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This PDF Document has been optimised for web view
In Pursuit of the Make in India Vision.
For ITC, a credo of Country before Corporation.

ITC is driven by its inspiration to be an exemplary Indian enterprise serving larger national priorities. Spanning all the three sectors of the economy - agriculture, manufacturing and services - ITC’s businesses make a unique contribution to the economy. The Company’s relentless efforts to pursue extreme competitiveness, make societal value creation the core of its business strategy, invest in game-changing R&D and science-led innovation as well as state-of-the-art infrastructure will contribute to making the future even more sustainable and profitable.

At ITC, the credo of Country before Corporation defines the Company’s nation-orientation, and its aspiration to contribute to a future of rapid progress and prosperity.

ITC is inspired by the clarion call to Make in India, given the enormous promise it holds to transform the Indian economy. Make in India can ensure a significantly higher order value capture in the Indian economy, fuelling jobs, maximising revenue and enabling sustainable development.
Creating a Multi-business Enterprise
The Company has transformed itself into a multi-business enterprise with a diversified business portfolio of FMCG, Paperboards & Packaging, Agri Business, Hotels and Information Technology. This provides ITC a substantial opportunity to contribute meaningfully to the growth and development of the country by creating vibrant businesses of tomorrow. Over 6 million sustainable livelihoods have been created by ITC's businesses and through the empowerment of associated value chains.

Building World-class Indian Brands
ITC has created world-class Indian brands that create, capture and retain larger value within the country. Some of ITC's popular FMCG brands have built significant market standing over a short period of time. These include Aashirvaad, Sunfeast and its sub-brands Dark Fantasy, Delishus, Farmlite, Yumfills, Mom's Magic and Bounce; Bingo!, YiPPee!, B Natural!, Candyman, mint-o, GumOn, Kitchens of India and Aashirvaad Svasti in the Branded Packaged Foods space; Classmate and Paperkraft in Education & Stationery products; Essenza Di Wills, Fiama Di Wills, Vivel, Engage, Savlon, Shower to Shower and Superia in the Personal Care Products segment; Wills Lifestyle and John Players in the Lifestyle Retailing Business; Mangaldeep in Agarbattis and Aim in Matches.

It is ITC's aspiration to become India's no 1 FMCG player. The Company aims at achieving a revenue of Rs 1,00,000 crores from the new FMCG businesses by 2030.

Creating National Assets
The Company has established state-of-the-art brick and mortar assets that add to the nation's industrial prowess. Currently, 65 projects with an investment of Rs 25,000 crores are under implementation or in an advanced stage of planning. These include factories, warehouses, luxury hotels, R&D facilities, office and residential complexes.

Investing in Game-changing R&D
ITC has invested in cutting edge R&D to foster breakthrough innovation and create powerful sources of sustainable competitive advantage for the country. With a team of nearly 350 world-class scientists, the state-of-the-art ITC Life Sciences & Technology Centre in Bengaluru is engaged in building future readiness by harnessing contemporary advances in science and technology, applying them in product development and...
leveraging cross-business synergies. ITC’s R&D capabilities are utilised to develop future products in nutrition, health and well-being. In agri-sciences, its efforts are aimed at developing new crop varieties with higher yields and better quality. In a short span of time, ITC has applied for over 480 patents. The intellectual property residing in these filings belongs to India as the country of origin, creating enduring value for the nation.

**Social and Environmental Contribution**

ITC’s multipronged social investment programmes help build capacity of the weakest in society while its pursuit of a low carbon growth strategy contributes to combatting climate change. ITC’s wide spectrum of sustainability initiatives and social investments is manifest in several large-scale programmes covering 166 districts in 26 states.

The celebrated ITC e-Choupal initiative has empowered 4 million Indian farmers. Integrated Watershed Development programmes bring soil and moisture conservation to nearly 2,60,000 hectares. Afforestation initiatives have greened over 2,25,000 hectares, providing more than 100 million person-days of employment. The Women Empowerment programme provides livelihood opportunities to over 50,000 women, which includes a holistic intervention currently supporting over 10,000 ultra-poor and marginalised women towards their socio-economic mainstreaming. The Primary Education programme has reached out to over 4,60,000 children. The Livestock Development programme has covered over 13,00,000 milch animals. ITC’s Skilling & Vocational Training Programme has, so far, trained over 31,000 youths and plans to cover 10,000 youths annually. Under ITC’s Health & Sanitation programme, over 15,400 individual household toilets have been constructed across the country. In addition, the Company’s Wellbeing Out of Waste (WOW) initiative inculcates the habit of source segregation and waste paper recycling among communities.

ITC is the only enterprise in the world of comparable dimensions to be carbon positive (11 years in a row), sequestering more than twice the amount of carbon it emits; water positive (14 consecutive years), creating water harvesting potential that is thrice the water it consumes; and solid waste recycling positive (for the last 9 years). Over 47% of the total energy requirement of the Company is met from renewable sources, a testimony to its commitment to a low carbon growth path. All ITC’s premium luxury hotels have the unique distinction of being LEED® Platinum certified.
Over the past two decades, ITC has built a robust portfolio of businesses, spanning FMCG, Paperboards & Packaging, Agri Business, Hotels and Information Technology, leveraging synergies from the Company’s enterprise strengths. These encompass deep consumer insight, cutting-edge Research & Development, strong rural linkages, superior agri-sourcing, world-class manufacturing, brand-building skills, culinary expertise, innovative consumer packaging, digital technology and an effective trade marketing, distribution and logistics network.

Today, ITC has an impressive presence in all the three sectors of the economy, namely, agriculture, industry and services, providing unique sources of competitive advantage by harnessing the diversity resident in different businesses. All this has enlarged the Company’s capacity to contribute to national priorities and create sustainable livelihoods on a much larger scale.

- Portfolio of 13 Businesses
- 2.5 lakh crs of value addition in the last 10 years of which 73% accrued to the exchequer
- 250 owned and outsourced manufacturing units
- 102 hotels in 73 locations
- $6.8 Billion Foreign Exchange earnings of the ITC Group over 10 years
- 90 countries where ITC products are exported
- 6100 e-Choupal locations
- 4 Million farmers empowered
Fast Moving Consumer Goods
India’s Leading Marketer
Creating Multiple Drivers of Growth

ITC Hotels
World’s Greenest Luxury Hotel Chain

Paperboards & Packaging
India’s Market Leader
Agri Business
Pioneer in Rural Transformation

Information Technology
Amongst the fastest growing in the mid-tier segment
Building World-class Indian Brands that Create, Capture and Retain Value in the Country

It is mission critical today to create world-class Indian brands through ownership of intellectual property. It is only then that a virtuous cycle of innovation and investment will create new opportunities for growth and lead to the generation of higher order sustainable livelihoods.

Creation of a new generation of world-class brands demands tremendous staying power with substantial investment commitments over the long haul.

ITC has tirelessly endeavoured to build world-class Indian brands. In a relatively short span of time, a vibrant architecture of popular brands has been crafted organically. Some of them are already clear market leaders in their segments. In aggregate, these new consumer brands currently represent an annualised consumer spend of over Rs. 12,000 crores.

Such world-class Indian brands help create, capture and retain larger value for the Indian economy. In addition to spurring investments and growth, such brands can become a force multiplier for inclusive and sustainable development. By serving as market anchors, these brands can lend relative stability to drive the competitiveness of the entire value chain of which they are a part. This in turn can further empower the weakest in the economic value chain and generate considerable sustainable livelihood opportunities so critical for our country.

60 vibrant ITC brands

ITC’s products reach every 2nd household in India

2 million retail outlets reached directly by ITC’s distribution network

1,500 SKUs across FMCG categories
Branded Packaged Foods

Atta, Salt, Spices, Instant Mixes, Ready Meals, Ghee

ITC Limited
REPORT AND ACCOUNTS 2016

Premium Cookies, Biscuits, Cakes
Branded Packaged Foods

B Natural

Juices

Bingo!

Potato Chips,
Indian Finger Snacks
Branded Packaged Foods

Instant Noodles, Instant Pasta

Ready-to-eat Gourmet Cuisine, Masala Mixes, Chutneys, Conserves

Confectionery
Personal Care Products

Fine Fragrances, Deodorants, After Shave Lotions, Hair & Body Shampoos, Bathing Bars

Shower Gels, Bathing Bars, Face Washes
Personal Care Products

Colognes, Deodorants
Perfume Sprays

Antiseptic Liquid, Soaps &
Handwash, Prickly Heat Talc

Face Washes,
Moisturisers,
Body Lotions,
Creams,
Cleanser, Toner
Education & Stationery Products

**classmate**
Notebooks, Writing Instruments, Art Stationery, Scholastic Products

**Paperkraft**
Premium Notebooks, Pens

**Incense Sticks**

**Safety Matches**
Going Beyond Economic Contribution. Generating livelihoods and Enriching the Environment

ITC’s vision to contribute to a sustainable, secure and inclusive future has brought about transformational change, particularly in areas of its engagement in rural India. Apart from ITC’s e-Choupal that has helped raise farm productivity and incomes, the Company’s social investment programmes have created large-scale sustainable livelihoods along with environmental replenishment that promotes climate change resilience.
These widely acknowledged initiatives include Afforestation, Watershed Development, Livestock Development, Women Empowerment, Primary Education, Vocational Training and Health & Sanitation.

**Highlights of ITC’s sustainability initiatives:**
- ITC is carbon positive (for 11 consecutive years), water positive (for 14 years in a row) and solid waste recycling positive (for 9 years in succession).
- The Company meets over 47% of its total energy requirement from renewable sources, a testimony to its commitment to adopting a low carbon growth path.
- The ITC Sankhya Data Centre in Bengaluru is the first data centre in the world which has obtained LEED® certification with Platinum rating in the ‘Data Centre Category’ from the US Green Building Council.
- All ITC’s premium luxury hotels are LEED® Platinum certified, making it the greenest luxury hotel chain in the world. ITC Grand Chola is the world’s largest LEED® Platinum certified green hotel. The ITC Green Centre is the highest rated green building in the world. The ITC Green Centre at Manesar has also received the LEED® Platinum certification. Several of ITC’s factories are LEED® certified.
Generating Livelihoods and Enriching the Environment

- ITC's e-Choupal initiative has empowered 4 million Indian farmers in 35,000 villages across 10 states.
- The Integrated Watershed Development Programme of the Company has covered nearly 2,60,000 hectares.
- ITC's Afforestation Programme has greened over 2,25,000 hectares and generated more than 100 million person days of employment.
- The Company's Livestock Development Programme has provided animal husbandry services to over 13,00,000 milch animals.
- ITC's Women Empowerment Programme has provided livelihood opportunities to over 50,000 women.
- The Company's Primary Education Programme has benefitted over 4,60,000 children.
- The Skills and Vocational Training Programme has covered over 31,000 youths.
- ITC's Health and Sanitation Programme has enabled construction of over 15,400 individual household toilets.
- The concerted efforts of the Company over several years have led to the creation of sustainable livelihoods for around 6 million people, many of whom represent the weakest in society.

For more details, refer to the section, Sustainability - Contribution to the 'Triple Bottom Line', in the Report of the Board of Directors, and the ITC Sustainability Report.
Investing in India’s Future
Building National Assets

**ITC** is investing in India’s future by building world-class assets that will contribute to the country’s competitive capacity. This ambitious investment plan, underpinning ITC's support to the Make in India vision, envisages an outlay of Rs. 25,000 crores in 65 projects across the country.

These include state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities, luxury hotels, R&D facilities, office and residential complexes that are being set up across regions, contributing to balanced economic development. These investments will not only add substantially to ITC's competitive ability but also spur livelihood creation along the entire value chain.

**Information Technology Park, Rajarhat, West Bengal (under construction)**

- **Rs 25000 crores** investment
- **65 projects** on the anvil
- **28 million sq ft built up area** under development
Investing in India’s Future

Food Processing Unit, Haridwar, Uttarakhand

Dairy Plant, Munger, Bihar

Paperboards Manufacturing Plant, Bhadrachalam, Telangana

Integrated Food Processing & Logistics Facility, Malur, Karnataka
Building National Assets

Integrated Food Processing & Logistics Facility, Panchla, West Bengal (near completion)

Integrated Food Processing & Logistics Facility, Kapurthala, Punjab (under construction)

Foods Factory, Mysuru, Karnataka (under construction)
ITC Grand Bharat, Gurgaon

Left: ITC Kohinoor, Hyderabad; Right: ITC Royal Bengal, Kolkata (both projects under construction)

ITC Gardenia, Bengaluru
At ITC, creating intellectual capital is being driven by a nearly 350-strong diverse pool of highly qualified world-class scientists at the state-of-the-art Life Sciences & Technology Centre in Bengaluru.

In a short period of time, ITC has filed more than 480 patent applications. The distinction does not lie as much in the number of patents filed, as in the fact that the intellectual property resident in these filings belongs also to the country of origin, that is India.
Creating Intellectual Property for the Nation through Cutting-edge R&D

Nearly 350 world-class scientists

Over 480 patent applications for intellectual property

ITC Life Sciences & Technology Centre spread across 3.5 lakh sq ft
Board of Directors

Chairman
Yogesh Chander Deveshwar

Executive Directors
Nakul Anand
Sanjiv Puri
Rajiv Tandon
(also Chief Financial Officer)

Non-Executive Directors
Anil Bajjal
Shilabhadra Banerjee
Arun Duggal
Angara Venkata Girija Kumar
Robert Earl Lerwill
Suryakant Balkrishna Mainak
Sunil Behari Mathur
Pillappakkam Bahukutumbi Ramanujam
Nirupama Rao
Sahibzada Syed Habib-ur-Rehman
Meera Shankar
Krishnamoorthy Vaidyanath

Board Committees

Audit Committee
S B Mathur Chairman
A Bajjal Member
A Duggal Member
P B Ramanujam Member
K Vaidyanath Member
R Tandon Invtee
R Parasarum Invtee
(Head of Internal Audit)
Representative of the Statutory Auditors
B B Chatterjee Secretary

CSR and Sustainability Committee
Y C Deveshwar Chairman
A V Girija Kumar Member
R E Lerwill Member
S B Mainak Member
N Rao Member
M Shankar Member
B B Chatterjee Secretary

Nomination & Compensation Committee
S Banerjee Member
Y C Deveshwar Member
S S H Rehman Member
M Shankar Member
K Vaidyanath Member
B B Chatterjee Secretary

Securityholders Relationship Committee
A V Girija Kumar Chairman
S Puri Member
R Tandon Member
K Vaidyanath Member
B B Chatterjee Secretary

Independent Directors Committee
A Bajjal Chairman
S Banerjee Member
A Duggal Member
S B Mathur Member
P B Ramanujam Member
N Rao Member
M Shankar Member

Corporate Management Committee

Executive Directors
Y C Deveshwar Chairman
N Anand Member
S Puri Member
R Tandon Member

Executives
C Dar Member
S Sivakumar Member
R Sridhar Member
B Sumant Member
K S Suresh Member
B B Chatterjee Member & Secretary

Executive Vice President & Company Secretary
Biswa Behari Chatterjee

General Counsel
Kannadiputhur Sundararaman Suresh

Investor Service Centre
37 Jawaharlal Nehru Road, Kolkata 700 071, India
Phone : 033-2288 6426/0034
Fax : 033-2288 2358
e-mail : isc@itc.in

Auditors
Deloitte Haskins & Sells Chartered Accountants, Kolkata

Registered Office
Virginia House
37 Jawaharlal Nehru Road, Kolkata 700 071, India
Phone : 033-2288 9371
CIN : L16005WB1910PLC001985
ITC Corporate Website : www.itcportal.com

ITC Limited REPORT AND ACCOUNTS 2016
Your Directors

**Y. C. Deveshwar**

Y. C. Deveshwar (69), DIN: 00044171, joined ITC in 1968 and is an alumnus of the Indian Institute of Technology, Delhi and Harvard Business School. He was appointed as a Director on the Board of the Company on April 11, 1984 and became the Chief Executive and Chairman of the Board on January 1, 1996. Between 1991 and 1994, he led Air India as Chairman and Managing Director.

Articulating a Vision to put Country before Corporation and serve larger national priorities, he has led ITC’s strategic thrust to create multiple drivers of growth that would make a significant and growing contribution to the Indian economy. He also shaped and implemented a Strategy of Organisation to effectively manage multiple businesses whilst retaining focus on each one of them, in the process deriving unique sources of competitive advantage from ITC’s diversity. Deveshwar has also championed the cause for Sustainability world-wide bringing into focus the need to innovate corporate strategies that not only enhance shareholder value but add significantly to the development of natural and social capital.

Spearheading a journey of growth that has led the Harvard Business Review to rank him as the 7th Best Performing CEO in the world, his stewardship has guided ITC to become India’s foremost FMCG marketer, the country’s largest and greenest Paperboards and Packaging business, a globally acknowledged pioneer in farmer empowerment through its wide-reaching Agri Business, the second largest Hotel Chain in India and a trailblazer in ‘green hoteliering’. The Company’s wholly-owned subsidiary, ITC Infotech India Limited, is also one of India’s fast-growing IT companies in the mid-tier segment.

Today, ITC is a global exemplar in sustainability and is the only Company in the world of comparable dimensions to be ‘carbon positive’, ‘water positive’ and ‘solid waste recycling positive’. The Company’s businesses generate livelihoods for around 6 million people, many of whom represent the poorest in Rural India. The pioneering farmer empowerment initiative, ITC e-Choupal, is today the world’s largest rural digital infrastructure and is a case study at the Harvard Business School besides receiving several global awards. ITC was also conferred the World Business and Development Award 2012 at the Rio+20 United Nations Summit by the United Nations Development Programme, the International Chamber of Commerce and the International Business Leaders Forum for its Social and Farm Forestry Programmes.

Deveshwar is a Director on the Central Board of the Reserve Bank of India. He is a member of the National Foundation for Corporate Governance. He is also the former Chairman of the Society and Board of Governors of the Indian Institute of Management, Calcutta. He serves on the National Executive Committees of some of India’s premier trade and industry bodies, and has served as a member of the UK-India CEOs Forum and US-India CEOs Forum instituted by the respective Governments.

Deveshwar is a past President of CII.

In 2011, Deveshwar was conferred the Padma Bhushan, one of the highest civilian awards in the country, by the Government of India. Amongst several other awards and recognitions during his distinguished career, Deveshwar has been honoured with the Global Leadership Award by the US-India Business Council of the US Chamber of Commerce in 2010, the Business Leader of the Year Award from the All India Management Association in 2012, Business Person of the Year Award 2006 by the UK Trade & Investment, and the Sustainability Leadership Award 2007 conferred at Zurich at the International Sustainability Leadership Symposium. He was inducted to the prestigious...
Hall of Pride at the Indian Science Congress in 2006. Earlier, he was also named Manager Entrepreneur of the Year 2001 by Ernst & Young. The Economic Times has conferred on Deveshwar, the Indian Visionary Business Leader Award and the Smart Green Leader Lifetime Achievement Award, the Bombay Management Association has honoured him with the Management Man of the Year Award, and the Calcutta Management Association has inducted him as the first leader on the Management Hall of Fame.

Other Directorships

<table>
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<th>Name of the Company</th>
<th>Position</th>
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<tbody>
<tr>
<td>ITC Infotech India Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>ITC Infotech Limited, UK*</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>ITC Infotech (USA), Inc.*</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Surya Nepal Private Limited*</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Indian School of Business</td>
<td>Member, Board of Governors</td>
</tr>
<tr>
<td>The Associated Chambers of Commerce and Industry of India</td>
<td>Member, Managing Committee</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies: Nil

N. Anand

Nakul Anand (59), DIN: 00022279, was appointed as a Director on the Board of ITC effective January 3, 2011. In addition to overseeing the Hospitality, Travel & Tourism businesses of ITC, he has taken over in December 2014, the responsibility for overseeing the Lifestyle Retailing Business.

An Economics Honours graduate from Delhi University with an AMP degree from Bond University, Australia, Anand joined ITC Hotels’ Management Training Programme in 1978. He has also served as the Managing Director of erstwhile ITC Hotels Limited during the period 2003-05.

In a career that spans close to four decades, Anand has been acknowledged in the hotels and tourism industry for his vision and commitment. Leveraging the significant learning of sustainable excellence within ITC, he led the team at ITC Hotels to pioneer the concept of ‘Responsible Luxury’ in the hospitality industry, securing LEED® Platinum certifications for all ITC super premium luxury hotels, making it the ‘Greenest Luxury Hotel Chain in the world’. He has formulated value-based strategies to create a unique quality control model. His dynamic leadership and passion for the business is recognised and acknowledged by his peers. He is the Chairman of the Federation of Associations in Indian Tourism & Hospitality. Anand is also a past President of the Hotel Association of India and Chairman of the CII National Tourism Committee.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
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<tbody>
<tr>
<td>International Travel House Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Gujarat Hotels Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Landbase India Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Fortune Park Hotels Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>WelcomHotels Lanka (Private) Limited*</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Srinivasa Resorts Limited</td>
<td>Vice-Chairman &amp; Non-Executive Director</td>
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<tr>
<td>Bay Islands Hotels Limited</td>
<td>Non-Executive Director</td>
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<tr>
<td>Maharaja Heritage Resorts Limited</td>
<td>Non-Executive Director</td>
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Your Directors

Committee Membership of other Companies

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<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
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<tbody>
<tr>
<td>International Travel House Limited</td>
<td>Nominations &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
<tr>
<td>Gujarat Hotels Limited</td>
<td>Nominations &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
<tr>
<td>Landbase India Limited</td>
<td>Nominations &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
<tr>
<td>Fortune Park Hotels Limited</td>
<td>CSR Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td>Srinivasa Resorts Limited</td>
<td>Nominations &amp; Remuneration Committee</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

S. Puri

Sanjiv Puri (53), DIN: 00280529, was appointed as an Additional Executive Director on the Board of ITC effective December 6, 2015. Puri is an alumnus of the Indian Institute of Technology, Kanpur, and joined ITC in 1986. He is responsible for overseeing the FMCG businesses and the Paperboards, Paper and Packaging businesses of ITC.

Prior to his appointment as Director, Puri was President, FMCG Businesses - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis, since December 2014. He has handled a wide range of responsibilities including business leadership positions, manufacturing, operations as well as in information & digital technology. Puri became Divisional Chief Executive of the Tobacco Division in 2009, handling additionally the charge of the Company’s Trade Marketing & Distribution function. He has led ITC Infotech India Limited (ITC Infotech), a wholly-owned subsidiary of ITC, as its Managing Director from May 2006 to August 2009. He has also been on the Boards of ITC Infotech’s wholly-owned subsidiaries in the UK and USA. Puri also served between 2001 and 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal. He has also been a Director on the Board of The Tobacco Institute of India and past member of the Board of Governors of Media Research Users Council.

Puri is the Chairman of the FICCI FMCG Committee and a member of the FICCI National Executive Committee. He has also served as the Chairman of the Agri & Food Processing Task Force of CII Eastern Region and a member of the CII Eastern Regional Council.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
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</thead>
<tbody>
<tr>
<td>King Maker Marketing, Inc., USA*</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Surya Nepal Private Limited*</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>The Indian Society of Advertisers</td>
<td>Member, Executive Council</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies: Nil

R. Tandon

Rajiv Tandon (62), DIN: 00042227, was appointed as an Additional Executive Director on the Board of ITC effective January 22, 2016. He is responsible for Finance, Accounting, Internal Audit Functions and Investment Subsidiaries of the Company. Prior to this, he was the Chief Financial Officer of the Company, a position that he continues to hold. A Fellow member of the Institute of Chartered Accountants of India with over three decades of experience, Tandon has held various positions in ITC including Executive Vice President - Finance & MIS of the Tobacco Division, Executive Vice President - Corporate Finance,
Finance Advisor and member of the Management Committee of Agri Business and Tobacco Divisions.

Tandon was named the ‘Best CFO in India’ by Business Today in 2013. He has held several important positions in various industry bodies including Chairman of the Expert Committee on Banking and Finance, Indian Chamber of Commerce; Member, Taxation and Company Law Committee, CII; Member, Managing Committee, The Bengal Chamber of Commerce & Industry and is currently a member, CII-CFO Forum as well as a member of the Capital Markets Committee of FICCI.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell Credit Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Greenacre Holdings Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Gold Flake Corporation Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>ITC Investments &amp; Holdings Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Wimco Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Wills Corporation Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Landbase India Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>ITC Infotech India Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>ITC Infotech Limited, UK*</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>ITC Infotech (USA), Inc.*</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell Credit Limited</td>
<td>Audit Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td></td>
<td>CSR Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td></td>
<td>Nomination and Remuneration Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

Name of the Company | Committee | Position |
|---------------------|-----------|----------|

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenacre Holdings Limited</td>
<td>Audit Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td></td>
<td>Nomination and Remuneration Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Flake Corporation Limited</td>
<td>Audit Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td></td>
<td>Nomination and Remuneration Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wimco Limited</td>
<td>Securityholders Relationship Committee</td>
<td>Member</td>
</tr>
<tr>
<td></td>
<td>Nomination and Remuneration Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landbase India Limited</td>
<td>Audit Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td>ITC Infotech India Limited</td>
<td>Audit Committee</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

A. Baijal

Anil Baijal (69), DIN: 01608892, joined the ITC Board as a Non-Executive Independent Director on January 22, 2010.

Baijal joined the Union Territories Cadre of the Indian Administrative Service in 1969. In a career spanning over 38 years, he held various important assignments including that of the Union Home Secretary, Chairman & Managing Director - Indian Airlines, Chief Executive Officer - Prasar Bharti Corporation, Vice-Chairman - Delhi Development Authority, Development Commissioner, Goa, and Counsellor in-charge of the Indian Aid Programme in Nepal. He retired in October 2006 as Secretary, Ministry of Urban Development, Government of India. Post superannuation, Baijal has served as Independent Non-Executive Director on the Boards of various government and private companies.
Your Directors

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDFC Bank Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>IDFC Foundation</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Terra Firma Designs Private Limited</td>
<td>Managing Director</td>
</tr>
<tr>
<td>International Travel House Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>DHFL Pramerica Life Insurance Company Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>New Delhi Centre for Sight Limited</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDFC Bank Limited</td>
<td>Stakeholders Welfare Committee</td>
<td>Member</td>
</tr>
<tr>
<td></td>
<td>Nomination &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
<tr>
<td></td>
<td>CSR Committee</td>
<td>Member</td>
</tr>
<tr>
<td>IDFC Foundation</td>
<td>Audit Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td></td>
<td>Nomination &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
<tr>
<td>International Travel House Limited</td>
<td>Nominations &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
<tr>
<td></td>
<td>CSR Committee</td>
<td>Member</td>
</tr>
<tr>
<td>DHFL Pramerica Life Insurance Company Limited</td>
<td>Audit &amp; Compliance Committee</td>
<td>Chairman</td>
</tr>
<tr>
<td></td>
<td>Nomination &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
<tr>
<td></td>
<td>CSR Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

Name of the Company | Committee | Position
New Delhi Centre for Sight Limited | Nomination & Remuneration Committee | Chairman

S. Banerjee

Shilabhadra Banerjee (67), DIN: 02922331, joined the ITC Board as a Non-Executive Director on July 24, 2014 and was appointed as an Independent Director on July 30, 2014.

Banerjee, a Masters in History from St. Stephen's College, Delhi, Post Graduate Diploma holder in Public Administration from the Indian Institute of Public Administration, New Delhi, and an M. Phil in Social Sciences from the University of Panjab, began his career in the Indian Administrative Service in 1971. In a career spanning over 37 years, he has held several eminent positions including that of Joint Secretary in the Ministries of Petroleum & Natural Gas and Urban Development. Banerjee was Director General (Acquisition) in the Ministry of Defence and retired as Secretary, Ministry of Tourism in October 2008. He has been a Visiting Fellow at the Queen Elizabeth House, University of Oxford, UK. Banerjee also served on the Board of the Company from February 2010 to March 2014.

Banerjee does not hold directorship of any other company.

A. Duggal

Arun Duggal (69), DIN: 00024262, joined the ITC Board as a Non-Executive Independent Director on September 15, 2014.

Duggal, a Mechanical Engineer from the Indian Institute of Technology, Delhi, and an MBA from
the Indian Institute of Management, Ahmedabad, is an international banker with global experience in financial strategy, M&A and capital raising. His professional career includes 26 years with Bank of America (BoA), primarily in the USA, Hong Kong and Japan, with his last assignment as Chief Executive with BoA, India, from 1998 to 2001. He was the Chief Financial Officer of HCL Technologies Limited, India, from 2001 to 2003. He has also been the Chairman of the American Chamber of Commerce, India, and on the Board of Governors of the National Institute of Bank Management. Duggal is involved in several initiatives in social and educational sectors and is founder of FICCI’s Women on Corporate Governance Board Programme.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICRA Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Mangalore Chemicals and Fertilisers Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>International Asset Reconstruction Company Private Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Dish TV India Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Dr. Lal Pathlabs Limited</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICRA Limited</td>
<td>Audit Committee</td>
<td>Member</td>
</tr>
<tr>
<td>Mangalore Chemicals and Fertilisers Limited</td>
<td>Audit Committee</td>
<td>Member</td>
</tr>
<tr>
<td>International Asset Reconstruction Company Private Limited</td>
<td>Nomination &amp; Remuneration Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

A. V. Girija Kumar

A. V. Girija Kumar (55), DIN: 02921377, joined the ITC Board on July 31, 2015 as an Additional Non-Executive Director, representing the General Insurers’ (Public Sector) Association of India. A Masters in Business Administration from Jawaharlal Nehru Technological University, he is currently Director & General Manager of United India Insurance Company Limited. Girija Kumar also served on the Board of the Company from March 19, 2010 to July 22, 2015.

In a career spanning over 34 years, Girija Kumar was with The New India Assurance Company Limited (New India). In New India, he worked at many centres across India, holding various positions including that of Divisional Manager, Senior Divisional Manager and Regional Chief before moving to the Corporate Office in Mumbai as Deputy General Manager overseeing techno-marketing, foreign business development and investments.

On secondment, Girija Kumar was posted as General Manager (Non-Life) - Saudi Indian Company for Cooperative Insurance in Saudi Arabia. His responsibilities included facilitating an IPO to raise capital and completing the legal formation of the company in the Kingdom of Saudi Arabia. He joined National Insurance Company Limited (NIC) as a General Manager in 2009, served as
Your Directors

Officiating Chairman-cum-Managing Director of NIC from March 2014 till September 2014, and as its Director till January 2015. He does not hold committee membership of any other company.

R. E. Lerwill

R. E. Lerwill (64), DIN: 06739219, joined the ITC Board as a representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. (BAT), the ultimate holding company, with effect from November 18, 2013. Lerwill attended Nottingham University before qualifying as a Chartered Accountant. He later completed the Harvard Business School Advanced Management Program.

Lerwill was on the Board of BAT as a Non-Executive Director from January 2005 to April 2013 where he was Chairman of the Audit Committee and also a member of the Nominations and Remuneration Committees. Until June 2003, Lerwill was an Executive Director of Cable and Wireless plc where he served as Finance Director between 1997 and 2002 and Chief Executive of Cable and Wireless Regional between 2000 and 2003. From 1986 to 1996 he was Group Finance Director of WPP Group plc. In both companies, he was instrumental in developing and managing major international businesses. Lerwill was Chief Executive Officer of Aegis Group plc from February 2005 to November 2008. He was also Chairman of Synergy Health plc until June 2012.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>DJ I (Holdings) plc., UK*</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Spire Healthcare Group plc., UK*</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Impello plc., UK*</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Reynolds American Inc., USA*</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies: Nil

S. B. Mainak

S. B. Mainak (60), DIN: 02531129, joined the ITC Board as a Non-Executive Director effective April 25, 2014, representing LIC.

A qualified Chartered Accountant, he joined LIC as a Direct Recruit Officer in 1983 and retired as its Managing Director with effect from 1st March, 2016. During his long tenure at LIC, Mainak acquired wide range of experience in several functions spanning Investments, Finance & Accounts and Marketing and held various positions including Senior / Branch Manager, Divisional Manager of Pension & Group Superannuation and in various capacities in the Investment department.

Mainak also had a stint in academics as Professor (Life Insurance) and Head of Finance Department in National Insurance Academy (NIA), Pune, where he was instrumental in creating new teaching programmes in finance & accounts, investment, GAAP accounting and Insurance Investment and Financial Reporting Standards. Mainak was Deputy President of the Insurance Institute of India and member of the Governing Board of NIA. He was earlier appointed by the Government of India on the Board of Satyam Computer Services Limited as an Independent Director for restructuring the company.

In 2009, he was conferred the ‘NDTV Profit Business Leadership Award’, ‘CNN-IBN Indian of the Year Award’ and ‘Dataquest IT Person of the Year Award’.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Analysis and Research Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>Mahindra and Mahindra Limited</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies: Nil
S. B. Mathur

S. B. Mathur (71), DIN: 00013239, has been on the ITC Board since July 29, 2005, first as a representative of LIC and then in his individual capacity as a Non-Executive Independent Director.

A qualified Chartered Accountant, Mathur retired from LIC in October 2004 as its Chairman. Subsequently, the Government of India appointed him the Administrator of the Specified Undertaking of the Unit Trust of India in December 2004, up to December 2007.

Mathur took over as Chairman of LIC at a time when the insurance sector had just opened up. Under his leadership, LIC successfully rose to the challenges of a competitive environment by enhancing product offerings. He joined LIC in 1967 as a Direct Recruit Officer and rose to the rank of Chairman. He held various positions in LIC including Senior Divisional Manager of Gwalior Division, Chief of Corporate Planning, General Manager of LIC (International) E.C., Zonal Manager in-charge of Western Zone and Executive Director.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hindustan Oil Exploration Company Limited</td>
<td>Chairman &amp; Non-Executive Director</td>
</tr>
<tr>
<td>National Collateral Management Services Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Havells India Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>DCM Shriram Industries Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Infrastructure Leasing and Financial Services Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>UltraTech Cement Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Minda Corporation Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Thomas Cook (India) Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>NSE Strategic Investment Corporation Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Munich Re India Services Private Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>India Mortgage Guarantee Corporation Private Limited</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

P. B. Ramanujam

P. B. Ramanujam (71), DIN: 00046101, has been on the Board of ITC since October 30, 1998, first as a representative of GIC and its erstwhile subsidiaries and then in his individual capacity as a Non-Executive Independent Director.

A qualified Chartered Accountant, Ramanujam has held several responsibilities in GIC covering finance, accounts, investments, reinsurance, information technology etc. He was General Manager and Director with NIC, and the Managing Director of GIC till July 31, 2004.
Your Directors

Ramanujam has served as a faculty member at NIA. He was also the Chairman of the Committee appointed by the interim Insurance Regulatory Authority (IRA) for prescribing norms, rules and regulations in the area of finance. He has also been a member of three other IRA Committees on technical issues, investment matters and insurance regulatory information system. He was a member of FICCI’s Reinsurance Sub-Committee, the Insurance Tariff Advisory Committee, the Advisory Committee on Finance of the Insurance Regulatory and Development Authority (IRDA), and member of IRDA’s Reinsurance Advisory Committee for recommending regulatory changes with regard to capital structure, IPOs, mergers & acquisitions etc. of insurance companies.

Ramanujam does not hold directorship of any other company.

Nirupama Rao

Nirupama Rao (65), DIN: 06954879, was appointed as an Additional Non-Executive Independent Director on the Board of ITC effective April 8, 2016.

A Graduate in English Literature, she was a Fellow of the Harvard University (1992-93), Fellow of the Brown University and a recipient of the degree of Doctor of Letters (Honoris Causa) from the Pondicherry University.

A career diplomat from the Indian Foreign Service from 1973 to 2011, she has served the Government in several important positions including that of the Foreign Secretary of India. She has represented India in several countries during her distinguished career and was the first Indian woman to be appointed High Commissioner to Sri Lanka and Ambassador to China. She was also the first woman spokesperson of the Ministry of External Affairs. After her retirement, she was appointed Ambassador of India to the United States for a tenure of two years.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>KEC International Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Network18 Media &amp; Investments Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>TV18 Broadcast Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Viacom 18 Media Private Limited</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Committee</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Viacom 18 Media Private Limited</td>
<td>Audit Committee</td>
<td>Member</td>
</tr>
<tr>
<td></td>
<td>Nomination and Remuneration Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

S. S. H. Rehman

S. S. H. Rehman (72), DIN: 00050862, was appointed as a Non-Executive Independent Director on the Board of ITC effective July 27, 2012. Rehman’s illustrious career began with a tenure in the Indian Army after he graduated from the Indian Military Academy in Dehradun. He moved to the hospitality industry in 1975 and joined ITC in 1979, beginning a three decade association with the Company.

Rehman was appointed Managing Director of erstwhile ITC Hotels Limited in 1994. Subsequently, he joined the Board of ITC as an Executive Director in 1997, and over the next 12 years was responsible for several businesses - Hotels, Travel & Tourism and Foods. During this period, he ably led ITC’s Hotels business in consolidating its position as one of India’s leading hospitality chains.

Rehman was the founder President of the Hotel Association of India, and a founder member of the World Travel &
Tourism Council, Experience India / Incredible India and has headed several industry associations including tourism committees of FICCI, ASSOCHAM and CII. Rehman has been a recipient of several awards and honours, recognising his vast contribution to Indian hospitality industry.

Rehman does not hold directorship of any other company.

Meera Shankar

Meera Shankar (65), DIN: 06374957, was appointed as a Non-Executive Independent Director on the Board of ITC effective September 6, 2012.

A Post Graduate in English Literature, she joined the Indian Foreign Service in 1973 and had an illustrious career spanning 38 years. She served in the Prime Minister's Office for six years from 1985 to 1991 working on foreign policy and security matters. Thereafter, she led the Commercial Wing in the Indian Embassy in Washington as Minister (Commerce) till 1995. She returned as Director General of the Indian Council of Cultural Relations overseeing India’s cultural diplomacy. She has had extensive experience in South Asia having worked on Bangladesh, Sri Lanka and Maldives as Under Secretary and Deputy Secretary in the Ministry of External Affairs. Later, as Joint Secretary she headed divisions dealing with neighbours, Nepal and Bhutan, and the South Asian Association for Regional Cooperation (SAARC). As Additional Secretary, she handled the UN and international security issues.

She served as Ambassador of India to Germany from 2005 to 2009 and then to the United States from 2009 to 2011.

Other Directorships

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pidilite Industries Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Adani Transmission Limited</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Hexaware Technologies Limited</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

Committee Membership of other Companies

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</thead>
<tbody>
<tr>
<td>Pidilite Industries Limited</td>
<td>CSR Committee</td>
<td>Member</td>
</tr>
<tr>
<td>Adani Transmission Limited</td>
<td>Audit Committee, Nomination and Remuneration Committee</td>
<td>Member</td>
</tr>
</tbody>
</table>

K. Vaidyanath

K. Vaidyanath (66), DIN: 00044357, was appointed as a Non-Executive Director on the Board of ITC effective January 3, 2011. Prior to this appointment, he was an Executive Director on the ITC Board for 10 years from January 2001, responsible for the Company's Finance, IT, Internal Audit and Corporate Communications functions, its Investment Subsidiary, its Paperboards, Paper, Packaging and Information Technology businesses.

Before his elevation to the Board as an Executive Director, he was the Company's Chief Financial Officer. An MBA from XLRI, Jamshedpur, in his 35-year tenure with ITC, Vaidyanath held various positions in the Company’s Finance function. He has been a recipient of the ‘Best CFO’ Award from Business Today and the ‘Best CFO in the FMCG category’ Award from CNBC-TV18.

Vaidyanath does not hold directorship of any other company.

Notes:
1. Other Directorships and Committee Memberships of Directors are as on 20th May, 2016.
2. Committee Memberships cover Committees under the Companies Act, 2013 viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee.
* Denotes Foreign Company
Report on Corporate Governance

The Directors present the Company’s Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of the Listing Agreement with Stock Exchanges (‘Listing Regulations’).

ITC Limited has been one of the frontrunners in India to have put in place a formalised system of Corporate Governance. Its governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

THE COMPANY’S GOVERNANCE PHILOSOPHY

ITC defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. Since large corporations employ a vast quantum of societal resources, ITC believes that the governance process should ensure that these resources are utilised in a manner that meets stakeholders’ aspirations and societal expectations. This belief is reflected in the Company’s deep commitment to contribute to the “triple bottom line”, namely the conservation and development of the nation’s economic, social and environmental capital.

ITC’s Corporate Governance structure, systems and processes are based on two core principles:

(i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and

(ii) This freedom of management should be exercised within a framework of effective accountability.

ITC believes that any meaningful policy on Corporate Governance must empower the executive management of the Company. At the same time, Governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders’ aspirations and societal expectations.

