Group's interest in these joint ventures is accounted for using proportionate consolidation.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(c) Investments in associates :

The Group's associates are :

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2007	Percentage of ownership interest as at 31st March, 2006
Gujarat Hotels Limited	India	45.78	45.78
International Travel House Limited	India	48.96	48.96
Megatop Financial Services and Leasing Limited	India	24.50	24.50
Newdeal Finance and Investment Limited	India	24.50	24.50
Peninsular Investments Limited	India	25.57	25.57
Russell Investments Limited	India	25.43	25.43
Asia Tobacco Company Limited	India	47.03	47.03
Classic Infrastructure and Development Limited	India	42.35	42.35
Minota Aquatech Limited	India	40	40

The financial statements of all associates, considered in the consolidated accounts, are drawn upto 31st March.

These investments have been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets. During the year the group has received dividend aggregating Rs. 1.24 Crores (2006 - Rs. 1.04 Crores) in respect of the investments in associates.

- (d) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries, associates and joint ventures on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21, AS 23 and AS 27 by each of the included entities.
- (e) The Group has adopted Accounting Standard 15 (AS 15) (revised 2005) on 'Employee Benefits'. These consolidated financial statements include the obligations as per requirement of this standard except for those subsidiaries which are incorporated outside India who have determined the valuation/provision for employee benefits as per requirements of their respective countries. In the opinion of the management, the impact of this deviation is not considered material.

(ii) Exceptional Items comprise of

	For the year ended 31st March, 2007 (Rs. in Crores)	For the year ended 31st March, 2006 (Rs. in Crores)
(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	Nil	(67.87)
Income Tax thereon:		
Current Tax	Nil	22.85
Exceptional Items (Net of Tax)	Nil	(45.02)

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

(iii) (a) Claims against the Company not acknowledged as debts Rs. 185.49 Crores (2006 – Rs. 164.05 Crores). These comprise:

- Excise Duty, Sales Taxes and Indirect Taxes claims disputed by the Company relating to issues of applicability and classification aggregating Rs. 58.55 Crores (2006 – Rs. 45.53 Crores)
- Local Authority Taxes/Cess/Royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating Rs. 51.92 Crores (2006 – Rs. 42.51 Crores)
- Third party claims arising from disputes relating to contracts aggregating Rs. 49.00 Crores (2006 – Rs. 51.35 Crores)
- In respect of Surya Nepal Pvt. Ltd. (SNPL),

(a) a demand letter dated 12th July, 2005 for excise matter for INR 23.23 Crores (NRs. 37.17 Crores) for the period 1998-99 to 2002-03 was issued to SNPL by the Inland Revenue Office, Simra, Nepal. Contesting the demand SNPL filed a petition dated 14th August, 2005 for administrative review with the Director General, Inland Revenue Department. The Director General vide his Order dated 17th January, 2006 rejected the said petition. SNPL thereafter filed an appeal to the Revenue Tribunal, which refused to entertain the appeal in the absence of a pre-deposit of the entire sum. Immediately thereafter, SNPL filed a petition to the Tribunal praying that its appeal may be heard by accepting a bank guarantee for the said amount. This petition was dismissed by the Tribunal on 11th August, 2006. SNPL has challenged the demand in the Supreme Court which has admitted the petition on 21st September, 2006 and issued notices to the respondents on 16th October, 2006. The respondents have not replied to the court as yet.

(b) a demand letter dated 7th August, 2006 in respect of Value Added Tax for INR 4.72 Crores (NRs. 7.55 Crores) was issued to SNPL by the Large Taxpayers' Office, Kathmandu for the period 2001-02. The basis of the demand is on the same lines as the Excise Demand. An administrative review petition on the Value Added Tax matter has been filed before the Director General on 1st September, 2006. The Director General's order on the matter is awaited.

(c) a demand letter dated 13th October, 2006 in respect of Income Tax for INR 10.54 Crores (NRs. 16.86 Crores) was issued to SNPL by the Large Taxpayers' Office, Kathmandu for the period 2001-02. Of the total demand, the basis of a demand for INR 10.05 Crores (NRs. 16.08 Crores) is on the same lines as the Excise Demand. SNPL has filed a petition on 7th November, 2006 before the Supreme Court of Nepal requesting it to direct the authorities not to proceed on the matter as it is pending before the same court in respect of the excise matter. The Supreme Court has admitted the matter and issued notices to the respondents on 9th November, 2006. The respondents have not replied to the court as yet.

The Company considers that all the above demands have no legal or factual basis. This position is reinforced by opinion received from eminent counsel. Accordingly, the Company is of the view that there is no liability that is likely to arise.

- Other matters Rs. 26.02 Crores (2006 – Rs. 24.66 Crores).

