

GUIDE TO SUBSIDIARIES/JOINT VENTURES/ASSOCIATES

SUBSIDIARIES OF ITC LIMITED

RUSSELL CREDIT LIMITED (RUSSELL)

Shareholding

100% held by ITC Limited.

Nature of Business

Investment Company. Its activities are primarily confined to making long term investments in areas of strategic thrust, namely FMCG, Hotels & Tourism, Paper, Paperboards & Packaging and Agri Business.

Subsidiary

Russell has a wholly owned subsidiary, Greenacre Holdings Limited, which is engaged in property infrastructure maintenance.

Russell holds 94.25% of Wimco Limited, which is engaged primarily in the manufacture of matches. Wimco Limited has four 100% subsidiaries, namely Wimco Seedlings Limited, Pavan Poplar Limited, Prag Agro Farm Limited and Wimco Boards Limited, which are engaged in agro-forestry and other related activities to support Wimco's business.

GOLD FLAKE CORPORATION LIMITED & WILLS CORPORATION LIMITED

Shareholding

100% held by ITC Limited.

Nature of Business

General trading.

Joint Venture

ITC Filtrona Limited is a 50% joint venture of Gold Flake Corporation Limited with Cigarette Components Limited, U.K.

Nature of Business

Manufacture and sale of cigarette filter rods.

LANDBASE INDIA LIMITED

Shareholding

100% held by ITC Limited.

Nature of Business

Real estate development and management of golf resorts. The Company owns the Classic Golf Resort, a 27-hole international signature golf course, designed by Jack Nicklaus.

BFIL FINANCE LIMITED (BFIL)

Shareholding

100% held by ITC Limited.

The Company became a subsidiary consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with ITC Limited.

Nature of Business

It was originally promoted as a financial services company. It is currently engaged only in recovery of its dues.

Subsidiary

BFIL owns 100% of the shareholding of MRR Trading & Investment Company Limited, which owns the tenancy rights to a prime office space in Mumbai.

ITC INFOTECH INDIA LIMITED (I3L)

Shareholding

100% held by ITC Limited.

Nature of Business

Information technology services and solutions.

Subsidiaries of I3L

I3L owns 100% of the shareholding of :

ITC Infotech Limited,

ITC Infotech (USA), Inc.

These subsidiaries provide on-site information technology services and extend business development services to I3L.

SURYA NEPAL PRIVATE LIMITED

Shareholding

59% held by ITC Limited.

Nature of Business

Manufacture and sale of cigarettes and garments.

SRINIVASA RESORTS LIMITED

Shareholding

68% held by ITC Limited.

Nature of Business

The Company owns the "ITC Hotel Kakatiya Sheraton & Towers" at Hyderabad, which is operated by ITC Limited.

FORTUNE PARK HOTELS LIMITED

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is in the business of operating hotels in the mid price segment. It currently operates 18 properties namely Fortune Hotel Landmark at Ahmedabad, Fortune Hotel Calicut at Calicut, Fortune Select Palms at Chennai, Fortune Resort Central at Darjeeling, Fortune Select Global at Gurgaon, Fortune Landmark Indore at Indore, Fortune Bella Casa Jaipur at Jaipur, Fortune Inn Rivera at Jammu, Fortune Hotel Centre Point at Jamshedpur, Fortune Klassik Hotel at Ludhiana, Fortune Pandiyan Hotel at Madurai, Fortune Hotel Sullivan Court at Ooty, Fortune Resort Bay Island at Port Blair, Fortune Kences Hotel at Tirupati, Fortune Hotel The South Park at Trivandrum, Fortune Hotel Galaxy at Vapi, Fortune Murali Park at Vijaywada and Fortune Resort Chariot Beach Mahabalipuram at Tamil Nadu.

During the year under review, fifteen alliances were signed up for hotel properties at Jaipur, Jammu, Mahabalipuram, Thane, Bangalore, Navi Mumbai, Gurgaon, Pune, Visakhapatnam, Kohlapur, Hyderabad and two hotels each at Chennai and Shirdi. Total alliances in the Fortune Park Portfolio number thirty three.