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC’s governance philosophy, namely trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability. ITC believes that the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

Trusteeship recognises that large corporations, which represent a coalition of interests, namely those of the shareholders, other providers of capital, business associates and employees, have both an economic and a social purpose, thereby casting the responsibility on the Board of Directors to protect and enhance shareholder value, as well as fulfil obligations to other stakeholders. Inherent in the concept of trusteeship is the responsibility to ensure equity, namely, that the rights of all shareholders, large or small, are protected.

Transparency means explaining the Company’s policies and actions to those to whom it has responsibilities. Externally, this means maximum appropriate disclosures without jeopardising the Company’s strategic interests and internally, this means openness in the Company’s relationship with its employees and in the conduct of its business. ITC believes transparency enhances accountability.

Ethical Corporate Citizenship means setting exemplary standards of ethical behaviour, both internally within the organisation, as well as in external relationships. ITC believes that unethical behaviour corrupts organisational culture and undermines stakeholder value. Governance processes in ITC continuously reinforce and help realise the Company’s belief in ethical corporate citizenship.

Empowerment is a process of unleashing creativity and innovation throughout the organisation by truly vesting decision-making powers at the most appropriate levels and as close to the scene of action as feasible, thereby helping actualise the potential of its employees. Empowerment is an essential concomitant of ITC’s first core principle of governance that management must have the freedom to drive the enterprise forward. ITC believes that empowerment combined with accountability provides an impetus to performance and improves effectiveness, thereby enhancing shareholder value.

Control ensures that freedom of management is exercised within a framework of checks and balances.

The cornerstones of ITC’s governance philosophy are trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability.
and is designed to prevent misuse of power, facilitate timely management of change and ensure effective management of risks. ITC believes that control is a necessary concomitant of its second core principle of governance that the freedom of management should be exercised within a framework of appropriate checks and balances.

THE GOVERNANCE STRUCTURE
The practice of Corporate Governance in ITC takes place at three interlinked levels:

<table>
<thead>
<tr>
<th>Strategic supervision</th>
<th>by the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic management</td>
<td>by the Corporate Management Committee</td>
</tr>
<tr>
<td>Executive management</td>
<td>by the Divisional / Strategic Business Unit (SBU) Chief Executive assisted by the respective Divisional / SBU Management Committee</td>
</tr>
</tbody>
</table>

The three-tier governance structure ensures that:
(a) Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board with objectivity, thereby sharpening accountability of management;
(b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and
(c) Executive management of a Division or SBU, free from collective strategic responsibilities for ITC as a whole, focuses on enhancing the quality, efficiency and effectiveness of the business.

The core roles of the key entities flow from this structure. The core roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Governance Document that sets out the structure, policies and practices of governance within the organisation is available on the Company’s corporate website www.itcportal.com for general information.

ROLES OF VARIOUS ENTITIES
Board of Directors (Board): The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of ITC, its wholly owned subsidiaries and their wholly owned subsidiaries. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders’ aspirations and societal expectations. The Board, as part and parcel of its functioning, also periodically reviews its role.

Corporate Management Committee (CMC): The primary role of the CMC is strategic management of the Company’s businesses within Board approved direction / framework. The CMC operates under the strategic supervision and control of the Board.

Chairman: The Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC. His primary role is to provide leadership to the Board and the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and for ensuring that all Directors and CMC members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for the balance of membership of the Board, subject to Board and Shareholder approvals. He presides over General Meetings of Shareholders.

Divisional Management Committee (DMC) / SBU Management Committee (SBU MC): The primary role of the DMC / SBU MC is executive management of the Divisional / SBU business to realise tactical and strategic objectives in accordance with Board approved plan.

Executive Director: The Executive Directors, as members of the CMC, contribute to the strategic management of the Company’s businesses within Board approved direction / framework. Executive Directors assume overall responsibility for the strategic management including governance processes and top management effectiveness for businesses / functions.
reporting to them. In the context of the multi-business character of the Company, an Executive Director is in the nature of a Managing Director for those businesses and functions reporting to him. As an Executive Director accountable to the Board for a wholly owned subsidiary or its wholly owned subsidiary, he acts as the custodian of ITC’s interests and is responsible for its governance in accordance with the charter approved by the Board.

**Non-Executive Director:** Non-Executive Directors, including Independent Directors, play a critical role in imparting balance to the Board processes by bringing an independent judgement on issues of strategy, performance, resources, standards of Company conduct etc.

**Divisional / SBU Chief Executive Officer (CEO):** The Divisional / SBU CEO for a business has the overall executive responsibility for its day-to-day operations and provides leadership to the DMC / SBU MC in its task of executive management of the business.

**BOARD OF DIRECTORS**

In terms of the Company’s Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

**Composition**

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. Executive Directors, including the Chairman, do not generally exceed one-third of the total strength of the Board.

In terms of the Articles of Association of the Company, the strength of the Board shall not be fewer than five nor more than eighteen. The present strength of the Board is sixteen, of which four are Executive Directors and eight are Non-Executive Independent Directors.

Composition of the Board as on 31st March, 2016:

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Directors</th>
<th>Percentage to total no. of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>Non-Executive Independent Directors*</td>
<td>7</td>
<td>46</td>
</tr>
<tr>
<td>Other Non-Executive Directors</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100</td>
</tr>
</tbody>
</table>

*On demise of Mr. S. H. Khan, Independent Director, on 12th January, 2016, the Board of Directors appointed Ms. N. Rao as Additional Independent Director w.e.f. 8th April, 2016, subject to the approval of the Shareholders.*
Meetings and Attendance

The Company’s Governance Policy requires the Board to meet at least six times in a year. The intervening period between two Board meetings was well within the maximum gap of 120 days prescribed under the Listing Regulations. The annual calendar of meetings is broadly determined at the beginning of each year.

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated at least seven days prior to the Board meeting.

Information placed before the Board

In addition to matters required to be placed before the Board under the Governance Policy of the Company, the following are also tabled for the Board’s periodic review / information / approval:

- Internal Audit findings and External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Risk management processes.
- Succession to senior management (through the Nomination & Compensation Committee).
- Show Cause, demand, prosecution and adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company’s net worth, and their outcome.
- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company’s image.
- Product liability claims of a substantial nature, if any.
- Default, if any, in payment of dues to any major creditor.
- Write-offs / disposals (fixed assets, inventories, receivables, advances etc.) on a half-yearly basis.
- Half-yearly summary of bank guarantees issued.
- All other matters required to be placed before the Board for its review / information / approval under the Listing Regulations and other statutes.

Post-meeting follow-up system

The Governance processes in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board, the Board Committees, the CMC and the Divisional / SBU Management Committees.

Details of Board Meetings during the financial year

During the financial year ended 31st March, 2016, six meetings of the Board were held, as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date</th>
<th>Board Strength</th>
<th>No. of Directors present</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>22nd May, 2015</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>30th July, 2015</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>31st July, 2015</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>12th August, 2015</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>5</td>
<td>30th October, 2015</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>6</td>
<td>22nd January, 2016</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

Inherent in the concept of trusteeship is the responsibility to ensure equity, namely, that the rights of all shareholders, large or small, are protected.
Report on Corporate Governance

Attendance at Board Meetings and at Annual General Meeting (AGM) during the financial year

<table>
<thead>
<tr>
<th>Director</th>
<th>No. of Board meetings attended</th>
<th>Attendance at last AGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y. C. Deveshwar</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>N. Anand</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>S. Puri</td>
<td>1</td>
<td>NA</td>
</tr>
<tr>
<td>R. Tandon</td>
<td>1</td>
<td>NA</td>
</tr>
<tr>
<td>A. Baijal</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>S. Banerjee</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>A. Duggal</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>A. V. Girija Kumar</td>
<td>4</td>
<td>NA</td>
</tr>
<tr>
<td>R. E. Lerwill</td>
<td>5</td>
<td>Yes</td>
</tr>
<tr>
<td>S. B. Mainak</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>S. B. Mathur</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>P. B. Ramanujam</td>
<td>4</td>
<td>No</td>
</tr>
<tr>
<td>S. S. H. Rehman</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>M. Shankar</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>K. Vaidyanath</td>
<td>5</td>
<td>Yes</td>
</tr>
<tr>
<td>P. V. Dhubale</td>
<td>5</td>
<td>Yes</td>
</tr>
<tr>
<td>K. N. Grant</td>
<td>6</td>
<td>Yes</td>
</tr>
<tr>
<td>S. H. Khan</td>
<td>5</td>
<td>Yes</td>
</tr>
</tbody>
</table>

1. Appointed Executive Director w.e.f. 6th December, 2015.
2. Appointed Executive Director w.e.f. 22nd January, 2016.
3. Ceased to be Non-Executive Director from 23rd July, 2015 on completion of term; thereafter appointed Additional Non-Executive Director w.e.f. 31st July, 2015.
4. Retired as Executive Director on 6th December, 2015.
5. Retired as Executive Director on 22nd January, 2016.

COMMITTEES OF THE BOARD

Currently, there are five Board Committees – the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee, the CSR and Sustainability Committee and the Independent Directors Committee. The terms of reference of the Board Committees are determined by the Board from time to time. The terms of reference of the Independent Directors Committee have been adopted as provided in the statute. Meetings of each Board Committee are convened by the respective Committee Chairman. Matters requiring the Board’s attention / approval, as emanating from the Board Committee meetings, are placed before the Board by the respective Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. AUDIT COMMITTEE

The Audit Committee of the Board provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations, both domestic and overseas.
- safeguarding of assets and adequacy of provisions for all liabilities.
- reliability of financial and other management information and adequacy of disclosures.
- compliance with all relevant statutes.

The role of the Committee includes the following:

(a) To oversee the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(b) To recommend the appointment, remuneration, terms of appointment, and removal of Statutory Auditors, and to review the manner of rotation of Statutory Auditors;

(c) To recommend the appointment, remuneration and removal of Cost Auditors, where necessary;

(d) To approve transactions of the Company with related parties, including modifications thereto;

(e) To review and monitor the Statutory Auditors’ independence and performance, and effectiveness of the audit process;

(f) To evaluate the Company’s internal financial controls and risk management systems;
(g) To review with the management the following:

1. Annual financial statements and Auditors’ Report thereon before submission to the Board for approval;
2. Quarterly financial statements before submission to the Board for approval;

(h) To review the following:

1. Management discussion and analysis of financial condition and results of operations;
2. Adequacy of internal control systems and the Company’s statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;
3. Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon;
4. System for storage, retrieval, security etc. of books of account maintained in the electronic form;
5. Functioning of Whistle Blower mechanism in the Company.

Composition

The Audit Committee presently comprises five Non-Executive Directors, four of whom are Independent Directors. The Chairman of the Committee is an Independent Director. The Executive Director & Chief Financial Officer, the Head of Internal Audit and the representative of the Statutory Auditors are Invitees to meetings of the Audit Committee. The Head of Internal Audit, who reports to the Audit Committee, is the Coordinator, and the Company Secretary is the Secretary to the Committee. The representatives of the Cost Auditors are invited to meetings of the Audit Committee whenever matters relating to cost audit are considered. All members of the Committee are financially literate; four members, including the Chairman of the Committee, have accounting and financial management expertise.

The names of the members of the Audit Committee, including its Chairman, are provided under the section ‘Board of Directors and Committees’ in the Report and Accounts.

Meetings and Attendance

Details of Audit Committee Meetings during the financial year

During the financial year ended 31st March, 2016, ten meetings of the Audit Committee were held, as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date</th>
<th>Committee Strength</th>
<th>No. of Members present</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8th May, 2015</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>22nd May, 2015</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>30th July, 2015</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>12th August, 2015</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>28th September, 2015</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>30th October, 2015</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>18th December, 2015</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>21st January, 2016</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>22nd January, 2016</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>10</td>
<td>25th March, 2016</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

Attendance at Audit Committee Meetings during the financial year

<table>
<thead>
<tr>
<th>Director</th>
<th>No. of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. B. Mathur</td>
<td>10</td>
</tr>
<tr>
<td>A. Baijal</td>
<td>9</td>
</tr>
<tr>
<td>A. Duggal</td>
<td>10</td>
</tr>
<tr>
<td>P. B. Ramanujam</td>
<td>9</td>
</tr>
<tr>
<td>K. Vaidyanath</td>
<td>9</td>
</tr>
</tbody>
</table>

II. NOMINATION & COMPENSATION COMMITTEE

The Nomination and Remuneration Committee of the Board, under the nomenclature ‘Nomination & Compensation Committee’, inter alia, identifies persons qualified to become Directors and formulates criteria for evaluation of performance of the Independent Directors & the Board. The Committee’s role also includes recommending to the Board the appointment, remuneration and removal of Directors and Corporate Management Committee Members. This Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.
Remuneration Policy

ITC’s remuneration policy aims at attracting and retaining high calibre talent. The remuneration policy, therefore, is market-led and takes into account the competitive circumstance of each business so as to attract and retain quality talent and leverage performance significantly.

The Policy on remuneration of Directors, Key Managerial Personnel and other employees of the Company is provided in the Annexure forming part of this Report.

Remuneration of Directors

Remuneration of the Chairman and other Executive Directors is determined by the Board, on the recommendation of the Nomination & Compensation Committee; remuneration of the Executive Directors is subject to the approval of the Shareholders. The Chairman and Executive Directors are entitled to performance bonus for each financial year up to a maximum of 200% and 150% of their consolidated salary, respectively, and as may be determined by the Board, on the recommendation of the Nomination & Compensation Committee. Such remuneration is linked to the performance of the Company inasmuch as the performance bonus is based on various qualitative and quantitative performance criteria.

Non-Executive Directors, including Independent Directors, are entitled to remuneration by way of commission for each financial year, presently ranging between ₹12,00,000/- and ₹20,00,000/- individually, as approved by the Shareholders. Non-Executive Directors’ commission is determined by the Board based, inter alia, on Company performance and regulatory provisions and is payable on a uniform basis to reinforce the principle of collective responsibility. Non-Executive Directors are also entitled to sitting fees for attending meetings of the Board / Committee thereof, the quantum of which is determined by the Board. The sitting fees to Non-Executive Directors as determined by the Board are presently ₹1,00,000/- for each meeting of the Board, ₹50,000/- for each meeting of the Audit Committee, Nomination & Compensation Committee, CSR and Sustainability Committee and Independent Directors Committee and ₹10,000/- for each meeting of the Securityholders Relationship Committee. Non-Executive Directors are also entitled to coverage under Personal Accident Insurance.

The structure, processes and practices of governance are designed to support effective management of multiple businesses while retaining focus on each one of them.
Performance Evaluation of Directors

The Nomination & Compensation Committee has approved the Policy on Board evaluation, evaluation of Board Committees’ functioning and individual Director evaluation, synopsis of which is provided in the ‘Report of the Board of Directors & Management Discussion and Analysis’ in the Report and Accounts.

Details of Remuneration paid to the Directors during the financial year ended 31st March, 2016

(₹ in Lakhs)

<table>
<thead>
<tr>
<th>Director</th>
<th>Consolidated Salary</th>
<th>Perquisites and other Benefits</th>
<th>Performance Bonus / Commission</th>
<th>Sitting Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y. C. Deveshwar</td>
<td>432.00</td>
<td>76.53</td>
<td>864.00</td>
<td>-</td>
<td>1,372.53</td>
</tr>
<tr>
<td>N. Anand</td>
<td>86.40</td>
<td>62.26</td>
<td>129.60</td>
<td>-</td>
<td>278.26</td>
</tr>
<tr>
<td>S. Puri 1</td>
<td>27.64</td>
<td>6.71</td>
<td>-</td>
<td>-</td>
<td>34.35</td>
</tr>
<tr>
<td>R. Tandon 2</td>
<td>16.72</td>
<td>4.00</td>
<td>-</td>
<td>-</td>
<td>20.72</td>
</tr>
<tr>
<td>A. Bajal</td>
<td>-</td>
<td>18.00</td>
<td>10.50</td>
<td>28.50</td>
<td></td>
</tr>
<tr>
<td>S. Banerjee 3</td>
<td>-</td>
<td>12.38</td>
<td>9.00</td>
<td>21.38</td>
<td></td>
</tr>
<tr>
<td>A. Duggal 4</td>
<td>-</td>
<td>9.76</td>
<td>11.00</td>
<td>20.76</td>
<td></td>
</tr>
<tr>
<td>A. V. Girija Kumar 5</td>
<td>-</td>
<td>18.00*</td>
<td>5.40*</td>
<td>23.40</td>
<td></td>
</tr>
<tr>
<td>R. E. Lerwill</td>
<td>-</td>
<td>18.00</td>
<td>6.00</td>
<td>24.00</td>
<td></td>
</tr>
<tr>
<td>S. B. Mainak 6</td>
<td>-</td>
<td>16.82*</td>
<td>7.00*</td>
<td>23.82</td>
<td></td>
</tr>
<tr>
<td>S. B. Mathur</td>
<td>-</td>
<td>18.00</td>
<td>11.00</td>
<td>29.00</td>
<td></td>
</tr>
<tr>
<td>P. B. Ramanujam</td>
<td>-</td>
<td>18.00</td>
<td>8.50</td>
<td>26.50</td>
<td></td>
</tr>
<tr>
<td>S. S. H. Rehman</td>
<td>-</td>
<td>18.00</td>
<td>9.00</td>
<td>27.00</td>
<td></td>
</tr>
<tr>
<td>M. Shankar</td>
<td>-</td>
<td>18.00</td>
<td>10.00</td>
<td>28.00</td>
<td></td>
</tr>
<tr>
<td>K. Vaidyanath</td>
<td>-</td>
<td>18.00</td>
<td>12.60</td>
<td>30.60</td>
<td></td>
</tr>
<tr>
<td>P. V. Dhobale 7</td>
<td>59.00</td>
<td>15.58</td>
<td>129.60</td>
<td>-</td>
<td>204.18</td>
</tr>
<tr>
<td>K. N. Grant 8</td>
<td>69.91</td>
<td>19.22</td>
<td>129.60</td>
<td>-</td>
<td>218.73</td>
</tr>
<tr>
<td>S. H. Khan 9</td>
<td>-</td>
<td>18.00</td>
<td>7.50</td>
<td>25.50</td>
<td></td>
</tr>
<tr>
<td>A. Ruys 10</td>
<td>-</td>
<td>5.62</td>
<td>-</td>
<td>5.62</td>
<td></td>
</tr>
</tbody>
</table>

* Paid to the Public Financial Institution the Director represents.
1. Appointed Executive Director w.e.f. 6th December, 2015.
2. Appointed Executive Director w.e.f. 22nd January, 2016.
3. Appointed Non-Executive Director w.e.f. 24th July, 2014.
4. Appointed Non-Executive Director w.e.f. 15th September, 2014.
5. Ceased to be Non-Executive Director from 23rd July, 2015 on completion of term; thereafter appointed Additional Non-Executive Director w.e.f. 31st July, 2015.
6. Appointed Non-Executive Director w.e.f. 25th April, 2014.
7. Retired as Executive Director on 6th December, 2015.
8. Retired as Executive Director on 22nd January, 2016.
10. Ceased to be Non-Executive Director w.e.f. 24th July, 2014.

Employee Stock Option Schemes

The Company granted 69,09,600 Options during the financial year to the eligible employees and Directors of the Company, other than Independent Directors, and eligible employees of some of its subsidiary companies.

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary shares of the Company of ₹ 1/- each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of such vesting.

The vesting period for conversion of Options is as follows:

- On completion of 12 months from the date of grant of the Options: 30% vests
- On completion of 24 months from the date of grant of the Options: 30% vests
- On completion of 36 months from the date of grant of the Options: 40% vests

Shares and Options of Directors

<table>
<thead>
<tr>
<th>Director</th>
<th>No. of Ordinary shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2016</th>
<th>No. of Options granted during the financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y. C. Deveshwar</td>
<td>6,80,000</td>
<td>2,70,000</td>
</tr>
<tr>
<td>N. Anand</td>
<td>73,000</td>
<td>1,35,000</td>
</tr>
<tr>
<td>S. Puri 1</td>
<td>50,000</td>
<td>56,250 1</td>
</tr>
<tr>
<td>R. Tandon 2</td>
<td>1,71,420</td>
<td>56,250 1</td>
</tr>
<tr>
<td>A. Bajal</td>
<td>1,50,000</td>
<td>Nil</td>
</tr>
<tr>
<td>S. Banerjee 3</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>A. Duggal 4</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>A. V. Girija Kumar 5</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>R. E. Lerwill</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>S. B. Mainak 6</td>
<td>3,01,000</td>
<td>Nil</td>
</tr>
<tr>
<td>S. B. Mathur</td>
<td>3,41,356</td>
<td>Nil</td>
</tr>
<tr>
<td>P. B. Ramanujam</td>
<td>3,01,000</td>
<td>Nil</td>
</tr>
<tr>
<td>S. S. H. Rehman</td>
<td>1,13,488</td>
<td>Nil</td>
</tr>
<tr>
<td>M. Shankar</td>
<td>25,32,633</td>
<td>10,000</td>
</tr>
</tbody>
</table>

1. Options granted prior to appointment as Executive Director.

Note: Disclosure with respect to Non-Executive Directors - Pecuniary relationship or transaction: None.
**Service Contracts, Severance Fee and Notice Period**

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with those elevated to the Board from the management cadre, since they already have a Service Contract with the Company. Letters of appointment have been issued by the Company to the Independent Directors, incorporating their roles, duties, responsibilities etc., which have been accepted by them.

There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors who have all been drawn from amongst the management cadre. The statutory provisions will however apply. With respect to notice period of Directors, the statutory provisions will also apply.

**III. SECURITYHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee of the Board, under the nomenclature ‘Securityholders Relationship Committee’, oversees redressal of shareholder and investor grievances and, inter alia, approves transmission of shares, sub-division / consolidation / renewal / issue of duplicate share certificates etc. and allotment of shares upon exercise of Options under the Company’s Employee Stock Option Schemes.

**Composition**

The Securityholders Relationship Committee presently comprises four Directors. The Chairman of the Committee is a Non-Executive Director.

The names of the members of the Securityholders Relationship Committee, including its Chairman, are provided under the section ‘Board of Directors and Committees’ in the Report and Accounts.

**Meetings and Attendance**

**Details of Securityholders Relationship Committee Meetings during the financial year**

During the financial year ended 31st March, 2016, eleven meetings of the Securityholders Relationship Committee were held, as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date</th>
<th>Committee Strength</th>
<th>No. of Members present</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28th April, 2015</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>8th May, 2015</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>22nd May, 2015</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>19th June, 2015</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>30th July, 2015</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>25th August, 2015</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>28th September, 2015</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>30th October, 2015</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>22nd January, 2016</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>12th February, 2016</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>15th March, 2016</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

**Attendance at Securityholders Relationship Committee Meetings during the financial year**

<table>
<thead>
<tr>
<th>Director</th>
<th>No. of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. V. Girija Kumar 1</td>
<td>4</td>
</tr>
<tr>
<td>S. Puri 2</td>
<td>3</td>
</tr>
<tr>
<td>R. Tandon 3</td>
<td>2</td>
</tr>
<tr>
<td>K. Vaidyanath</td>
<td>6</td>
</tr>
<tr>
<td>P. V. Dhobale 4</td>
<td>7</td>
</tr>
<tr>
<td>K. N. Grant 5</td>
<td>9</td>
</tr>
</tbody>
</table>

1. Ceased to be Member and Chairman from 23rd July, 2015; thereafter appointed in the same position w.e.f. 12th August, 2015.
2. Appointed Member w.e.f. 6th December, 2015.
3. Appointed Member w.e.f. 23rd January, 2016.
4. Ceased to be Member w.e.f. 7th December, 2015.
5. Ceased to be Member w.e.f. 23rd January, 2016.

**IV. CSR AND SUSTAINABILITY COMMITTEE**

The role of the CSR Committee of the Board, under the nomenclature ‘CSR and Sustainability Committee’, is inter alia, to review, monitor and provide strategic direction to the Company’s CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates & monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013.
Composition
The CSR and Sustainability Committee presently comprises the Chairman of the Company and five Non-Executive Directors, two of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee.

The names of the members of the CSR and Sustainability Committee, including its Chairman, are provided under the section ‘Board of Directors and Committees’ in the Report and Accounts.

Meetings and Attendance
Details of CSR and Sustainability Committee Meetings during the financial year
During the financial year ended 31st March, 2016, two meetings of the CSR and Sustainability Committee were held, as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date</th>
<th>Committee Strength</th>
<th>No. of Members present</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>22nd May, 2015</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>22nd January, 2016</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Attendance at CSR and Sustainability Committee Meetings during the financial year

Director | No. of meetings attended
--- | ---
Y. C. Deveshwar | 2
A. V. Girija Kumar | 2
R. E. Lerwill | 2
S. B. Mainak | 2
M. Shankar | 2

1. Ceased to be Member from 23rd July, 2015; thereafter appointed Member w.e.f. 12th August, 2015.

The CSR and Sustainability Committee provides strategic direction to the Company’s CSR and Sustainability practices towards fulfilling its Triple Bottom Line objectives.

Composition
The Independent Directors Committee comprises all the Independent Directors of the Company.

The names of the Independent Directors and the Committee Chairman are provided under the section ‘Board of Directors and Committees’ in the Report and Accounts.

Meetings and Attendance
The Committee met on 27th March, 2015 and again on 8th April, 2016.

CORPORATE MANAGEMENT COMMITTEE
The primary role of the Corporate Management Committee is strategic management of the Company’s businesses within Board approved direction / framework.

Composition
The Corporate Management Committee presently comprises all the Executive Directors and six senior members of management. The Chairman of the Company is the Chairman of the Committee. The composition of the Corporate Management Committee is determined by the Board based on the recommendation of the Nomination & Compensation Committee.

The names of the members of the Corporate Management Committee, including its Chairman, are provided under the section ‘Board of Directors and Committees’ in the Report and Accounts.

Meetings and Attendance
Matters requiring the Board’s attention / approval are placed in the form of notes from the relevant Executive Director / Corporate Management Committee Member, backed by comprehensive background information, alongside Divisional / SBU Management Committee’s recommendation / approval, where applicable. Agenda papers are generally circulated at least three days prior to the meeting. Minutes of Corporate Management Committee meetings are placed before the Board for its information.
Details of Corporate Management Committee Meetings during the financial year
During the financial year ended 31st March, 2016, thirty nine meetings of the Corporate Management Committee were held, as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date</th>
<th>Committee Strength</th>
<th>No. of Members present</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>27th April, 2015</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>2</td>
<td>18th May, 2015</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>15th June, 2015</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>13th July, 2015</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>3rd, 4th &amp; 5th August, 2015</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>11th August, 2015</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>19th August, 2015</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>8</td>
<td>29th September, 2015</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>9</td>
<td>19th October, 2015</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>10</td>
<td>27th November, 2015</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>28th December, 2015</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>12</td>
<td>18th January, 2016</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>13</td>
<td>8th February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>14</td>
<td>8th February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>15</td>
<td>8th February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>16</td>
<td>9th February, 2016</td>
<td>8</td>
<td>8</td>
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<tr>
<td>17</td>
<td>12th February, 2016</td>
<td>8</td>
<td>8</td>
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<tr>
<td>18</td>
<td>12th February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>19</td>
<td>15th February, 2016</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>20</td>
<td>15th February, 2016</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>21</td>
<td>17th February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>22</td>
<td>17th February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>23</td>
<td>22nd February, 2016</td>
<td>8</td>
<td>8</td>
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<tr>
<td>24</td>
<td>22nd February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>25</td>
<td>23rd February, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>26</td>
<td>26th February, 2016</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>27</td>
<td>2nd March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>28</td>
<td>3rd March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>29</td>
<td>3rd March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>30</td>
<td>3rd March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>31</td>
<td>4th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>32</td>
<td>4th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>33</td>
<td>9th &amp; 10th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>34</td>
<td>10th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>35</td>
<td>15th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>36</td>
<td>15th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>37</td>
<td>16th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>38</td>
<td>30th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>39</td>
<td>30th March, 2016</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

ITC believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders’ aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions. Visits to Company facilities are also organised for the Directors. Further details may be accessed on the Company’s corporate website at http://www.itcportal.com/about-itc/leadership/board-of-directors.aspx.

DISCLOSURES

- Details of non-compliances, penalties, strictures by Stock Exchanges / SEBI / Statutory Authorities on any matter related to capital markets during the last three years:

  None
Inter-se relationships between Directors and Key Managerial Personnel of the Company:
None

Materially significant related party transactions which may have potential conflict with the interests of the Company at large:
None

Material financial and commercial transactions of senior management, where they may have had personal interest, and which had potential conflict with the interests of the Company at large:
None

Information with respect to ‘Commodity Price Risk or Foreign Exchange Risk and Hedging Activities’ is provided in the ‘Report of the Board of Directors & Management Discussion and Analysis’ in the Report and Accounts.

MEANS OF COMMUNICATION
Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end -

- The quarterly results of the Company were announced within a month from the end of the quarter. Audited annual results along with the results for the fourth quarter were announced within sixty days from the end of the financial year. These results were published, inter alia, in ‘The Times of India’ and ‘Bartaman’ / ‘Aajkaal’ from Kolkata, and on an all India basis in major newspapers, and also in ‘Luxemburger Wort’, Luxembourg. As in the past, the Company will publish its quarterly, half-yearly and annual financial results and also post such results on the Company’s corporate website www.itcportal.com. The Company’s presentations on the results, quarterly results updates along with FAQs are made available on the Company’s corporate website.

- The Company’s corporate website provides comprehensive information on ITC’s portfolio of businesses, CSR and Sustainability initiatives, EHS performance, shareholding pattern and contact details of Company’s employees responsible for assisting investors & handling investor grievances. The website has entire sections dedicated to ITC’s profile, history and evolution, its core values, corporate governance and leadership. An exclusive section on ‘Shareholder Value’ serves to inform and service Shareholders, enabling them to access information at their convenience. The entire Report and Accounts as well as quarterly, half-yearly and annual financial results are available in downloadable formats under the section ‘Shareholder Value’ on the Company’s website as a measure of added convenience to investors. The ‘Media Centre’ section includes all major media releases from the Company and relevant media reports.

- The Report of the Board of Directors, forming part of the Report and Accounts, includes all aspects of Management Discussion and Analysis as required under the Listing Regulations.

ITC CODE OF CONDUCT
The ITC Code of Conduct, adopted by the Board of Directors, is applicable to Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company’s business and reputation. The Code covers ITC’s commitment to CSR and sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by personal example. The Code is available on the Company’s corporate website.

Declaration as required under the Listing Regulations
All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2016.

Y. C. Deveshwar
Chairman
Kolkata, 20th May, 2016.

WHISTLEBLOWER POLICY
Synopsis of the Whistleblower Policy of the Company is provided in the ‘Report of the Board of Directors & Management Discussion and Analysis’ in the Report and Accounts.
Report on Corporate Governance

and Accounts. The Whistleblower Policy is also available on the Company’s corporate website.

POLICY FOR DETERMINATION OF A MATERIAL SUBSIDIARY

POLICY ON RELATED PARTY TRANSACTIONS

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2015
ITC Code of Conduct for Prevention of Insider Trading - 2015, approved by the Board of Directors, inter alia, prohibits purchase or sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS
The status of compliance with the discretionary requirements under the Listing Regulations is provided below:

1. Chairman’s Office: The Chairman of the Company is the Executive Chairman.
   The Company has a diversified business portfolio, which demands that the senior leadership has in-depth knowledge and understanding of the functioning of the Company, so as to enhance the value-generating capacity of the organisation and contribute significantly to stakeholders’ aspirations and societal expectations. The Chief Executive Officer of the Company is therefore generally chosen from amongst the executive management of the Company. The current Chief Executive Officer of the Company is also the Chairman of the Board.

2. Shareholder Rights: The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company’s corporate website. Significant events are also posted on this website under the ‘Media Centre’ section. The complete Annual Report is sent to every Shareholder of the Company.

3. Audit Opinion: It has always been the Company’s endeavour to present financial statements with unmodified audit opinion. The Statutory Auditors have issued an unmodified audit opinion on the Company’s financial statements for the year ended 31st March, 2016.

GENERAL SHAREHOLDER INFORMATION
Provided in the ‘Shareholder Information’ section of the Report and Accounts.

CONFIRMATION OF COMPLIANCE
As required under the Listing Regulations -

- It is confirmed that the Company has complied with the requirements under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

- The Statutory Auditors’ Certificate that the Company has complied with the conditions of Corporate Governance is annexed to the ‘Report of the Board of Directors & Management Discussion and Analysis’ and will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

The ITC Code of Conduct is derived from three interlinked fundamental principles – good corporate governance, good corporate citizenship and exemplary personal conduct.
ANNEXURE TO THE REPORT ON CORPORATE GOVERNANCE

Remuneration Policy

ITC’s Remuneration Strategy is designed to attract and retain high quality talent, that gives each of its businesses a unique competitive advantage and enables the Company achieve its objectives.

ITC’s Remuneration Strategy is a key and integral component of the broader Human Resource Strategy of the Company and, whilst focusing on remuneration and related aspects of performance management, is aligned with and reinforces the employee value proposition of a superior quality of work life, that includes an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

The Compensation approach endeavours to align each employee with the Company’s Superordinate goal and enables a congruence between individual aspirations and the Company’s mission and vision.

Policy

It is ITC’s policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of each business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore, to link a significant component of remuneration to both individual and collective performance outcomes.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, combining both cash and non-cash components / benefits, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce ITC’s values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

Remuneration of Executive Directors, Key Managerial Personnel and Senior Management

1. Remuneration of Executive Directors, Key Managerial Personnel and Senior Management is determined and recommended by the Board Nomination & Compensation Committee and approved by the Board. Remuneration of Executive Directors is also subject to the approval of the shareholders.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. Since the market for Board-level and senior leadership talent is global, remuneration of top management of global corporations as well as Indian corporations of comparable size is considered. The review also cognises for the Company’s diverse multi-business portfolio and its unique strategy of organisation.
3. Apart from fixed elements of remuneration and benefits / perquisites, Executive Directors, Key Managerial Personnel and Senior Management are also eligible for Performance Bonus and Employee Stock Options that are linked to their individual performance and the overall performance of the Company. These elements of compensation design, facilitate alignment of the priorities of Executive Directors, Key Managerial Personnel and Senior Management with the long-term interests of stakeholders.

Remuneration of Non-Executive Directors

Remuneration of Non-Executive Directors is in the form of annual commission, which is determined by the Board within the limit stipulated under the Companies Act, 2013 and approved by the shareholders. Commission is based, inter alia, on Company performance and is generally payable on a uniform basis to reinforce the principle of collective responsibility. Individual performance may be taken into account in exceptional circumstances. Non-Executive Directors are also entitled to sitting fees for attending meetings of the Board and Committees thereof, the quantum of which is determined by the Board. Non-Executive Directors, who are not Independent Directors, are also eligible for Stock Options as approved by the shareholders.

Remuneration of Management Staff

1. Remuneration of Management Staff is business-specific and approved by the Corporate Management Committee on the recommendation of the Business and Corporate Human Resources.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the business, as well as the track record of the individual manager.
3. Variable Pay in the form of Annual Performance Bonus cognises for the performance rating of the individual manager, the performance of the Business and the overall performance of the Company.
4. The Nomination & Compensation Committee may grant Stock Options under the Company’s Employee Stock Option Schemes to managers at middle and senior levels, linked to their performance and potential, with benefits vesting in phases over a period of time.

Remuneration of Non-Management Employees

1. Remuneration of non-management employees is market-led, business specific, leverages performance and is approved by the Management Committee of the Business.
2. Remuneration of non-management unionised employees is determined through a process of negotiations with the recognised union/s or employee representatives, through a long-term agreement.
3. The collective bargaining process is anchored in mutuality of interests, characterised by industrial democracy and partnership with enlightened trade unions, aimed at enhancing the competitiveness of the unit and business, and thereby improving the quality of life of the workforce through fair and equitable compensation.
4. Remuneration, comprising fixed and variable components, is arrived at based on benchmarking with region-cum-industry practices and cognizing for market dynamics, competitiveness of the unit / plant, overall performance of the business, availability of skills, inflation / cost of living and the impact of cost escalation and productivity gains on present and future competitiveness.

*********************
Shareholder Information

AGM Details

<table>
<thead>
<tr>
<th>Date</th>
<th>Friday, 22nd July, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venue</td>
<td>Science City</td>
</tr>
<tr>
<td></td>
<td>Main Auditorium</td>
</tr>
<tr>
<td></td>
<td>JBS Haldane Avenue</td>
</tr>
<tr>
<td></td>
<td>Kolkata 700 046</td>
</tr>
<tr>
<td>Time</td>
<td>10.00 a.m.</td>
</tr>
<tr>
<td>Book Closure Dates</td>
<td>Wednesday, 1st June, 2016</td>
</tr>
<tr>
<td></td>
<td>to Friday, 3rd June, 2016</td>
</tr>
<tr>
<td></td>
<td>(both days inclusive)</td>
</tr>
<tr>
<td>Dividend Payment Date</td>
<td>Monday, 25th July, 2016</td>
</tr>
</tbody>
</table>

Shareholder / Investor Complaints

The Company attends to Shareholder / Investor complaints generally within five working days except where constrained by disputes or legal impediments. There are some pending cases which relate to disputes over title to shares in which the Company has been made a party. These cases however are not material in nature.

In terms of the Complaint Identification Policy approved by the Securityholders Relationship Committee, the Company received three complaints during the financial year, one each relating to dividend, issue of duplicate share certificates and transmission of shares. These complaints have been promptly resolved.

National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange have confirmed that there were no investor complaints pending against the Company at the end of each quarter as also on 31st March, 2016, which position was also reflected on SCORES, the web based complaint redressal system of SEBI. The e-mail ID earmarked by the Company for this purpose is isc@itc.in.

Dematerialisation of Shares and Liquidity

The shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company’s shares under the Depository System is INE154A01025.

During the year, 1,18,05,667 shares of the Company, covered in 2,256 requests and constituting 0.15% of the issued and subscribed Share Capital of the Company, were dematerialised. The processing activities with respect to requests received for dematerialisation are generally completed within four working days.

The Company’s shares are among the most liquid and actively traded shares on the Indian Stock Exchanges and consistently rank among the top frequently traded shares, both in terms of number of shares traded as well as in terms of value. The Company’s market capitalisation stood at ₹ 2,64,150 crores (US$ 39.87 billion) on 31st March, 2016 as compared to ₹ 2,61,186 crores (US$ 41.79 billion) on 31st March, 2015.

Registrar & Share Transfer Agents

The in-house Investor Service Centre of the Company (ISC), accredited with ISO 9001 : 2008 certification for investor servicing, provides share registration and related services. The Company is registered with Securities and Exchange Board of India (SEBI) as Category II Share Transfer Agent and has been granted a certificate of permanent registration by SEBI.

Share and Debenture Transfer Committee

The Share and Debenture Transfer Committee of the Company generally meets two to four times a month to approve share transfers. The processing activities with respect to requests received for share transfers are generally completed within three working days from the date of receipt of request. There were no share transfers pending as on 31st March, 2016. The Committee met thirty six times during the financial year ended 31st March, 2016.