(b) Guarantees and Counter Guarantees outstanding

- Excise Rs. 22.02 Crores (2006 – Rs. 22.23 Crores)
- Others Rs. 17.49 Crores (2006 – Rs. 16.57 Crores)

(c) Uncalled liability on shares partly paid Rs. 3.13 Crores (2006 – Rs. 3.13 Crores).

(iv) 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 of ITC Limited under the Excise section. In the opinion of the Directors, the Company does not accept any further liability.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

19. NOTES TO THE ACCOUNTS (Contd.)

- (v) In respect of Russell Credit Limited, a petition was filed by an individual in the High Court at Calcutta seeking an injunction against the Company's Counter Offer to the shareholders of VST Industries Limited made in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, as a competitive bid, pursuant to a Public offer made by an Acquirer which closed on 13th June, 2001. The Hon'ble High Court at Calcutta while refusing to grant such an injunction, instructed that the acquisition of shares pursuant to the Counter Offer by the Company and the other Acquirer, would be subject to the final Order of the Hon'ble High Court, which is awaited.

Similar petitions filed by an individual and two shareholders, in the Hon'ble High Courts of Delhi at New Delhi and Andhra Pradesh at Hyderabad, had earlier been dismissed by the respective High Courts.

(vi) Earnings per share	2007	2006
Earnings per share has been computed as under :		
(a) Net Profit (Rs. Crores)	2755.26	2295.38
(b) Exceptional Items (net of tax) (Rs. Crores)	Nil	(45.02)
(c) Net Profit before Exceptional Items (net of tax) (Rs. Crores)	2755.26	2340.40
(d) Weighted average number of Ordinary Shares outstanding	375,76,36,907	375,14,55,175
(e) Effect of potential Ordinary Shares on Employee Stock Options outstanding	1,09,49,829	1,84,27,064
(f) Weighted average number of Ordinary Shares in computing diluted earnings per share [(d) + (e)]	376,85,86,736	376,98,82,239
(g) Earnings per share on Profit after taxation before exceptional items (Face Value Re. 1.00 per share)		
- Basic [(c) / (d)]	7.33	6.24
- Diluted [(c) / (f)]	7.31	6.21
(h) Earnings per share on Profit after taxation (Face Value Re. 1.00 per share)		
- Basic [(a) / (d)]	7.33	6.12
- Diluted [(a) / (f)]	7.31	6.09

- (vii) Research and Development expenses for the year amount to Rs. 35.43 Crores (2006 – Rs. 34.83 Crores).
- (viii) The Group'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.
- (ix) Landbase India Limited has incurred an expenditure of Rs. 1.05 Crores on erection of 11 KVA Feeder Line from Tauru Sub Station to Classic Golf Resort. Considering the nature of expenditure as being enduring in nature, the same is being amortised over a period of 10 years. Accordingly, an amount of Rs. 0.53 Crore (2006 – Rs. 0.63 Crore) has been treated as Deferred Revenue Expenditure and disclosed under Miscellaneous Expenditure (to the extent not written off or adjusted) after amortising an amount of Rs. 0.10 Crore (2006 – Rs. 0.11 Crore).