BAY ISLANDS HOTELS LIMITED

Shareholding

100% held by ITC Limited.

Nature of Business

The Company owns the hotel “Fortune Resort Bay Island” at Port Blair which is licenced to ITC Limited and is operated by Fortune Park Hotels Limited under an Operating & Marketing Services Agreement.

KING MAKER MARKETING INC.

King Maker Marketing Inc. (KMM) was a joint venture where ITC Limited had an ownership interest of 50%. Effective 25th October, 2006 ITC Limited increased its shareholding to 50.98%. Since 9th May, 2007, KMM has become a wholly-owned subsidiary.

Nature of Business

Trading in cigarettes and ‘roll-your-own’ smoking mixtures in USA.

JOINT VENTURES OF ITC LIMITED

CLI3L e-SERVICES LIMITED

CLI3L e-Services Limited was a joint venture of ITC Infotech India Ltd. (I3L) with Sitel Operating Corporation (formerly known as ClientLogic Operating Corporation). The ownership interest of 50% minus one share held by I3L was transferred in March, 2007 to ITC Limited in accordance with Article 16 of the Articles of Association of CLI3L e-Services Limited.

Nature of Business

India based call / contact centre services.

MAHARAJA HERITAGE RESORTS LIMITED

Maharaja Heritage Resorts Limited, where ITC Limited has an ownership interest of 50% is a joint venture with Marudhar Hotels Private Limited.

Nature of Business

The joint venture company currently operates 47 properties with 4 properties under development, spread across 17 States under the “WelcomHeritage” brand. The properties are located at Rajasthan, Himachal Pradesh, Madhya Pradesh, Uttar Pradesh, Uttarakhand, Jammu & Kashmir, West Bengal, Punjab, Assam, Meghalaya, Sikkim, Tamil Nadu, Kerala, Karnataka, Haryana, Maharashtra and Arunachal Pradesh.

MAJOR ASSOCIATES OF THE GROUP

GUJARAT HOTELS LIMITED

ITC Limited holds 45.78% in Gujarat Hotels Limited.

Nature of Business

The Company owns the “WelcomHotel Vadodara” at Vadodara which is operated by ITC Limited under an Operating Licence Agreement.

INTERNATIONAL TRAVEL HOUSE LIMITED

3.60% is held by ITC Limited and 45.36% is held by Russell Credit Limited, a wholly owned subsidiary of ITC Limited.

Nature of Business

Air ticketing, car rentals, inbound tourism, overseas and domestic holiday packages, conferences, events and exhibition management.

Note : The full list of the Group’s Associates appears on page 147.

Principles of Consolidation

The Group’s interests in its subsidiaries, associates and joint ventures are reflected in the Consolidated Financial Statements (CFS) in accordance with the relevant Accounting Standards (AS) issued by the Institute of Chartered Accountants of India.

Subsidiaries (AS 21)

Line by line consolidation of Profit & Loss Account and Balance Sheet is done by aggregating like items of assets, liabilities, income and expenses.

The excess / deficit of the cost to ITC Limited of its investments in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries are treated as goodwill / capital reserve in the CFS. The goodwill is disclosed as an asset and capital reserve as a reserve in the consolidated balance sheet.

Minority interest in the net income (profit after tax) for the reporting period is identified and adjusted against the group income to arrive at the net income of the Group; likewise the minority interest in the net assets of the consolidated subsidiaries is identified and presented separately on the liabilities side in the consolidated balance sheet.

Inter-Company transactions within the group (both Profit & Loss and Balance Sheet items) are eliminated for arriving at the group CFS.

CFS is prepared applying uniform accounting policies of ITC Limited to the group companies.

Associates (AS 23)

On acquisition of an associate, the goodwill / capital reserve arising from such acquisition is included in the carrying amount of the investment and also disclosed separately.

Only share of net profits / losses of associates is considered in consolidated profit and loss statement.

The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the consolidated balance sheet.

Joint Ventures (AS 27)

In CFS, the interest in joint ventures is reported using proportionate consolidation method.

A separate line item is added in CFS for proportionate share of assets, liabilities, income and expenses.