The Committee presently comprises the following:

R. Tandon, Executive Director & Chief Financial Officer - Chairman
B. B. Chatterjee, Executive Vice President & Company Secretary - Member
K. S. Suresh, General Counsel - Member
A. Bose, Deputy Secretary and Head of ISC, is the Secretary to the Committee and also the Compliance Officer under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
## Distribution of Shareholding as on 31st March, 2016

<table>
<thead>
<tr>
<th>No. of Shares Slab</th>
<th>No. of Shareholders</th>
<th>No. of Shares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Physical</td>
<td>Demat</td>
<td>Total</td>
</tr>
<tr>
<td>1 - 5000</td>
<td>35,123</td>
<td>4,89,864</td>
<td>5,24,634</td>
</tr>
<tr>
<td>5001 - 10000</td>
<td>3,869</td>
<td>16,373</td>
<td>20,242</td>
</tr>
<tr>
<td>10001 - 20000</td>
<td>1,701</td>
<td>9,101</td>
<td>10,802</td>
</tr>
<tr>
<td>20001 - 30000</td>
<td>474</td>
<td>3,175</td>
<td>3,649</td>
</tr>
<tr>
<td>30001 - 40000</td>
<td>218</td>
<td>1,564</td>
<td>1,782</td>
</tr>
<tr>
<td>40001 - 50000</td>
<td>191</td>
<td>1,020</td>
<td>1,211</td>
</tr>
<tr>
<td>50001 - 100000</td>
<td>211</td>
<td>1,737</td>
<td>1,948</td>
</tr>
<tr>
<td>100001 and above</td>
<td>79</td>
<td>1,680</td>
<td>1,759</td>
</tr>
<tr>
<td>Total</td>
<td>41,866</td>
<td>5,24,634</td>
<td>5,66,498</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Shares</th>
<th>Physical</th>
<th>Demat</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,72,54,059</td>
<td>0.34</td>
<td>15,55,40,893</td>
<td>1.93</td>
<td>18,27,94,952</td>
</tr>
<tr>
<td>2,69,38,975</td>
<td>0.34</td>
<td>8,94,65,216</td>
<td>1.11</td>
<td>11,64,04,191</td>
</tr>
<tr>
<td>2,49,09,665</td>
<td>0.31</td>
<td>10,72,02,164</td>
<td>1.33</td>
<td>13,21,11,829</td>
</tr>
<tr>
<td>1,14,90,835</td>
<td>0.14</td>
<td>6,66,79,494</td>
<td>0.83</td>
<td>7,81,70,329</td>
</tr>
<tr>
<td>76,14,305</td>
<td>0.09</td>
<td>4,68,68,643</td>
<td>0.59</td>
<td>5,44,82,948</td>
</tr>
<tr>
<td>88,13,796</td>
<td>0.11</td>
<td>3,76,17,222</td>
<td>0.47</td>
<td>4,64,31,018</td>
</tr>
<tr>
<td>1,44,16,025</td>
<td>0.18</td>
<td>10,64,51,593</td>
<td>1.32</td>
<td>12,08,67,618</td>
</tr>
<tr>
<td>2,42,81,690</td>
<td>30.17</td>
<td>4,88,78,27,416</td>
<td>60.74</td>
<td>7,31,59,44,106</td>
</tr>
</tbody>
</table>

### Categories of Shareholders as on 31st March, 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Shares held</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Institutional Shareholding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Institutions, Insurance Companies, Mutual Funds and Banks</td>
<td>2,83,04,42,300</td>
<td>35.17</td>
</tr>
<tr>
<td>Foreign Institutional Investors and Foreign Portfolio Investors</td>
<td>1,64,52,68,125</td>
<td>20.45</td>
</tr>
<tr>
<td>Sub-Total (A)</td>
<td>4,47,57,10,425</td>
<td>55.62</td>
</tr>
<tr>
<td>(B) Non-Institutional Shareholding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Companies</td>
<td>2,41,31,85,272</td>
<td>29.99</td>
</tr>
<tr>
<td>NRIs and Foreign Nationals</td>
<td>4,53,90,956</td>
<td>0.56</td>
</tr>
<tr>
<td>Bodies Corporate</td>
<td>28,62,27,709</td>
<td>3.56</td>
</tr>
<tr>
<td>Public and Others</td>
<td>80,86,05,041</td>
<td>10.05</td>
</tr>
<tr>
<td>Sub-Total (B)</td>
<td>3,55,34,08,978</td>
<td>44.16</td>
</tr>
<tr>
<td>Public Shareholding (A+B)</td>
<td>8,02,91,19,403</td>
<td>99.78</td>
</tr>
<tr>
<td>Shares underlying Global Depository Receipts</td>
<td>1,80,87,588</td>
<td>0.22</td>
</tr>
<tr>
<td>Total</td>
<td>8,04,72,06,991</td>
<td>100.00</td>
</tr>
</tbody>
</table>

### Global Depository Receipts

Pursuant to the offer of Global Depository Receipts (GDRs) made in 1993 by the Company, 1,80,87,588 GDRs, representing 1,80,87,588 underlying shares of the Company i.e. 0.22% of the issued and subscribed Share Capital, were outstanding as on 31st March, 2016.

The Company’s GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919) at Societe de la Bourse de Luxembourg, 35A Boulevard Joseph II, L-1840, Luxembourg. The Listing Fee for the calendar year 2016 has been paid to the said Exchange.
The Listing Fees for the financial year 2016-17 have been paid to the Stock Exchanges.

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>Stock Code</th>
<th>Reuters Code</th>
<th>Bloomberg</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Stock Exchange of India Ltd. (NSE)</td>
<td>ITC</td>
<td>ITC.NS</td>
<td>ITC IS</td>
</tr>
<tr>
<td>Exchange Plaza, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100-14 Facsimile no. : 022-2659 8120 e-mail : <a href="mailto:ignse@nse.co.in">ignse@nse.co.in</a> website : <a href="http://www.nseindia.com">www.nseindia.com</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Telephone nos. : 022-2272 1233/34 Facsimile no. : 022-2272 1919 e-mail : <a href="mailto:is@bseindia.com">is@bseindia.com</a> website : <a href="http://www.bseindia.com">www.bseindia.com</a></td>
<td>500875</td>
<td>ITC.BO</td>
<td>ITC IB</td>
</tr>
<tr>
<td>The Calcutta Stock Exchange Ltd. (CSE) 7, Lyons Range Kolkata 700 001 Telephone no. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : <a href="mailto:cseisc@cse-india.com">cseisc@cse-india.com</a> website : <a href="http://www.cse-india.com">www.cse-india.com</a></td>
<td>10000018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Monthly High and Low Quotes and Volume of Shares traded on NSE, BSE and GDRs on Luxembourg Stock Exchange (LSE)

<table>
<thead>
<tr>
<th>Year &amp; Month</th>
<th>NSE</th>
<th>BSE</th>
<th>LSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High (₹)</td>
<td>Low (₹)</td>
<td>Volume in 000’s (Nos.)</td>
</tr>
<tr>
<td>2015 APRIL</td>
<td>358.60</td>
<td>321.20</td>
<td>147180</td>
</tr>
<tr>
<td>MAY</td>
<td>335.90</td>
<td>312.75</td>
<td>156357</td>
</tr>
<tr>
<td>JUNE</td>
<td>333.75</td>
<td>294.00</td>
<td>148281</td>
</tr>
<tr>
<td>JULY</td>
<td>327.40</td>
<td>300.00</td>
<td>113975</td>
</tr>
<tr>
<td>AUGUST</td>
<td>329.85</td>
<td>303.00</td>
<td>153250</td>
</tr>
<tr>
<td>SEPTEMBER</td>
<td>329.85</td>
<td>303.00</td>
<td>129432</td>
</tr>
<tr>
<td>OCTOBER</td>
<td>359.80</td>
<td>326.80</td>
<td>129252</td>
</tr>
<tr>
<td>NOVEMBER</td>
<td>359.80</td>
<td>326.80</td>
<td>119503</td>
</tr>
<tr>
<td>DECEMBER</td>
<td>349.75</td>
<td>310.55</td>
<td>155850</td>
</tr>
<tr>
<td>2016 JANUARY</td>
<td>329.00</td>
<td>302.60</td>
<td>127060</td>
</tr>
<tr>
<td>FEBRUARY</td>
<td>325.95</td>
<td>268.00</td>
<td>182883</td>
</tr>
<tr>
<td>MARCH</td>
<td>336.20</td>
<td>305.00</td>
<td>235332</td>
</tr>
</tbody>
</table>

There was no trading in the Company’s shares on CSE during the financial year 2015-16.
During the year, the Company’s shares have outperformed the market. While the Nifty 50 has fallen by nearly 9%, the Company’s share price has risen by nearly 1%.

ITC Share Price vis-à-vis Nifty 50

Note – Indicates monthly closing positions.

During the year, the Company’s shares have outperformed the market. While the Nifty 50 has fallen by nearly 9%, the Company’s share price has risen by nearly 1%.

ITC Share Price & Volume traded on NSE

Note – Indicates monthly high & low price and monthly volume.
Dividend History (Last 10 Years)

As one of India’s foremost private sector companies, the Company has performed consistently for over a century now and has rewarded Shareholders since inception with uninterrupted dividends.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>8.50 *</td>
<td>6840.12</td>
<td>1392.48</td>
<td>8232.60</td>
</tr>
<tr>
<td>2014-15</td>
<td>6.25</td>
<td>5009.70</td>
<td>1019.86</td>
<td>6029.56</td>
</tr>
<tr>
<td>2013-14</td>
<td>6.00</td>
<td>4771.91</td>
<td>810.99</td>
<td>5582.90</td>
</tr>
<tr>
<td>2012-13</td>
<td>5.25</td>
<td>4148.46</td>
<td>705.03</td>
<td>4853.49</td>
</tr>
<tr>
<td>2011-12</td>
<td>4.50</td>
<td>3518.29</td>
<td>570.75</td>
<td>4089.04</td>
</tr>
<tr>
<td>2010-11</td>
<td>4.45 @</td>
<td>3443.48</td>
<td>558.62</td>
<td>4002.10</td>
</tr>
<tr>
<td>2009-10</td>
<td>10.00 $</td>
<td>3818.18</td>
<td>634.15</td>
<td>4452.33</td>
</tr>
<tr>
<td>2008-09</td>
<td>3.70</td>
<td>1396.53</td>
<td>237.34</td>
<td>1633.87</td>
</tr>
<tr>
<td>2007-08</td>
<td>3.50</td>
<td>1319.02</td>
<td>224.17</td>
<td>1543.19</td>
</tr>
<tr>
<td>2006-07</td>
<td>3.10</td>
<td>1166.29</td>
<td>198.21</td>
<td>1364.50</td>
</tr>
</tbody>
</table>

* Subject to approval of Shareholders and includes special dividend of ₹ 2.00 per share.
@ On expanded Share Capital arising out of Bonus shares issued in the ratio of 1:1 and includes special dividend of ₹ 1.65 per share.
$ Includes special Centenary dividend of ₹ 5.50 per share.

Financial Calendar

<table>
<thead>
<tr>
<th>Financial Year 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 First Quarter Results</td>
</tr>
<tr>
<td>2 Second Quarter and Half-Year Results</td>
</tr>
<tr>
<td>3 Third Quarter Results</td>
</tr>
<tr>
<td>4 Fourth Quarter and Annual Results</td>
</tr>
</tbody>
</table>

Particulars of past three AGMs

<table>
<thead>
<tr>
<th>AGM</th>
<th>Financial Year</th>
<th>Venue</th>
<th>Date</th>
<th>Time</th>
<th>Special Resolutions passed</th>
</tr>
</thead>
<tbody>
<tr>
<td>104th</td>
<td>2014-15</td>
<td></td>
<td>31/07/2015</td>
<td>10.00 a.m.</td>
<td>-</td>
</tr>
</tbody>
</table>
| 103rd | 2013-14       | Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046 | 30/07/2014 | 10.00 a.m. | • Approval to retain the number of Directors on the Board of Directors at eighteen, in line with the Articles of Association of the Company.  
• Amendment to the Articles of Association of the Company for incorporation of Article 10A with respect to charging of fees for copies of documents / registers / records.  
• Appointment of Auditors.  
• Payment of commission to Non-Executive Directors. |
| 102nd | 2012-13       |       | 26/07/2013 |       | - |
Postal Ballot and E-Voting

No resolution requiring a postal ballot was proposed last year. Resolutions for increase in the Authorised Share Capital of the Company, consequential amendment to the Articles of Association of the Company and issue of Bonus Shares have been recommended by the Board of Directors on 20th May, 2016 for the approval of the Shareholders by means of postal ballot and e-voting. Voting will commence on 29th May, 2016, close on 27th June, 2016, and the Results will be announced on 28th June, 2016.

Plant Locations

CIGARETTE FACTORIES

Bengaluru
1. Meenakunte Village
   Jala Hobli
   Bengaluru North Taluk
   Karnataka 562 157

Kolkata
2. 93/1 Karl Marx Sarani
   Kolkata
   West Bengal 700 043

Munger
3. Basdeo pur P.O.
   District Munger
   Bihar 811 202

Pune
4. Plot No. B - 27, MIDC
   Ranjangaon, Taluka Shirur
   District Pune
   Maharashtra 412 220

Saharanpur
5. Sardar Patel Marg
   Saharanpur
   Uttar Pradesh 247 001

GREEN LEAF THRESHING PLANTS

Anaparti
1. Anaparti
   East Godavari District
   Andhra Pradesh 533 342

Chirala
2. Chirala
   Prakasam District
   Andhra Pradesh 523 157

Nanjangud
3. Thandyada Industrial Area
   Immavu & Adakanahalli Village
   Nanjangud Taluk
   District Mysuru
   Karnataka 571 302

PACKAGING & PRINTING FACTORIES

Chennai
1. Tiruvottiyur
   Chennai
   Tamil Nadu 600 019

Haridwar
2. Plot No. 1, Sector -11
   Integrated Industrial Estate
   Haridwar
   Uttar Pradesh 249 403

Munger
3. Basdeo pur P.O.
   District Munger
   Bihar 811 202

Pune
5. Plot No. D -1, MIDC
   Ranjangaon
   Taluka Shirur, District Pune
   Maharashtra 412 220

PAPER & PAPERBOARD MILLS

Bollaram
1. Anrich Industrial Estate
   Bollaram Village, District Medak
   Telangana 502 325

Sarapaka
2. Sarapaka Village
   District Khammam
   Telangana 507 128

Thekkampatty
3. Thekkampatty Village
   Vivekanandapuram Post
   Mettupalayam Taluk
   District Coimbatore
   Tamil Nadu 641 113

Tribeni
4. Village & Post Chandrathani
   District Hooghly
   West Bengal 712 504

FOODS FACTORIES

Dhulagarh
1. F - 26, Howrah Food Park
   Dhulagarh, Sankrail
   Howrah
   West Bengal 711 302

Haridwar
2. Plot No. 1, Sector -11
   Integrated Industrial Estate
   Haridwar
   Uttar Pradesh 249 403

Malur
3. Survey No. 15/1 & 15/2
   Madivala Gram Panchayat
   Yeshwanthpura Village
   District Kolar
   Karnataka 563 130

Munger
4. Sitakund Industrial Area
   Village Nandialpur
   District Munger
   Bihar 811 202

Pune
5. Plot No. D -1, MIDC
   Ranjangaon
   Taluka Shirur, District Pune
   Maharashtra 412 220

PERSONAL CARE PRODUCTS FACTORIES

Haridwar
1. Plot No.1, Sector -11
   Integrated Industrial Estate
   Haridwar
   Uttar Pradesh 249 403

Manpura
2. Village Manpura
   Tehsil Baddi, District Solan
   Himachal Pradesh 174 101

LIFESTYLE RETAILING

Design & Technology Centre
Manesar
Plot No. 3, Sector -5
IMT Manesar, Gurgaon
Haryana 122 050

PLANTS UNDER CONSTRUCTION

Ambarnath
1. Integrated Consumer Goods Manufacturing Facility
   Off Kalyan Badlapur Road
   Ambarnath, District Thane
   Maharashtra 421 505

Haridwar
2. Food Unit - II
   Plot No.1, Sector -11
   Integrated Industrial Estate
   Haridwar
   Uttar Pradesh 249 403

Kamrup
3. Integrated Consumer Goods Manufacturing and Logistics Facility
   Village Bordejpur, Mouza Rampur
   District Kamrup
   Assam 781 134
Shareholder Information

Kapurthala
4. Integrated Foods Manufacturing and Logistics Facility
A-1-A, Mixed Use Industrial Park
Village Jhalthikriwal
District Kapurthala
Punjab 144 601

Khordha
5. Integrated Consumer Goods Manufacturing and Logistics Facility
IDCO Plot No. 4
Kholadwara Industrial Area
District Khordha
Odisha 752 050

Medak
6. Integrated Consumer Goods Manufacturing and Logistics Facility
Village Manhorabad
District Medak
Telangana 502 336

Nanjangud
7. Integrated Consumer Goods Manufacturing Facility
Tandya Industrial Area
Immanav & Adakanahalli Village Nanjangud Taluk
District Mysuru
Karnataka 571 302

Panchala
8. Integrated Packaged Foods Manufacturing Unit
Mouza Kulai
J. L. No. 26
PS Panchla
District Howrah
West Bengal 711 322

Pudukkottai
9. Integrated Consumer Goods Manufacturing and Logistics Facility
Village Vadugapatti & Velur
Taluk Illupur
District Pudukkottai
Tamil Nadu 621 316

Pune
10. Integrated Consumer Goods Manufacturing Facility
Plot No. D-1, MIDC
Ranjangaon, Taluka Shirur
District Pune
Maharashtra 412 220

Sehore
11. Integrated Consumer Goods Manufacturing and Logistics Facility
Village Lasudia Khaas
Tehsil Ashtha
District Sehore
Madhya Pradesh 466 113

Uluberia
12. Integrated Consumer Goods Manufacturing Facility
Mouza Amraberia, J. L. No. 08
Village Jorgori
Gram Panchayat Uluberia
District Howrah
West Bengal 711 303

HOTELS

Owned Hotels

Agra
1. ITC Mughal*
Taj Ganj
Agra 282 001

Bengaluru
2. ITC Gardenia*
1, Residency Road
Bengaluru 560 025
3. ITC Windsor*
25, Windsor Square
Golf Course Road
Bengaluru 560 052
4. My Fortune, Bengaluru
46, Richmond Road
Bengaluru 560 025

Chennai
5. ITC Grand Chola*
63, Mount Road, Guindy
Chennai 600 032
6. My Fortune, Chennai
Cathedral Road
Chennai 600 086

Jaipur
7. ITC Rajputana*
Palace Road
J aipur 302 006

Kolkata
8. ITC Sonar*
1, JS Haldane Avenue
Kolkata 700 046

Mumbai
9. ITC Maratha*
Sahar
Mumbai 400 099
10. ITC Grand Central*
287, Dr. B. Ambedkar Road
Parel
Mumbai 400 012

New Delhi
11. ITC Maurya*
Sardar Patel Marg
Diplomatic Enclave
New Delhi 110 021
12. Sheraton New Delhi Hotel
District Centre, Saket
New Delhi 110 017

Licenced Hotels

Ahmedabad
13. Fortune Park, Ahmedabad
Ellis Bridge
Ahmedabad 380 006

Gurgaon
14. ITC Grand Bharat*
P.O. Hasanpur, Tauru
District Mewat
Gurgaon 122 105

Kota
15. WelcomHeritage Umed Bhawan Palace
Palace Road
Kota 324 001

Port Blair
16. Fortune Resort Bay Island
Marine Hill
Port Blair 744 101

Vadodara
17. WelcomHotel Vadodara
R. C. Dutt Road, Alkapuri
Vadodara 390 007

Hotels Under Operating Services

Aurangabad
18. WelcomHotel Rama International
R-3, Chikhaltana
Aurangabad 431 210

Hyderabad
19. ITC Kakatiya*
6-3-1187, Begumpet
Hyderabad 500 016

Jodhpur
20. WelcomHotel J odhpur
Khasra No. 53
Village - Uchiyarda
J odhpur 342 027

Khimsar
21. WelcomHotel Khimsar Fort & Dunes
P.O. Khimsar
District Nagaur
Khimsar 341 025

New Delhi
22. WelcomHotel Dwarka
Plot No. 3, Sector - 10
District Centre, Dwarka
New Delhi 110 075

Panchkula
23. WelcomHotel Bella Vista
SM - 8, Sector - 5
Panchkula 134 109

* Operating under ‘The Luxury Collection’ brand under Licence from Starwood Asia Pacific Hotels & Resorts Pte. Ltd.

Shareholder Information
Visakhapatnam
24. WelcomHotel Grand Bay
Beach Road
Visakhapatnam 530 002

CHOUPAL SAAGARS – RURAL SERVICES CENTRES
Amravati
1. Old Survey No. 12/5A, 12/6 & 12/7
Gat No. 19
Patwari Halka No. 48
Mouza Degaon
Pargana Nandgaon Peth
Taluka & District Amravati
Maharashtra 444 901

Badaun
2. Arazi No. 10 & 12/3 (Part)
Village Khunak
Tehsil & District Badaun
Uttar Pradesh 243 601

Bahraich
Village Mohammad Nagar
Tehsil, Pargana & District Bahraich
Uttar Pradesh 271 801

Chandouli
4. Khasra No. 57-62 & 641
Village Muhapatpur, Ganj Khwaja
Pargana Dhoos
Tehsil Chandouli
Uttar Pradesh 232 104

Chindwara
5. Survey No. 16/1-16/2 & 16/4-16/7
Settlement No. 7
Patwari Halka No. 34, R. I. Circle
Village Imaliya Bohata
Chindwara - I
Tehsil & District Chindwara
Madhya Pradesh 480 001

Dewas
6. Survey No. 294/2 & 295
Patwari Halka No. 26
Village Lohar Pipiliya
Tehsil & District Dewas
Madhya Pradesh 455 001

Dhar
7. Survey No. 438
Patwari Halka No. 13
Village J aitpura
Tehsil & District Dhar
Madhya Pradesh 454 001

Gonda
Village Haripur
Tehsil & District Gonda
Uttar Pradesh 271 001

Hardoi
9. Arazi No. 658 & 659
Village Korriyan
Pargana Gopamau
Tehsil & District Hardoi
Uttar Pradesh 241 001

Hathras
10. Khasra No. 21, Village Srinagar
Tehsil Sasni
District Hathras
Uttar Pradesh 204 216

Itarsi
11. Survey No. 309/1, 310/2 & 310/3
Patwari Halka No. 11
Village Raisalpur
Tehsil Itarsi
District Hoshangabad
Madhya Pradesh 461 111

Jagdishpur
12. Khasra No. 2377-2380
Village Kathura
Pargana J agdishpur
Tehsil Musafirkhana
District Amethi
Uttar Pradesh 227 817

Mandsaur
13. Survey No. 30-33
Patwari Halka No. 14
Village Azizkhdhi
Tehsil & District Mandsaur
Madhya Pradesh 458 001

Mhow
14. Survey No. 188/2, 189/1, 189/2, 189/4, 190/1,191 & 192/2
Patwari Halka No. 20
Village Gawli Palasia
Vikasskhand Mhow
Tehsil Mhow, District Indore
Madhya Pradesh 453 441

Nagda
15. Khasra No. 1393 (Part)-1394 (Part), 1396/1 & 1397/1
Patwari Halka No. 18
Village Padiiya Kala
Tehsil Nagda
District Ujjain
Madhya Pradesh 456 335

Parbhan
16. Gat No. 803
Village Asola
Tehsil & District Parbhani
Maharashtra 431 401

Pilibhit
17. Khasra No. 261
Village Sandiya Mustakil
Tehsil, Pargana & District Pilibhit
Uttar Pradesh 262 001

Ratlam
18. Survey No. 107/1-107/3
R. I. Circle No. 5, Moondri
Patwari Halka No. 31
Village Kharakhedi
Tehsil & District Ratlam
Madhya Pradesh 457 001

Sehore
19. Khasra No. 208-209
Patwari Halka No. 38
Village Kharakhedi
Tehsil & District Sehore
Madhya Pradesh 466 001

Ujjain
20. Survey No. 433/3, 456 & 458
R. I. Circle No. 2
Patwari Halka No. 19
Village Kamed
Tehsil Ghatlia, District Ujjain
Madhya Pradesh 456 001

Vidisha
21. New Revenue Survey No. 18 & 18/2
Patwari Halka No. 35 & 45
Village Bais
Tehsil & District Vidisha
Madhya Pradesh 464 001

Wardha
22. Survey No. 151/1 & 151/4
Mouza No. 17, Mouza Inzapur
Tehsil & District Wardha
Maharashtra 442 001

Washim
23. Survey No. 104
Patwari Halka No. 10
Mouza Zakalwadi
Taluka & District Washim
Maharashtra 444 505

Yavatmal
24. Bhumapan Kramank 15
Bhumapan Kramank Upvibhag 2A
Village Parwa
Taluka & District Yavatmal
Maharashtra 445 001
Shareholder Referencer

Unclaimed Dividend

Unclaimed dividend for the years prior to and including the financial year 2007-08 has been transferred to the General Revenue Account of the Central Government / the Investor Education and Protection Fund established by the Central Government (IEPF), as applicable.

Shareholders who have not encashed their dividend warrants relating to financial year(s) up to and including 1993-94 may claim such dividend (transferred to the General Revenue Account) from the Registrar of Companies, West Bengal, Government of India, Nizam Palace, 2nd MSO Building, 234/4 A.J.C. Bose Road, Kolkata 700 020, by applying in the prescribed Form. This Form can be downloaded from the Company’s corporate website www.itcportal.com under the section ‘Investor Relations’ or can be furnished by the Investor Service Centre of the Company (ISC) on request.

The dividend for the undernoted years, if remaining unclaimed for 7 years, will be transferred by the Company to IEPF in accordance with the schedule given below. Communication has been sent by the Company to the concerned Shareholders advising them to write to ISC with respect to their unclaimed dividend. Details of such unclaimed dividend are available on the Company’s corporate website under the section ‘Investor Relations’. Attention is drawn that the unclaimed dividend for the financial year 2008-09 is due for transfer to IEPF on 29th August, 2016.

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Dividend Identification No.</th>
<th>Date of Declaration of Dividend</th>
<th>Total Dividend (₹)</th>
<th>Unclaimed Dividend as on 31/03/2016 (₹)</th>
<th>%</th>
<th>Due for transfer to IEPF on</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>79th</td>
<td>24th July, 2009</td>
<td>13,96,53,10,312.00</td>
<td>6,97,01,415.00</td>
<td>0.50</td>
<td>29th August, 2016*</td>
</tr>
<tr>
<td>2009-10</td>
<td>80th</td>
<td>23rd July, 2010</td>
<td>38,18,17,67,900.00</td>
<td>18,50,79,860.00</td>
<td>0.48</td>
<td>29th August, 2017</td>
</tr>
<tr>
<td>2010-11</td>
<td>81st</td>
<td>29th July, 2011</td>
<td>34,43,47,81,921.00</td>
<td>17,92,66,723.00</td>
<td>0.52</td>
<td>4th September, 2018</td>
</tr>
<tr>
<td>2011-12</td>
<td>82nd</td>
<td>27th July, 2012</td>
<td>35,18,29,33,284.00</td>
<td>18,29,92,104.00</td>
<td>0.52</td>
<td>2nd September, 2019</td>
</tr>
<tr>
<td>2012-13</td>
<td>83rd</td>
<td>26th July, 2013</td>
<td>41,48,46,73,429.00</td>
<td>21,92,83,746.00</td>
<td>0.53</td>
<td>1st September, 2020</td>
</tr>
<tr>
<td>2013-14</td>
<td>84th</td>
<td>30th July, 2014</td>
<td>47,71,90,97,700.00</td>
<td>26,80,66,608.00</td>
<td>0.56</td>
<td>5th September, 2021</td>
</tr>
<tr>
<td>2014-15</td>
<td>85th</td>
<td>31st July, 2015</td>
<td>50,09,70,66,528.00</td>
<td>28,60,42,808.00</td>
<td>0.57</td>
<td>5th September, 2022</td>
</tr>
</tbody>
</table>

* It will not be possible to entertain claims received by ISC after 26th August, 2016.

Unclaimed Shares

The status of unclaimed shares of the Company transferred to the demat account, ‘ITC Limited - Unclaimed Suspense Account’, in accordance with the erstwhile Clause 5A(II) of the Listing Agreement with Stock Exchanges, is as follows:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No. of Shareholders</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 1st April, 2015</td>
<td>4,073</td>
<td>86,98,696</td>
</tr>
<tr>
<td>Number of Shareholders / legal heirs who approached the Company for transfer of shares from the Unclaimed Suspense Account</td>
<td>80</td>
<td>3,22,200</td>
</tr>
<tr>
<td>Number of Shareholders / legal heirs to whom the shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents</td>
<td>69</td>
<td>2,09,460</td>
</tr>
<tr>
<td>Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2016</td>
<td>4,004</td>
<td>84,89,236</td>
</tr>
</tbody>
</table>

Note: 134 requests for transfer of 3,46,490 shares from the Unclaimed Suspense Account were pending as on 31st March, 2016 for want of necessary documents from the Shareholders / legal heirs.

Voting rights in respect of the aforesaid 84,89,236 shares held in the Unclaimed Suspense Account will remain frozen till the time such shares are transferred from the Unclaimed Suspense Account to the concerned Shareholders / legal heirs.

Service of documents through Electronic Mode

The Notice, alongwith the Report and Accounts, has been sent in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories and in physical mode to the other Shareholders. Shareholders who wish to update or register their e-mail addresses with the Company or with the Depositories may use the Form for updation / registration; the Form can also be downloaded from the Company’s corporate website under the section ‘Investor Relations’.
Remittance of Dividend through Electronic Mode

The Company provides the facility for remittance of dividend to Shareholders through NECS (National Electronic Clearing Service) / RTGS (Real Time Gross Settlement) / NEFT (National Electronic Funds Transfer).

Shareholders, who have not yet opted for remittance of dividend through electronic mode and wish to avail the same, are required to provide their bank details, including MICR (Magnetic Ink Character Recognition) and IFSC (Indian Financial System Code) to their respective Depository Participants (DPs) or ISC where shares are held in the dematerialised form and in the certificate form, respectively.

Bank Details

Shareholders holding shares in the certificate form are requested to advise ISC of change in their address / mandate / bank details to facilitate better servicing.

Shareholders are advised that their bank details, or where such details are not available, their addresses, as furnished by them to ISC or to the Depositories, will be printed on the dividend warrants as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as a measure of protection against fraudulent encashment.

Permanent Account Number (PAN)

Attention is drawn that Shareholders holding shares in the certificate form are mandatorily required to furnish copy of PAN Card in the following cases:

i) Transferees’ and Transferors’ PAN Cards for transfer of shares,
ii) Legal heirs’ / Nominees’ PAN Cards for transmission of shares,
iii) Surviving joint holders’ PAN Cards for deletion of name of deceased Shareholder, and
iv) Joint holders’ PAN Cards for transposition of shares.

Nomination Facility

Shareholders who hold shares in the certificate form and wish to make any nomination / change nomination made earlier in respect of their shareholding in the Company, should submit to ISC the prescribed Form; such Form can be downloaded from the Company’s corporate website under the section ‘Investor Relations’ or can be furnished by ISC on request.

Depository Services

Shareholders may write to the respective Depository or to ISC for guidance on depository services.

Address for Correspondence with Depositories

National Securities Depository Limited
Trade World, ‘A’ Wing, 4th & 5th Floors
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Telephone no. : 022-2499 4200
Facsimile no. : 022-2497 6351
e-mail : info@nsdl.co.in
website : www.nsdl.co.in

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers, 17th Floor
Dalal Street
Mumbai 400 001
Telephone no. : 022-2272 3333
Facsimile no. : 022-2272 3199
e-mail : helpdesk@cdslindia.com
website : www.cdslindia.com

Address for Correspondence with ISC

Investor Service Centre
ITC Limited
37 Jawaharlal Nehru Road
Kolkata 700 071
India
Telephone nos. : 033-2288 6426 / 0034
Facsimile no. : 033-2288 2358
e-mail : isc@itc.in
website : www.itcportal.com

Shareholders holding shares in the dematerialised form should address their correspondence to their respective DPs, other than for dividend and Report and Accounts, which should be addressed to ISC.

In all correspondence with ISC, Registered Folio numbers / DP ID & Client ID numbers should be furnished to facilitate prompt response. Shareholders are requested to also provide their e-mail addresses and contact numbers.
SOCIO-ECONOMIC ENVIRONMENT

The global economy remained lacklustre in 2015 with growth slowing down to just 3.1% compared to 3.4% in 2014 (as per latest IMF estimates). This marks the slowest pace of expansion since the global financial crisis in 2009 and the fourth successive year that the global economy has grown at a rate lower than its long-term average of 3.6% p.a. The Emerging Market & Developing Economies witnessed further deceleration in growth from 4.6% in 2014 to 4.0% in 2015 with the Chinese economy slowing down from 7.3% in 2014 to 6.9% in 2015 and other major constituent economies like Brazil and Russia witnessing contraction. The Advanced Economies, on the other hand, recorded a marginal uptick in growth - from 1.8% in 2014 to 1.9% in 2015. The US economy posted a muted growth of 2.4% for the second year in a row due to weak exports and decline in investments. The pace of economic activity improved in the Euro Area which grew by 1.6% during the year compared to 0.9% in 2014, aided by strengthening domestic demand and supportive financial conditions.

Recovery in global economic activity is expected to remain subdued over the near / medium term with only a modest cyclical uptick to 3.2% in 2016 and 3.5% in 2017 as per IMF estimates. Such sub-par growth outlook is largely attributable to the structural ‘3D Challenge’ facing the global economy - high levels of Debt, weakening Demographic trends with rising age dependency ratios even in emerging economies (excluding India and Africa) and persistent Deflationary pressures. The Emerging Market & Developing Economies are likely to witness another year of muted growth at 4.0% before improving to 4.6% in 2017, aided by Brazil and Russia coming out of deep recession. Growth in China is projected to slow down further to 6.5% in 2016 and 6.2% in 2017, reflecting the ongoing rebalancing of the economy towards a more sustainable and broad-based consumption and services led growth. The outlook for the Advanced Economies point to the absence of any material pick-up in economic activity over the next two years, with GDP growth projected at 1.9% in 2016 (in line with 2015) and 2.0% in 2017. Within Advanced Economies, growth in the United States is projected to remain subdued around the 2.5% mark over the next two years due to strengthening of the dollar, weak manufacturing activity and decline in energy investments due to lower oil prices. The modest recovery in the Euro Area is likely to continue in 2016-17, with low energy prices, moderate fiscal expansion and supportive financial conditions outweighing weakening external demand.

Despite prospects of modest improvement in certain sections of the world economy, global recovery remains fragile. Tightening of financial conditions in the United States and Japan, net capital outflows from Emerging Markets, geopolitical tensions and stagnation in Advanced Economies, continued slowdown in growth rates in China and its consequent adverse impact on commodity exporting countries represent some of the key downside risks to global economic recovery.

The Indian economy witnessed another challenging year growing by 7.5% in real terms during the first nine months of 2015-16 representing a marginal improvement over 2014-15 (7.2%). However, there was a marked decline in Nominal GDP growth which stood at 8.1% for the period April 2015 to December 2015 compared to 11.4% for the corresponding period in the previous year. Looking beyond the GDP numbers, a wide range of economic indicators suggest tepid performance across consumption, private investments and exports which have contracted significantly against the backdrop of a
soft global demand environment. While growth in Private Final Consumption Expenditure (PFCE) is estimated at 7.6% for 2015-16 (compared to 6.2% in 2014-15), lower rural demand on the back of two consecutive years of sub-par monsoons, muted sales of tractors and two wheelers, and a marked deceleration in corporate sales growth point to a persistent weakness in Private Consumption. The performance of the Industry sector also remained subdued as reflected by the Index of Industrial Production (IIP) which grew by just 2.6% during the period April 2015 to February 2016. It was a challenging year for the capital markets as well, with the Sensex declining by 9% during the year (after rising 25% in 2014-15), reflecting the sluggish business environment, slower than expected progress on the reforms agenda and muted growth in corporate earnings.

On the positive side, Inflation remained well within the comfort zone aided by low global crude oil and commodity prices. While Wholesale Price Index (WPI) for 2015-16 has remained in the negative zone for 16 consecutive months, Core CPI inflation also eased to 4.6% in 2015-16 as compared to 5.5% in 2014-15. The subdued inflation levels provided the much needed space for monetary accommodation, with the RBI reducing policy rates by a cumulative 75 basis points during the year. There was significant improvement on the ‘twin deficit’ front as well. Fiscal Deficit was contained within target at 3.9% of GDP in 2015-16 aided by buoyant indirect tax collections, decline in oil subsidies and compression in Government expenditure. Despite a significant decline in exports, the Current Account Deficit stood at a comfortable level of 1.4% of GDP, primarily due to a lower import bill on account of the steep fall in crude oil prices and lower gold imports.

As per median estimates, based on the Survey of Professional Forecasters conducted by RBI, the Indian economy is likely to grow by 7.7% in 2016-17. The pace of growth is unlikely to witness significant acceleration in the short term in view of a weak global economic environment and muted growth in private investments given the relatively low levels of capacity utilisation and stretched corporate balance sheets. The proposed implementation of the recommendations of the 7th Pay Commission, ‘One Rank One Pension’ (OROP) scheme, low inflation and expectations of normal monsoons in the ensuing year represent some of the key factors that are likely to positively influence Private Consumption going forward.

While India remains a bright spot among emerging markets and continues to be one of the fastest growing major economies in the world, the rate of economic growth in recent years has remained far below the desired levels and the country's potential. Given the low levels of per capita income and the fact that a significant proportion of our population lives below the poverty line, it is imperative that the economy reverts to a high growth trajectory sooner than later. Stagnation in the manufacturing sector needs to be reversed at the earliest towards the creation of sustainable livelihoods and absorption of the increasing working age population of the country. In this context, the Government’s ‘Make in India’ initiative to turn India into a global manufacturing hub coupled with focus on skill development are steps in the right direction. The successful implementation of structural initiatives identified by the Government towards improving the ease of doing business in the country by enhancing transparency, speeding up the approvals process, resolving policy issues by working in tandem with the States and fostering greater levels of value addition within the country would be critical to boost the performance of the Indian economy and realise its true potential. Boosting agricultural productivity and value addition to international standards while simultaneously improving market linkages remain critical for the growth of the Agricultural sector. In this context, it is pertinent to note that anywhere between 5% and 40% of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. India processes only 2% of its agri-based products compared to 40% in developing countries such as Malaysia and Thailand. A big thrust on India’s Food Processing sector can lead to significant job creation, enhance rural incomes and help manage food inflation. Similarly, supportive policies in the area of agro-forestry
would go a long way in creating sustainable livelihoods while simultaneously augmenting the nation’s environmental capital.

For a country like India which has a disproportionately low share of global natural resources relative to its large population, where millions continue to live in abject poverty, and a young demographic profile which entails 12 million people entering the job market every year, the focus both at the national and corporate level should be on fashioning strategies that foster sustainable, equitable and inclusive growth. Policies and regulations must be aligned towards encouraging businesses to adopt a low-carbon growth path and support the creation of sustainable livelihoods and societal capital. Differentiated and preferential incentives, in the form of fiscal or financial benefits to companies that adopt sustainable business practices would act as a force multiplier towards achieving this critical national goal. It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital with enhancing shareholder value. This ‘Triple Bottom Line’ approach to creating larger ‘stakeholder value’, as opposed to merely ensuring uni-dimensional ‘shareholder value’, is the driving force that defines your Company’s sustainability vision and its growth path into the future.

Your Company is a global exemplar in ‘Triple Bottom Line’ performance and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being ‘water positive’ (for 14 years), ‘carbon positive’ (for 11 years), and ‘solid waste recycling positive’ (for 9 years).

The following sections outline your Company’s progress in pursuit of the ‘Triple Bottom Line’.

**FINANCIAL PERFORMANCE**

The business landscape in your Company’s operating segments was rendered extremely challenging during the year in the wake of unprecedented pressure on the legal cigarette industry due to the cumulative impact of steep increase in taxation and regulatory pressures, sluggish demand and price deflationary conditions in the FMCG space, and start-up costs relating to new products / categories especially in the non-cigarette FMCG segment. The business environment in the Hotels industry also remained challenging with the overhang of excess room inventory exerting pressure on pricing apart from which the Business had to absorb the gestation costs of new properties. Agri exports from India were impacted during the year due to higher crop output and steeper currency depreciation in competing origins. The Paperboards, Paper and Packaging segment also had to contend with a weak demand and pricing environment.

Despite the challenging business environment as aforesaid, Gross Revenue for the year grew by 3.2% to ₹ 51582.45 crores. Net Revenue at ₹ 36475.27 crores grew by 1.1% primarily driven by a 7.7% growth in the non-cigarette FMCG segment and 6.2% growth in the Cigarettes segment. Excluding exports of agri-commodities, Gross Revenue and Net Revenue for the year grew by 6.4% and 5.5% respectively. Profit Before Tax registered a growth of 6.9% to ₹ 14958.39 crores while Net Profit at ₹ 9844.71 crores increased by 2.5%. Earnings Per Share for the year stood at ₹ 12.26 (previous year ₹ 12.05). Cash flows from Operations aggregated ₹ 14079.07 crores compared to ₹ 13534.65 crores in the previous year.

