

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 & Tobacco, Hotels & Tourism, Paper, Paperboards & Packaging and Agri Business.

Subsidiaries

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

During the year, Russell acquired 93.48% of Wimco Limited (Wimco), 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 with effect from 26th May, 2004 consequent to ITC Limited acquiring the balance 30% Shareholding from the co-promoters.

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 Bhardachalam 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.

Joint Venture

CLI3L e-Services Limited, a joint venture with ClientLogic Operating Corporation, U.S.A. was incorporated on 29th January, 2003 at Bangalore, India and commenced commercial operations on 1st June, 2003. The ownership interest held by I3L is 50% minus one share.

Nature of Business

India based call / contact centre services.

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

99.99% held by ITC Limited.

Nature of Business

The Company is in the business of operating hotels in the mid price segment. It currently operates 15 properties namely Fortune Hotel Landmark at Ahmedabad, Fortune Hotel Calicut at Calicut, Fortune Resorts Darjeeling at Darjeeling, Fortune

Hotel The South Park at Thiruvananthapuram, Fortune Hotel Centre Point at Jamshedpur, Fortune Hotel Sullivan Court at Ooty, Fortune Hotel Galaxy at Vapi, Fortune Resort Bay Island at Port Blair, Fortune Kences Hotel at Tirupati, Fortune Landmark at Indore, Fortune Ummed at Jodhpur, Fortune Katriya Hotel at Hyderabad, Fortune Pandiyan Hotel at Madurai, Fortune Select Global at Gurgaon and Fortune Murali Park at Vijaywada. During the year, two alliances were signed for hotel properties at Lavasa and Siliguri. Total alliances in the Fortune Park portfolio number twenty one.

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.

JOINT VENTURE OF ITC LIMITED

KING MAKER MARKETING INC.

King Maker Marketing Inc., U.S.A. is a joint venture where ITC Limited has an ownership interest of 50%.

Nature of Business

Trading in cigarettes and 'roll-your-own' smoking mixtures in U.S.A.

MAHARAJA HERITAGE RESORTS LIMITED

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

Nature of Business

The joint venture company currently operates 39 properties under the "WelcomHeritage" brand. The major properties are located at Agra, Almora, Amritsar, Bhopal, Darjeeling, Jabalpur, Jodhpur, Khimsar, Kota, Ladakh, Manali, Ooty, Palampur, Pushkar, Shimla, etc.

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 139.

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 taxation) 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 P&L 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.