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

20. SEGMENT REPORTING

PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

				(Rs. in Crores)		
	External Sales	Inter Segment Sales	2007 Total	External Sales	Inter Segment Sales	2006 Total
1. Segment Revenue						
FMCG - Cigarettes	13207.01	—	13207.01	11639.52	—	11639.52
FMCG - Others	1710.35	3.11	1713.46	1088.94	1.55	1090.49
FMCG - Total	14917.36	3.11	14920.47	12728.46	1.55	12730.01
Hotels	1053.10	7.79	1060.89	840.72	9.08	849.80
Agri Business	2691.99	999.36	3691.35	1927.50	726.72	2654.22
Paperboards, Paper and Packaging	1227.40	872.65	2100.05	1126.00	760.22	1886.22
Others	318.92	90.73	409.65	279.14	33.70	312.84
Segment Total	20208.77	1973.64	22182.41	16901.82	1531.27	18433.09
Eliminations			(1973.64)			(1531.27)
Consolidated Total			20208.77			16901.82
2. Segment Results						
FMCG - Cigarettes			3241.67			2757.57
FMCG - Others			(196.00)			(172.99)
FMCG - Total			3045.67			2584.58
Hotels			386.03			287.19
Agri Business			123.55			90.86
Paperboards, Paper and Packaging			416.78			351.42
Others			33.69			13.37
Segment Total			4005.72			3327.42
Eliminations			(30.51)			(39.49)
Consolidated Total			3975.21			3287.93
Unallocated corporate expenses net of unallocated income			169.88			95.69
Profit before interest, etc., exceptional items and taxation			3805.33			3192.24
Interest etc. paid - Net, not allocable to Segments			4.29			13.93
Interest on loans and deposits, income from current and long term investments, profit and loss on sale of investments etc., not allocable to segments			248.02			198.87
Profit before Taxation and exceptional items			4049.06			3377.18
Provision for Taxation			1274.72			1023.88
Profit after Taxation before exceptional items			2774.34			2353.30
Exceptional items (net of taxes) [See Schedule 19(ii)]			—			(45.02)
Profit after Taxation before Share of Results of Associates			2774.34			2308.28
Share of Net Profit / (Loss) of Associates			6.63			5.60
Profit after Taxation before Minority Interests			2780.97			2313.88
3. Other Information						
	Segment Assets	Segment Liabilities*		Segment Assets	Segment Liabilities*	
FMCG - Cigarettes	3106.26	992.01		2477.68	911.38	
FMCG - Others	1203.58	161.54		625.58	114.38	
FMCG - Total	4309.84	1153.55		3103.26	1025.76	
Hotels	1708.02	168.47		1579.52	146.15	
Agri Business	1718.35	238.33		1299.22	217.51	
Paperboards, Paper and Packaging	2832.87	315.65		2195.93	331.02	
Others	876.38	101.11		907.11	117.32	
Segment Total	11445.46	1977.11		9085.04	1837.76	
Unallocated Corporate Assets/Liabilities	4238.50	2953.22		4788.26	2732.96	
Total	15683.96	4930.33		13873.30	4570.72	
	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation	Capital Expenditure	Depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	558.64	112.17	3.48	206.92	111.36	3.69
FMCG - Others	201.27	22.03	—	79.26	15.65	2.26
FMCG - Total	759.91	134.20	3.48	286.18	127.01	5.95
Hotels	173.00	64.81	9.69	81.28	62.27	13.57
Agri Business	106.62	34.24	2.63	79.53	31.19	1.78
Paperboards, Paper and Packaging	470.14	121.82	5.31	133.74	113.84	2.97
Others	19.13	19.04	1.67	12.93	14.91	0.81
Segment Total	1528.80	374.11	22.78	593.66	349.22	25.08

* Segment Liabilities of FMCG - Cigarettes is before considering provision of Rs. 535.95 Crores (2006 - Rs. 425.87 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 CONSOLIDATED ACCOUNTS

20. SEGMENT REPORTING (Contd.)

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

	2007	(Rs. in Crores) 2006
1. Segment Revenue		
— Within India	17653.24	14916.60
— Outside India	2555.53	1985.22
Total Revenue	20208.77	16901.82
2. Segment Assets		
— Within India	11167.53	8800.62
— Outside India	277.93	284.42
Total Assets	11445.46	9085.04
3. Capital Expenditure		
— Within India	1520.33	583.85
— Outside India	8.47	9.81
Total Capital Expenditure	1528.80	593.66

NOTES

- (1) ITC Group's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Group is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business. The Group'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, Agarbattis, Matches and Packaged Foods (Staples, Confectionery, Biscuits, Snack Foods and Ready to Eat Foods).
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.
Others		— Information Technology services, Investments, Golf, Resorts etc.
- (3) The Group companies and joint ventures have been included in segment classification as follows :

FMCG	: Cigarettes	— Surya Nepal Private Limited and King Maker Marketing Inc.
	: Others	— Surya Nepal Private Limited, Wimco Limited.
Hotels		: Srinivasa Resorts Limited, Fortune Park Hotels Limited and Bay Islands Hotels Limited and a joint venture Maharaja Heritage Resorts Limited.
Others		: ITC Infotech India Limited and its subsidiaries ITC Infotech Limited and ITC Infotech (USA), Inc., Russell Credit Limited and its subsidiaries Greenacres Holdings Limited, Wimco Limited, Wimco Seedlings Limited, Wimco Boards Limited, Pavan Poplar Limited, and Prag Agro Farms Limited. BFIL Finance Limited and its subsidiary MRR Trading & Investment Company Limited, Wills Corporation Limited, Gold Flake Corporation Limited and its joint venture ITC Filtrona Limited. Landbase India Limited and a joint venture CLI3L e-Services Limited.
- (4) The geographical segments considered for disclosure are :

— Sales within India
— Sales outside India
- (5) Segment results of the new business activities namely 'FMCG : Others' largely reflect business development and gestation costs.
- (6) The Group'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 CONSOLIDATED ACCOUNTS

21. RELATED PARTY DISCLOSURES

1. ENTERPRISES WHERE CONTROL EXISTS :

Entities, other than subsidiaries, under the control of the Group :

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

The following have not been considered :

- 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.