Your Directors are pleased to recommend a Special Dividend of ₹ 2.00 per share in addition to the Ordinary Dividend of ₹ 6.50 per share (previous year ₹ 6.25 per share) for the year ended 31st March, 2016. Total cash outflow in this regard will be ₹ 8232.60 crores including Dividend Distribution Tax of ₹ 1392.48 crores. Your Directors also recommend issuance of 1 Bonus Share of ₹ 1/- each, for every 2 existing Ordinary Shares of ₹ 1/- each held by Members on the record date. Your Directors further recommend a transfer to General Reserve of ₹ 990.00 crores (previous year ₹ 970.00 crores). Consequently, the Surplus in Statement of Profit and Loss as at 31st March, 2016 would stand at ₹ 9440.48 crores (previous year ₹ 8767.35 crores).
Your Company’s contribution to the Central and State Governments represents 81% of its Value-Added during the year, including the share of dividends paid and retained earnings attributable to government owned institutions.
Report of the Board of Directors

PROFITS, DIVIDENDS AND SURPLUS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROFITS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Profit Before Tax</td>
<td>14958.39</td>
<td>13997.52</td>
</tr>
<tr>
<td>b) Tax Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current Tax</td>
<td>4896.06</td>
<td>4020.99</td>
</tr>
<tr>
<td>- Deferred Tax</td>
<td>217.62</td>
<td>368.80</td>
</tr>
<tr>
<td>c) Profit for the year</td>
<td>9844.71</td>
<td>9607.73</td>
</tr>
</tbody>
</table>

**SURPLUS IN STATEMENT OF PROFIT AND LOSS**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) At the beginning of the year</td>
<td>8767.35</td>
<td>6139.09</td>
</tr>
<tr>
<td>b) Less: Loss for the period from 1st April, 2013 to 31st March, 2014 adjusted pursuant to the Scheme of Arrangement [Refer Note 31(x)]</td>
<td>-</td>
<td>8.01</td>
</tr>
<tr>
<td>c) Add: Unrecognised Net Deferred Tax assets as on 1st April, 2013 adjusted pursuant to the Scheme of Arrangement [Refer Note 31(x)]</td>
<td>-</td>
<td>45.84</td>
</tr>
<tr>
<td>d) Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets (Net of Deferred Tax @ Nil; 2015: ` 24.88 crores) [Refer Note 31(xi)]</td>
<td>-</td>
<td>48.32</td>
</tr>
<tr>
<td>e) Add : Profit for the year</td>
<td>9844.71</td>
<td>9607.73</td>
</tr>
<tr>
<td>f) Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Transfer to General Reserve</td>
<td>990.00</td>
<td>970.00</td>
</tr>
<tr>
<td>- Proposed Dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ordinary Dividend of <code>6.50 (2015 -</code> 6.25) per share</td>
<td>5230.68</td>
<td>5009.70</td>
</tr>
<tr>
<td>• Special Dividend of <code>2.00 (2015 -</code> Nil) per share</td>
<td>1609.44</td>
<td>-</td>
</tr>
<tr>
<td>- Income Tax on Proposed Dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Current Year</td>
<td>1392.48</td>
<td>1019.86</td>
</tr>
<tr>
<td>• Earlier years provision no longer required</td>
<td>(51.02)</td>
<td>(30.58)</td>
</tr>
<tr>
<td>g) At the end of the year</td>
<td>9440.48</td>
<td>8767.35</td>
</tr>
</tbody>
</table>

BUSINESS SEGMENTS

A. FAST MOVING CONSUMER GOODS

**FMCG - Cigarettes**

The performance of your Company’s Cigarettes business remained subdued during the year due to unprecedented pressure on the legal cigarette industry in India on account of the cumulative impact of steep increase in taxation and intense regulatory pressures.

Over the last 4 years, the incidence of Excise Duty and VAT on cigarettes, at a per unit level, has gone up cumulatively by 118% and 142% respectively thereby exerting severe pressure on legal industry volumes even as illegal trade grows unabated.

It is pertinent to note that steep increases in Excise Duty on cigarettes in recent years have resulted in widening the differential in Excise Duty rates (on a per kg. of tobacco basis) between cigarettes and other tobacco products from 29 times in 2005-06 to over 53 times currently as given in the chart below:

An analysis of the WHO Report on Tobacco Taxation, 2015 reveals that at 6.5% of per capita GDP, cigarette taxes in India are amongst the highest in the world. In fact, cigarette taxes in India are 14 times higher than USA, 9 times higher than Japan, 7 times higher than China, 5 times higher than Australia and 3 times higher than Malaysia and Pakistan as is evident from the chart given below:

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1 As per WHO Report on Global Tobacco Taxation, 2015, cigarette taxes (for 2000 cigarettes of the most sold brand covering both Central and State Taxes) in India represent 6.5% of per capita GDP.
High incidence of taxation and a discriminatory regulatory regime on cigarettes in India have over the years led to a significant shift in tobacco consumption to lightly taxed or tax-evaded tobacco products like bidi, khaini, chewing tobacco, gutkha and illegal cigarettes which presently constitute over 89% of total tobacco consumption in the country. Thus, the share of legal cigarettes in overall tobacco consumption has progressively declined from 21% in 1981-82 to 11% in 2014-15 even as overall tobacco consumption has increased in India. About 68% of India’s tobacco industry is in the unorganised sector with little or no regulatory oversight. Besides adversely impacting the performance of the legal cigarette industry, this has led to sub-optimisation of the revenue potential from the tobacco sector.

The imposition of discriminatory and punitive VAT rates by some States provides an attractive tax arbitrage opportunity for illegal cigarette trade by criminal elements. The consequential decline in legal cigarette volumes in such States has led to stagnation/decline in revenue collections, even as illegal cigarettes gained significant traction. On the other hand, the pragmatic decisions of several State Governments to rationalise VAT on cigarettes have facilitated improvement in revenue buoyancy and containing the growth of illegal trade.

According to an independent study conducted by Euromonitor International - a renowned global research organisation - India is now the 4th largest market for illegal cigarettes in the world. In fact, illegal trade comprising smuggled foreign and domestically manufactured tax-evaded cigarettes is estimated to constitute one-fifth of the overall cigarette industry in India. A recent study by the Federation of Indian Chambers of Commerce and Industry (FICCI) has estimated that revenue loss due to illegal cigarettes is more than ₹ 9000 crores per annum which represents a growth of nearly 50% over a two year period. During the year under review, your Company was in continuous engagement with various enforcement agencies whose proactive initiatives have resulted in significant increase in seizure of smuggled cigarettes.

The unprecedented fall in legal cigarette volumes and the consequent reduction in the utilisation of Indian Flue Cured Virginia tobacco in cigarette manufacture is having a devastating impact on tobacco farmers in the country. The sharp decline in domestic demand coupled with the unabated growth in illegal cigarette trade have led to a significant drop in tobacco prices, especially in Andhra Pradesh, causing deep distress to the livelihoods of thousands of tobacco farmers. A stable, fair and equitable cigarette taxation policy would be imperative to provide a strong domestic demand base to the Indian tobacco farmer, insulating him from the volatilities typically associated with international markets while helping realise the full export potential of Indian leaf tobacco. This assumes critical significance especially in view of the fact that there are no economically viable alternative crops for farmers in the tobacco growing regions of the country.

Your Company continues to engage on an ongoing basis with policy-makers at both the Centre and the State levels for moderation in tax rates on cigarettes to maximise the revenue potential from the tobacco sector and contain the growth of illegal trade. Such a policy would also bolster the tobacco control and health objectives of the Government which have hitherto been seriously compromised since non-cigarette tobacco products from the unorganised sector and illegal cigarettes are manufactured using inferior tobaccos and other ingredients of questionable quality and hygiene without any regulatory oversight. In addition, to combat the menace of growing illegal trade, your Company continues to make representations to policy-makers recommending compulsory licensing of all cigarette manufacturing units irrespective of size, increase in customs duty on imported cigarettes to WTO bound rate levels with suitable safeguards built-in to prevent undervaluation, ban on manufacture of tobacco and tobacco products in EOU...
and SEZ units, ban on cigarettes from personal baggage allowance and duty-free trade and exclusion of tobacco and tobacco products from preferential treatment under Free Trade Agreements that India is party to.

Over and above a punitive and discriminatory taxation regime, the legal Cigarette industry continues to be subjected to increasingly stringent regulations. A Government notification, originally proposed to be effective from 1st April, 2015, increased the size of graphic health warnings (GHW) from 40% of the surface area on one side of the cigarette package to 85% of the surface area of both sides of the package, and substituted the previous pictures with even more gruesome and repulsive ones. The implementation of the new GHW was subsequently kept in abeyance by the Central Government pending the recommendations of the Parliamentary Committee on Subordinate Legislation (PCOSL) which was tasked with the responsibility of examining the issue of introduction of larger GHW in India. The decision to defer the notification till completion of PCOSL’s review was reiterated by the Government in the Parliament2. Nevertheless, whilst the PCOSL was engaged in the matter, on 24th September, 2015, the Central Government notified that the new GHW would come into effect from 1st April, 2016. On 15th March, 2016, the PCOSL in its Final Report recommended that the size of the GHW should be kept at 50% on both sides of the cigarette package as opposed to 85% proposed by the Government.

The implementation of any change in health warnings on cigarette packages is an elaborate process for manufacturers, entailing months of preparation involving substantial cost and effort. Since the matter of new GHW was under the Parliamentary Committee’s consideration, and the Government had itself held out that it would await the Committee’s report, the industry was led to believe that the Government would re-notify new health warnings after considering the Committee’s recommendations. Further, the question of the legality of the new warnings was and continues to be pending before the Court. In this situation, your Company, as any prudent person would, did not commit to wasting substantial resources in creating the large number of cylinders and other tools necessary for a changeover of the warnings. As a result, your Company was not in readiness to print the new GHW and was compelled to cease manufacture of cigarettes with effect from 1st April, 2016 pending clarity on the matter.

Subsequently, in order to attain clarity on the matter, your Company challenged the rules mandating larger GHW before the Honourable High Court of Karnataka. The Court was pleased to direct, vide Interim Order dated 12th April, 2016, that the Government should not take any coercive steps against your Company for a period of 8 weeks during which your Company would continue to follow the Cigarettes and Tobacco Products (Packaging and Labelling) Rules, 2008 (“2008 Rules”), which prescribed 40% warning on the front panel of the cigarette packs. Accordingly, your Company resumed production of cigarettes at its factories from 15th April, 2016.

On 4th May, 2016, the Honourable Supreme Court directed the Honourable High Court of Karnataka to hear and dispose of within 6 weeks, the legal challenge to GHW pending before various High Courts. The Honourable Supreme Court, however, also ordered that any stay order granted by any High Court would not be given effect to till the cases are finally disposed of. As a consequence of the above development, in compliance with the interim requirements pending hearing in the Honourable Karnataka High Court, your Company progressively commenced manufacture of cigarettes with 85% warning on cigarette packaging.

The Tobacco industry in India supports the livelihood of over 45 million people including vulnerable sections of the society like farmers, farm labour, rural poor, women, tribals etc. and contributes around ₹ 30000 crores to the national exchequer apart from generating valuable foreign exchange earnings of around ₹ 6000 crores.

2 Reply to Lok Sabha Unstarred Question No.851 on 24th July, 2015.
The proposed GHW is excessively large, extremely gruesome and unreasonable. There is no evidence to suggest that cigarette smoking would cause the diseases depicted in the pictures or that large GHW will lead to reduction in consumption. In fact this inadequacy of evidence prompted the courts in USA to hold that the US FDA’s proposal for introduction of similar GHW in that country as unconstitutional. Further, over 100 countries representing 60% of the signatories to the Framework Convention on Tobacco Control have not adopted GHW. It is pertinent to note that other major tobacco producing countries have taken a considered view on the matter and have not adopted over-sized and excessive graphic health warnings, thus striking a balance between the interests of the consumer and of their farmers. It may also be noted that the global average size for GHW is only about 30% coverage of the principal display area. Moreover, the top three cigarette consuming countries - USA, China and Japan - which together account for 51% of global cigarette consumption have only text based warnings and have not adopted pictorial / graphic health warnings.

The new GHW will commoditise the market where price will be the sole or prime driver of consumer choice thus eroding the value of your Company’s distinctive trademarks and pack designs that have been developed and nurtured through substantial investments over the years. Moreover, the new GHW will encourage the flow of illegal trade of brands owned by international companies into the country since such brands are manufactured in many jurisdictions which do not mandate the printing of graphic health warnings on cigarette packages as applicable in India. The legal cigarette industry in India will be hard pressed to counter the menace of illegal cigarettes as they will be perceived by the consumer to be safer in the absence of the statutorily mandated health warnings. Coupled with the fact that illegal cigarettes are available at a fraction of the price of legal cigarettes, the new GHW will provide further fillip to the growth of illegal cigarettes in the country.

It is pertinent to note that the Department of Commerce, in its submissions to PCOSL, has stated that “large warnings will lead to an increase in overall tobacco consumption and illegal cigarettes; when large quantities of non-cigarette tobacco products from unorganised sector are sold loose and / or without any health warnings, it gives an impression of these products being relatively safer than cigarettes”.

As always, your Company complies fully with all regulations and laws in letter and spirit and continues to engage with policy-makers for reasonable, pragmatic and evidence based regulation and taxation policies that balance the health, employment and economic imperatives of the country.

Your Company’s strong product portfolio along with superior consumer insights and a strategy of continuous innovation and value addition has helped deliver superior competitive performance. Some of the key new products launched during the year include ‘Classic Fine Taste - Low Smell’, ‘Noir’ - the first 97mm super slim cigarette in the country and new Kretek and capsule filter offers. Significant investments were made during the year on cutting-edge anti-counterfeit technology solutions that will enable your Company to protect its trademarks, state-of-the-art on-line quality oversight systems and know-how for developing innovative packaging formats in the future.

Your Company’s research and development initiatives continue to focus on strengthening existing product signatures, creating differentiated offers and developing innovative future-ready products. In this context, it is extremely gratifying to report that during the year your Company was granted four international patents in respect of cigarettes - covering both product and packaging.

Electronic Vaping Devices (EVD) are gaining increasing traction with consumers seeking alternative sources of nicotine. In line with this trend, your Company continues to engage in this category through its brand


The Tobacco industry in India supports the livelihood of over 45 million people including vulnerable sections of the society like farmers, farm labour, rural poor, women, tribals etc. and contributes around ₹ 30,000 crores to the national exchequer.
Your Company remains confident of sustaining its leadership position in the legal cigarette industry by leveraging its superior strategies, comprehensive product portfolio and world-class execution capabilities.
players passing on the benefit of decline in input prices to consumers with a view to bolstering sales volumes. While it is anticipated that the FMCG industry will take a few more quarters for demand revival, the green shoots of economic recovery, expectations of normal monsoons, low inflation, proposed implementation of the recommendations of the 7th Pay Commission and the ‘One Rank One Pension’ scheme augur well for the industry. The structural drivers of long-term growth such as increasing affluence and consumer awareness, a young and expanding workforce and increasing urbanisation amongst others, remain firmly in place and the FMCG industry is poised for rapid growth in the ensuing years.

Your Company’s FMCG-Others Businesses clocked Segment Revenue of ₹ 9731.17 crores during the year, representing a growth of 7.7% over the previous year. While revenue growth during the year was relatively subdued, it is pertinent to note that apart from the factors as aforestated, your Company had to contend with regulatory issues surrounding the Noodles industry (largely pertaining to products of the lead competitor) and synchronisation of trade pipeline in the later part of the year ahead of the ensuing season in the Notebooks category. Against the backdrop of such a challenging operating environment, your Company sustained its position as one of the fastest growing FMCG businesses in the country. Segment Results for the year improved to ₹ 71 crores from ₹ 34 crores in 2014-15, after absorbing the gestation costs of new categories viz., Juices, Gums and Dairy and significant brand investments towards communicating the superior value proposition offered by YiPPee! noodles, besides a host of new launches in existing categories.

Your Company continued to make investments during the year towards enhancing brand salience and consumer connect while simultaneously focusing on implementing strategic cost management measures across the value chain and adopting a judicious pricing approach. Several initiatives were also implemented during the year towards leveraging the rapidly growing e-commerce channel for enhanced reach of your Company’s products and harnessing digital and social media platforms for deeper consumer engagement.

During the year, 3 Company-owned units (including 1 through a joint venture company viz., North East Nutrients Private Limited) were commissioned to cater to the requirements of the Branded Packaged Foods Businesses. Significant progress was also made during the year in constructing several state-of-the-art owned integrated consumer goods manufacturing and logistics facilities across regions in line with long-term demand forecasts. Currently, over 20 projects are underway and in various stages of development - from land acquisition/site development to construction of buildings and other infrastructure.

The FMCG Businesses comprising Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Lifestyle Retailing, Incense Sticks (Agarbattis) and Safety Matches have grown at an impressive pace over the past several years.

The FMCG industry faced another challenging year with demand conditions remaining sluggish for the third year in succession. The slowdown in the broader economy was manifest in your Company’s operating segments in the FMCG space.
Despite a challenging operating environment, ITC sustained its position as one of the fastest growing branded packaged foods businesses in the country leveraging a robust portfolio of brands and a range of differentiated products.
ITC Limited

REPORT AND ACCOUNTS 2016

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ITC has forayed into the fast-growing Dairy category with the launch of ‘Aashirvaad Svasti’ - Pure Cow Ghee in select markets, manufactured at the Company’s state-of-the-art facility in Munger (Bihar).

hygiene norms. Extensive tests are conducted at the NABL-accredited facilities of ITC Life Sciences & Technology Centre as well as at external laboratories that are FSSAI-approved and NABL-accredited.

Your Company’s Branded Packaged Foods Businesses continue to invest in the areas of consumer insight discovery, state-of-the-art R&D, product development and differentiated technology platforms to effectively address the diverse tastes and preferences of consumers across the country. Investments continue to be made towards augmenting the manufacturing and sourcing footprint across categories with a view to improving market responsiveness and reducing the cost of servicing proximal markets. During the year, 2 company-owned manufacturing facilities were commissioned at Dhulagarh (West Bengal) for Finger Snacks and at Munger (Bihar) for Dairy. In addition, the Business also commissioned a biscuits manufacturing unit at Mangaldoi (Assam) through a joint venture company viz., North East Nutrients Private Limited. Significant progress was also made during the year towards setting up integrated manufacturing facilities at Uluberia and Panchla (West Bengal), Kapurthala (Punjab) and Ambernath (Maharashtra). These facilities are expected to become operational in the ensuing year.

— In the Staples, Snacks and Meals Business, your Company posted a robust performance during the year, growing well ahead of the industry. In the Staples category, ‘Aashirvaad’ atta consolidated its leadership position across markets aided by robust performance of the value-added portfolio comprising the ‘Multigrains’, ‘Select’ and ‘Superior MP’ variants. Brand salience was strengthened further on the back of impactful communication and marketing investments. In the branded Spices category, Aashirvaad Spices grew at an impressive pace during the year leveraging the sourcing expertise of your Company’s Agri Business. The Business recently launched a range of blended spices in select markets under the ‘ITC Master Chef’ brand. Plans are on the anvil to roll out these products to select markets in the ensuing year. Your Company also recorded impressive gains in market standing in the Savoury Snacks, Noodles & Pasta categories. Since its launch in 2010, ‘YiPPee!’ noodles has attained many noteworthy milestones. Within a relatively short period of time, YiPPee! has become the 6th most penetrated food brand in the country. During the year, the Noodles category was impacted by regulatory issues largely pertaining to a competitor’s product. However, consumer franchise of YiPPee! noodles grew significantly on the back of a focused and integrated 360 degree communication campaign reassuring consumers on the quality and safety of YiPPee! noodles.

The ‘Bingo!’ range of finger snacks registered significant growth driven by the ‘Tedhe Medhe’ and ‘Mad Angles’ sub-brands. In the potato chips category, ‘Yumitos Original Style’ grew at a robust pace on the strength of region-specific interventions.

— In the Confections Business, your Company increased the scale of operations and improved market standing. The ‘Sunfeast Mom’s Magic’ range of premium cookies, launched in the previous year in two variants - ‘Rich Butter’ and ‘Cashew & Almond’ - grew rapidly on the back of a superior value proposition and sustained investments in brand building. Market standing of the ‘Sunfeast Bounce’ range of cream biscuits improved further during the year thereby sustaining its position as the largest selling cream brand in the country and helped consolidate your Company’s leadership in the overall creams segment. The Business augmented its product portfolio during the year with the launch of several...
new variants including ‘Sunfeast Delishus Gourmet cookies - Chocolate Chip made with Ghana Cocoa’, ‘Sunfeast FarmLite Oats with Chocolate’ and ‘Sunfeast Marie Light Rich Taste’ with a differentiated taste and flavour profile. These variants have been well received by the markets.

In the Confectionery category, the Business continued to leverage the ‘Candyman’ and ‘mint-o’ brands and focused on premiumising its product portfolio by enhancing the share of variants priced at ‘Re. 1 & above’ in the sales mix. During the year, ‘Candyman Choco Double Eclairs’ emerged as the fastest growing brand in the Eclair segment. The Business also scaled up the ‘GumOn’ brand which was launched last year, clocking robust growth in launch markets. The Gums portfolio was strengthened during the year with the introduction of a strawberry variant.

In the Dairy and Beverages Business, the ‘B Natural’ range of juices garnered impressive consumer traction in a relatively short span of time since its launch. The brand, which is currently available in 8 exciting variants, is well poised to grow rapidly in the ensuing season. Your Company seeks to leverage its agri-sourcing expertise and deep distribution reach and rapidly scale up the B Natural brand in the years ahead.

During the year, the Business forayed into the fast-growing Dairy category with the launch of ‘Aashirvaad Svasti’ - Pure Cow Ghee in select markets. Manufactured at your Company’s state-of-the-art facility in Munger (Bihar), Aashirvaad Svasti ghee delivers impeccable taste and consistent quality. Further, the special ‘SloCook’ process of manufacturing the product enhances its natural aroma, giving it a distinct flavour profile and a rich granular texture.

Your Company is well positioned to establish itself as the ‘most trusted provider of food products in the Indian market’ with continued focus on product quality and innovation, deep engagement with consumers and operational excellence across the value chain. Your Company will continue to make investments towards establishing a distributed manufacturing footprint, structural interventions towards reducing operating costs and focus on supply chain optimisation to support the rapid and profitable growth of the Branded Packaged Foods Businesses.

Personal Care Products

Your Company’s Personal Care Products Business delivered a resilient performance during the year which was marked by tepid volume growth and price deflation in the industry. Most players in the industry passed on the benefit of a decline in input costs, especially of palm oil, to consumers and implemented aggressive product promotion initiatives in a bid to revive demand. Your Company’s Personal Care Products Business responded proactively to these challenges and continued to enrich its product portfolio, expand distribution, manage costs by developing alternative sources of supply and leveraging scale, and improve supply chain responsiveness.

The Business launched several differentiated product offerings during the year in the Soaps, Shower Gel, Skin Care and Deodorant categories under the ‘Fiama Di Wills’, ‘Vivel’, ‘Engage’ and ‘Superia’ brands, besides establishing presence in the Health & Hygiene category leveraging the recently acquired ‘Savlon’ and ‘Shower to Shower’ brands. These include ‘Fiama Di Wills Double Moisturiser Bathing Bar’, ‘Vivel Neem’, ‘Superia Silk Cherry’ bar soaps and a regimen of skin care products such as ‘Makeup Cleanser’, ‘Clarifying Skin Toner’ and ‘Night Cream’ under the ‘Vivel Cell Renew’ brand. The Engage range of deodorants gained further momentum during the year and strengthened its No.2 position in this fast-growing category in a relatively
short span of time. The Engage portfolio was fortified during the year with the addition of ‘Engage Perfume Sprays’ in two variants each for men and women.

The ‘Savlon’ and ‘Shower to Shower’ trademarks were fully integrated with the existing operations of the Business during the year. Your Company also entered the fast-growing Hand Wash category with the introduction of ‘Savlon Hand Wash’ in three variants which continue to gain encouraging consumer traction. Plans are on the anvil to introduce several new and innovative products under the ‘Savlon’ brand towards fulfilling consumer needs in the Health & Hygiene category. The Business also introduced a new variant under the Shower to Shower brand to address the ‘cooling talc’ segment.

Your Company’s brands, namely Essenza Di Wills, Fiama Di Wills, Vivel, Superia, Engage, Savlon and Shower to Shower continue to gain salience with target consumers and win industry recognition. In a relatively short period of time, Vivel has broken into the ‘Top 100 Most Trusted Brands’ in India across categories in a survey conducted by Economic Times Brand Equity & Nielsen. Additionally, Vivel was conferred the ‘Most Preferred Consumer Brand’ award in the North-East. Vivel Cell Renew Micellar Makeup Cleanser was adjudged the best budget beauty cleanser by Harper’s Bazaar, India. The genesis of the innovative Fiama Di Wills Gel Bar featured in ‘Storm the Norm’, a first-of-its-kind collection of contemporary stories of truly inspiring businesses and brands from India that either wrote or rewrote the norms of their respective industries and brought in unprecedented change and vibrancy.

With per capita consumption at relatively low levels when compared to other emerging economies, the Indian Personal Care industry is poised for rapid growth driven by increasing urbanisation, rising disposable incomes and increasing consumer preference for enhanced personal grooming. Your Company is well positioned to seize the emerging opportunities in this rapidly evolving industry and continues to invest in creation of vibrant brands, innovative consumer-centric products and a robust supply chain to emerge as a significant player in this space.

**Education and Stationery Products**

During the year, your Company consolidated its leadership position in the Indian Education and Stationery Products industry by leveraging a portfolio of world-class products and through sustained investment in brand building. The later part of the year saw synchronisation of the trade pipeline ahead of the 2016 season in view of the subdued demand conditions and tight liquidity position in the market. This resulted in muted growth in revenue during the year.

In the Notebooks category, the Business enriched its product portfolio with the launch of several differentiated offerings under the ‘Classmate’, ‘Classmate Pulse’, ‘Paperkraft’ and ‘Saathi’ brands. Several products in innovative formats were launched during the year including Paperkraft notebooks with unique covers, a new range of Classmate ‘Octane’ pens while the art stationery product portfolio was expanded with the introduction of oil pastels and plastic crayons. The Classmate portfolio of notebooks was enriched with refreshing designs, finishes and binding styles. The Business continues to focus on innovation and new product development with a dedicated product development cell working in tandem with your Company’s Life Sciences & Technology Centre.

The Business sustained its focus on enhancing brand salience through various consumer engagement interventions such as Classmate Spellbee contest and Classmate Handwriting Olympiad besides targeted campaigns encompassing digital and conventional mass media.

In the area of supply chain, the Business rolled out the manufacturing excellence model across vendor locations to achieve superior quality and enhance operational efficiency. The Business also implemented various
initiatives during the year towards optimising working capital tie-up. These include further alignment of manufacturing operations with seasonality in demand, building greater flexibility in manufacturing capacity at vendor locations and strengthening systems & processes in the area of demand planning and production. The thrust on expanding distribution continued through a multi-pronged approach of channel proliferation, market penetration and increase in outlet coverage. The Classmate notebook is a manifestation of the environmental capital built by your Company in its paper business. While the notebook cover is made from recycled board sourced from your Company’s Forest Stewardship Council (FSC) certified Kovai mill, the paper used in the notebooks leverages your Company’s world-class fibre line at Bhadrachalam which is India’s first ozone treated elemental chlorine free facility. The Indian Education and Stationery Products industry is poised for exponential growth driven by growing literacy, enhanced scale of government & public-private initiatives in the education sector and a favourable demographic profile of the country’s population. Your Company, with its collaborative linkages with small & medium enterprises and a strong product portfolio of notebooks & writing instruments, is well poised to strengthen its leadership position in the Indian stationery market.

**Lifestyle Retailing Business**

The branded apparel industry witnessed unprecedented pressure during the year in the wake of consumers cutting back on discretionary spends and heavy discounting by industry players including the online channel. This, inter alia, led to slower retail offtake of products in the market. Besides, the entry of several foreign brands backed by high decibel advertising spends resulted in heightened competitive intensity in the industry. Despite these challenging conditions, your Company’s Lifestyle Retailing Business clocked healthy growth in revenue led by the ‘John Players’ brand. During the year, ‘Wills Lifestyle’ enhanced its market standing and strong consumer bonding in the highly competitive premium segment. Positioned at the upper end of the market, the brand continues to fulfil lifestyle aspirations offering elegant designs in high quality premium fabrics and styles. The premium imagery of the ‘Wills Classic’ range of formal wear was sharpened during the year with the introduction of a finely crafted range of offerings under the ‘Luxuria’ and ‘Regalia’ collection and natural- fibre products such as linens under the ‘Ecostyle’ collection. The ‘Wills Sport’ and ‘Wills Clublife’ range attracted newer and younger franchise leveraging high- fashion imagery and a bolder design language. The Women’s collection was also strengthened by offering a range of exclusive premium designer wear, stylised formals in a variety of trendy silhouettes. The Business also crafted a range of premium wardrobe essentials across categories to enhance sell- through, appropriately supported by robust replenishment infrastructure and processes. During the year, sales of Wills Lifestyle products to ‘Club ITC’ members increased significantly, demonstrating the salience of the brand amongst the most discerning premium customers. The Business plans to increasingly leverage the programme in the ensuing years to enhance consumer engagement and loyalty. The Wills Lifestyle brand continued to receive industry recognition, including the ‘Superbrand’ certification.

The retail footprint of the Wills Lifestyle brand spans over 100 exclusive stores in 50 cities and 350 outlets in leading departmental stores and multi-brand outlets. 6 exclusive boutiques across ITC Hotels continue to build the brand’s connect with high-end business and leisure travellers. Several innovative technology-enabled consumer engagement initiatives were successfully piloted in select stores during the year. These initiatives will be progressively rolled out across the country in the year ahead.

**John Players** enhanced its market standing by driving fashion imagery anchored on bold and edgy fashion. John Players has emerged as a leading brand in its operating segment, driven by powerful brand imagery and distinct product categories like knitted denims.
In the ‘Youth fashion’ segment, John Players enhanced its market standing by driving fashion imagery anchored on bold and edgy fashion. John Players has emerged as a leading brand in its operating segment, driven by powerful brand imagery and distinct product categories like knitted denims, T-shirts and jackets. During the year, John Players featured amongst the top 5 ‘Most Exciting Brands’ in the Apparel category in Brand Equity’s survey published by The Economic Times. The brand continues to expand its strong pan-India presence with over 400 flagship stores and 1200 outlets in leading departmental stores and multi-brand outlets. John Players continued to grow at a rapid pace, recruiting new and younger franchise enabled by effective consumer engagement programmes across multiple channels, conventional and digital media.

The Wills Lifestyle and John Players brands continue to be aggressively driven across all digital platforms to enhance their reach and engagement with their audiences, working closely with identified fashion influencers that sharply drive brand advocacy. During the year, the Business actively scaled up brand presence in the e-commerce channel and witnessed a steady increase in sales.

The Business embarked on new processes for creating more relevant designs, closer to the season, based on consumer and trade feedback, leading to the launch of several successful sub-collections. During the year, the Business augmented access to dedicated manufacturing capacity and implemented several initiatives towards improving retail and manufacturing productivity. During the year, the Business also modernised its IT landscape with the implementation of a new ERP and Point of Sale (POS) system, towards facilitating quicker analytics based decision making and improved controls.

Your Company’s brands straddle strategic segments and are well positioned to address the growth opportunities in the Indian lifestyle retailing arena driven by increasing affluence, favourable demographics and rising aspirations. Towards this end, the Business will continue to focus on enhancing the market standing and equity of its brands and make sustained investments with a view to driving brand engagement and advocacy amongst the target audience. Enhancing product vitality, effective market representation and improving supply chain responsiveness will remain some of the key focus areas going forward.

Incense Sticks (Agarbattis) and Safety Matches

The Agarbatti category sustained its high growth trajectory anchored on a diverse range of high quality products, growing franchise for the ‘Mangaldeep’ brand and enhanced distribution reach.

Mangaldeep continues to be the fastest growing agarbatti brand in the country aided by a well-crafted portfolio of offerings born out of deep consumer insight and increasing brand salience. During the year, your Company also fortified its leadership position in the ‘Dhoop’ segment which has a relatively high salience in the northern markets. Investments were made during the year to enhance quality, availability and improving supply chain responsiveness.

Although bamboo and charcoal are available in India, the Agarbatti industry continues to import raw battis primarily from Vietnam as imports are allowed into the country at a low rate of customs duty. This is resulting in loss of livelihood creation opportunities for women and tribals in rural areas, particularly in the North-East. In this context, it is pertinent to note that your Company has implemented several measures including facilitating the mechanisation of agarbatti manufacturing at vendor locations and backward integration by vendors into raw batti manufacturing using indigenous inputs towards enhancing the competitiveness of the domestic industry vis-à-vis imports. Suitable changes in policy need to be implemented towards encouraging indigenous raw batti manufacturing thereby facilitating the creation of sustainable livelihood opportunities for the weakest sections of society.

Mangaldeep continues to be the fastest growing agarbatti brand in the country aided by a well-crafted portfolio of offerings born out of deep consumer insight and increasing brand salience.
Report of the Board of Directors

In the Safety Matches category, your Company sustained its market leadership leveraging a robust portfolio of offerings across market segments. ‘Aim’ continues to be the largest selling brand in the industry. During the year, the Business implemented several initiatives towards reducing cost and improving realisations including value engineering, supply chain optimisation and development of alternative sources of supply. However, volumes remained impacted due to the proliferation of cheap and low quality products.

Technology induction in manufacturing is crucial for the long-term sustainability of the Safety Matches Industry. A uniform taxation framework that provides a level playing field to all manufacturers is necessary to trigger the required investments for modernising this industry. Introduction of GST is expected to create a supportive environment and enhance the competitiveness of the industry.

Trade Marketing & Distribution Organisation

During the year, the Trade Marketing & Distribution (TM&D) organisation was repositioned as a separate vertical to bring in sharper focus on its role as a strategic partner of your Company’s FMCG businesses.

Based on customer and channel insights developed over the years, the TM&D vertical has crafted a differentiated and comprehensive market & outlet coverage strategy to address the opportunities in the FMCG industry.

During the year, your Company continued to strengthen its formidable distribution highway comprising a large and diverse product portfolio, multiple brands, covering over 1 lakh markets and directly servicing over 2 million retail outlets across various trade channels. Your Company sustained its clear leadership position in the convenience channel while consolidating its market standing as the benchmark supplier in premium grocery outlets. Your Company also strengthened its position in the Modern Trade channel during the year through extensive deployment of in-store merchandisers, consumer contact programmes along with a relentless pursuit of operational excellence across the distribution value chain. The scale and diversity of your Company’s distribution network continues to be a critical lever to enhance market presence, provide valuable consumer/trade insight and facilitate seamless execution of new product/category launches. Technology enablement in the form of customised mobility solutions, data analytics comprising insightful visualisation tools and predictive attributes are being leveraged increasingly towards enabling quick and accurate data capture, informed decision making in real time, and scientific designing of targeted trade promotion schemes.

Your Company continues to invest in supply chain optimisation initiatives and capability building programmes of trade partners and their sales force. Significant progress was made during the year in enhancing your Company’s supply chain and logistics management capabilities. Lean inventory model, which was rolled out during the year, resulted in significant improvement in stock availability, freshness levels and reduction in working capital tie-up in the trade channel. Plans are afoot to enhance the coverage of this initiative in the ensuing year.

An efficient and highly responsive distribution network with best-in-class systems and processes is a source of sustainable competitive advantage for your Company’s FMCG segment. The TM&D vertical continues to invest in augmenting the depth and width of your Company’s distribution network while adopting a differentiated approach comprising customised service packs to address the unique needs of your Company’s diverse FMCG product portfolio, market segments and trade channels. It is envisaged that, over time, the TM&D vertical will also offer its services to external customers by leveraging its expertise in this field and the logistics infrastructure being created by your Company.

Your Company continued to strengthen its formidable distribution highway comprising a large and diverse product portfolio, multiple brands, covering over 1 lakh markets and directly servicing over 2 million retail outlets across various trade channels.
B. HOTELS

The operating environment in the hospitality sector remained challenging during the year. While occupancy rates improved during the year, average room rates remained under pressure due to subdued growth in foreign tourist arrivals coupled with a steady supply of new room inventory particularly in key markets like New Delhi, Mumbai and Bengaluru. Your Company’s hotels in Chennai also had to contend with business disruption due to heavy rainfall and floods in the city during November / December 2015.

Despite a challenging operating environment, Segment Revenue recorded a growth of 8.4% driven by improvement in room occupancy and robust growth in the Food & Beverage segment. Segment Results, however, reflect the impact of floods in Chennai, gestation costs of the recently commissioned ITC Grand Bharat, Gurgaon and higher depreciation charge due to revision in useful life of fixed assets in accordance with Schedule II of the Companies Act 2013.

Your Company’s Hotels Business continues to be rated amongst the fastest growing hospitality chains in India, with over 100 properties across the country under 4 distinct brands - ITC Hotels’ in the Luxury segment, WelcomHotel in the upper-upscale segment, ‘Fortune Hotels’ in the upscale & mid-market space and WelcomHeritage in the leisure & heritage segment.

During the year, the Business renewed its licensing and franchising agreements with Starwood Hotels & Resorts for ‘The Luxury Collection’ and Sheraton brands. Apart from the 12 existing properties under the ITC Group, the association as aforesaid will be extended to another 3 hotels that are under construction.

The Business continues to focus on strengthening brand equity through its unique and path-breaking ‘Responsible Luxury’ initiatives, culinary excellence and personalisation of guest services. ‘Club ITC’, your Company’s pan-ITC consumer loyalty programme with a current membership base of around 3 lakh premium consumers, continues to gain franchise amongst the premium clientele of ITC Hotels and Wills Lifestyle. The ‘Club ITC Culinaire’ dining loyalty programme is also gaining popularity.

Your Company’s Hotels Business continues to receive accolades for its world-class properties and service excellence. In yet another international recognition in its debut year, the ITC Grand Bharat, Gurgaon has been ranked No. 4 among the ‘Top 100 Hotels & Resorts of the World’ and No.1 among the ‘Top 25 Resorts in Asia’ on the coveted Conde Nast Traveler U.S. Readers’ Choice Awards. The luxury retreat is the only hotel from India to feature in the ‘Top 50 of the world’s best’.

The hotel also received the Outlook Traveller Award for the ‘Indian Hotel Debut of the year’. ITC Maurya was adjudged the ‘Best Business Hotel’ in India at the Lonely Planet Awards. ITC Hotels was recognised as the ‘Most Respected Company’ in the hospitality segment in a survey conducted by Business World. ITC Hotels was also adjudged the ‘Best Hotel Group’ at Travel + Leisure, India & South Asia Awards 2015.

The Food & Beverage segment continues to be a major strength of your Company with some of the most iconic brands in the country. Your Company’s prestigious brand ‘Bukhara’ once again featured in the ‘S.Pellegrino Asia’s Best 50’ list. ‘Dum Pukht’, ‘Royal Vega’, ‘Kebabs & Kurries’, ‘P’an Asian’, ‘Tian’ and ‘Ottimo’ continued to win accolades at the ‘Times Food Awards’. Your Company’s internationally-acclaimed spa brand, ‘Kaya Kalp’, won several accolades at the Asia Spa Awards with ITC Grand Bharat being awarded the ‘Best New Spa (Resort)’ and ITC Mughal awarded the ‘Most Luxurious Spa (Resort)’. CNN Travel rated the ITC Grand Bharat - Classic Golf Resort among the best 11 city golf clubs in the world.

In line with your Company’s commitment to the ‘Triple Bottom Line’, the Hotels Business strives continuously to reduce water and energy consumption and enhance the usage of renewable energy sources.

ITC’s Hotels Business continues to be rated amongst the fastest growing hospitality chains in India, with over 100 properties across the country under 4 distinct brands. ITC Grand Bharat, Gurgaon has been ranked No. 4 among the ‘Top 100 Hotels & Resorts of the World’ and No.1 among the ‘Top 25 Resorts in Asia’.
Nearly 60% of the total energy requirements of the Business are presently met through renewable energy sources. The bespoke ‘SunyaAqua’ water programme, which was extended to all ITC Hotels during the previous year, has been well received by guests. During the year, the Business extended several ‘Responsible Luxury’ themed culinary initiatives and promotions under the ‘Kitchens of India’ banner. These interventions stand testimony to the ‘Responsible Luxury’ positioning of your Company’s Hotels Business and reinforce ITC Hotels’ position as the ‘greenest luxury hotel chain’ in the world.

In view of the positive long-term outlook for the Indian Hotel industry, your Company remains committed to its investment-led growth strategy. Steady progress is being made on construction of new hotels at Kolkata, Hyderabad and Ahmedabad. All requisite clearances for your Company’s first overseas project at Colombo have been received from the Sri Lankan authorities by WelcomHotels Lanka (Private) Limited, a wholly-owned subsidiary of your Company. While excavation work is in its final stage at the Colombo project site, allied works including piling are progressing as per schedule.

The ‘Fortune’ brand which caters to the ‘mid-market to upscale’ segment, strengthened its leadership position and expanded its presence with the addition of 2 new hotels during the year. The number of operational hotels under the Fortune brand presently stands at 48 across 34 cities. Buoyed by the success of the upscale ‘My Fortune’ brand in Chennai and Bengaluru, the Business plans to extend the same to 7 more cities. While the My Fortune, Coimbatore project is nearing completion, construction of 2 more properties at Guntur and Bhubaneshwar is expected to commence shortly. The ‘WelcomHeritage’ brand remains the country’s most successful and largest chain of heritage hotels with 35 operational hotels.

Your Company was declared the successful bidder for a 250-room luxury beach resort located in South Goa operating under the name Park Hyatt Goa Resort and Spa, following an auction held by IFCI Limited in February 2015 in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Subsequent to your Company making full payment of the bid amount, IFCI issued the requisite Sale Certificates in favour of your Company on 25th February, 2015. However, based on an appeal by the erstwhile owners, the sale has been struck down by the Honourable Bombay High Court. Your Company and IFCI have filed a Special Leave Petition before the Honourable Supreme Court and the matter is sub judice.

Your Company’s Hotels Business, with its world-class properties, globally benchmarked levels of service excellence and customer centricity, is well positioned to sustain its leadership status in the Industry and to emerge as the largest hotel chain in the country over the next few years.

C. PAPERBOARDS, PAPER AND PACKAGING

During the year, the Paperboards, Paper and Packaging segment was impacted by the muted demand environment prevailing in the FMCG and Cigarette industry. Additionally, zero duty on imports under the Free Trade Agreement (FTA) with ASEAN countries, coupled with cheaper imports from China continued to adversely impact the domestic Paper and Paperboard industry. Segment Revenue grew by 0.9% and Segment Profits declined by 1.5% respectively against the backdrop of a challenging business context as aforestated.

Paperboards & Specialty Papers

Global demand for Paper & Paperboard in 2015 remained at appx. 400 million MT for the third year in a row. During the period 2010 to 2015, global Paperboard demand has grown at 1% CAGR primarily driven by Asian and Middle East markets. Over the next 5 years, growth is expected to slow down further to 0.6%-0.8% CAGR mainly due to deceleration of the Chinese economy. The Newsprint and Writing & Printing categories are expected to witness decline in demand going forward primarily on account of increasing adoption of digital media and
proliferation of smartphones usage. The overall pricing scenario is expected to remain weak in view of muted demand conditions and surplus capacity in China consequent to declining economic growth rate and significant capacity additions since 2012.

While India sustained its position as one of the fastest growing Paper and Paperboards markets in the world, overall industry demand during the year remained adversely impacted due to slowdown in the FMCG industry. Pricing power of the domestic paper industry was also impacted with additional capacity going on stream during the year. Over the next 5 years, overall demand is expected to grow at 6% CAGR with Paperboard (46% of the market) and Writing & Printing paper (31% of the market) estimated to grow at 6% CAGR and 4% CAGR respectively.

— Within Paperboards, demand for Value-Added Paperboards (VAP) is expected to grow at 10% CAGR during this period. The faster rate of growth in VAP grades is expected to be driven by the increasing demand for branded packaged products, growth in organised retail, increasing awareness on food safety and hygienic packaging and the use of packaging as a key differentiator especially in the FMCG sector. Food, Pharmaceuticals, Garments and Beverages are expected to be the major end-use segments driving demand growth.

— In the Writing & Printing (W&P) paper segment, demand for cut-size paper is expected to grow the fastest at 10% CAGR driven by traditional segments like offices, schools / colleges and the new and fast-growing segments such as online retail. With continued Government focus on the education sector, the demand for W&P paper in notebooks and publications segment is projected to grow at a CAGR of 4% over the next 5 years.

India’s position as one of the fastest growing Paperboard markets in the world coupled with anticipated acceleration in growth rate has attracted new players into the industry and spurred investments in capacity addition. In 2015-16 alone, the Value-Added Paperboard segment witnessed capacity addition of about 3.3 lakh MT per annum, representing more than 50% of the current market size of the segment.

Over the last 3 years, imports of Paper and Paperboard have grown rapidly. Imports from ASEAN countries have nearly doubled in the last 2 years, with the implementation of zero duty on such imports with effect from 1st January, 2014. With weak global demand and anti-dumping duty imposed by USA on supplies from Indonesia & China, imports from these countries have been flooding the Indian market posing a major threat to the economic viability of domestic manufacturers - especially the smaller paper mills, some of which have closed down.

The current import policy and extant regulations governing commercial and social forestry in the country have put the Indian Paper and Paperboard industry at a disadvantage vis-à-vis imports. In order to provide a level playing field to the domestic industry and encourage farming of wood in India, there is clearly a need to review the current import duty structure and re-examine existing FTAs and the new ones under formulation. It is also recommended that commercial forestry on drylands and wastelands be opened up for the private sector in the country with appropriate environmental safeguards. A suitable mechanism that incentivises environment-friendly operations and adoption of sustainable business practices should also be put in place.

Despite heightened competitive intensity, your Company sustained its leadership position in the VAP segment during the year. This was achieved through effective key account management, focus on product & process innovation, enhanced service delivery levels leveraging strategically located ‘quick service centres’ and improved manufacturing efficiencies. In line with its ‘Green India’ approach, the Business sustained its leadership position in the sale of eco-labelled products, volumes of which doubled to more than 59,000 MT during the year.
The Business has emerged as a leading player in the W&P paper segment, leveraging strong forward linkages with your Company’s Education and Stationery Products Business. In the Specialty Papers segment, your Company consolidated its leadership position in the Pharma leaflets and thin printing segments.

Your Company continues to source its wood requirements from sustainable sources. Your Company’s research on clonal development has resulted in the introduction of high yielding and disease resistant clones that are adaptable to a wide variety of agro-climatic conditions. In this context, your Company’s Life Sciences & Technology Centre is engaged in developing higher yielding second generation clones with enhanced pest & disease resistance attributes.

Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council - Forest Management (FSC-FM) certification which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit and economic viability. Till date, your Company has received FSC-FM certification for nearly 30,000 hectares of plantations involving over 28,000 farmers with another 6,000 hectares in the pipeline. During the year, nearly 31,000 tonnes of FSC-certified wood were procured from these certified plantations. All four manufacturing units of the Business have obtained the FSC Chain of Custody certification, and have ensured adherence to all required compliance norms during the year. These certifications make your Company the leading supplier of FSC-certified paper and paperboard in India.

Your Company continues to focus on recycling initiatives including solid waste recycling. All manufacturing units of the Business continue to recycle nearly 100% of the solid waste generated during operations by converting the same into lime, fly ash bricks, grey boards, egg trays etc. In addition, the Business procured and recycled about 1,24,000 tonnes of waste paper during the year, thereby enhancing your Company’s overall positive solid waste recycling footprint.

During the year, the Bhadrachalam and Kovai units received the ‘Excellent Energy Efficient Unit 2015’ awards and ‘GreenCo Platinum’ certifications from Confederation of Indian Industry, Green Business Centre (CII GBC). The Kovai unit received ‘Shreshtha Suraksha Puraskar’ from National Safety Council of India (NSCI).

In line with your Company’s objective of meeting 50% of its energy requirements from renewable sources, the Business has implemented several initiatives including investment in a green boiler, soda recovery boilers and solar & wind energy. The 7.5 MW wind energy unit in Coimbatore continues to operate at optimum levels, providing clean energy to the Kovai unit. With these initiatives, renewable sources presently account for over 50% of total energy consumed at the Bhadrachalam and Kovai units.

Your Company successfully commissioned a 46 MW wind energy project in Andhra Pradesh in July 2014, which has been generating wind power since then. Post the bifurcation of the State of Andhra Pradesh, the Business needs to wheel the power from the State of Andhra Pradesh to Telangana. However, the Business has not been granted permission for inter-state wheeling of power. Consequently, the majority of the intended benefits from this large investment have not fructified primarily due to the fact that only a minor proportion of the power generated from this wind energy project is being used in your Company’s units in Andhra Pradesh and the balance energy generated is currently being sold to the State power grid at nominal rates.

Your Company has submitted several representations to the concerned authorities on this issue and has also approached the Central Electricity Regulatory Commission to secure inter-state wheeling of power. Your Company remains hopeful of an expeditious resolution of the matter.

The Business continues to make structural interventions in the areas of strategic cost management and import substitution. Key areas in this context include investments in in-house pulp manufacturing capability, use of wind...
energy, developing alternative sources of supply for key inputs on an ongoing basis. In line with this approach, the Business made good progress during the year towards setting up a Bleached Chemical Thermo Mechanical Pulp (BCTMP) mill at the Bhadrachalam unit which will further reduce dependence on imports and reduce cost. The Business is also in the process of commissioning an energy efficient power plant at the Bhadrachalam unit that will reduce coal consumption and consequently, your Company’s carbon footprint.

Your Company is confident of sustaining its leadership status in the Indian Paperboard and Paper industry leveraging multiple sources of competitive advantage comprising access to high-quality fibre from the economic vicinity of the Bhadrachalam unit, in-house pulp mill and state-of-the-art manufacturing facilities, forward linkage with the Education and Stationery Products Business and world-class product quality.

Packaging and Printing

Your Company’s Packaging and Printing Business continues to be a leading supplier of value-added packaging for the consumer goods industry. On-going investments in state-of-the-art technologies and processes have fortified its position in the cartons and flexibles packaging industry. The Business provides strategic support to your Company’s FMCG Businesses by facilitating faster turnaround of new pack designs, ensuring security of supplies and delivering benchmarked international quality at competitive cost.

Sales of flexibles and cartons packaging recorded healthy growth during the year, driven by increased offtake by existing customers and robust new business development. During the year, the Business stabilised the recently commissioned in-house cylinder manufacturing plant at the Haridwar unit and blown film manufacturing capability at the Tiruvottiyur unit. These investments have augmented the capabilities of the Business and are facilitating speedier fulfilment of customer orders thereby enhancing its competitive position.

As in previous years, the Business won several awards for operational excellence, innovation and creativity. These include one ‘World Star Award’ from the World Packaging Organisation and two ‘Asia Star Awards’ from the Asian Packaging Federation for excellence in packaging solutions. The Business continues to be acknowledged as a key associate by several large FMCG companies in the country for providing superior packaging solutions.

The 14 MW wind energy farm in Tamil Nadu, set up in 2008, provides clean energy to the packaging unit at Tiruvottiyur, contributing towards reducing your Company’s carbon footprint. Wind energy generation from this facility, however, continued to be affected during the year due to external infrastructural deficiencies impacting connectivity to the State power grid.

The factories at Tiruvottiyur, Haridwar and Munger continued to maintain the highest standards in Quality and Environment, Health & Safety (EHS). All the three units are certified as per the Integrated Management System, consisting of ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and have also received Social Accountability Certification (SA 8000:2008). Both the Tiruvottiyur and Haridwar units received the highest ‘Grade A’ BRC/IOP certification (British Retail Consortium Institute of Packaging), for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. During the year, the Tiruvottiyur unit received the CII ‘Excellent Energy Efficient Unit’ award while the Haridwar unit received the National Safety Council Award and CII North Zone Award for ‘5S Excellence’. The Munger Unit received the National Safety Council Award and CII Eastern Zone Award for ‘Safety, Health and Environment Excellence’. The Business received ISO 31000:2009 Certification for Risk Management Framework.

The Packaging and Printing Business has established itself as a one-stop shop offering superior packaging solutions. With world-class technology across a diverse
range of packaging platforms, best-in-class quality management systems and a distributed manufacturing footprint, the Business is well positioned to rapidly grow its external business while continuing to service the requirements of your Company's FMCG Businesses.

D. AGRI BUSINESS

Leaf Tobacco

The declining trend of global cigarette demand continued unabated during the year due to steep hikes in taxation and the impact of stringent regulatory measures covering cigarette marketing, packaging/labelling and usage of additives. Against the backdrop of a decline in global cigarette production and higher global leaf tobacco output, most regions across the world witnessed build-up of uncommitted inventory levels. The domestic legal cigarette industry also remained under severe pressure due to stringent regulations and punitive taxation leading, inter alia, to lower tobacco offtake and higher levels of uncommitted inventory in the domestic market during the year.

Consequently, leaf tobacco exports from India had to contend with twin impact of soft global demand and higher uncommitted inventory. Steep currency depreciation in competing origins also weighed on the prospects of leaf tobacco exports from India, which dropped to a four-year low of 207 million Kgs. The 2015 flue cured tobacco crop in Andhra Pradesh was severely impacted by multiple negative discontinuities coming together at the same time viz., unfavourable weather conditions, inferior crop quality, lower domestic demand and subdued export offtake. This resulted in an inordinate delay in marketing the crop, triggering a significant drop of over 25% in average farm prices, culminating in farmer unrest in the region. This in turn led to multiple reviews at the highest level, both by the Central and State Government of Andhra Pradesh, leading to the implementation of a bail-out package for the farmers for liquidation of unsold inventory.

Your Company effectively engaged with the concerned authorities and also made suitable market interventions which facilitated liquidation of the crop thereby protecting the interests of tobacco farmers.

Despite these adverse conditions, your Company enhanced its market standing as the leading exporter of unmanufactured tobacco from India through a combination of strategies aimed at sustaining/enhancing trade with existing customers, new business development by leveraging its expertise in the areas of crop development, product integrity & sourcing, and world-class processing facilities. The Business continued to provide strategic sourcing support to your Company’s Cigarette Business meeting all requirements at competitive prices while creating a sustainable production system and farmer base.

Your Company is the single largest integrated source of quality Indian tobaccos, co-creating and delivering value at every stage of the leaf tobacco value chain. During the year, 85 model villages were successfully established under ‘Village Adoption Programme’. This initiative of integrated resource deployment helped in creating a sustainable and collaborative ecosystem generating a significant surplus for the farmers. The Business continues to play a leading role towards facilitating the long-term sustainability of farming through focused interventions in quality & productivity enhancement, sustainable agriculture practices and community empowerment. It is also pioneering efforts towards positioning India globally as a preferred source of leaf tobacco by leveraging its crop development expertise.

The Business continues to focus on implementing structural interventions to reduce costs, enhance profitability and improve supply chain responsiveness. In this regard, the Business implemented several initiatives during the year including utilisation of wind energy, yield improvement, logistics optimisation, which generated substantial savings. Several Lean and...
Six Sigma projects covering various facets of business operations - from processing, waste reduction, manpower rationalisation to data analytics - were successfully concluded resulting in improved process efficiencies and cost savings.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological solutions. Investments continue to be made in your Company’s Green Leaf Threshing plants (GLT) at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. In line with your Company’s strategy to adopt a low-carbon growth path, all 3 units at Chirala, Anaparti and Mysuru are meeting a significant portion of their energy needs from renewable sources.

Your Company’s GLTs remain committed to the highest standards of Environment, Health & Safety, and Quality and continue to win recognition in these areas. During the year, the Mysuru GLT won the ‘Prashamsa Suraksha Puraskara’ awarded by National Safety Council, Karnataka Chapter. The Chirala GLT received the ‘Uththama Yajamanya Puraskaram’ from the Labour Department, Government of Andhra Pradesh in recognition of its exemplary industrial relations practices and implementation of labour welfare measures. Quality Control Circle (QCC) teams from all the 3 GLTs presented their improvements and won awards at the Regional and the National Levels from Quality Circle Forum of India (QCFI).

With its unmatched R&D capability, state-of-the-art facilities, unique crop development & extension expertise and a deep understanding of customer and farmer needs, your Company is well positioned to sustain its position as a world-class leaf tobacco organisation. The Business will continue to extend strategic support to your Company’s Cigarette Business while sustaining its leadership position as the leading exporter of quality Indian tobacco, thereby catalysing the multiplier impact of increased farmer incomes to benefit the rural economy.

Other Agri Commodities

Food grain production in India for 2015 crop at 252 million tonnes is estimated to have declined by 12 million tonnes over the previous year. The production of major food grains, wheat and rice, declined due to unseasonal rains and drought during 2014 & 2015 which impacted both the Kharif and Rabi crops. While wheat production dropped significantly by 9.7% to 86.5 million tonnes, rice production was lower by 1.8% at 103.6 million tonnes. Oilseed production declined by 5.5% to 31.8 million tonnes mainly due to lower soya output which declined by 15.3% to 7.2 million tonnes due to inadequate rainfall.

During 2015-16, world wheat production increased by 7 million tonnes to about 732 million tonnes mainly due to higher production in Russia, Ukraine and Australia. Increased production and surplus inventory of wheat in the global markets coupled with currency depreciation in Russia, Ukraine, Australia and Canada impacted wheat exports from India, which dropped to 1 million tonnes from 3.4 million tonnes in the previous year. Additionally, the quality of wheat crop in India was adversely impacted by unseasonal rains. Consequently, the Business did not have any material opportunity for wheat exports during the year. The Business leveraged its wide geographical sourcing network to secure supplies of critical grades with benchmark quality while scaling up operations significantly towards meeting the growing requirements for Aashirvaad atta.

The Business also delivered substantial savings to the system through efficient logistics management and other cost-optimisation initiatives.

Your Company's deep rural linkages and expertise in agri-commodity sourcing is a critical source of competitive advantage for the Branded Packaged Foods Businesses. Given the volatile market conditions caused by climatic variations, changes in Government policies and global demand-supply dynamics, your Company has invested significantly in building competitively superior
agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure. These capabilities and infrastructure have created structural advantages that facilitate competitive sourcing of agri raw materials for your Company’s Branded Packaged Foods Businesses. The Business continues to focus on increasing the overall efficiency of procurement and logistics operations by consistently pursuing cost optimisation initiatives and eliminating non value adding activities.

Towards scaling up wheat sourcing from areas that are in close proximity of atta manufacturing plants, the Business is collaborating with research organisations such as Indian Agricultural Research Institute, Directorate of Wheat Research, Punjab Agricultural University and Agarkhar Research Institute. As part of its wheat crop development programme, the Business has introduced location-specific new and improved seed varieties along with appropriate package of practices in over 50,000 acres across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Madhya Pradesh, Maharashtra and Karnataka. With a view to supporting the future requirements of your Company, the Business continues to focus on augmenting capabilities in proprietary crop intelligence, scaling up the sourcing & delivery network and developing blends based on consumer requirements.

In the area of potato sourcing, the Business continued to source highest quality chip stock potato at competitive prices for your Company’s Yumitos brand. In addition, the Business is working closely with farmers towards improving quality and yield and introducing chip stock in newer geographies proximal to manufacturing centres.

The Business also leveraged its extensive sourcing network and associated infrastructure in key growing areas coupled with well-entrenched farmer linkages to source high quality fruit pulp for your Company’s ‘B Natural’ brand. In the processed fruits category, the Business sustained its leadership position in ‘Fairtrade’ mango pulp exports from India anchored on a comprehensive portfolio of organic and certified mango products. The Business is working closely with small and marginal farmers across 5 States in building scale and sourcing options.

Your Company’s Spices Business endeavours to provide food safe spices through quality differentiation across the value chain and leverage export opportunities in the US, EU and other South-East Asian countries. The Business has developed robust crop development programmes in chilli and cumin designed to ‘produce the buy’ on Integrated Crop Engagement practices coupled with IT driven traceability systems. The world-class processing unit in Guntur is certified to the highest level of global food safety standards under the British Retail Consortium Food certification regime while the analytical laboratory is certified to the ISO 17025 standard. The chilli sourcing and production value chain of the Business is Rainforest Alliance certified and continues to be leveraged for business growth.

Your Company believes that it is imperative to take an integrated and holistic view of the agricultural value chain towards stimulating agricultural growth in the country. This requires a joint participatory approach from all the stakeholders such as farmers, input vendors, traders, processors and government agencies. More than a decade ago, your Company conceptualised and rolled out the e-Choupal network as a platform towards empowering the farming community by dis-intermediating the value chain, making available accurate weather related information, enabling price discovery in a transparent manner and disseminating best practices relating to farming. Your Company continues to focus on providing various services in rural areas towards enhancing the competitiveness of Indian agriculture and plays a critical enabling role in integrating farmers, input vendors and government agencies besides facilitating the necessary market linkages.
The unique ‘Choupal Haat’ platform seeks to create awareness and improve access of the rural community to a wide range of areas - ranging from financial services and pharmaceuticals to commercial vehicles and white goods. Along with Choupal Saagars (integrated rural services hubs), this platform fosters round-the-year and large scale engagement with the rural community thereby enhancing the vitality of your Company’s e-Choupal network.

The “Choupal Pradarshan Khet” initiative works with various government and private bodies to promote new seed varieties, farm technologies and practices among farmers towards improving farm productivity (food grains, oil seeds, cereals etc.) and deepening your Company’s engagement with the farming community. During the year, field demonstrations of new technology (seed varieties and production practices) for improved yield and quality in soyabean, wheat, rice, summer pulses and horticultural crops were conducted in more than 5,600 villages covering around 1,58,000 acres and more than 60,000 farmers. The focus of these activities were on sustainable farm practices like moisture conservation, promotion of bio-fertilisers, zero-tillage, prophylactic pest management, etc.

The Business will continue to leverage its deep rural linkages and agri-commodity sourcing expertise towards providing your Company’s Branded Packaged Foods Businesses a distinct competitive advantage. The e-Choupal platform will also be increasingly leveraged to provide rural marketing and agri services and serve as a unique delivery mechanism towards enhancing agricultural growth and productivity, and fostering sustainable rural development.

NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements prepared in accordance with Accounting Standard 21. Shareholders desirous of obtaining the report and accounts of your Company's subsidiaries may obtain the same upon request. Further, the report and accounts of the subsidiary companies will also be available under the ‘Shareholder Value’ section of your Company’s website, www.itcportal.com, in a downloadable format.

During the year, your Company's investments in its wholly-owned subsidiaries - Wills Corporation Limited (WCL) and BFIL Finance Limited (BFIL) - were acquired by Russell Credit Limited (Russell), a wholly-owned subsidiary of your Company. Subsequently, WCL and BFIL, merged with Russell. In addition, Classic Infrastructure & Development Limited, an associate company of Russell Credit Limited, merged with Greenacre Holdings Limited - another wholly-owned subsidiary of your Company.

During the year, your Company also acquired the entire equity share capital of Technico Agri Sciences Limited (TASL) from Technico Pty. Limited, Australia (Technico Australia). Prior to such acquisition, TASL was a wholly-owned subsidiary of Technico Australia, which in turn was a wholly-owned subsidiary of your Company. Consequently, TASL became a direct wholly-owned subsidiary of your Company with effect from 22nd March, 2016.


The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with Clause 49 of the Listing Agreement with Stock Exchanges, can be accessed on the Company’s corporate website at http://www.itcportal.com/about-itc/policies/policy-on-material-subsidiaries.aspx. Presently, the Company does not have any material subsidiary.

The e-Choupal platform will also be increasingly leveraged to provide rural marketing and agri services and serve as a unique delivery mechanism towards enhancing agricultural growth and productivity, and fostering sustainable rural development.
The year 2015-16 turned out to be an extremely challenging one for Nepal, with the country having to contend with several disruptions during the year. The catastrophic earthquakes in April and May 2015 affected over 8 million people and claimed more than 9000 human lives, rendered countless others homeless and severely impacted all sectors of the economy. The situation was exacerbated by the disruption of trade and commerce for nearly four months consequent to political unrest on adoption of new Constitution by the Constituent Assembly on 20th September, 2015. The cumulative impact of these upheavals caused the GDP growth to decelerate to 3% for the fiscal year ended July 2015 compared to 5.2% a year earlier. The economy is projected to slow down further to 1.5% in the current fiscal.

The country is currently engaged in a massive task of post-earthquake reconstruction activity and resumption of normalcy in everyday life. The company made significant efforts to alleviate the suffering of the people of the country by providing support towards emergency relief, rescue operations and humanitarian assistance in the immediate aftermath of the earthquakes. Additionally, the company also contributed an amount of Nepalese Rupees (NRs.) 100 million to the Prime Minister's Disaster Relief Fund.

In addition to the unfavourable business conditions prevailing in the country, the legal cigarette industry in Nepal continued to be adversely impacted by discriminatory tobacco taxation policies and stringent regulations. The operating environment for the legal cigarette industry was rendered even more challenging with the recent implementation of harsher pictorial warnings. These pictorial warnings, which are amongst the most stringent in the world, have put the legal cigarette industry at a significant disadvantage to the illegal cigarette industry. The rapid growth of illegal cigarette trade is not only adversely impacting Government revenues but also compromising the tobacco related health objectives of the Government since illegal cigarettes are of dubious quality and do not carry the mandated pictorial warnings on packs. It is pertinent to note that while the legal cigarette industry accounts for 81% of the total revenue from the tobacco sector, its share in overall tobacco consumption continues to decline and is currently estimated at only 16%.

During the year under review, the Government replaced the physical control procedures of Excise over manufacture and clearance of cigarette by self-assessment procedures prevalent in other manufacturing sectors. The company apprehends that this move will further encourage the already rapidly growing illegal manufacture and sale of cigarettes by unscrupulous players in the industry. The company continues to engage with policy-makers for reinstatement of the physical control system in the interests of Revenue, curtailing illicit trade and to ensure effective implementation of Government's health agenda.

Amidst a challenging business environment as aforesaid, the company recorded Gross Revenue of NRs. 2482 crores (previous year - NRs. 2033 crores) and Profit After Tax (PAT) of NRs. 629 crores (previous year - NRs. 451 crores). The company improved its market standing in all major operating segments viz. Cigarettes, Branded Apparel, Safety Matches and the recently launched Agarbatti business.

The company continues to be one of the largest contributors to the national exchequer, accounting for about 14% of excise collections and approximately 3% of the total revenues of the Government of Nepal. The company constitutes approximately 17% of manufacturing GDP of the country, making it the largest private sector manufacturing company in Nepal.

During the year, the company’s Cigarette Business consolidated its leadership position in the country by leveraging a portfolio of world-class products anchored on innovation and benchmarked quality backed by robust distribution network. Investments in best-in-class manufacturing technologies along with adoption of benchmarked practices ensured delivery of products of international quality. The new cigarette factory of the company at Seratar, near Pokhara, commenced operations during the year. The factory has been awarded Gold Rating by Indian Green Building Council, the first-of-its-kind in Nepal, further enhancing the company’s position as one of the leading and responsible corporate entities in the country. As part of its sustainability initiatives, the company also invested in a 430 KW solar plant at its cigarette factory and employee housing colony at Simara.
In the Branded Apparel Business, the company’s offerings under the ‘John Players’ and ‘Springwood’ brands continue to enjoy loyal consumer franchise in the premium and economy segments of the branded menswear market. In the Safety Matches Business, the company’s brand ‘Tir’, continues to sustain its leadership position, leveraging the strong supply chain infrastructure and pan-Nepal distribution reach of the company. Mangaldeep agarbattis, which were launched in the previous year under a brand licensing agreement with your Company, grew at a rapid pace during the year, driven by brand investments to improve awareness and encourage trials, and enhanced distribution reach.

The company continues to support and invest in initiatives that enhance the social and economic capital of the nation. These initiatives are aligned with the stated priorities of the Government of Nepal and are based on identified societal needs. Accordingly, the company continues to:

— engage with the farming community to enhance productivity and improve quality at the farm level through the induction of agricultural best practices. The adoption of such practices and other inputs provided by the company has led to consistent improvement in quality of domestic grades of tobacco thereby improving marketability of the crop and enhancing farmer returns;
— provide community health services through various programmes such as periodic health camps and awareness programmes in the vicinity of the manufacturing units;
— assist farmers in cultivating high quality Poplar saplings in the vicinity of the Simara factory. Under the ‘Grow Wood, Grow Food’ programme that this initiative promotes, farmers are encouraged to adopt agro-forestry while simultaneously inter-cropping with traditional crops;
— support the animal husbandry extension services initiative with a view to driving yield improvement and enhancing returns of underprivileged farmers;
— focus on building local supply chain towards sourcing its agarbatti requirements from domestic small and medium enterprises, thereby providing employment and skill building opportunities to the economically deprived sections of society, especially women.

The company declared a dividend of NRs. 238.00 per Equity Share of NRs. 100/- each for the year ended 16th July, 2015 (31st Ashad, 2072).

**ITC Infotech India Limited and its subsidiaries**

The IT services industry is at an inflection point with innovative technologies, newer ways of deploying them and the increasing influence of business users in decision-making for purchase of technology and services, beginning to have an impact on the way the industry operates. The Tier 1 players are embracing the changing market trends and ramping up investments to build capabilities in newer technologies such as digital and disruptive business models for non-linear growth. The industry as a whole is also witnessing heightened consolidation activity.

In this context, ITC Infotech has embarked upon a transformational journey to become a specialised, global scale full service provider led by business and technology consulting practices. Accordingly, during the year the company aligned the organisation with the identified go-to-market industry verticals and the service lines or Lines of Business (LoB) that can be offered to these target markets.

Key initiatives implemented during the year include seeding of new LoBs such as Testing as a Service (TaaS) and Supply Chain Management (SCM), increased focus and sales deployment in the predominant markets of USA and Europe, developing a framework for digital offerings and instituting a new ‘Innoruption’ lab to focus on R&D and innovation in areas such as Digital Supply Chain solutions, Mobility Solutions, Internet of Things, Cognitive Automation, etc.

During the year, the company’s consolidated Total Revenue grew by 5.3% to ₹ 1555.18 crores, while Net Profit stood at ₹ 77.20 crores. The company’s financial performance during the year reflects, inter alia, the impact of restructuring a contract with a key client, which set up its own captive centre in India. Excluding the impact of restructuring as aforestated, the company posted healthy growth in revenue, in line with Industry,
driven by new client additions in USA and Europe and sustained growth momentum in the India, Asia-Pacific and Middle East and Africa regions.

For the year under review:

a) ITC Infotech India Limited recorded Total Revenue of ₹ 961.32 crores (previous year ₹ 1006.02 crores) and Net Profit of ₹ 88.18 crores (previous year ₹ 122.00 crores). For the year under review, the company paid a dividend of ₹ 9.00 per Equity Share of ₹10/- each aggregating ₹ 76.68 crores (previous year ₹ 76.68 crores);

b) ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Total Revenue of GBP 31.19 million (previous year GBP 28.69 million) and Net Profit of GBP 0.73 million (previous year GBP 0.68 million). For the year under review, ITC Infotech UK paid a dividend of GBP 2.20 (previous year GBP 4.25) per Ordinary Share of GBP 1/- each on 685,815 shares, amounting to GBP 1,508,793 (previous year GBP 2,914,714);

c) ITC Infotech (USA), Inc., (ITC Infotech USA), a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Pyxis Solutions, LLC (Pyxis), recorded Total Revenue of US$ 86.44 million (previous year US$ 81.62 million) and Net Profit of US$ 0.47 million (previous year US$ 0.82 million). For the year under review, Pyxis paid a dividend of US$ 1,000,000 (previous year ₹ Nil) to ITC Infotech USA.

Pursuant to its merger with ITC Infotech USA with effect from 1st April, 2016, Pyxis has ceased to be a subsidiary of ITC Infotech India Limited and that of ITC Limited with effect from that date.

The company’s superior service delivery capability continued to earn global recognition. The company won the ‘2015 European Outsourcing Awards’ in the category - ‘Value creation in outsourcing’ for engagement with a leading UK based health retailer. The company also featured as a ‘Major Contender’ in the ‘Everest Group IT Outsourcing in Banking - Service Provider Landscape assessment 2015’ and in the ‘Leaders Category’ in the ‘2016 Global Outsourcing 100’ list compiled by the International Association of Outsourcing Professionals for the tenth consecutive year. The company was profiled in the Gartner report titled ‘Market Guide for Trade Promotion Management and Optimisation’ and also featured prominently in the Gartner report titled ‘Market Guide for Retail Execution and Monitoring Solutions for the Consumer Goods Industry’.

The outlook for the Indian IT industry remains positive with NASSCOM forecasting a growth of 10%-12% in the forthcoming year. With enhanced focus on newer technologies and driven by domain knowledge and delivery excellence, the company is poised to grow faster than the industry and improve its market standing.

Technico Pty Limited and its subsidiaries

The company continues to focus on upgradation and commercialisation of TECHNITUBER® seed technology and customising its application across various geographies. Besides, the company is engaged in the marketing of TECHNITUBER® seeds to global customers produced at the facilities of its subsidiaries in China and Canada, and Technico Agri Sciences Limited, India (TASL). The Canadian subsidiary of the company is also engaged in field multiplication of seeds.

During the year, the company sold the entire equity holding in its wholly-owned subsidiary, TASL, to your Company.

For the year under review:

a) Technico Pty Limited, Australia registered Turnover of Australian Dollar (A$) 2.31 million (previous year A$ 2.21 million) and Net Profit of A$ 10.95 million (previous year A$ 0.78 million). Net Profit for the year includes gain of A$ 10.50 million on sale of investment in TASL.

b) Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China - There were no significant events to report with respect to the above companies.

Technico Agri Sciences Limited

Consequent to the acquisition of its entire share capital by ITC Limited, Technico Agri Sciences Limited (TASL) became a direct wholly-owned subsidiary of ITC Limited.
with effect from 22nd March, 2016. This revised holding structure is expected to further improve operational synergies.

TASL’s leadership in the production of early generation seed potatoes and strength in agronomy continues to be leveraged by your Company for sourcing chip stock for the ‘Yumitos’ range of potato chips and servicing the seed potato requirements of the farmer base of your Company’s Agri Business.

It may be recalled that 2014-15 witnessed an upward spike in realisations due to decline in potato crop output attributable to adverse weather conditions and consequent deficit in seed availability. During the year under review, potato production increased by 23% to appx. 50 million MT aided, inter alia, by favourable weather conditions. The significant increase in the supply side led to a glut in the market leading to potato prices declining to a record low.

The company leveraged the strength of its brand, superior product quality, better on-field performance and strong trade and customer relationships to minimise the impact of sharp decline in potato prices during the year. The company registered a Total Turnover of ₹94.27 crores (previous year ₹105.08 crores) and Profits After Tax (PAT) of ₹15.76 crores (previous year ₹45.25 crores) for the financial year ended 31st March, 2016.

Srinivasa Resorts Limited

The company’s hotel ‘ITC Kakatiya’ in Hyderabad remained impacted during the year due to sluggish demand conditions prevailing in the city. While room occupancy rates improved, average room rates remained under pressure.

The company recorded Total Revenue of ₹54.34 crores (previous year ₹52.75 crores) during the year ended 31st March, 2016 and Net Loss of ₹1.66 crores (previous year Net Loss of ₹0.72 crores).

During the year, ITC Kakatiya received the Times Food Guide awards for ‘Dakshin’ (Best South Indian Fine Dining), ‘Kebabs & Kurries’ (Best Indian Barbeque), and ‘Marco Polo’ (Best Bar). TripAdvisor, a renowned hotel review website, rated Dakshin and Kebabs & Kurries as the best restaurants in Hyderabad, ranking them No.1 and No.2 respectively.

The company made good progress during the year in developing a 100-key full service hotel in Amritsar on a land parcel assigned to the company by ITC Limited. Necessary approvals have been obtained from various authorities and excavation work has been completed. Civil and structural works are progressing as per schedule.

Fortune Park Hotels Limited

During the year ended 31st March, 2016, the company recorded Total Revenue of ₹28.91 crores (previous year ₹27.19 crores) and earned Net Profit of ₹6.23 crores (previous year ₹5.74 crores).

The company, which caters to the ‘mid-market to upscale’ segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Currently, the company has an aggregate inventory of nearly 6,000 rooms spread over 75 properties of which 48 are operating hotels. Of the balance 27 properties, 5 hotels are slated to be commissioned in the ensuing year and 22 hotel projects are in various stages of development.

The company plans to add 7 new hotels under the ‘My Fortune’ brand over the next few years, taking the aggregate number of properties under the flagship brand to 9. Of these, the My Fortune Coimbatore project is nearing completion while construction of 2 more properties at Guntur and Bhubaneswar are expected to commence shortly.

During the year, the company bagged the PATWA International Award for the ‘Best First Class Full Service Business Hotel Chain in India, 2016’, Today’s Traveller Award 2015 for the ‘Best First Class Business Hotel Chain’, Safari India Award 2015 for the ‘Best First Class Business Hotel Chain’, Hospitality India Award 2015 for the ‘Best First Class Business Hotel Chain’ and ‘Best Hospitality Group’ at the 9th edition of the ‘CNBC - Awaaz Travel Awards 2015’.

The company has established ‘Fortune’ as the premier ‘value’ brand in the Indian hospitality sector. The brand remains a frontrunner in its operating segment and is well positioned to sustain its leadership position in the industry.

The company paid a dividend of ₹223 per Equity Share of ₹10/- each for the year ended 31st March, 2016.
Report of the Board of Directors

WelcomHotels Lanka (Private) Limited

WelcomHotels Lanka (Private) Limited (WLPL), a wholly-owned subsidiary of your Company, was incorporated in Sri Lanka with the objective of developing and operating a mixed-use development project (‘Project’) including a luxury hotel on 5.86 acres of prime sea-facing land in Colombo, which was allotted by the Board of Investment of Sri Lanka on a 99-year lease to the company for this purpose.

The Project has been accorded ‘Strategic Development Project’ status entitling the company to various fiscal benefits in Sri Lanka. Further, the Project is also exempt from Sri Lankan foreign exchange regulations.

During the year, the company made good progress on construction of the Project. Excavation and allied works, which commenced in the previous year, are nearing completion. Piling work is progressing concurrently and is expected to be completed in a few months subsequent to which civil and structural works will be taken up. Design development work by major consultants is also expected to be completed soon.

Your Company’s investment in WLPL stood at US$ 94.0 million as at 31st March, 2016.

Bay Islands Hotels Limited

Fortune Resort Bay Island, the company’s hotel in Port Blair, with its strategic location, excellent architectural design and superior service quality, continues to offer a unique gateway to the Andamans. The company plans to undertake a comprehensive renovation and expansion programme towards enhancing the market standing of the hotel.

During the year ended 31st March, 2016, the company recorded Total Revenue of `1.66 crores (previous year `1.58 crores) and Net Profit of `1.04 crores (previous year `0.99 crores).

The company paid a dividend of `70.00 per Equity Share of `100/- each for year ended 31st March, 2016.

Landbase India Limited

The company owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course. The company also owns the ‘ITC Grand Bharat’ - a 104-key luxury hotel which was commissioned in November 2014 and licensed to ITC Limited.

ITC Grand Bharat received several accolades and awards establishing itself amongst the top luxury destination hotels in world. The hotel was ranked No.4 among the ‘Top 100 Hotels & Resorts of the World’ on the coveted Conde Nast Traveler U.S. Readers’ Choice Awards.

During the year ended 31st March, 2016, the company recorded Total Revenue of `18.86 crores (previous year `17.40 crores) and Net Profit of `1.36 crores (previous year `1.07 crores). During the year, the company issued and allotted to ITC Limited, 19,70,00,000 Equity Shares of `10/- each for cash at par, aggregating `197 crores. The proceeds from the share issue were primarily utilised to repay the entire Non-Convertible Preference Share Capital of `187 crores to ITC Limited.

King Maker Marketing, Inc.

King Maker Marketing, Inc. (KMM) is a wholly-owned subsidiary of your Company registered in the State of New Jersey, USA. Its main business is to import and distribute tobacco products to licensed wholesalers and retailers throughout the United States of America. Your Company is KMM’s sole supplier of tobacco products.

Against the backdrop of a 1% decline in US cigarette industry volume during the year, the company’s sales volumes grew by 10% driven by competitive pricing and enhanced distribution. The company recorded Net Sales of US$ 32.7 million (previous year US$ 29.3 million) and earned a Net Income of US$ 0.53 million (previous year US$ 0.14 million) during the financial year ended 31st March, 2016. During the year, KMM paid a dividend of US$ 1.5 million to your Company.

The cigarette industry in the USA continues to be adversely impacted by long-term decline in cigarette consumption and growing illicit trade due to tax differential between various States, mislabeled cigarette tobaccos positioned in a lower tax bracket, non-compliant imports and Native American manufacture. Increasing governmental restrictions and tobacco tax increases are further expected to impact industry growth with the threat of shift in consumer franchise to illicit, value offers.

Tobacco majors are redefining the value segment with aggressive retail pricing and restrictive loyalty programmes
that control the price and visibility of competitive offers, in order to defend market shares. The company, which operates in the value segment, is exploring avenues to mitigate such challenges in an effective manner.