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. (upto 24.10.2006)
- b) ITC Filtrona Limited
- c) Maharaja Heritage Resorts Limited
- d) CLI3L e-Services Limited

SCHEDULES TO THE CONSOLIDATED 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
S.B. Mathur	Non-Executive Director
P.B. Ramanujam	Non-Executive Director
B. Sen	Non-Executive Director
Ram S. Tarneja	Non-Executive Director
T.S. Vijayan	Non-Executive Director (resigned w.e.f. 26.05.2006)
D.K. Mehrotra	Non-Executive Director (w.e.f. 26.05.2006)
S.H. Khan	Non-Executive Director (w.e.f. 30.10.2006)
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 CONSOLIDATED ACCOUNTS

21. RELATED PARTY DISCLOSURES (Contd.)

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

(Rs. in Crores)

	Enterprises where control exists		Associates & Joint Ventures		Key Management Personnel		Employee Trusts	
	2007	2006	2007	2006	2007	2006	2007	2006
1. Sale of Goods / Services			32.94	36.87				
2. Purchase of Goods / Services			170.19	153.38				
3. Sale of Fixed Assets			0.13	0.14				
4. Interest Income			11.23	12.02	0.03	0.03		
5. Remuneration to Key Management Personnel					10.27	7.09		
-Directors [See Schedule 19(xi)]					3.34	2.26		
-Others					0.03	0.01		
6. Rent Paid								
7. Reimbursement of Contractual Remuneration			0.10	0.08				
8. Remuneration of managers on deputation recovered			2.02	2.59				
9. Donations	4.00	1.50						
10. Contributions to Employees' Benefit Plans							56.95	31.34
11. Dividend income			16.54	23.13				
12. Dividend payments			263.09	205.18	0.67	0.18		
13. Expenses recovered	0.02	0.02	4.59	2.75				
14. Expenses reimbursed			2.53	2.68				
15. Loans given			208.12	192.36				
16. Receipt towards Loan Repayment			208.12	192.36	0.13	0.11		
17. Advances Given			0.88	6.50				
18. Receipt towards refund of Advances			2.40	2.10				
19. Payment towards refund of Advances				0.02				
20. Deposits received during the year				0.31				
21. Deposits refunded during the year			0.01	0.19				
22. Receipt towards refund of Deposits								
23. Balances as on 31st March								
i) Debtors / Receivables			22.04	31.19				
ii) Advances Given			6.84	8.06			14.68	0.01
iii) Loans Given					1.00	1.13		
iv) Deposits with (including Deposits towards Property Options)			42.29	42.29				
v) Deposits From			3.93	3.93				
vi) Creditors / Payables			8.24	7.52				
vii) Dividend Receivable				8.25			8.76	
24. In addition, remuneration of managers on deputation, absorbed	0.04	0.03	0.79	0.36				

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. SIGNIFICANT ACCOUNTING POLICIES

IT IS GROUP 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.

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.

All upgradation / enhancements are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

Depreciation

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

Capitalised software costs are amortised 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, other than in associates, at cost. Where applicable, provision is made where there is a permanent fall in valuation of Long Term Investments.

To account for investments in associates using the equity method.

Interests in Joint Ventures

To account for interests in jointly controlled entities (incorporated Joint Ventures) using proportionate consolidation.

Goodwill on Consolidation

To state goodwill arising on consolidation at cost, and to recognise, where applicable, any impairment.

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 of the parent as proposed by the Directors, pending approval at the Annual General Meeting.

To account for dividends (including income tax thereon) of associates, joint ventures and subsidiaries when paid.

Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution scheme and such paid / payable amounts are charged against revenue. To administer such Funds through duly constituted and approved independent trusts with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit scheme. To determine the liabilities towards such schemes and towards employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard – 15 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses and to recognise such gains or losses immediately in Profit and Loss Account as income or expense.

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 the 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 and on maturity or cancellation of options as

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

22. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

income/expense for the period, except in case of forward exchange contracts and options 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.

To translate the financial statement of non-integral foreign operations by recording the exchange difference arising on translation of assets/liabilities and income/expenses in a foreign currency translation reserve.

Claims

To disclose claims against the Group 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

Kolkata,
25th May, 2007

Y. C. DEVESHWAR *Chairman*
K. VAIDYANATH *Director*
B. B. CHATTERJEE *Secretary*

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF ITC LIMITED

We have audited the attached consolidated balance sheet of ITC Limited and its subsidiaries (the Group) as at 31st March, 2007, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of ITC Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect the Group's share of total assets of Rs. 1570.90 crores as at 31st March, 2007 and the Group's share of total revenues of Rs. 869.30 crores for the year ended on that date, and net cash inflows amounting to Rs. 64.08 crores for the year ended on that date and associates whose financial statements reflect the Group's share of profit upto 31st March, 2007 of Rs. 24.27 crores and the Group's share of profit of Rs. 5.42 crores for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished

to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by ITC's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of ITC Limited Group as at 31st March, 2007;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date, and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Kolkata,
May 25, 2007

For A.F. Ferguson & Co.
Chartered Accountants
M. S. DHARMADHIKARI
Partner
Membership No. 30802