**Wimco Limited**

Pursuant to the demerger of its Non-Engineering Business into ITC Limited with effect from 1st April, 2013, the company’s business activities are mainly focused on fabrication and assembly of machinery for the FMCG and Pharmaceutical industry.

The company’s order book was impacted during the year due to the sluggish demand conditions prevailing in the FMCG and Pharmaceutical industry. Consequently, the company reported a modest growth in Net Revenue to ₹ 13.81 crores (previous year ₹ 12.90 crores) with a Net Loss of ₹ 0.21 crores (previous year Net Loss ₹ 0.48 crores).

The company is focusing on building a robust business model, widening its customer base and developing superior solutions towards addressing customer requirements.

**North East Nutrients Private Limited**

Your Company holds 76% equity stake in North East Nutrients Private Limited (NENPL), a company formed with the objective of setting up a food processing facility in Mangaldoi, Assam to cater to the fast-growing biscuits market in Assam and other north-eastern States.

The company commissioned a state-of-the-art facility comprising 3 biscuits manufacturing lines which commenced operations in August 2015. In the first year of its commercial operations, the company recorded a Net Turnover of ₹ 25.33 crores (previous year ₹ Nil) and Net Loss of ₹ 11.98 crores (previous year Net Loss ₹ 0.12 crores). The performance for the year reflect gestation costs associated with the stabilisation of operations.

**Russell Credit Limited**

During the year, the company registered Total Revenue of ₹ 70.47 crores (previous year ₹ 70.81 crores) and Net Profit of ₹ 45.19 crores (previous year ₹ 56.38 crores). Temporary surplus liquidity of the company is mainly deployed in debt mutual funds and bank fixed deposits.

**Gold Flake Corporation Limited**

The company registered Total Revenue of ₹ 3.42 crores during the year under review (previous year ₹ 4.20 crores). The company holds 50% equity stake in ITC Essentra Limited - a joint venture with Essentra group, UK.

**Wills Corporation Limited**

During the year, the company was acquired by Russell Credit Limited, a wholly-owned subsidiary of your Company. Pursuant to the Order of the High Court at Calcutta, the company merged with Russell Credit Limited with effect from 1st April, 2015.

**Greenacre Holdings Limited**

During the year, the company recorded Total Revenue of ₹ 4.87 crores (previous year ₹ 3.51 crores) and Net Profit of ₹ 1.71 crores (previous year ₹ 1.04 crores). The company continues to provide maintenance services for commercial office buildings.

During the year, the company acquired the entire shareholding of Classic Infrastructure & Development Limited (CIDL). Pursuant to the Order of the High Court at Calcutta, CIDL merged with the company with effect from 1st October, 2015.

**ITC Investments & Holdings Limited**

The company, a Core Investment Company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2011, recorded Total Revenue of ₹ 0.07 crore during the year (previous year ₹ 0.48 crore) and Net Profit of ₹ 0.04 crore (previous year ₹ 0.33 crore).
BFIL Finance Limited

During the year, the company was acquired by Russell Credit Limited, a wholly-owned subsidiary of your Company. Pursuant to the Order of the High Court at Bombay, the company merged with Russell Credit Limited with effect from 1st April, 2015.

MRR Trading & Investment Company Limited

The company, a wholly-owned subsidiary of ITC Investments & Holdings Limited, holds tenancy rights in a commercial building located in Mumbai and also provides estate maintenance services. During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ 0.07 crore).

Pavan Poplar Limited

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the writ petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter is pending before the Honourable High Court. During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ 0.02 crore) and Net Loss of ₹ 0.44 crore (previous year Net Loss ₹ 0.47 crore).

Prag Agro Farm Limited

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the writ petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter is pending before the Honourable High Court. During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ 0.04 crore) and Net Loss of ₹ 0.17 crore (previous year Net Loss ₹ 0.08 crore). During the year, the company issued and allotted to ITC Limited, 90,00,000 Equity Shares of ₹ 10/- each for cash at par aggregating ₹ 9 crores. The proceeds from the share issue were utilised to repay the loan due to your Company and meet working capital requirements.

ITC Global Holdings Pte. Limited

As has been stated in the previous years’ reports, the Judicial Managers were conducting the affairs of ITC Global Holdings Pte. Limited (‘Global’) since 8th November, 1996, under the authority of the High Court of Singapore. Pursuant to the application of the Judicial Managers, the Singapore High Court on 30th November, 2007 ordered the winding up of Global, appointed a Liquidator and discharged the Judicial Managers.

The Judicial Managers commenced proceedings against your Company in November 2002 before the Singapore High Court claiming approximately US$ 18.10 million. Pursuant to legal advice, your Company has filed its defence in the proceedings.

Your Company is contesting the claims contending that the same are not sustainable and your Company does not accept any liability in this regard. The proceedings are pending.

NOTES ON JOINT VENTURES

ITC Essentra Limited

Demand for cigarette filters was adversely impacted during the year due to severe pressure on legal cigarette volumes on account of increasing taxation and regulatory pressures. Against the backdrop of a challenging business environment, the company consolidated its leadership position through continuous focus on innovation, superior execution, consistent delivery and world-class quality. Focused efforts in developing contemporary and value-added cigarette filter solutions coupled with integrated online quality control systems have enabled the company to consolidate its position as the preferred supply chain partner for several well-known national and international brands.

In line with the provisions of the Companies Act, 2013 requiring companies to adopt a uniform financial year, the Company has changed its financial year from
January - December to April - March. Consequently, the financial statements of the company for the year under review reflect the 15-month period ended 31st March, 2016 and are not strictly comparable with the previous year ended 31st December, 2014.

During the 15-month period ended 31st March, 2016, the company recorded Gross Revenue of `403.05 crores (previous year ended 31st December, 2014 `328.60 crores) and Net Profit of `15.35 crores (previous year ended 31st December, 2014 `12.22 crores).

The company continues to focus on scaling up exports by leveraging a portfolio of high quality products. Investments continue to be made in technology and capability towards sustaining the company’s position as the innovation and quality benchmark in the Indian cigarette filter industry.

The Board of Directors of the company has recommended a dividend of `9.00 per Ordinary Share of `10/- each for the period ended 31st March, 2016.

**Maharaja Heritage Resorts Limited**

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 35 heritage properties across 15 States in India. The company, with its WelcomHeritage brand portfolio comprising ‘Legend Hotels’, ‘Heritage Hotels’ and ‘Nature Resorts’, provides uniquely differentiated offerings to guests in the cultural, heritage and adventure tourism segments respectively.

During the year ended 31st March, 2016, the company recorded Total Revenue of `3.73 crores (previous year `3.80 crores) and Net Profit of `0.08 crore (previous year `0.24 crore).

The ‘WelcomHeritage Hotels’ brand was awarded the ‘Best Heritage Hotel Chain’ by Today’s Traveller Awards 2015 and the ‘Jury Choice Award’ by Travel Trade Journal for ‘innovative edge in promoting heritage experience in India’.

**Espirit Hotels Private Limited**

Espirit Hotels Private Limited (EHPL) is a joint venture between your Company and the Ambience Group, Hyderabad for developing a luxury hotel complex at Begumpet, Hyderabad. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity stake in EHPL and will, inter alia, provide hotel operating services under an Operating Services Agreement, upon commissioning of the hotel.

The Ambience Group has expressed its desire to review the timing of further investments in EHPL, citing concerns about the viability of the project in view of the challenging economic environment and the sluggish demand conditions currently prevailing in Hyderabad.

Your Company is exploring its options in this regard.

Your Company’s investment in EHPL stood at `46.51 crores as at 31st March, 2016.

**Logix Developers Private Limited**

Logix Developers Private Limited (LDPL) is a joint venture between your Company and Logix Estates Private Limited. The purpose of the joint venture is to develop a luxury hotel-cum-service apartment complex at the company’s site located at Sector 105 in NOIDA. Under the terms of the Joint Venture Agreement, your Company acquired 26% equity stake in LDPL and will, inter alia, provide hotel operating services under an Operating Services Agreement, upon commissioning of the hotel.

Your Company’s total investment in LDPL stood at `41.95 crores as at 31st March, 2016 and it currently owns 27.91% of the equity capital of the company.

As reported in the previous year, Logix Estates Private Limited, the JV partner, had communicated to your Company its intention to explore alternative development plans instead of the project envisaged under the JV Agreement. Your Company reiterated its position that it was interested in developing a luxury hotel-cum-service apartment complex as envisaged under the JV Agreement and that it was not interested in progressing with any alternative project plans.

However, the JV partner refused to progress the project in line with the JV Agreement and apart from not contributing its share of the cash call made in July 2014 by the JV entity, expressed its intent to exit from the JV by selling its stake to the Company.

In view of the above developments, during the year your Company filed a petition before the Company Law Board (CLB) submitting that the affairs of the JV entity were
being conducted in a manner that was prejudicial to the interest of the Company and the JV entity, and that the actions of the JV partner has resulted in a deadlock scenario. The Company prayed for a direction that the JV partner should act in accordance with the Articles of Association of the JV entity and complete the project or for appropriate directions for the parting of ways from the JV partner.

The CLB, in its initial hearing, with a view to finding an expeditious solution, suggested that an offer be made by the JV partner in line with the terms of the Articles of Association in the context of arguments of your Company that the JV partner should make an offer to buy out the shareholding of your Company in the JV entity. Instead, the JV partner offered to sell its shareholding in the JV entity to your Company and subsequently, that both parties find a third party to sell their shareholding to, none of which were acceptable to your Company.

Your Company has recently received a notice from the legal representatives of the JV partner, intimating termination of the JV agreement and proposing to wind up the JV entity. Your Company has responded to the JV partner stating that any purported termination of the JV agreement is illegal and no winding up petition can be initiated in view of pending CLB proceedings.

The financial statements of LDPL for the year ended 31st March, 2016 are yet to be approved by its Board of Directors. In the absence of audited financial statements of LDPL, the Consolidated Financial Statements of your Company for the year ended 31st March, 2016 have been prepared based on financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

International Travel House Limited
During the financial year ended 31st March, 2016, the company recorded Total Revenue of `201.31 crores (previous year `183.48 crores) and Net Profit of `12.89 crores (previous year `18.38 crores).

The Company offers a full range of travel services including air ticketing, car rentals, inbound and outbound tourism, domestic holidays, conferences, events and exhibition management and foreign exchange services to travellers.

The Board of Directors of the company has recommended a dividend of ` 4.25 per Equity Share of ` 10/- each for the year ended 31st March, 2016.

Gujarat Hotels Limited
During the financial year ended 31st March, 2016, the company recorded Total Revenue of ` 4.08 crores (previous year ` 4.31 crores) and Net Profit of ` 2.45 crores (previous year ` 2.73 crores).

The company's hotel, ‘WelcomHotel Vadodara’ at Vadodara is operated by ITC Limited under an Operating License Agreement.

The Board of Directors of the company has recommended a dividend of ` 3.50 per Equity Share of ` 10/- each for the year ended 31st March, 2016.

ATC Limited (an associate of Gold Flake Corporation Limited)
The company is a contract manufacturer of cigarettes. During the year, the company recorded Total Revenue of ` 22.85 crores (previous year ` 23.16 crores) and Net Profit of ` 0.96 crore (previous year ` 0.91 crore).

The company continued to maintain high levels of operational responsiveness, benchmark quality and cost efficiency during the year. The company was conferred ‘Quality Systems Excellence Award - Certificate of Appreciation’ by FICCI for excellence in quality systems.

Associates of Russell Credit Limited

Classic Infrastructure & Development Limited
During the year, the company was acquired by Greenacre Holdings Limited (GHL), a wholly-owned subsidiary of Russell Credit Limited. Pursuant to the Order of the Honourable High Court of Calcutta, the company merged with GHL, with effect from 1st October, 2015.

Russell Investments Limited
During the year, the company recorded Total Revenue of ` 3.22 crores (previous year ` 5.66 crores) and Net Profit of ` 2.25 crores (previous year ` 5.42 crores).
The company continues to explore opportunities to make investments.

Divya Management Limited

During the year, the company recorded Total Revenue of ₹ 0.42 crore (previous year ₹ 0.24 crore) and Net Profit of ₹ 0.15 crore (previous year ₹ 0.08 crore).

The company continues to explore opportunities to make investments.

Antrang Finance Limited

During the year, the company recorded Total Revenue of ₹ 0.31 crore (previous year ₹ 0.30 crore) and Net Profit of ₹ 0.10 crore (previous year ₹ 0.20 crore).

The company continues to explore opportunities to make investments.

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy guides the conduct of affairs of your Company and clearly delineates the roles, responsibilities and authorities at each level of its three-tiered governance structure and key functionaries involved in governance. The ITC Code of Conduct commits management to financial and accounting policies, systems and processes. The Corporate Governance Policy and the ITC Code of Conduct stand widely communicated across the enterprise at all times, and, together with the ‘Strategy of Organisation’, Planning & Review Processes and the Risk Management Framework provide the foundation for Internal Financial Controls with reference to your Company’s Financial Statements.

Such Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by management and approved by the Audit Committee and the Board. These Policies are supported by the Corporate Accounting and Systems Policies that apply to the entity as a whole to implement the tenets of Corporate Governance and the Significant Accounting Policies uniformly across the Company. The Accounting Policies are reviewed and updated from time to time. These, in turn are supported by a set of divisional policies and Standard Operating Procedures (SOPs) that have been established for individual businesses.

Your Company uses ERP Systems as a business enabler and also to maintain its Books of Account. The SOPs in tandem with transactional controls built into the ERP Systems ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records. The Information Management Policy reinforces the control environment. The systems, SOPs and controls are reviewed by divisional management and audited by Internal Audit whose findings and recommendations are reviewed by the Audit Committee and tracked through to implementation.

Your Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed. Nonetheless your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with market opportunities, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organisational capabilities through timely developmental inputs. Accordingly, management of risk has always been an integral part of the Company’s ‘Strategy of Organisation’ and straddles its planning, execution and reporting processes and systems. Backed by strong internal control systems, the current Risk Management Framework consists of the following key elements:

— The Corporate Governance Policy and the Risk Management Policy approved by the Board,
clearly lay down the roles and responsibilities of the various entities in relation to risk management covering a range of responsibilities, from the strategic to the operational. These role definitions, inter alia, provide the foundation for appropriate risk management procedures, their effective implementation across your Company and independent monitoring and reporting by Internal Audit.

— The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of the Company as a whole and provides necessary directions on the same.

— The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.

— A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring that business risks are effectively addressed.

— Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique / relatively high risk profiles.

— A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within your Company including implementation of the action plans emerging out of the internal audit findings.

— At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures for new areas of operation.

— A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountability. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

During the year, the Risk Management Committee was updated on the status and effectiveness of the risk management plans. The Audit Committee was also updated on the effectiveness of your Company’s risk management systems and policies.

Your Company sources several commodities for use as inputs in its businesses and also engages in agri-commodity trading as part of its Agri Business. Your Company has a comprehensive risk assessment framework and well laid out policy to manage the risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics on an ongoing basis towards making informed sourcing decisions, continuous tracking of net open positions & ‘value at risk’ against approved limits, use of futures contracts to hedge commodity price risk as applicable, hedging associated foreign exchange risk through appropriate instruments, assessment of country risk and counter-party exposure for suitable mitigation plans. Additionally, your Company’s strategy of backward integration in areas such as sourcing of agri-commodities e.g. wheat, potato, fruit pulp and leaf tobacco, in-house manufacturing of paperboards, paper and packaging (including pulp production and print cylinder making facilities) facilitates access to critical inputs at benchmark quality and competitive cost besides ensuring security of supplies. Further, each of your Company’s businesses continuously focuses on product mix enrichment towards protecting margins and insulating operations from spikes in input prices.

The combination of policies and processes as outlined above adequately addresses the various risks associated with your Company’s businesses.
AUDIT AND SYSTEMS

Your Company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances.

Your Company remains committed to ensuring an effective internal control environment that inter alia provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds / errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

Your Company's independent and robust Internal Audit processes, both at the Business and Corporate levels, provide assurance on the adequacy and effectiveness of internal controls, compliance with operating systems, internal policies and regulatory requirements.

The Internal Audit function consisting of professionally qualified accountants, engineers and IT Specialists is adequately skilled and resourced to deliver audit assurances at highest levels. In the context of the IT environment of your Company, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness.

Compliance with the Information Management policies receive focused attention of the Internal Audit team. Qualified engineers in the Internal Audit function review the quality of planning and execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate and yield 'value for money'.

Processes in the Internal Audit function have been continuously improved for enhanced effectiveness and productivity including the deployment of best-in-class tools for analytics in the Audit domain, certification as complying with ISO 9001:2008 Quality Standards in its processes, ongoing knowledge improvement programmes for staff, etc.

During the year, the Standard terms of reference for Internal Audit which defines the framework for conduct of Internal Audits was updated incorporating latest changes to regulatory requirements and the evolving business context.

The Audit Committee of your Board met ten times during the year. The Terms of Reference of the Audit Committee inter alia included reviewing the effectiveness of the internal control environment, evaluation of the Company’s internal financial control and risk management systems, monitoring implementation of the action plans emerging out of Internal Audit findings including those relating to strengthening of your Company’s risk management systems and discharging statutory mandates.

HUMAN RESOURCE DEVELOPMENT

Your Company’s Human Resource Management systems and processes are aimed at creating a responsive, market-focused, customer-centric culture and enhancing organisational vitality, so that each business is internationally competitive and equipped to seize emerging market opportunities. It is your Company’s firm belief that the robustness and adaptability of its Human Resource systems and processes are critical for an organisation to remain relevant and competitive in today’s highly dynamic and rapidly evolving business landscape. The Human Resources function of your Company continues to align its strategic interventions and processes with your Company’s Vision of sustaining its position as one of India’s most admired and valuable corporations, creating growing value for the Indian economy and the Company’s stakeholders. Towards this end, five capability platforms relevant to making businesses future-ready have been identified – Strategic, Value Chain, Leadership, Innovation and Human Resources Development. These platforms are also designed to strengthen organisational systems to facilitate speedy and competitively superior responses to market opportunities.

Your Company’s talent management promise of ‘Building Winning Businesses. Building Business Leaders. Creating Value for India.’ backed by its strong corporate equity continues to play a key role in attracting and retaining best-in-class talent. Leadership Development is the unwavering focus of your Company’s talent management strategy and its ‘Strategy of Organisation’ – creating multiple drivers of growth through a diverse portfolio of businesses each with its own independent leadership team - serves as an excellent platform to build distributed business leadership.

An equally important dimension of building leadership is your Company’s strategic learning and development agenda which flows from its Vision, Mission and
its 3-Horizon Growth strategy. Your Company has a multi-pronged approach to learning, with focused interventions in core and functional areas, customised business specific and organisation-wide strategic interventions, as well as four-tiered leadership development programmes. Based on the premise that action learning leads to holistic development of human resources, these programmes are designed to lay more emphasis on workplace projects and demonstrated leadership behaviours on the job rather than classroom learning. These interventions are, therefore, fashioned more in the nature of long term journeys rather than short term events.

‘Gurukul’, your Company’s state-of-the-art training facility in Ranjangaon, is a significant milestone in its skilling journey. An integrated technical training centre catering to all the FMCG businesses under one roof, ‘Gurukul’ underlines your Company’s proactive commitment to supporting national goals by focussing on enhancing the shop floor skills of its employees in line with the Government’s ‘Make in India’ initiative and ‘Skill India Mission’. This commitment is reinforced through your Company’s interventions geared towards enhancing the employability of disadvantaged youth such as apprenticeship programmes in its units and partnering with National Skill Development Corporation (NSDC) empanelled agencies to impart market-linked vocational training in the manufacturing and service sectors.

Your Company is dedicated to nurturing sustainable Employee Relations and continues to leverage the ‘Good Employee Relations’ approach in ensuring responsive manufacturing, flexible work systems and, at the same time, maintaining a cost and environment conscious ecosystem in all units. The Employee Relations philosophy of your Company, anchored in the tenets of Scientific Management, Industrial Democracy, Human Relations and Employee Well-being, has contributed to building a robust platform which has aided the conclusion of several Long Term Agreements at multiple locations during the year and ensured the smooth execution of large-scale change management initiatives and adoption of contemporary management practices.

Given the contextual realities of your Company’s factories, your Company’s businesses are steadily working towards developing a ‘Long Term Agreement Framework’. To meet employee expectations, your Company’s units appropriately acknowledge the demographic diversity of its factories and adopt a commitment based segmented approach. Your Company’s progressive Employee Relations approach has enabled a harmonious atmosphere across all units, which in turn has been a vital element in ensuring that HR systems and practices remain world-class. Your Company’s interventions in the area of Employee Relations continue to receive accolades and industry recognition.

Your Company has been able to galvanise its human resource to become more agile, leverage change, stay ahead of competition and win in the market. Your Company’s employees have collectively envisioned the future with commitment to realise your Company’s vision of creating enduring value – for the nation and for the institution that is ITC.

**WHISTLEBLOWER POLICY**

The Company’s Whistleblower Policy encourages Directors and employees to bring to the Company’s attention, instances of unethical behaviour, actual or suspected incidents of fraud or violation of the ITC Code of Conduct that could adversely impact the Company’s operations, business performance and / or reputation. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are always upheld. It is the Company’s Policy to ensure that no employee is victimised or harassed for bringing such incidents to the attention of the Company. The practice of the Whistleblower Policy is overseen by the Audit Committee and no employee has been denied access to the Committee. The Whistleblower Policy is available on the Company’s corporate website www.itcportal.com.

**SUSTAINABILITY – CONTRIBUTION TO THE ‘TRIPLE BOTTOM LINE’**

Inspired by the opportunity to sub-serve larger national priorities, your Company redefined its Vision to not only reposition the organisation for extreme competitiveness but also make societal value creation the bedrock of its corporate strategy. This super-ordinate Vision spurred innovative strategies to address some of the most
challenging societal issues including widespread poverty, unemployment and environmental degradation. Your Company’s sustainability strategy aims at creating significant value for the nation through superior ‘Triple Bottom Line’ performance that builds and enriches the country’s economic, environmental and social capital. The sustainability strategy is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise.

Your Company is today a global exemplar in sustainability. It is a matter of immense satisfaction that your Company’s models of sustainable development have led to the creation of sustainable livelihoods for around 6 million people, many of whom belong to the marginalised sections of society. Your Company has also sustained its position of being the only Company in the world of comparable dimensions to have achieved the global environmental distinction of being ‘water positive’ (for 14 years in a row), ‘carbon positive’ (for 11 consecutive years) and ‘solid waste recycling positive’ (for 9 years in succession).

To contribute to the nation’s efforts in combatting climate change, your Company’s strategy of adopting a low-carbon growth path is manifest in its growing renewable energy portfolio, establishment of green buildings, large-scale afforestation programme and achievement of international benchmarks in energy & water consumption. Today, over 47% of its total energy requirements are met from renewable energy sources - an outstanding performance given the large manufacturing base of your Company. Further, all luxury ITC Hotels, several office complexes and factories of your Company are LEED® (Leadership in Energy & Environmental Design) certified at the highest level by the US Green Building Council/Indian Green Building Council and the Bureau of Energy Efficiency (BEE) under its star rating scheme.

Your Company has adopted a comprehensive set of sustainability policies that are being implemented across the organisation in pursuit of its ‘Triple Bottom Line’ agenda. These policies are aimed at strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and addressing such issues along the value chain of each Business.

Your Company’s 12th Sustainability Report, published during the year detailed the progress made across all dimensions of the ‘Triple Bottom Line’ for the year 2014-15. This report is in conformance with the latest Global Reporting Initiative (GRI) Guidelines - G4 under “In Accordance - Comprehensive” category and is third-party assured at the highest criteria of “reasonable assurance” as per International Standard on Assurance Engagements (ISAE) 3000. The 13th Sustainability Report, covering the sustainability performance of your Company for the year 2015-16, is also being prepared in conformity with the above guidelines and will be made available shortly.

In addition, the Business Responsibility Report (BRR), as mandated by the Securities & Exchange Board of India (SEBI), was brought out as an annexure to the Report and Accounts 2015, mapping the sustainability performance of your Company against the reporting framework suggested by SEBI. The BRR for the year under review is annexed to this Report and Accounts.

**Corporate Social Responsibility (CSR)**

Your Company’s overarching aspiration to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Towards this end, the Company adopted a comprehensive CSR policy in 2014-15 outlining programmes, projects and activities your Company plans to undertake to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Schedule VII of the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The key elements of your Company’s CSR interventions are to:

- Strengthen and empower Community Based Organisations for long-term sustainability of interventions.
- Ensure behaviour change through focus on demand generation for all interventions to ensure ownership, participation and contribution.

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- Ensure behaviour change through focus on demand generation for all interventions to ensure ownership, participation and contribution.
Soil and Moisture Conservation

The Soil and Moisture Conservation programme promotes the development and management of local water resources in moisture-stressed areas by facilitating village-based participation in planning and implementing such measures as well as building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 42 districts across 10 States. During the year, the area under watershed increased by 58,864 hectares taking the cumulative coverage area till 2015-16 to over 2,59,000 hectares. 1,534 water harvesting structures were built during the year, taking the total number of water harvesting structures to 7,998.

Bio Diversity

During the year, your Company scaled up bio-diversity conservation in 49 additional plots covering 730 hectares in the catchments of your Company’s Agri Business operations with the objective of protecting native flora and fauna and providing other eco-system services. The cumulative area under bio-diversity conservation currently stands at 3,943 hectares.

Sustainable Agriculture

The Sustainable Agriculture programme aims at raising farm productivity and quality as well as minimising cultivation costs by promoting modern agronomic techniques and optimising natural resource use. The programme is operational in 48 districts across 13 States. During the year, 764 Farmer Field Schools (FFS) disseminated know-how on advanced agri-practices to over 16,969 farmers through 2,464 demonstration plots under different crops. In pursuit of your Company’s long-term sustainability objective of increasing soil organic carbon, a total of 7,314 compost units were constructed during the year taking the total number till date to 30,868 units. In addition, the ‘Choupal Pradarshan Khet’ programme promoted field demonstrations of seed varieties and production practices in more than 5,000 villages covering around 64,000 hectares and more than 60,000 farmers.

Livestock Development

The Livestock Development programme aims at enhancing the productivity of cattle through artificial...
insemination to produce high-yielding crossbred progenies. This programme has been implemented through 238 Cattle Development Centres (CDCs) spread across 24 districts in 7 states. These CDCs facilitated over 2,29,000 artificial inseminations during the year, taking the total to 17,91,000 artificial inseminations performed till 2015-16.

**Women Empowerment**

Currently spread across 7 districts in Bihar, West Bengal, Madhya Pradesh, Telangana, Rajasthan and Assam, the programme on mainstreaming of ultra-poor women covers 10,200 women who have been identified and trained in entrepreneurial skills and provided with assets for income generation. In addition, over 350 Self-Help Groups (SHGs) with 3,800 members were formed during the year. Members of SHGs and other institutions were linked to individual bank accounts under the Government of India’s Pradhan Mantri J an Dhan Yojana (PMJ DY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri J eevan J yoti Bima Yojana (PMJ J Y). 55,925 beneficiaries (men and women) were covered under the PMSBY, 26,867 members under the PMJ J Y and 39,105 under Pradhan Mantri J an Dhan Yojana.

**Education**

The Primary Education Programme focuses on retention and improving learning outcomes in government primary schools in your Company’s factory catchment areas. During the year, 45,823 children were covered under this initiative comprising ‘Read India Plus’ programme and 176 Supplementary Learning Centres to mainstream out-of-school children into regular schools. Till date, these programmes have reached out to over 4.60 lakh children in aggregate. In addition, 164 government primary schools were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units, and furniture, thus taking the total number of government primary schools covered till date to 1,322. To ensure sustainable operations and maintenance of infrastructure provided, School Management Committees were strengthened in 189 schools and 113 Child Cabinets and Water and Sanitation (WATSAN) Committees were formed in various schools with the active involvement of students and teachers.

**Skilling & Vocational Training**

The Skilling & Vocational Training Programme focuses on providing market-linked skills to young people to make potential job-seekers industry-ready and employable in the services and manufacturing sectors. During the year, 11,872 youth were enrolled for training under different courses offered as part of this programme. Of the total students enrolled, 9,447 (79% of enrolled) completed training and 6,452 (68% of trained) students were provided placement. The students trained included a healthy mix of women and SC/ST candidates. The initiative is spread across 31 districts covering 15 states.

Your Company continues to work with the Welcomgroup Graduate School of Hotel Administration (WGSHA) together with Dr. TMA Pai Foundation to cater to the ever growing need for professionally trained human resources in the hospitality industry. WGS has been recently rated by CEO World Magazine amongst the top 50 hospitality schools in the world. In addition, since the inception of ITC Culinary Skills Training Centre, Chhindwara in 2014, 41 trainee chefs in three batches have successfully completed the 6-months programme wherein cooking skills are imparted to youth from the disadvantaged sections of society.

**Health & Sanitation**

Your Company continues to adopt a multi-pronged approach to improve public health. To promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases, 7,175 household toilets were constructed during the year, of which, 5,231 toilets were constructed directly by your Company. With this, a total of 15,429 low-cost sanitary units have been constructed so far in your Company’s factory catchment areas covering 20 districts in 10 states. In areas with water quality problems, 46 Reverse Osmosis plants have been installed providing safe drinking water to about 40,690 rural households in the state of Andhra Pradesh. ‘Swasthya Choupal’, your Company’s e-Choupal Rural Health initiative, was consolidated in 7 districts of Uttar Pradesh and expanded to 3 districts in Madhya Pradesh during the year.
Solid Waste Management

Your Company's Solid Waste Management programme - christened 'WOW - Wellbeing out of Waste' presently extends to Hyderabad, Chennai, Bengaluru, Coimbatore and several towns of Telangana, enjoying the support of over 5 million citizens, 500,000 school children, 350 corporates, more than 1,000 commercial establishments and around 200 industrial plants.

The door-to-door waste collection programme under this initiative is operational in 9 districts of Saharanpur, Hooghly, Kolkata, Munger, Guntur, Madurai, Pune, Thiruvalur and Haridwar. These projects, which together cover over 42,000 households, handled 3,975 MT of waste during the year.

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), which was established in 1977, is a true embodiment of your Company's sustained commitment to a priceless national heritage. Your Company’s pledge towards ensuring enduring excellence in Classical Music education has helped ITC SRA uphold the age-old ‘Guru-Shishya Parampara’ - a model that has otherwise begun fading away owing to lack of patronage. Although methods of music education are now changing with the advent of digitisation, exceptionally gifted students, carefully handpicked across India receive full scholarships to reside and pursue their music education at the Academy’s campus. This has helped young talent who have limited access to the newer modes of music education, to train under the tutelage of the country’s most distinguished stalwarts who are helping create the next generation of musical masters.

Forging Partnerships with NGOs

The substantial progress made by your Company’s Social Investments Programme in contributing to address some of the country’s key development challenges, has been possible in significant measure, due to your Company’s partnerships with globally renowned NGOs such as BAIF, DB Tech, DSC, FES, MYRADA, Pratham, SEWA Bharat, Outreach and Water for People amongst others. These partnerships, which bring together the best-in-class management practices of your Company and the development experience and mobilisation skills of NGOs, will continue to provide innovative grassroots solutions to some of India’s most challenging problems of development in the years to come.

CSR Expenditure

The annual report on Corporate Social Responsibility activities as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is provided in the Annexure forming part of this Report.

Environment, Health & Safety

Your Company’s Environment, Health & Safety (EHS) strategies are directed towards achieving the greenest and safest operations across all your Company’s units by optimising natural resource usage and providing a safe and healthy workplace. Systemic and structured efforts continue to be made towards natural resource conservation by continuously improving resource-use efficiencies and enhancing the positive environmental footprint following a life-cycle based approach.

Your Company’s focus on inculcating a green and safe culture is supported through the adoption of EHS standards that incorporate best international standards, codes and practices and ensuring compliance through regular audits.

Your Company is addressing the critical area of climate change mitigation through several innovative and pioneering initiatives. These include continuous improvement in energy efficiency, enhancing the renewable energy portfolio, integrating green attributes into the built environment, better efficiency in material utilisation, maximising water use efficiencies and rain water harvesting, maximising reuse and recycling of waste and utilising post-consumer waste as raw material.

Energy Conservation and Renewable Energy

Your Company is well positioned to benefit from India-specific energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. As a responsible corporate citizen, your Company has made a commitment
to reduce dependence on energy from fossil fuels and to achieve at least 50% of its total energy requirements from renewable sources by 2020. Significant progress has been made in enhancing the renewable energy portfolio and during 2015-16 over 47% of your Company’s total energy requirements was met from carbon neutral fuels such as biomass, and wind and solar. Your Company has developed a strategic approach and drawn up action plans based on a feasible balance of energy conservation and renewable energy investments to progressively move towards meeting the aforesaid target.

**Water Security**

With water scarcity increasingly becoming an area of serious concern, your Company continues to focus on integrated water management including water conservation and harvesting initiatives at its units - while also working towards meeting the water security needs of all stakeholders at the local watershed level. These include adopting latest technologies to reduce fresh water intake and increase reuse and recycling practices, best practices to achieve zero effluent discharges, rainwater harvesting, etc., within the unit premises. These initiatives, along with your Company’s CSR interventions in the area of integrated watershed development, have resulted in the creation of rainwater harvesting potential that is over 3 times the net water consumption of your Company’s operations.

**Greenhouse Gases and Carbon Sequestration**

During the year, your Company improved its ‘disclosure score’ in the Climate Disclosure Leadership Index published under the aegis of the Carbon Disclosure Project from 94% in 2014-15 to 100% in 2015-16. In this context, it may be noted that only 3 other Indian organisations have achieved a perfect score of 100%. The green house gas (GHG) inventory of your Company for the year 2015-16 compiled as per the ISO 4 standard, has been assured at the highest ‘Reasonable Level’ by an independent third party assurance provider, a markable achievement considering the scale and spread of your Company’s operations.

Reaffirming your Company’s commitment to the ethos of ‘Responsible Luxury’, all luxury hotels of your Company are LEED® Platinum certified, making it the ‘greenest luxury hotel chain’ in the world. In order to continually reduce your Company’s energy footprint, green features are integrated in all new constructions and are also being incorporated in existing hotels, manufacturing units, warehouses and office complexes during retrofits.

Your Company’s Social & Farm Forestry initiatives enable sequestration of over twice the amount of Carbon Dioxide emitted by its operations. Besides mitigating the impact of increasing levels of GHG emissions in the atmosphere, these initiatives help greening degraded wasteland, prevent soil erosion, enhance organic matter content in soil and enable ground water recharge.

**Waste Recycling**

Your Company continues to make significant progress in reducing specific waste generation through constant monitoring and improvement of efficiencies in material utilisation and also in achieving almost total recycling of waste generated in operations. In this way, your Company has prevented waste reaching landfills and associated problems such as soil and groundwater contamination and GHG emissions, all of which can impact public health. In the current year, your Company has achieved over 99% waste recycling, with the Paperboards and Specialty Papers Business, which accounts for 90.8% of the total waste generated in your Company, recycling 99.7% of the total waste generated by its operations. During the year, this Business also recycled around 1,13,213 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

**Safety**

Your Company’s commitment to provide a safe and healthy workplace to all has been reaffirmed by several national and international awards and certifications received by various units. Your Company’s approach is to institutionalise safety as a value-led concept with focus on inculcating a sense of ownership at all levels to drive behavioural change. In line with this approach, several of your Company’s operating units are progressively implementing behavioural based safety initiatives and custom-made risk based training programmes leading to the creation of safety culture.
Your Company incorporates established engineering standards in the design and project execution phase itself for all investments in the built environment, with a view to ensuring the highest levels of safety besides optimising costs. Environment, Health & Safety audits before commissioning and during the operation of units are carried out to verify compliance with standards.

**Promoting Thought Leadership in Sustainability**

The 'CII-ITC Centre of Excellence for Sustainable Development', established by your Company in 2006 in collaboration with the Confederation of Indian Industry (CII), continues to focus on its endeavours to promote sustainable business practices amongst Indian enterprises. The major highlights during the year include the Sustainability Summit inaugurated by the Honourable Union Minister in charge of Environment, Forests & Climate Change. The Honourable Union Minister for Railways was the Chief Guest at a Special Plenary.

The 10th CII-ITC Sustainable Awards were handed over by the Honourable Union Minister for Railways to 26 winning companies as India's Most Sustainable. On the occasion of International Day for Biological Diversity, the India Business Biodiversity Initiative (IBBI) released 'Bridging Business and Biodiversity: Innovative Approaches' along with the Ministry of Environment, Forest and Climate Change - a study highlighting the best practices of Indian companies that are signatories to the IBBI Declaration.

**R&D, QUALITY AND PRODUCT DEVELOPMENT**

Your Company continues to invest in a comprehensive Research & Development programme leveraging its world-class infrastructure, benchmarked processes, state-of-the-art technology and a business-focused R&D strategy.

ITC Life Sciences & Technology Centre (LSTC) has a mandate to develop unique sources of competitive advantage and build future-readiness by harnessing contemporary advances in several relevant areas of science and technology, and blending the same with classical concepts of product development and leveraging cross-business synergies. This challenging task of driving science-led product innovation has been carefully addressed by appropriately identifying the required set of core competency areas of science. LSTC has evolved over the years into a team of nearly 350 highly qualified scientists, equipped with world-class measurement capabilities and state-of-the-art facilities to conduct experimental research. Several Centres of Excellence have evolved over the past few years in the identified competency areas. In addition, a number of areas centred around these capabilities have secured global quality certifications of the highest order.

The Agrisciences R&D team has continued its efforts in evaluating and introducing several germplasm lines of identified crops including Casuarina and Eucalyptus to increase the genetic and trait diversities in these species, towards developing new varieties with higher yields, better quality and other relevant traits for your Company's businesses. LSTC continues to evaluate and build research collaborations with globally recognised centres of excellence to remain contemporary and fast-track its journey towards demonstrating multiple 'proofs of concept'. These collaborations, covering identified species, are designed in a manner that enables your Company in gaining fundamental insights into several technical aspects of plant breeding and genetics and the influence of agro-climatic conditions on the growth of these species. Such interventions will accelerate LSTC’s efforts in creating future generations of these crops with greater genetic and trait diversities leading to significant benefits for your Company's businesses. Further, these outcomes have a strong potential to contribute towards augmenting the nation's ecological capital and biodiversity as well. Several 'proof of concept' studies have been accomplished at the laboratory scale which are being advanced to large-scale field trials in multiple locations. These initiatives are expected to produce significant business impact in the years to come. In addition, the Agrisciences team continues to focus on delivering effective solutions using contemporary technologies in other crops such as wheat, soya and potato.

Recognising the unique construct of your Company in terms of its strong presence in Agri, Branded Packaged Foods and Personal Care Products Businesses, a convergence of R&D capabilities is being leveraged to deliver future products aimed at nutrition, health and well-being. Advances in biosciences are creating a
‘convergence’ of these areas and it is likely that several future developments in these businesses and their products are heavily influenced by this trend. In this context, LSTC has created a Biosciences R&D team to design and develop several long-term research platforms evolving multi-generation product concepts and associated claims that are fully backed by scientific evidence for the Branded Packaged Foods and Personal Care Products Businesses. Multiple value propositions have been identified in the area of functional foods, which are being progressed to products of the future with strong scientifically validated claims via clinical trials. Similar advances have been made in the area of personal care products. In addition, LSTC has evolved a strategy in building a new value chain called, ‘Nutrition’ with a special focus on ‘Indianness’ and ‘health and well-being’ founded on the basis of Value Added Agriculture (VAA) and Medicinal and Aromatic Plants. New capabilities and centres of excellence have been identified to support your Company’s aggressive growth plans in the FMCG space.

LSTC has a clear vision and a road map for long-term R&D, to ensure an outstanding journey backed by a well-crafted Intellectual Property strategy. With scale, speed, science and sustainability considerations, LSTC is poised to deliver long-term competitive advantage and play a lead role in creating significant business impact for your Company.

In line with your Company’s relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on processes and systems to enhance their competitive position. During the year, your Company’s Hotels Business leveraged its ‘Lean’ and ‘Six Sigma’ programmes to improve business process efficiencies. This will further enhance capability to create superior customer value through a service excellence framework.

The Paperboards, Paper & Packaging Businesses continued to pursue ‘Total Productive Maintenance’ (TPM) programmes in all units, resulting in substantial cost savings and productivity improvements.

All manufacturing units of your Company have ISO quality certification. All manufacturing units of the Branded Packaged Foods Businesses (including contract manufacturing units) and hotels operate in compliance with stringent food safety and quality standards. Almost all Company owned units/ hotels and contract manufacturing units of the Branded Packaged Foods Businesses are certified by an accredited third party in accordance with ‘Hazard Analysis Critical Control Points’ (HACCP) / ISO 22000 standards. Additionally, the quality of all FMCG products of your Company is regularly monitored through ‘Product Quality Ratings Systems’ (PQRS).

RECOVERY OF DUES FROM THE CHITALIAS AND PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

As mentioned in the previous years’ Reports of the Directors, your Company had secured from the District Court of New Jersey, USA, a decree for US$ 12.19 million together with interest and costs against Suresh and Devang Chitalia of USA and their companies, and the Chitalias had filed Bankruptcy Petitions before the Bankruptcy Court, Orlando, Florida, which are yet to be determined.

Though your Company has written off the export dues in foreign exchange from the Chitalias with the approval of the Reserve Bank of India, your Company continues with its recovery efforts by a suit filed in India against some associates of the Chitalias. The suit is in progress.

In the proceedings initiated by the Enforcement Directorate, in respect of some of the show cause memoranda issued by the Directorate, after hearing arguments on behalf of your Company, the appropriate authority has passed orders in favour of your Company, and dropped those memoranda. Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court while others are pending.

TREASURY OPERATIONS

During the year, your Company’s treasury operations continued to focus on deployment of surplus liquidity and management of foreign exchange exposures within a well-defined risk management framework.

Easing inflation and improvement in the Fiscal and Current Account deficit position provided sufficient comfort to the Reserve Bank of India for reducing policy rates by a cumulative 75 basis points during the year. However,
lack of corresponding reduction in bank base rates, tight banking liquidity conditions, and adverse demand-supply dynamics due to higher issuance of State Development Loans impeded transmission of rate cuts and brought about intermittent spikes in market interest rates.

All investment decisions relating to deployment of surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. Proactive management of portfolio duration helped improve treasury performance. The portfolio mix during the year was continuously rebalanced in line with the evolving interest rate environment. Further, towards the year end, your Company increased the quantum of investments in Tax-free Bonds, Taxable Bonds / Debentures and Bank Fixed Deposits taking advantage of spikes in market interest rates. Your Company’s risk management processes ensured that all deployments were made with proper evaluation of underlying risk while remaining focused on capturing market opportunities.

In the foreign exchange market, the Indian Rupee (INR) came under pressure against the USD during the year. The key factors that contributed to INR weakness include interest rate tightening by the US Federal Reserve, monetary stimulus in the EU and Japan, risk aversion caused by weak global economic growth and decline in commodity prices, fears of fiscal slippage and lack of progress on the reforms agenda in India, and depreciation of the Chinese Yuan. Under these circumstances, the INR touched a low of 68.79 per USD in February 2016 - close to the record low of 68.85 witnessed in August 2013. However, the INR recovered significantly in March 2016 to close the year at 66.25 largely due to the Government’s announcement in the Union Budget 2016 of its commitment to reduce the Fiscal Deficit to 3.5% of GDP in 2016-17 and USD sell-off triggered by expectations of a more moderate interest rate hike trajectory in the USA than anticipated earlier.

As in earlier years, commensurate with the large size of the temporary surplus liquidity under management, treasury operations continue to be supported by appropriate control mechanisms, including an independent check of 100% of transactions, by your Company’s Internal Audit department.

DEPOSITS
Your Company’s erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2016, there were no deposits due for repayment except in respect of 2 deposit holders totalling to ₹ 20,000/- which have been withheld on the directives received from the government agencies.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company’s erstwhile Schemes.

Your Company has not accepted any deposit from the public/members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

DIRECTORS
Changes in Directors
Mr. Pradeep Vasant Dhobale, Wholetime Director, retired from the Company with effect from close of business on 6th December, 2015 after 38 years of service. Mr. Kurush Noshir Grant, Wholetime Director, retired from the Company with effect from close of business on 22nd January, 2016 after 35 years of service. Your Directors would like to record their appreciation of the services rendered by Mr. Dhobale and Mr. Grant.

Mr. Sanjiv Puri and Mr. Rajiv Tandon, on the recommendation of the Nomination & Compensation Committee, were appointed by the Board of Directors of the Company (‘the Board’) as Additional Directors of your Company, and subject to the approval of the Members, also as Wholetime Directors, with effect from 6th December, 2015 and 22nd January, 2016, respectively. Mr. Tandon also continues as the Chief Financial Officer of your Company.

Mr. Serajul Haq Khan, Independent Director, expired on 12th January, 2016. Your Directors deeply mourn the demise of Mr. Khan and place on record their appreciation for the valuable contribution made by Mr. Khan during his tenure.

Ms. Nirupama Rao, on the recommendation of the Nomination & Compensation Committee, was appointed by the Board as Additional Director, and subject to the
Report of the Board of Directors

Attributes, Qualifications & Independence of Directors and their Appointment

The criteria for determining qualifications, positive attributes and independence of Directors in terms of the Act and the Rules thereunder, both in respect of Independent Directors and the other Directors as applicable, has been approved by the Nomination & Compensation Committee, as reported last year.

The Governance Policy of the Company also, inter alia, requires that Non-Executive Directors, including Independent Directors, be drawn from amongst eminent professionals with experience in business/finance/law/public administration & enterprises. The Board

Mr. Yogesh Chander Deveshwar, Wholetime Director and Chairman of your Company, will complete his present term on 4th February, 2017. The Nomination & Compensation Committee and the Board strongly urged Mr. Deveshwar to continue for a longer period in his present role. Mr. Deveshwar however expressed his desire to shed the executive role, in accordance with the indication given by him at the 100th AGM in 2011, and put in place a youthful leadership at the helm in the longer term interest of the Company. At the request of the Nomination & Compensation Committee and the Board, recognising the need for orderly transition in a company of ITC’s size and complexity, Mr. Deveshwar has instead agreed to provide guidance and mentorship to the new executive management, that is planned to be put in place, as Non-Executive Chairman on expiry of his current term.

Accordingly the Board at the meeting held on 20th May, 2016, on the recommendation of the Nomination & Compensation Committee, has recommended for the approval of the Members, the appointment of Mr. Deveshwar as Non-Executive Director, not liable to retire by rotation, and Chairman of the Company for a period of three years with effect from 5th February, 2017.

Notices under Section 160 of the Act have been received for the appointment of Messrs. Deveshwar, Puri, Tandon and Ms. Rao, who have filed their consents to act as Directors of the Company, if appointed.

Appropriate resolutions seeking your approval to the aforesaid appointments are appearing in the Notice convening the 105th AGM of your Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 91 of the Articles of Association of the Company, Mr. Nakul Anand will retire by rotation at the AGM and being eligible, offers himself for re-election. Your Board has recommended his re-election.

Number of Board Meetings

During the year ended 31st March, 2016, six meetings of the Board were held.

Attributes, Qualifications & Independence of Directors and their Appointment

The criteria for determining qualifications, positive attributes and independence of Directors in terms of the Act and the Rules thereunder, both in respect of Independent Directors and the other Directors as applicable, has been approved by the Nomination & Compensation Committee, as reported last year. The Governance Policy of the Company also, inter alia, requires that Non-Executive Directors, including Independent Directors, be drawn from amongst eminent professionals with experience in business/finance/law/public administration & enterprises. The Board
Report of the Board of Directors

Diversity Policy of the Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The Articles of Association of the Company provide that the strength of the Board shall not be fewer than five nor more than eighteen.

Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines as determined by the Board from time to time. The initial appointment of Executive Directors is normally for a period of three years. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Members. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

The Independent Directors of your Company have confirmed that they meet the criteria of independence as prescribed under Section 149 of the Act and Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company’s policy relating to remuneration of Directors, Key Managerial Personnel and other employees is provided under the section ‘Report on Corporate Governance’ in the Report and Accounts.

Board evaluation

The Nomination & Compensation Committee has approved the Policy on Board evaluation, evaluation of Board Committees’ functioning and individual Director evaluation. In keeping with ITC’s belief that it is the collective effectiveness of the Board that impacts Company performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Company’s Governance Policy. The parameters for Board performance evaluation have been derived from the Board’s core role of trusteeship to protect and enhance shareholder value as well as fulfil expectations of other stakeholders through strategic supervision of the Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairman with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals.

While the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of individual Directors was carried out anonymously in order to ensure objectivity. Reports on functioning of Committees were placed by the respective Committee before the Board.

AUDIT COMMITTEE & AUDITORS

The composition of the Audit Committee is provided under the section ‘Board of Directors and Committees’ in the Report and Accounts.

Statutory Auditors

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants (DHS), were appointed with your approval at the 103rd AGM to hold such office till the conclusion of the 108th AGM. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the 106th AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2016-17. Appropriate resolution for the purpose is appearing in the Notice convening the 105th AGM of the Company.

Cost Auditors

Your Board, on the recommendation of the Audit Committee, appointed for the financial year 2016-17:

(i) Mr. P. Raju Iyer, Cost Accountant, for audit of cost records maintained by the Company in respect of ‘Paper and Paperboard’ and ‘Nicotine Gum’ products.
(ii) Messrs. Shome & Banerjee, Cost Accountants, for audit of cost records maintained by the Company in respect of all applicable products of the Company, other than ‘Paper and Paperboard’ and ‘Nicotine Gum’.

In terms of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking your ratification of the remuneration of the said Cost Auditors are appearing in the Notice convening the 105th AGM of the Company.

Secretarial Auditors


EMPLOYEE STOCK OPTION SCHEMES

Under the Company's Employee Stock Option Schemes, 3,16,87,450 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted during the year upon exercise of 31,68,745 Options; such shares rank pari passu with the existing Ordinary Shares of your Company. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2016, stands increased to ₹ 804,72,06,991/- divided into 804,72,06,991 Ordinary Shares of ₹ 1/- each.

Disclosures with respect to Stock Options, as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (‘the Regulations’), are available in the Notes to the Financial Statements and can also be accessed on the Company’s corporate website ‘www.itcportal.com’ under the section ‘Shareholder Value’. During the year, there has not been any material change in the Company’s Employee Stock Option Schemes.

Your Company’s Auditors, Messrs. Deloitte Haskins & Sells, have certified that the Company’s Employee Stock Option Schemes have been implemented in accordance with the Regulations and the resolutions passed by the Members in this regard.

INVESTOR SERVICE CENTRE

The Investor Service Centre (ISC) of your Company, accredited with ISO 9001:2008 certification, is registered with SEBI as Category II Share Transfer Agent for providing in-house share registration and related services. During the year, the infrastructure, systems and processes in ISC were further upgraded. Messrs. Det Norske Veritas, accredited agency for ISO certification, has accorded the highest possible Level 5 rating to ISC for the seventh consecutive year exemplifying the superior standards practised by ISC in providing service of a high order to the shareholders and investors.

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of the Listing Agreement. All such contracts or arrangements have been approved by the Audit Committee. No material contracts or arrangements with related parties were entered into during the year under review. Further, the prescribed details of related party transactions of the Company in Form No. AOC-2, in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in the Annexure to this Report.


DIRECTORS’ RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act, 2013, your Directors confirm having:

a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;

b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
Report of the Board of Directors

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d) prepared the Annual Accounts on a going concern basis;

e) laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and operating effectively; and

f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company’s Board of Directors is responsible for the preparation of the consolidated financial statements of your Company, its Subsidiaries, Associates and Joint Venture entities ("the Group"), in terms of the requirements of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of your Company, as aforesaid.

OTHER INFORMATION

Compliance with conditions of Corporate Governance

The certificate of the Auditors, Messrs. Deloitte Haskins & Sells, confirming compliance of conditions of Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile Clause 49 of the Listing Agreement with Stock Exchanges in India, is annexed.

Compliance with requirements relating to downstream investments

Your Company’s Auditors, Messrs. Deloitte Haskins & Sells, have certified that the Company and its subsidiaries are in compliance with the requirements relating to downstream investment as laid down in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Ninth Amendment) Regulations, 2013 and other applicable FEMA Regulations.

Going Concern status

There is no significant or material order passed during the year by any regulator, court or tribunal impacting the going concern status of the Company or its future operations.

Extract of Annual Return

The information required under Section 134 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is annexed.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 11, 12, 13, 17 and 31 (iv) (a) (ii) to the Financial Statements.

Particulars relating to Conservation of Energy and Technology Absorption

Particulars as required under Section 134 of the Companies Act, 2013 relating to Conservation of Energy
and Technology Absorption are also provided in the Annexure to this Report.

**Employees**

The total number of employees as on 31st March, 2016 stood at 25,564.

There were 156 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ended 31st March, 2016. The information required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

**FORWARD-LOOKING STATEMENTS**

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘will’ and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

**CONCLUSION**

Over the last twenty years, your Company has created multiple drivers of growth by developing a portfolio of world-class businesses. During this period, your Company’s Gross Turnover and Post-tax profit have recorded an impressive compound growth of 12.2% and 19.9% per annum respectively. Return on Capital Employed has improved substantially from 28.4% to 43.1% during this period. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 23.3% per annum during this period, placing your Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

Your Company today, is the leading FMCG marketer in India, a pre-eminent hotel chain and a trailblazer in green hoteliering, the clear market leader in the Indian Paperboard and Packaging industry, the country’s foremost Agri business player and a global exemplar in sustainable business practices. Additionally, its wholly-owned subsidiary, ITC Infotech India Limited, is one of India’s fastest growing Information Technology companies in the mid-tier segment.

Your Company’s Board and employees are inspired by the Vision of sustaining ITC’s position as one of India’s most admired and valuable companies, creating enduring value for all stakeholders, including the shareholders and the Indian society. The vision of enlarging your Company’s contribution to the Indian economy is driven by its ‘Let’s Put India First’ credo as well as the core values of Trusteeship, Transparency, Empowerment, Accountability and Ethical Citizenship, which are the cornerstones of ITC’s Corporate Governance philosophy.

Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

On behalf of the Board

Y. C. DEVESHWAR  
Chairman

R. TANDON  
Director & Chief Financial Officer

20th May, 2016  
Kolkata  
India
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES OF THE COMPANY

1. CSR Policy - Brief Outline and Overview
   a. Brief outline of CSR Policy:
      To direct ITC’s CSR Programmes, inter alia, towards achieving one or more of the following: enhancing environmental and natural capital; supporting rural development; promoting education and vocational skills; providing preventive healthcare; providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India; preserving and promoting traditional art and culture, and promoting sports.

   b. Role of the CSR and Sustainability Committee:
      The role of the CSR and Sustainability Committee is, inter alia, to review, monitor and provide strategic direction to the Company’s CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates, reviews and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013. The Committee also reviews the Business Responsibility Report of the Company.

   c. Programmes / Projects:
      The two most important stakeholders for ITC’s CSR programmes / projects are:
      - Rural communities primarily in the Company’s Agri Business areas.
      - The communities residing in close proximity to our production units.
      The Company’s stakeholder representation is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below:
      i. Promoting Preventive Healthcare, Sanitation & Poverty Alleviation (Schedule VII - i):
         - Sanitation: Promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases. Focus on interventions to enhance awareness and impact behaviour change on Water, Sanitation & Hygiene (WASH).
         - Village Health Champions (VHCs): Specific focus on maternal and child care through a network of women Village Health Champions.
         - Healthcare: Provide medical aid to communities, infrastructure support to government hospitals and relief to victims of natural calamities.
         - Health Infrastructure: Undertake various social and civic infrastructure services to improve sanitation and hygiene in the neighbourhood of our factories comprising potable drinking water, drainage systems, etc.
         - Waste Recycling: Create a clean and green environment through source segregation and recycling of dry waste, and create sustainable livelihoods for rag pickers and waste collectors.
         - Solid Waste Management: Door-to-door collection of household waste against levies and segregation at site in order to recycle and compost such waste so as to minimise the load at municipal landfills.
         - Poverty Alleviation: These programmes are targeted to the needy and poor who are provided with quality garments as a part of the NGOs’ larger goal of poverty alleviation.
      ii. Livelihood Enhancement (Schedule VII - ii):
         - Integrated Animal Husbandry Programme: Enhance incomes of farmers by increasing productivity of milch animals through a comprehensive package of extension services and training to dairy farmers.
         - Education: Provide children from weaker sections access to education with focus on enrolment, retention and improved pedagogy.
         - Vocational Training: Build and upgrade skills of youth to better compete with the emerging needs of the job market across different sectors.
      iii. Economic Empowerment of Women (Schedule VII - iii):
         - Provide a range of gainful employment opportunities to poor women supported with financial assistance by way of loans and grants.
      iv. Ensuring Environmental Sustainability (Schedule VII - iv):
         - Social Forestry: Promote livelihoods for small and marginal landholders belonging to the economically weaker section of society through afforestation programmes by providing financial, technical and marketing support.
Soil & Moisture Conservation: Promote local management of water resources by facilitating community-based participation in planning and executing watershed projects.

CII-ITC Centre of Excellence for Sustainable Development: Enable businesses to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies and processes.

v. Protection of National Heritage, Art & Culture (Schedule VII - v):
Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians of the time through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977.

vi. Rural Development (Schedule VII - x):
• Sustainable Agriculture: Introduce advanced knowledge and technology through package of practices and increase awareness of farmers on optimum use of natural resources in order to increase farm productivity and minimise cost of cultivation.
• Knowledge Empowerment: Leverage knowledge based interventions to empower farmers to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge on farm management, risk management and scientific farming.
• Agri-extension / services: Encourage sustainable agricultural practices through Choupal Pradarshan Khets to enable access to relevant farm mechanisation technologies and implements, especially for small farm holdings.
• Farm Productivity Enhancement: Improve the technical know-how of farmers, increase access to best practices and agricultural technologies and, thereby, enhance farm productivity.

2. Present Composition of the CSR and Sustainability Committee:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Y. C. Deveshwar</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. A. V. Girija Kumar</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. R. E. Lerwill</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. S. B. Mainak</td>
<td>Member</td>
</tr>
<tr>
<td>Ms. Nirupama Rao</td>
<td>Member</td>
</tr>
<tr>
<td>Ms. M. Shankar</td>
<td>Member</td>
</tr>
<tr>
<td>Mr. B. B. Chatterjee</td>
<td>Secretary to the Committee</td>
</tr>
</tbody>
</table>

3. Average Net Profit of the Company for last three financial years: ₹ 12338.22 crores.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 246.76 crores for FY 2015-16.

5. Details of CSR Spent during the financial year:
The total CSR expenditure for financial year 2015-16 stood at ₹ 247.50 crores. Please refer attached statement for details.

6. Details of implementing agencies:
The Company’s CSR projects are implemented through partner implementing agencies which were identified and selected through a comprehensive due diligence process. Your Company partnered with:

i. Eminent NGOs / Trusts such as BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, Foundation for Ecological Security, etc.;

ii. ITC Sangeet Research Academy (ITC SRA), a true embodiment of the Company’s sustained commitment to a priceless national heritage;

iii. ITC Rural Development Trust, a Public Charitable Trust, involved in undertaking various programmes of rural development;

iv. ‘CII–ITC Centre of Excellence for Sustainable Development’, established by the Company in collaboration with the Confederation of Indian Industry (CII).

7. Responsibility Statement of the CSR Committee:
The CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with the CSR Policy and Objectives of the Company.

On behalf of the Board
Kolkata
20th May, 2016

Y. C. DEVESHWAR
Chairman — CSR Committee

R. TANDON
Director & Chief Financial Officer
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>CSR Project or activity identified</th>
<th>Sector in which the Project is covered</th>
<th>Projects or programmes undertaken (1) Local area or other States/Union Territories</th>
<th>Amount spent on the projects or programmes (2) State and district</th>
<th>Cumulative expenditure up to the reporting period</th>
<th>Amount spent: Direct or through Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Mission set-up by the Central Government for the promotion of sanitation and making available safe drinking water.</td>
<td>Health &amp; Sanitation, Drinking Water, Eradication of Poverty</td>
<td>*Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Jammu &amp; Kashmir, Himachal Pradesh, Madhya Pradesh, Maharashtra, Kerala, Assam, Odisha, Punjab, Haryana, New Delhi, Meghalaya, Chandigarh</td>
<td>3400</td>
<td>5494</td>
<td><strong>Through Project Implementing Agencies and Direct</strong></td>
</tr>
<tr>
<td>2</td>
<td>Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly, and differently abled and providing livelihood enhancement projects.</td>
<td>Education</td>
<td>*Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Rajasthan, Himachal Pradesh, Madhya Pradesh, Maharashtra, Assam, Odisha, Punjab, Haryana, New Delhi, Meghalaya, Chandigarh</td>
<td>6474</td>
<td>2325</td>
<td><strong>Through Project Implementing Agencies and Direct</strong></td>
</tr>
<tr>
<td>3</td>
<td>Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.</td>
<td>Women Empowerment</td>
<td>*Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Madhya Pradesh, Uttar Pradesh, Assam, Rajasthan, West Bengal, New Delhi</td>
<td>1357</td>
<td>1700</td>
<td><strong>Through Project Implementing Agencies and Direct</strong></td>
</tr>
<tr>
<td>4</td>
<td>Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and reining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.</td>
<td>Environment’s Sustainability, Soil &amp; Moisture Conservation &amp; Wasteland Development</td>
<td>*Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Madhya Pradesh, Maharashtra, Madhya Pradesh, New Delhi, Gujarat, Punjab</td>
<td>7053</td>
<td>5229</td>
<td><strong>Through Project Implementing Agencies and Direct</strong></td>
</tr>
<tr>
<td>5</td>
<td>Protection of national heritage, art and culture, including narration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.</td>
<td>Protection of national heritage, art and culture</td>
<td>*West Bengal, Punjab</td>
<td>500</td>
<td>42</td>
<td><strong>Through Project Implementing Agencies and Direct</strong></td>
</tr>
<tr>
<td>6</td>
<td>Rural Development projects.</td>
<td>Agris Development</td>
<td>*Bihar, West Bengal, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Madhya Pradesh, Maharashtra, Uttar Pradesh, Rajasthan, Gujarat, Punjab</td>
<td>5300</td>
<td>4962</td>
<td><strong>Through Project Implementing Agencies and Direct</strong></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>24900</td>
<td>23234</td>
<td>2260</td>
</tr>
</tbody>
</table>
## Annexure to the Report of the Board of Directors
For the Financial Year Ended 31st March, 2016

**Form No. AOC-2**

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm’s length transactions under third proviso thereto

### Details of contracts or arrangements or transactions not at arm’s length basis

<table>
<thead>
<tr>
<th>(a) Name(s) of the related party and nature of relationship</th>
<th>(b) Nature of contracts / arrangements / transactions</th>
<th>(c) Duration of the contracts / arrangements / transactions</th>
<th>(d) Salient terms of the contracts or arrangements or transactions including the value, if any</th>
<th>(e) Justification for entering into such contracts or arrangements or transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenacre Holdings Limited, a wholly-owned subsidiary of Russell Credit Limited, which in turn is a wholly-owned subsidiary of the Company</td>
<td>Purchase of land</td>
<td>N.A.</td>
<td>3,839 sq. mtrs. of land owned by Greenacre Holdings Limited has been sold to the Company at book value of ₹ 28.22 crores for the upcoming Hotel Project in Mumbai.</td>
<td>The transaction is between the Holding Company and wholly-owned subsidiary and therefore there is no potential conflict with the interests of the Company and its shareholders arising out of the same. Further, the said transaction will facilitate the expansion plans of the Company.</td>
</tr>
<tr>
<td>Russell Credit Limited, a wholly-owned subsidiary</td>
<td>Sale of equity shares of Wills Corporation Limited</td>
<td>N.A.</td>
<td>The entire shareholding of Wills Corporation Limited (48,85,626 equity shares) has been sold to Russell Credit Limited at carrying cost of ₹ 4.88 crores.</td>
<td>The transaction is between the Holding Company and wholly-owned subsidiary and therefore there is no potential conflict with the interests of the Company and its shareholders arising out of the same. Further, the aforesaid acquisition of entire share capital of Technico Agri Sciences Limited is expected to improve business and operational synergies.</td>
</tr>
<tr>
<td>Technico Pty Limited, a wholly-owned subsidiary</td>
<td>Purchase of equity shares of Technico Agri Sciences Limited</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The transaction is between the Holding Company and wholly-owned subsidiary and therefore there is no potential conflict with the interests of the Company and its shareholders arising out of the same. Further, the aforesaid shares of Wills Corporation Limited were sold to Russell Credit Limited to improve operational efficiencies.

The transaction is between the Holding Company and wholly-owned subsidiary and therefore there is no potential conflict with the interests of the Company and its shareholders arising out of the same. Further, the aforesaid acquisition of entire share capital of Technico Agri Sciences Limited is expected to improve business and operational synergies.
2. Details of material contracts or arrangements or transactions at arm’s length basis

<table>
<thead>
<tr>
<th>(a) Name(s) of the related party and nature of relationship</th>
<th>NOT APPLICABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) Nature of contracts / arrangements / transactions</td>
<td></td>
</tr>
<tr>
<td>(c) Duration of the contracts / arrangements / transactions</td>
<td></td>
</tr>
<tr>
<td>(d) Salient terms of the contracts or arrangements or transactions including the value, if any</td>
<td></td>
</tr>
<tr>
<td>(e) Date(s) of approval by the Board, if any</td>
<td></td>
</tr>
<tr>
<td>(f) Amount paid as advances, if any</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(g) Amount paid as advances, if any</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

On behalf of the Board

Kolkata
20th May, 2016

Y. C. DEVESHWAR  R. TANDON
Chairman  Director & Chief Financial Officer
CONSERVATION OF ENERGY:
All business units continued their efforts to improve energy usage efficiencies and increase the share of renewable energy. Various key performance indicators like specific energy consumption (energy consumed per unit of production), specific energy costs and renewable energy contributions were continuously tracked to monitor alignment with the Company’s overall sustainability approach. The Company has a process to identify and evaluate energy risks and opportunities, taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects. Accordingly, phased implementation of energy conservation and renewable energy generation projects are carried out and innovative ways and new technologies are constantly explored to bring about alignment between organisational interests and the larger social purpose.

a) Steps taken or impact on conservation of energy:
Some of the energy conservation measures adopted across the Company are outlined below:
I. Improvement in energy usage efficiency in lighting systems by installation of automated lighting controls & sensors, changing over to more efficient lighting solutions such as Light Emitting Diodes.
II. Installation of automated controls & sensors in different equipment related to manufacturing processes, air conditioning systems and power generation for better monitoring & control and thereby minimising losses.
III. Retrofitting and replacement of motors, pumps, fans, vacuum and air conditioning systems with more energy efficient equipment.
IV. Recovery of waste heat from chillers for hot water generation thereby reducing fuel consumption in boilers.
V. Upgradation of the steam system in a paper machine to minimise losses, enhance heat utilisation and increase condensate recovery.
VI. Reducing furnace oil consumption by using process waste generated from within the unit.
VII. Optimisation of compressed air systems to minimise losses and reduce energy consumption.
VIII. Installation of variable frequency drives to optimise energy consumption.
IX. Process improvements to enhance productivity and reduce specific energy consumption.

b) Steps taken for utilising alternate sources of energy:
As part of its strategy to adopt a low-carbon growth path, the Company intends to progressively move towards meeting at least 50% of its total energy requirements from renewable sources by 2020.

Some of the renewable energy initiatives undertaken during the year are as follows:
I. Replacement of fossil fuel (high-speed diesel) with bio-diesel for use in boilers.
II. Installation of additional solar energy based photovoltaic systems.
III. Increased use of biomass-based fuels for steam generation to reduce dependency on fossil fuels.

c) Capital investment on energy conservation equipment: ₹ 1135.50 lakhs

TECHNOLOGY ABSORPTION:
a) Efforts made towards technology absorption:
I. Secondary packaging automation for branded packaged food products.
II. Integration of manufacturing and warehousing operations by on-line transfer of finished goods.
III. Development of grease-resistant paperboard - an eco-friendly board which can replace poly-coated board for packaging of fried food items.
IV. Process and product technologies in Personal Wash, Skin Care and Deodorants developed through in-house research and development.
V. Induction of state-of-the-art printing and conversion equipment for packaging.
VI. Induction of contemporary technologies and continuous improvement projects across businesses towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility and productivity.

b) Benefits derived:
I. Cycle time reduction and productivity enhancement.
II. World-class quality and differentiated products.
III. Addressing market specific end-use applications.
IV. Improved productivity and process control.

c) The expenditure incurred on Research and Development:

<table>
<thead>
<tr>
<th>Expenditure on R&amp;D</th>
<th>For the year ended 31st March, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>₹ (in Lakhs)</td>
</tr>
<tr>
<td>Capital</td>
<td>3,344.55</td>
</tr>
<tr>
<td>Revenue</td>
<td>12,191.24</td>
</tr>
<tr>
<td>Total</td>
<td>15,535.79</td>
</tr>
</tbody>
</table>

Total R&D Expenditure as a % of
- Gross Revenue 0.30%
- Net Revenue 0.43%

On behalf of the Board

Kolkata Y. C. DEVESHWAR Chairman
20th May, 2016  R. TANDON Director & Chief Financial Officer
## Annexure to the Report of the Board of Directors
### For the Financial Year Ended 31st March, 2016

#### A. Information pursuant to section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

<table>
<thead>
<tr>
<th>Name of Directors &amp; Key Managerial Personnel</th>
<th>Designation</th>
<th>Ratio of Remuneration to Median remuneration of all employees</th>
<th>Increase in Remuneration over LY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y C Deveshwar</td>
<td>Executive Chairman</td>
<td>427 : 1</td>
<td>(2%)</td>
</tr>
<tr>
<td>N Anand</td>
<td>Executive Director</td>
<td>76 : 1</td>
<td>0%</td>
</tr>
<tr>
<td>S Puri</td>
<td>Executive Director (w.e.f. 6th December, 2015)</td>
<td>11 : 1</td>
<td>-</td>
</tr>
<tr>
<td>R Tandon</td>
<td>Executive Director &amp; Chief Financial Officer (w.e.f. 22nd January, 2016)</td>
<td>6 : 1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Chief Financial Officer (Upto 21st January, 2016)</td>
<td>43 : 1</td>
<td>-</td>
</tr>
<tr>
<td>A Baijal</td>
<td>Non-Executive Director</td>
<td>8 : 1</td>
<td>16% *</td>
</tr>
<tr>
<td>S Banerjee</td>
<td>Non-Executive Director</td>
<td>6 : 1</td>
<td>(2%)</td>
</tr>
<tr>
<td>A Duggal</td>
<td>Non-Executive Director</td>
<td>6 : 1</td>
<td>315% **</td>
</tr>
<tr>
<td>S B Mathur</td>
<td>Non-Executive Director</td>
<td>8 : 1</td>
<td>14% *</td>
</tr>
<tr>
<td>P B Ramasijam</td>
<td>Non-Executive Director</td>
<td>7 : 1</td>
<td>2%</td>
</tr>
<tr>
<td>S S H Rehman</td>
<td>Non-Executive Director</td>
<td>7 : 1</td>
<td>4%</td>
</tr>
<tr>
<td>M Shankar</td>
<td>Non-Executive Director</td>
<td>8 : 1</td>
<td>(2%)</td>
</tr>
<tr>
<td>A V Girija Kumar</td>
<td>Non-Executive Director</td>
<td>6 : 1</td>
<td>(3%)</td>
</tr>
<tr>
<td>R E Lerwill</td>
<td>Non-Executive Director</td>
<td>7 : 1</td>
<td>60% **</td>
</tr>
<tr>
<td>S B Mainak</td>
<td>Non-Executive Director</td>
<td>6 : 1</td>
<td>266% **</td>
</tr>
<tr>
<td>K Valliyanath</td>
<td>Non-Executive Director</td>
<td>8 : 1</td>
<td>1%</td>
</tr>
<tr>
<td>K N Grant</td>
<td>Executive Director (retired on 22nd January, 2016)</td>
<td>90 : 1</td>
<td>22% ***</td>
</tr>
<tr>
<td>P V Dodbale</td>
<td>Executive Director (retired on 8th December, 2015)</td>
<td>86 : 1</td>
<td>16% ***</td>
</tr>
<tr>
<td>S H Khan</td>
<td>Non-Executive Director (expired on 12th January, 2016)</td>
<td>7 : 1</td>
<td>13% *</td>
</tr>
<tr>
<td>B B Chatterjee</td>
<td>Executive Vice President &amp; Company Secretary</td>
<td>33 : 1</td>
<td>2%</td>
</tr>
</tbody>
</table>

* Reflects increase in commission paid as compared to previous year
** Reflects increase in commission paid as compared to previous year and remuneration for part of the year since appointed during FY 2014-15
*** Reflects payment towards leave encashment on retirement.

### Notes

1) The number of permanent employees as on 31st March, 2016 was 25,564.
2) Compared to the previous year 2014-15, the figures for the current year 2015-16 reflect that:
   (i) Gross Turnover, PBT and EPS have grown by 3.2%, 6.9% & 1.7% respectively.
   (ii) Median remuneration and average remuneration of employees have increased by 1% and 3% respectively.
   (iii) Average remuneration of employees excluding Key Managerial Personnel (KMPs) has increased by 2%.
   (iv) Increase in remuneration of KMPs by 4% is primarily towards leave encashment of two KMPs who retired during the year.
3) No employee’s remuneration for the year 2015-16 exceeded the remuneration of the highest paid Director.
4) The remuneration of the Directors, KMPs and other employees is in accordance with the Remuneration Policy of the Company stated under the section ‘Report on Corporate Governance’ which forms part of the Report and Accounts.
5) The market capitalisation of the Company as on 31st March, 2016 increased by 1.2% when compared to that of 31st March, 2015. The Company has not made any public offer in the recent past and accordingly, comparison of public offer price and the current market price of the Company’s shares will not be relevant.
6) The PE ratio as on 31st March, 2016 stood at 26.6 (31st March, 2015 : 27.0).
7) Performance Bonus of Executive Directors and Commission of Non-Executive Directors are the variable components of their remuneration. Key parameters for determining the same are provided in the Remuneration Policy of the Company.
B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Designation/ Nature of Duties</th>
<th>Gross Remuneration (₹)</th>
<th>Net Remuneration (₹)</th>
<th>Qualifications</th>
<th>Experience (Years)</th>
<th>Date of Commencement of Employment</th>
<th>Previous Employment/ Position Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmad Syed Mahmood</td>
<td>62</td>
<td>On deputation</td>
<td>96,82,221</td>
<td>41,98,614</td>
<td>B.A., M.A.</td>
<td>39</td>
<td>06.03.1980</td>
<td>ANZ Grindlays Bank Plc., Mgmt. Trainee</td>
</tr>
<tr>
<td>Ambala Ashesh (Dr.)</td>
<td>57</td>
<td>Executive V. P. and Head - Social Investments</td>
<td>72,25,429</td>
<td>36,03,068</td>
<td>M.A., M. Phil., Ph.D. (I.S.S., The Hague)</td>
<td>29</td>
<td>01.04.2002</td>
<td>Action Aid (India), Sr. Programme Analyst</td>
</tr>
<tr>
<td>Anand Nakul</td>
<td>59</td>
<td>Executive Director</td>
<td>2,78,76,400</td>
<td>1,18,29,311</td>
<td>B.A.(Hons.)</td>
<td>36</td>
<td>01.12.1979</td>
<td>@</td>
</tr>
<tr>
<td>Arif Nazeer</td>
<td>54</td>
<td>Executive V.P. and Head - Corporate Communications</td>
<td>90,90,100</td>
<td>40,47,311</td>
<td>B.A.(Hons.), M.A.</td>
<td>30</td>
<td>01.09.2006</td>
<td>Indian Chamber of Commerce, Secretary General</td>
</tr>
<tr>
<td>Astok D</td>
<td>52</td>
<td>General Manager - Strategic Planning</td>
<td>65,66,421</td>
<td>32,96,858</td>
<td>B.Com., A.C.S., F.C.M.A.</td>
<td>31</td>
<td>01.08.1992</td>
<td>UB Petroproducts Ltd., Dy. Manager, Accounts</td>
</tr>
<tr>
<td>Bagi Giriraj</td>
<td>46</td>
<td>Chief Operating Officer - Dairy &amp; Beverages (FD)</td>
<td>67,61,854</td>
<td>32,55,700</td>
<td>B.Com.(Hons.), P.G.D.B.M.</td>
<td>22</td>
<td>01.08.2012</td>
<td>Castrol India Ltd., Cluster Marketing Director</td>
</tr>
<tr>
<td>Balakrishnan Subramanian</td>
<td>49</td>
<td>Head - Manufacturing Operations (PCPB)</td>
<td>64,97,596</td>
<td>28,49,110</td>
<td>B.E.</td>
<td>28</td>
<td>01.09.1987</td>
<td>Nil</td>
</tr>
<tr>
<td>Banerjee Anandanup</td>
<td>59</td>
<td>V.P. - Finance, Logistics &amp; MIS (URBD)</td>
<td>61,27,810</td>
<td>30,72,696</td>
<td>B.A.(Hons.), M.A., M.B.A.(U.S.A)</td>
<td>34</td>
<td>15.02.2005</td>
<td>Golden Gate University, Scheduling &amp; Events Assst.</td>
</tr>
<tr>
<td>Batra Rakesh</td>
<td>52</td>
<td>On deputation</td>
<td>74,84,723</td>
<td>33,08,228</td>
<td>B.Com.(Hons.), F.C.A.</td>
<td>29</td>
<td>01.09.1986</td>
<td>Nil</td>
</tr>
<tr>
<td>Bhabanar Srijit K</td>
<td>53</td>
<td>Executive V.P. - Corporate EHS</td>
<td>65,98,045</td>
<td>28,67,222</td>
<td>B.E.(Elect.), P.G.D.(Safety Engg.), P.B.D.(Environmental Mgmt., Univ. of London)</td>
<td>33</td>
<td>02.06.1997</td>
<td>Tata Consulting Engineers Ltd., Engineer</td>
</tr>
<tr>
<td>Bhardwaj Ravi</td>
<td>54</td>
<td>Chief Operating Officer - ITC Hotels / WelcomHotels (HO)</td>
<td>67,21,520</td>
<td>26,16,746</td>
<td>B.Com.(Hons.), Dip. in Hotel Mgmt.</td>
<td>26</td>
<td>01.09.2012</td>
<td>Max Ventures Pvt. Ltd., Vice Chairman</td>
</tr>
<tr>
<td>Chadha Arvind</td>
<td>46</td>
<td>Area Manager South &amp; General Manager - ITC Grand Chula (HO)</td>
<td>66,11,158</td>
<td>21,37,494</td>
<td>Dip. in Hotel Mgmt., Catering &amp; Nutrition</td>
<td>14</td>
<td>01.05.2001</td>
<td>Nil</td>
</tr>
<tr>
<td>Charradeaule Philippe Herve</td>
<td>59</td>
<td>V.P. and General Manager - ITC Maratha (HO)</td>
<td>1,94,50,291</td>
<td>87,86,367</td>
<td>B.E.P.C., (Rehaul Reboot), C.A.P.</td>
<td>34</td>
<td>09.05.2011</td>
<td>Movenpick Hotels &amp; Resorts, Saudi Arabia, G.M.</td>
</tr>
<tr>
<td>Chidrakekaran L C (Dr.)</td>
<td>61</td>
<td>Chief Scientist - Research &amp; Technology Innovation (LS &amp; T)</td>
<td>1,09,39,542</td>
<td>65,97,326</td>
<td>Ph.D.</td>
<td>34</td>
<td>01.10.2005</td>
<td>G.E. India, Director, Mgt. Engg.</td>
</tr>
<tr>
<td>Chatterjee B B</td>
<td>63</td>
<td>Executive V.P. &amp; Company Secretary</td>
<td>1,20,36,634</td>
<td>65,51,761</td>
<td>B.Com.(Hons.), F.C.A., F.C.S., LL.B.</td>
<td>38</td>
<td>16.05.1993</td>
<td>Wescorp, Deputy Mgr.</td>
</tr>
<tr>
<td>Degan Shanilii</td>
<td>47</td>
<td>V.P. - Skin Care &amp; New Product Development (PCPB)</td>
<td>85,05,875</td>
<td>51,25,736</td>
<td>B.Sc., M.B.A.</td>
<td>22</td>
<td>15.07.2014</td>
<td>Britannia Industries Ltd., Category Director - Delight &amp; Lifestyle</td>
</tr>
<tr>
<td>Deveswar Y C</td>
<td>69</td>
<td>Executive Chairman</td>
<td>15,67,46,154</td>
<td>7,22,88,302</td>
<td>B.Tech.(Mech.)</td>
<td>47</td>
<td>11.02.1994</td>
<td>Air India Ltd., Chairman &amp; M.D.</td>
</tr>
<tr>
<td>Dhamotharan R</td>
<td>49</td>
<td>V.P. - Buying &amp; Merchandising Operations (URBD)</td>
<td>61,82,774</td>
<td>33,85,014</td>
<td>B.Tech., M.B.A.</td>
<td>24</td>
<td>14.03.2011</td>
<td>Madura Garments Ltd., V.P. - Buying &amp; Merchandising</td>
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<td>Dikta Pradeep Kumar</td>
<td>55</td>
<td>General Manager - T &amp; R A (ITD)</td>
<td>64,51,022</td>
<td>32,14,049</td>
<td>B.Sc.(Hons.)</td>
<td>32</td>
<td>17.10.1983</td>
<td>Nil</td>
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<td>Dutta Saradindu</td>
<td>56</td>
<td>Head - Corporate Accounts</td>
<td>81,47,347</td>
<td>33,73,319</td>
<td>B.Com.(Hons.), M.Com., A.C.A.</td>
<td>34</td>
<td>01.12.1982</td>
<td>Organon (I) Ltd., Trainee, Accounts</td>
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<td>Dutta Supratim</td>
<td>49</td>
<td>Executive V.P. - Corporate Finance</td>
<td>77,85,382</td>
<td>34,52,099</td>
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<td>Ganesan M</td>
<td>53</td>
<td>Executive V.P. - Finance, Procurement &amp; IT (FD)</td>
<td>83,25,630</td>
<td>41,32,121</td>
<td>B.Com., A.C.A., A.C.S.</td>
<td>30</td>
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<tr>
<td>Ganesh Kumar S</td>
<td>48</td>
<td>Chief Operating Officer - Staples, Snacks, Meals &amp; Mdls (FD)</td>
<td>80,01,858</td>
<td>40,13,994</td>
<td>B.E.</td>
<td>24</td>
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<td>Garg A K</td>
<td>55</td>
<td>Head - Finance &amp; IT (PCPB)</td>
<td>68,65,200</td>
<td>34,73,320</td>
<td>B.A.(Hons.), M.B.A.(U.S.A.)</td>
<td>33</td>
<td>01.08.1985</td>
<td>International Travel House Ltd., Regional Financial Controller</td>
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<td>Ghosh Chhandana</td>
<td>49</td>
<td>Head - Competency Development &amp; HR (TM &amp; D)</td>
<td>60,43,215</td>
<td>28,82,694</td>
<td>B.Sc., (Hons.), M.M.S.</td>
<td>25</td>
<td>01.03.2007</td>
<td>Ideas Pvt. Ltd. and Studycats.com, Director</td>
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<td>Ghosh Ranjilt</td>
<td>43</td>
<td>Senior Principal Technologist - Media, Planning &amp; Buying (PCPB)</td>
<td>60,35,980</td>
<td>34,99,599</td>
<td>B.Com., Executive Masters in International Business</td>
<td>13</td>
<td>20.09.2007</td>
<td>Tata Internet Ltd., Chief Manager, Marketing</td>
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<td>Guha Sumitro</td>
<td>54</td>
<td>Executive V.P. - Technical (ITD)</td>
<td>81,88,726</td>
<td>39,84,639</td>
<td>B.Tech.</td>
<td>33</td>
<td>03.08.1992</td>
<td>Tata Consulting Engineers, Sr. Asst, Engineer</td>
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<tr>
<td>Name</td>
<td>Age</td>
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<td>Qualifications</td>
<td>Experience (Years)</td>
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<td>Previous Employment/ Position Held</td>
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<td>Haksar Dipak</td>
<td>58</td>
<td>Chief Executive - ITC Hotels / Welcomhotels (HD)</td>
<td>78,93,104</td>
<td>34,67,048</td>
<td>B.Com.(Hons.)</td>
<td>38</td>
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<tr>
<td>Joshi Atul</td>
<td>57</td>
<td>National Sales Manager - Personal Care, Agarbatti &amp; Matches (TM &amp; D)</td>
<td>63,59,625</td>
<td>29,44,664</td>
<td>B.A., M.A., M.B.A.</td>
<td>34</td>
<td>01.01.1982</td>
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<td>Kaul Sandeep</td>
<td>49</td>
<td>SBU Chief Executive (PCPB)</td>
<td>89,70,706</td>
<td>39,10,194</td>
<td>B.E., P.G.D.M.</td>
<td>25</td>
<td>01.06.1990</td>
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<tr>
<td>Kumar G Krishna</td>
<td>50</td>
<td>V.P. - Leaf Operations (ABD-ILTD)</td>
<td>67,10,670</td>
<td>32,33,359</td>
<td>B.Sc. (Ag)</td>
<td>28</td>
<td>01.08.1987</td>
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<td>Kumar Suresh</td>
<td>58</td>
<td>On deputation</td>
<td>64,33,114</td>
<td>28,63,180</td>
<td>B.Sc., A.M.Q.</td>
<td>36</td>
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<td>Madan Sachidanand</td>
<td>57</td>
<td>On deputation</td>
<td>1,03,60,213</td>
<td>48,16,633</td>
<td>B.Com.(Hons.), A.C.A., A.S.C.</td>
<td>34</td>
<td>01.04.2012</td>
<td>Russell Credit Ltd. - On deputation to Technico Agri Sciences Ltd. as Director</td>
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<tr>
<td>Malik Hemant</td>
<td>50</td>
<td>Divisional Chief Executive (ITD)</td>
<td>1,10,28,897</td>
<td>51,15,352</td>
<td>B.A., M.B.A.</td>
<td>26</td>
<td>01.06.1989</td>
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<tr>
<td>Mehta Rohinton R</td>
<td>55</td>
<td>Senior Associate General Counsel</td>
<td>63,65,015</td>
<td>30,37,154</td>
<td>B.Com.(Hons.), LL.B., LL.M., LL. M. (Criminal Law), M.S.(University of Wisconsin), Ph.D.</td>
<td>31</td>
<td>10.06.1994</td>
<td>Govt. Law College, Professor</td>
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<td>Mehta Sarita Singh</td>
<td>46</td>
<td>Creative Head (LRBD)</td>
<td>73,96,941</td>
<td>46,01,806</td>
<td>B.A., P.G.D., Knitwear Design Tech.</td>
<td>18</td>
<td>01.09.2012</td>
<td>Robemall Apparel Pvt. Ltd., V.P. - Design &amp; Sourcing</td>
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<td>Mukerji Arup K</td>
<td>57</td>
<td>Corporate Financial Controller</td>
<td>1,13,40,730</td>
<td>54,34,747</td>
<td>B.Com.(Hons.), A.C.A.</td>
<td>34</td>
<td>01.11.1982</td>
<td>Gupta Choudhury &amp; Ghose, Jr. Officer</td>
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<tr>
<td>Mukherjee Sowmitra (Dr.)</td>
<td>50</td>
<td>Chief Scientist (ITD)</td>
<td>75,29,217</td>
<td>43,27,464</td>
<td>B.Sc., M.Sc., Ph.D., Post Doctorate</td>
<td>21</td>
<td>16.03.1998</td>
<td>ICI India Ltd., Manager Q.A.</td>
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<tr>
<td>Narouba A R</td>
<td>62</td>
<td>Executive V.P. - Projects (HD)</td>
<td>74,96,084</td>
<td>32,68,528</td>
<td>B.E. (Elect.)</td>
<td>38</td>
<td>01.05.1978</td>
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<tr>
<td>Parasuram R</td>
<td>57</td>
<td>Head - Corporate Internal Audit</td>
<td>99,89,655</td>
<td>51,12,571</td>
<td>B.Com.(Hons.), A.C.A.</td>
<td>33</td>
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<tr>
<td>Prabhaker L</td>
<td>50</td>
<td>V.P. - Human Resources (ABD)</td>
<td>60,99,620</td>
<td>28,73,067</td>
<td>B.E., P.G. Dip. in P.M. &amp; I.R.</td>
<td>23</td>
<td>01.05.2006</td>
<td>ITC Infotech India Ltd., G.M. - HR</td>
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<tr>
<td>Puri Sanjiv</td>
<td>53</td>
<td>Executive Director</td>
<td>1,81,81,871</td>
<td>70,94,200</td>
<td>B.Tech.</td>
<td>31</td>
<td>20.01.1986</td>
<td>TELCO Ltd., Trainee</td>
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<tr>
<td>Qing Liang Xiao</td>
<td>53</td>
<td>Executive Chinese Chef, ITC Maratha (HD)</td>
<td>82,23,467</td>
<td>39,54,671</td>
<td>Cooking School of Beijing Tourism Administration</td>
<td>34</td>
<td>01.04.2009</td>
<td>The Great Wall Sheraton Hotel, Exec. Chinese Chef</td>
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<tr>
<td>Rai R K</td>
<td>53</td>
<td>Chief Operating Officer (ABD)</td>
<td>86,22,451</td>
<td>46,17,362</td>
<td>B.A.(Whigp.), P.S.G. in Exports &amp; Imports</td>
<td>33</td>
<td>16.08.1990</td>
<td>Britannia Industries Ltd., Commercial Officer</td>
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<tr>
<td>Rajesh V L</td>
<td>48</td>
<td>Divisional Chief Executive (FD)</td>
<td>87,37,988</td>
<td>38,66,402</td>
<td>B.Sc., M.B.A.</td>
<td>25</td>
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<tr>
<td>Rajput Moh D V R</td>
<td>50</td>
<td>V.P. - Commodities (ABD)</td>
<td>63,83,218</td>
<td>29,79,419</td>
<td>B.Com.(Hons.), M.B.A.</td>
<td>27</td>
<td>22.08.1988</td>
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<tr>
<td>Rajput A K</td>
<td>60</td>
<td>Senior V.P. - Corporate Affairs</td>
<td>1,38,91,754</td>
<td>60,60,427</td>
<td>B.Com., M.B.A.</td>
<td>39</td>
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<td>Rama Prasad H N</td>
<td>50</td>
<td>V.P. - Exports &amp; Supply Chain (ABD - ILTD)</td>
<td>61,16,076</td>
<td>30,63,117</td>
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<td>27</td>
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<tr>
<td>Ramamurthi Suresh (Dr.)</td>
<td>51</td>
<td>Chief Technologist (PCPB)</td>
<td>72,43,570</td>
<td>35,68,032</td>
<td>B.Sc., M.Sc.(Tech.), Ph.D.</td>
<td>20</td>
<td>27.08.2007</td>
<td>Srinivas Lakshmi - Lids, Sr. Scientist</td>
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<td>Rangrass S</td>
<td>55</td>
<td>Divisional Chief Executive (ABD-ILTD)</td>
<td>1,06,66,005</td>
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<td>B.Tech.</td>
<td>33</td>
<td>01.07.1982</td>
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<td>Reddy K Venkateshwar</td>
<td>50</td>
<td>General Manager - Product Development, Staples &amp; Noodles (FD)</td>
<td>71,30,625</td>
<td>44,51,920</td>
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<td>27</td>
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<td>Corgil India Pvt. Ltd., Prod. Manager</td>
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B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
<table>
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<tr>
<th>Name</th>
<th>Age</th>
<th>Designation/ Nature of Duties</th>
<th>Gross Remuneration (₹)</th>
<th>Net Remuneration (₹)</th>
<th>Qualifications</th>
<th>Experi- ence (Years)</th>
<th>Date of Commence- ment of Employment</th>
<th>Previous Employment/ Position Held</th>
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<tr>
<td>Roy A</td>
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<td>27</td>
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<td>E.L.M.(I) Ltd., Accounts Officer</td>
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<tr>
<td>Sarma C V</td>
<td>54</td>
<td>Executive V.P. - Finance &amp; MIS (PSPD)</td>
<td>75,63,248</td>
<td>35,07,944</td>
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<td>Sengupta P</td>
<td>58</td>
<td>General Manager - Risk Management</td>
<td>66,91,591</td>
<td>28,92,696</td>
<td>B.Sc.(Hons.), A.C.A.</td>
<td>34</td>
<td>01.07.1987</td>
<td>Indian aluminium Co. Ltd., Finance Officer</td>
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<tr>
<td>Senguttuvan R</td>
<td>54</td>
<td>SBU Chief Executive (PPB)</td>
<td>1,02,51,002</td>
<td>49,88,401</td>
<td>B.E., P.G.D.M.</td>
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<td>Asian Paints, Purchase Executive</td>
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<tr>
<td>Seth Anil</td>
<td>58</td>
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<td>39,36,811</td>
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<td>Sharmuga Gundaram A</td>
<td>49</td>
<td>Deputy General Counsel</td>
<td>79,96,441</td>
<td>39,16,177</td>
<td>B.L., M.L.</td>
<td>27</td>
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<td>Maxworth Home Ltd., Manager, Legal</td>
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<tr>
<td>Singh S K</td>
<td>59</td>
<td>Divisional Chief Executive (PSPD)</td>
<td>1,16,08,368</td>
<td>53,03,670</td>
<td>B.Tech.(Chem.)</td>
<td>39</td>
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<tr>
<td>Singhi Rajendra Kumar</td>
<td>51</td>
<td>Senior Deputy Company Secretary</td>
<td>71,19,451</td>
<td>39,75,338</td>
<td>B.Com.(Hons.), LL.B., F.C.S.</td>
<td>31</td>
<td>01.08.1988</td>
<td>Chemcrown(I) Ltd., Asst. Secretary</td>
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<tr>
<td>Sreedhar R</td>
<td>57</td>
<td>Head - Corporate Human Resources</td>
<td>77,13,673</td>
<td>39,68,248</td>
<td>B.Sc., P.G. Dip. in P.M. &amp; I.R., Fellow in Mgmt.</td>
<td>33</td>
<td>01.06.1982</td>
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<tr>
<td>Sumant B</td>
<td>52</td>
<td>President - FMCG Businesses</td>
<td>1,22,51,352</td>
<td>49,79,666</td>
<td>B.E.</td>
<td>30</td>
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<tr>
<td>Thakur N N</td>
<td>52</td>
<td>Head - Sales &amp; Marketing (ESPB)</td>
<td>60,63,408</td>
<td>30,89,955</td>
<td>B.Sc., P.G.D.</td>
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<td>Tyagi Shailender</td>
<td>57</td>
<td>SBU Chief Executive (ESPB)</td>
<td>80,96,006</td>
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<td>M.Sc., P.G.D.</td>
<td>30</td>
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<td>Venkateswaran Krishnan (Dr.)</td>
<td>56</td>
<td>Chief Scientist and Head - Product Development and R&amp;D (PSPD)</td>
<td>78,87,104</td>
<td>47,38,581</td>
<td>B.Sc., M.Sc., Ph.D.</td>
<td>31</td>
<td>05.05.2005</td>
<td>Hindustan Lever Ltd., Head - Skin, Cleansing &amp; Care</td>
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<td>Viswanathan K I</td>
<td>55</td>
<td>Executive V.P. - Marketing (PSPD)</td>
<td>70,48,399</td>
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<td>M.B.A.</td>
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<td>Wali Partish</td>
<td>46</td>
<td>Chief Operating Officer - Confections (FD)</td>
<td>64,96,731</td>
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<td>B.Tech., Sloan Fellowship</td>
<td>24</td>
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<td>Wanchos Siddharth</td>
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<td>79,45,596</td>
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<td>B.Com.(Hons.)</td>
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<td>Warah Dalbir Singh</td>
<td>49</td>
<td>General Manager - Product Development, Snacks (FD)</td>
<td>67,06,590</td>
<td>38,38,872</td>
<td>B.E.</td>
<td>26</td>
<td>05.04.2005</td>
<td>PepsiCo India Holdings Pvt. Ltd., General Manager</td>
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<td>Zachariah Abraham</td>
<td>57</td>
<td>Executive V.P. and Head - Central Projects Organisation</td>
<td>70,95,505</td>
<td>33,82,120</td>
<td>B.Sc.(Engg.)</td>
<td>34</td>
<td>01.09.2012</td>
<td>Chambers of Sri C.S. Venkata Subramaniam, Advocate</td>
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**Employed for a part of the year and in receipt of remuneration aggregating Rs. 5,00,000/- or more per month.**

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<th>Name</th>
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<th>Gross Remuneration (₹)</th>
<th>Net Remuneration (₹)</th>
<th>Qualifications</th>
<th>Experi- ence (Years)</th>
<th>Date of Commence- ment of Employment</th>
<th>Previous Employment/ Position Held</th>
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<td>Ahmed Riaz</td>
<td>60</td>
<td>V.P. - Finance &amp; MIS (LRBD)</td>
<td>66,14,049</td>
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<td>B.Sc., P.G.D.</td>
<td>28</td>
<td>01.09.1987</td>
<td>Nil</td>
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<td>Amiya Prasad</td>
<td>58</td>
<td>Leaf Manager - South (ABD)</td>
<td>22,04,605</td>
<td>15,48,113</td>
<td>B.Sc., M.Sc., Ph.D.</td>
<td>34</td>
<td>02.02.1990</td>
<td>Government of India, Directorate of Marketing &amp; Inspection, Marketing Officer</td>
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<tr>
<td>Batra Vipul</td>
<td>34</td>
<td>Manager - Finance (LRBD)</td>
<td>2,88,328</td>
<td>2,78,462</td>
<td>B.Com.(Hons.), A.C.A.</td>
<td>12</td>
<td>16.03.2006</td>
<td>Chet Communications India Pvt. Ltd., Accounts Exec.</td>
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<td>Bishto Achal</td>
<td>29</td>
<td>Executive - Regional Logistics, North (ESPB)</td>
<td>85,656</td>
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<td>B.Com., M.B.A.</td>
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<td>Bose Debal</td>
<td>60</td>
<td>Asst. Finance Manager (TM &amp; DI)</td>
<td>10,20,977</td>
<td>8,52,834</td>
<td>B.Com.</td>
<td>35</td>
<td>01.01.1981</td>
<td>Bharatindi Elect. Steel, Commercial Trainee</td>
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<tr>
<td>Bose Kamal Ranjan</td>
<td>56</td>
<td>General Manager - Institutional Sales (TM &amp; DI)</td>
<td>56,11,246</td>
<td>30,44,832</td>
<td>B.A.(Hons.), P.G.D.M.</td>
<td>36</td>
<td>16.01.1995</td>
<td>Nil</td>
</tr>
</tbody>
</table>

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Designation/ Nature of Duties</th>
<th>Gross Remuneration (₹)</th>
<th>Net Remuneration (₹)</th>
<th>Qualifications</th>
<th>Experience (Years)</th>
<th>Date of Commencement of Employment</th>
<th>Previous Employment/ Position Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chandar V</td>
<td>60</td>
<td>Head - Finance, CGR (HD)</td>
<td>50,54,361</td>
<td>28,62,822</td>
<td>B.Com., M.Com., M.B.A., LL.B.</td>
<td>40</td>
<td>09.01.1976</td>
<td>Nil</td>
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<tr>
<td>Chamchoy Sasakamol</td>
<td>53</td>
<td>Spa Manager, ITC Grand Chola (HD)</td>
<td>20,12,631</td>
<td>10,94,660</td>
<td>Bachelor of Humanities, Ramkhamhaeng Univ.</td>
<td>28</td>
<td>17.01.2011</td>
<td>The Leela Kempinski, Udaipur, Spa Manager</td>
</tr>
<tr>
<td>Chong Sin Chong</td>
<td>44</td>
<td>Asst. Chinese Chef - Sheraton New Delhi (HD)</td>
<td>9,39,996</td>
<td>6,30,038</td>
<td>B.Sc., M.B.A.,</td>
<td>26</td>
<td>02.08.2012</td>
<td>Golden Island Chinese Cuisine, Chef</td>
</tr>
<tr>
<td>Dash Swostik Sourav</td>
<td>25</td>
<td>Asst. Manager - Projects (ABD-ILTD)</td>
<td>2,17,193</td>
<td>2,07,087</td>
<td>B.Tech., M.Tech.</td>
<td>2</td>
<td>10.06.2013</td>
<td>Nil</td>
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<tr>
<td>Dayalapwar Nitin</td>
<td>31</td>
<td>Area Manager (TM &amp; D)</td>
<td>7,27,712</td>
<td>6,92,712</td>
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<td>7</td>
<td>01.08.2012</td>
<td>Nil</td>
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<tr>
<td>Debnath Mrinal Kanti</td>
<td>60</td>
<td>Deputy General Manager (PSPD)</td>
<td>16,11,007</td>
<td>13,20,441</td>
<td>B.Com., A.C.A.</td>
<td>32</td>
<td>18.02.1983</td>
<td>Nil</td>
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<tr>
<td>Dhobale P V</td>
<td>60</td>
<td>Executive Director</td>
<td>3,14,20,103</td>
<td>1,53,35,376</td>
<td>B.Tech.</td>
<td>39</td>
<td>02.06.2012</td>
<td>DCM Ltd., Mgmt. Trainee</td>
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<tr>
<td>Gandhi Sanjiv</td>
<td>55</td>
<td>D.M., Technical (ITD)</td>
<td>13,04,638</td>
<td>11,84,357</td>
<td>B.Tech.</td>
<td>31</td>
<td>01.07.1987</td>
<td>Larsen &amp; Toubro Ltd., Asst. Engineer</td>
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<tr>
<td>Grant K N</td>
<td>58</td>
<td>Executive Director</td>
<td>30,96,404</td>
<td>16,94,383</td>
<td>B.Sc., M.Sc., D.I.S., Dip. in Trng. &amp; Development</td>
<td>25</td>
<td>06.07.1990</td>
<td>Nil</td>
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<tr>
<td>H K Mohana</td>
<td>32</td>
<td>Asst. Manager - Product Development (FD)</td>
<td>61,533</td>
<td>60,868</td>
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<td>10.06.2013</td>
<td>Nil</td>
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<tr>
<td>Kavarana D</td>
<td>60</td>
<td>Chief Executive Officer - WelcomHeritage (HD)</td>
<td>62,93,210</td>
<td>30,64,143</td>
<td>B.Com., Dip. in Hotel Mgmt. &amp; Nutrition</td>
<td>37</td>
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<tr>
<td>Kumar Prateek</td>
<td>27</td>
<td>Asst. Manager - Projects (PCPB)</td>
<td>2,54,193</td>
<td>2,43,027</td>
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<tr>
<td>Kumar J Shravan</td>
<td>38</td>
<td>Area Manager - Channel (ABD)</td>
<td>2,07,667</td>
<td>2,02,097</td>
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<td>14</td>
<td>30.10.2006</td>
<td>Nil</td>
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<tr>
<td>Mauvi Eric</td>
<td>54</td>
<td>Executive Pastry Chef, ITC Maurya (HD)</td>
<td>18,57,854</td>
<td>10,76,718</td>
<td>Chef Diploma - Maitrise, First Degree Certificate in Pastry, Chocolate &amp; Ice Cream</td>
<td>19</td>
<td>01.08.2013</td>
<td>Nil</td>
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<tr>
<td>Mirosek Stefan</td>
<td>50</td>
<td>Executive Pastry Chef, ITC Grand Chola (HD)</td>
<td>23,22,008</td>
<td>12,73,675</td>
<td>Master Baker</td>
<td>31</td>
<td>04.11.2013</td>
<td>Nil</td>
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<tr>
<td>Mukherjee Nilanjan</td>
<td>48</td>
<td>Head - Marketing (PCPB)</td>
<td>34,05,455</td>
<td>17,29,721</td>
<td>B.E., M.B.A.</td>
<td>30</td>
<td>09.2010</td>
<td>Nil</td>
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<tr>
<td>Naidu Yabaji Rajesh Kumar</td>
<td>27</td>
<td>Category Development Manager (FD)</td>
<td>61,533</td>
<td>60,868</td>
<td></td>
<td>3</td>
<td>10.06.2013</td>
<td>Nil</td>
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<tr>
<td>Nayak Anand</td>
<td>64</td>
<td>Executive V.P. and Head - Corporate Human Resources</td>
<td>2,26,66,429</td>
<td>1,16,34,554</td>
<td>B.Sc., M.P.G.I.R.</td>
<td>42</td>
<td>14.05.1973</td>
<td>Nil</td>
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<tr>
<td>Padmanabhan A</td>
<td>62</td>
<td>V.P. - Projects (PSPD)</td>
<td>26,22,234</td>
<td>18,69,220</td>
<td>B.E.</td>
<td>38</td>
<td>07.10.1994</td>
<td>Nil</td>
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<tr>
<td>Pandey Vikas</td>
<td>55</td>
<td>Senior Specialist - Fabrics (LRBD)</td>
<td>31,74,979</td>
<td>16,63,377</td>
<td>B.A., M.Sc., Dip. in ESPA</td>
<td>15</td>
<td>18.09.2014</td>
<td>Nil</td>
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<tr>
<td>Panda Madan</td>
<td>38</td>
<td>Area Sales Manager (LRBD)</td>
<td>2,07,667</td>
<td>2,02,097</td>
<td>B.E., P.G. Dip. in Administration Business</td>
<td>14</td>
<td>30.10.2006</td>
<td>Nil</td>
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<tr>
<td>Pathak Arun</td>
<td>56</td>
<td>Executive V.P. - Finance (HD)</td>
<td>82,36,105</td>
<td>35,40,745</td>
<td>B.Com., M.A., M.Sc., Dip. in ESPA</td>
<td>32</td>
<td>20.06.1983</td>
<td>Nil</td>
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</table>
B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Designation/ Nature of Duties</th>
<th>Gross Remuneration (₹)</th>
<th>Net Remuneration (₹)</th>
<th>Qualifications</th>
<th>Experience (Years)</th>
<th>Date of Commencement of Employment</th>
<th>Previous Employment/ Position Held</th>
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<tbody>
<tr>
<td>Prasad Latha</td>
<td>60</td>
<td>Assistant Manager Finance (TM &amp; D)</td>
<td>10,36,535</td>
<td>7,87,128</td>
<td>B.Com.</td>
<td>30</td>
<td>01.02.1985</td>
<td>Nili</td>
</tr>
<tr>
<td>Prasad V Rajendra</td>
<td>52</td>
<td>Deputy Manager (PSPD)</td>
<td>2,32,610</td>
<td>2,15,239</td>
<td>B.Sc.(Tech.)</td>
<td>26</td>
<td>07.08.1989</td>
<td>Nili</td>
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<tr>
<td>Rajendra K</td>
<td>60</td>
<td>Executive C.E.S. (ITD)</td>
<td>4,57,605</td>
<td>4,07,950</td>
<td>B.Com.</td>
<td>41</td>
<td>17.09.1974</td>
<td>Nili</td>
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<tr>
<td>Ramanujaneeya Reddy J S V S</td>
<td>56</td>
<td>Manager - Employee Relations (ABD-ILTD)</td>
<td>11,71,063</td>
<td>9,62,984</td>
<td>B.Sc., M.A(S.W.), B.L.</td>
<td>29</td>
<td>30.08.1991</td>
<td>MG Brothers, Asst. Personnel Officer</td>
</tr>
<tr>
<td>Ramaswamy T V</td>
<td>64</td>
<td>Group Head - LS &amp; T, Projects &amp; EHS</td>
<td>1,37,31,219</td>
<td>71,17,275</td>
<td>B.E., M.M.S.</td>
<td>41</td>
<td>01.07.1974</td>
<td>Nili</td>
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<tr>
<td>Rana Dhrum Singh</td>
<td>60</td>
<td>Asst. Manager Finance, WelcomHotel Jodhpur (HD)</td>
<td>2,99,300</td>
<td>2,13,917</td>
<td>B.Com.</td>
<td>38</td>
<td>22.11.1977</td>
<td>Nili</td>
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<tr>
<td>Rao D Sambavala</td>
<td>60</td>
<td>General Manager - Materials (PSPD)</td>
<td>41,70,999</td>
<td>24,49,432</td>
<td>B.Com.(Hons.)</td>
<td>38</td>
<td>08.07.1991</td>
<td>Hindustan Lever Ltd., Sales Representative</td>
</tr>
<tr>
<td>Ratho Ram Prasad</td>
<td>60</td>
<td>Assistant Manager - T&amp;A (TM &amp; D)</td>
<td>7,88,003</td>
<td>6,75,824</td>
<td>B.Com.(Hons.)</td>
<td>39</td>
<td>01.12.1981</td>
<td>Hindustan Lever Ltd., Sales Representative</td>
</tr>
<tr>
<td>Sathy D</td>
<td>60</td>
<td>General Manager - Product Development, Confectionary (FD)</td>
<td>76,59,357</td>
<td>49,65,922</td>
<td>B.Sc.(Agri Sciences), M.Sc.</td>
<td>35</td>
<td>24.06.2002</td>
<td>Radhine Confectionery Co. Ltd., General Manager, D &amp; R</td>
</tr>
<tr>
<td>Sapathy Sameer</td>
<td>43</td>
<td>Chief Operating Officer (PCPB)</td>
<td>66,88,735</td>
<td>38,50,260</td>
<td>B.Com., P.G.D.M.</td>
<td>20</td>
<td>01.12.2015</td>
<td>Marico Ltd., Chief Marketing Officer</td>
</tr>
<tr>
<td>Sen Bibhu</td>
<td>60</td>
<td>Deputy General Manager (PSPD)</td>
<td>17,53,689</td>
<td>12,67,638</td>
<td>B.Sc., Dip. in Prod. Management</td>
<td>31</td>
<td>15.05.1984</td>
<td>Nili</td>
</tr>
<tr>
<td>Sen Pradip Kumar</td>
<td>58</td>
<td>General Manager - Risk Management</td>
<td>33,19,976</td>
<td>19,95,742</td>
<td>B.Com.(Hons.), A.C.A.</td>
<td>28</td>
<td>01.09.1987</td>
<td>Lovestock &amp; Levess, J.G.A</td>
</tr>
<tr>
<td>Sharma Ravi</td>
<td>38</td>
<td>Manager - FMCS Exports (TM &amp; D)</td>
<td>6,15,279</td>
<td>4,55,033</td>
<td>B.A.(Hons.), M.B.E., M.B.A.</td>
<td>14</td>
<td>02.05.2005</td>
<td>Microtex India Ltd., Manager</td>
</tr>
<tr>
<td>Singh Shantanu</td>
<td>26</td>
<td>Asst. Manager - Technical (PPB)</td>
<td>2,17,445</td>
<td>2,02,718</td>
<td>B.Tech., M.Tech.</td>
<td>2</td>
<td>10.06.2013</td>
<td>Nili</td>
</tr>
<tr>
<td>Srinivas K</td>
<td>43</td>
<td>Production Manager (ITD)</td>
<td>12,65,960</td>
<td>4,74,353</td>
<td>B.Sc., B.E.</td>
<td>21</td>
<td>01.09.2001</td>
<td>Alfred Herbert (India) Ltd., Sr. Exec.</td>
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<tr>
<td>Srinivasan K</td>
<td>43</td>
<td>Deputy Manager (PSPD)</td>
<td>4,74,796</td>
<td>4,44,619</td>
<td>Dip. in P.P.T.</td>
<td>19</td>
<td>21.11.1998</td>
<td>Nili</td>
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<tr>
<td>Vetlanki Shyamani</td>
<td>33</td>
<td>HR Manager (ABD)</td>
<td>1,71,990</td>
<td>1,68,114</td>
<td>B.Com., M.A(HRM &amp; Labour)</td>
<td>10</td>
<td>08.06.2005</td>
<td>Nili</td>
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<tr>
<td>Velmurugan M</td>
<td>34</td>
<td>Area Executive (TM &amp; D)</td>
<td>85,703</td>
<td>85,415</td>
<td>B.E., M.B.A.</td>
<td>12</td>
<td>03.12.2007</td>
<td>Funschool (India) Ltd., Sales Exec.</td>
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<tr>
<td>Verghese G</td>
<td>60</td>
<td>Area Manager Kerala &amp; General Manager - ITC Kakatiya (HD)</td>
<td>21,38,788</td>
<td>12,23,701</td>
<td>B.Com., Dip. in Personnel Mgmt.</td>
<td>34</td>
<td>01.02.1981</td>
<td>Nili</td>
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<tr>
<td>Verma Shobhit</td>
<td>31</td>
<td>Asst. Manager, Grocery 2 (TM &amp; D)</td>
<td>1,18,178</td>
<td>1,17,609</td>
<td>B.Tech., P.G.D.M.</td>
<td>8</td>
<td>14.06.2010</td>
<td>Indian Oil Corporation Ltd., Prod. Engineer</td>
</tr>
<tr>
<td>Waris Saadhan Ghizali</td>
<td>35</td>
<td>Regional Sales Manager (TM &amp; D)</td>
<td>3,02,726</td>
<td>2,38,819</td>
<td>B.M.S.</td>
<td>8</td>
<td>09.06.2009</td>
<td>Hindustan Unilever Ltd., Brand Exec.</td>
</tr>
<tr>
<td>Yajawesh Rishabh</td>
<td>28</td>
<td>Sr. Customer Associate (LRBD)</td>
<td>37,09,747</td>
<td>34,32,525</td>
<td>B.B.A., P.G. Dip. in Retail Mgmt.</td>
<td>4</td>
<td>09.12.2011</td>
<td>Nili</td>
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</table>

**Abbreviations denote :**

- **ITD**: India Tobacco Division
- **PSPD**: Paperboards & Specialty Papers Division
- **LARB**: Lifestyle Retailing Business Division
- **ABD**: Agri Business Division
- **ABD-ILTD**: Agri Business-India Leaf Tobacco Division
- **FD**: Foods Division

© Previously employed with ITC Hotels Ltd. which was merged with the Company on March 23, 2005

# Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on March 13, 2002

**Notes:**

1. Remuneration includes salary, performance bonus, allowances & other benefits / applicable perquisites except contribution to the approved Pension Fund under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term ‘remuneration’ has the meaning assigned to it under the Companies Act, 2013.

2. The Company has not incurred any expenditure for Stock Options granted at market price within the meaning of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999) to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employees.

3. Net remuneration comprises cash income less:
   - a) income tax, surcharge (as applicable) & education cess deducted at source.
   - b) manager’s own contribution to Provident Fund.

4. All appointments are/ were contractual in accordance with terms and conditions as per Company rules.

5. None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Kolkata
20th May, 2016

Y. C. DEVESHWAR
Chairman

R. TANDON
Director & Chief Financial Officer
Annexure to the Report of the Board of Directors

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the Financial Year ended on 31st March, 2016
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

<table>
<thead>
<tr>
<th>i) CIN</th>
<th>: L16005WB1910PLC001985</th>
</tr>
</thead>
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<tr>
<td>ii) Registration Date</td>
<td>: 24th August, 1910</td>
</tr>
<tr>
<td>iii) Name of the Company</td>
<td>: ITC Limited</td>
</tr>
<tr>
<td>iv) Category / Sub-Category of the Company</td>
<td>: Public company - Limited by shares</td>
</tr>
<tr>
<td>v) Address of the Registered office and contact details</td>
<td>: Virginia House, 37 J awaharlal Nehru Road Kolkata 700 071, India Telephone no. : 033-2288 9371 Facsimile nos. : 033-2288 4016 / 1256 / 2259 / 2260 e-mail : <a href="mailto:enduringvalue@itc.in">enduringvalue@itc.in</a></td>
</tr>
<tr>
<td>vi) Whether Listed Company</td>
<td>: Yes</td>
</tr>
<tr>
<td>vii) Name, Address and Contact details of Registrar and Transfer Agent, if any</td>
<td>: The Company provides share registration and related services in-house through its Investor Service Centre</td>
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</table>

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and Description of main products / services</th>
<th>NIC Code of the products / services</th>
<th>% to total turnover of the Company</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gross Turnover</td>
</tr>
<tr>
<td>1</td>
<td>FMCG</td>
<td>12003</td>
<td>62.70%</td>
</tr>
<tr>
<td></td>
<td>- Cigarettes</td>
<td>10501, 10611, 10795, 10798, 10712,10733, 10735,10740, 10750, 10308, 10304</td>
<td>13.76%</td>
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<tr>
<td></td>
<td>- Branded Packaged Food Products</td>
<td>10502, 10504, 46496, 46909, 47711, 20223, 20236, 20237, 20234, 46497</td>
<td>5.09%</td>
</tr>
<tr>
<td></td>
<td>- Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)</td>
<td>10795, 10209, 10304, 10309, 10406, 10611, 10792, 46201, 46207, 46209, 46301, 46305, 46306, 47190, 47300, 47737, 12001, 20213</td>
<td>8.51%</td>
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<tr>
<td>2</td>
<td>Hotels</td>
<td>55101, 56101, 56210, 56301, 74909</td>
<td>2.47%</td>
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<tr>
<td>3</td>
<td>Agri Business</td>
<td>10795, 10209, 10304, 10309, 10406, 10611, 10792, 46201, 46207, 46209, 46301, 46305, 46306, 47190, 47300, 47737, 12001, 20213</td>
<td>8.51%</td>
</tr>
<tr>
<td>4</td>
<td>Paperboards, Paper and Packaging</td>
<td>17016</td>
<td>6.35%</td>
</tr>
<tr>
<td></td>
<td>- Paperboards and Paper</td>
<td>17022, 17029, 22203</td>
<td>1.12%</td>
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</tbody>
</table>
### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of the company</th>
<th>CIN / GLN</th>
<th>Holding / Subsidiary / Associate</th>
<th>% of Shares held by the Company</th>
<th>Applicable Section</th>
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<tbody>
<tr>
<td>1</td>
<td>Russell Credit Limited</td>
<td>U65993WB1994PLC061684</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
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<tr>
<td>2</td>
<td>Greenacre Holdings Limited</td>
<td>U55202WB1986PLC049467</td>
<td>Wholly-owned subsidiary of Russell Credit Limited, referred to in Sl. No. 1</td>
<td>-</td>
<td>2(87)</td>
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<tr>
<td>3</td>
<td>Wimco Limited</td>
<td>U24291MH1923PLC001082</td>
<td>Subsidiary</td>
<td>98.21%</td>
<td>2(87)</td>
</tr>
<tr>
<td>4</td>
<td>Pavan Poplar Limited</td>
<td>U01100MH1995PLC128849</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td>5</td>
<td>Prag Agro Farm Limited</td>
<td>U01100MH1997PLC128846</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td>6</td>
<td>Technico Agri Sciences Limited</td>
<td>U01111DL1999PLC098646</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td>7</td>
<td>Technico Pty Limited</td>
<td>NA</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td>8</td>
<td>Technico Technologies Inc.</td>
<td>NA</td>
<td>Wholly-owned subsidiary of Technico Pty Limited, referred to in Sl. No. 7</td>
<td>-</td>
<td>2(87)</td>
</tr>
<tr>
<td>9</td>
<td>Technico Asia Holdings Pty Limited</td>
<td>NA</td>
<td>Wholly-owned subsidiary of Technico Asia Holdings Pty Limited, referred to in Sl. No. 7</td>
<td>-</td>
<td>2(87)</td>
</tr>
<tr>
<td>10</td>
<td>Technico Horticultural (Kunming) Co. Limited</td>
<td>NA</td>
<td>Wholly-owned subsidiary of Technico Asia Holdings Pty Limited, referred to in Sl. No. 9</td>
<td>-</td>
<td>2(87)</td>
</tr>
<tr>
<td>11</td>
<td>Srinivasa Resorts Limited</td>
<td>U74999TG1984PLC005192</td>
<td>Subsidiary</td>
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</tr>
<tr>
<td>12</td>
<td>Fortune Park Hotels Limited</td>
<td>U55101HR1995PLC052281</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td>13</td>
<td>Bay Islands Hotels Limited</td>
<td>U74899HR1976PLC052282</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td>Sl. No.</td>
<td>Name and address of the company</td>
<td>CIN / GLN</td>
<td>Holding / Subsidiary / Associate</td>
<td>% of Shares held by the Company</td>
<td>Applicable Section</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------------------</td>
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<td>---------------------------------</td>
<td>-------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>14</td>
<td>ITC Infotech India Limited</td>
<td>U65991WB1996PLC077341</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>Virginia House</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37 J. L. Nehru Road</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kolkata 700 071</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>ITC Infotech Limited</td>
<td>NA</td>
<td>Wholly-owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 14</td>
<td>-</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>Norfolk House</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>118 Saxon Gate West</td>
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</tr>
<tr>
<td></td>
<td>Milton Keynes, MK9 2 DN</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>United Kingdom</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>16</td>
<td>ITC Infotech (USA), Inc.</td>
<td>NA</td>
<td>Wholly-owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 14</td>
<td>-</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>12 Route, 17 North</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Suite 303, Paramus</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Jersey 07652</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Pyxis Solutions, LLC</td>
<td>NA</td>
<td>Wholly-owned subsidiary of ITC Infotech (USA), Inc., referred to in Sl. No. 16</td>
<td>-</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>55 Broad St., Fl. 14</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New York</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>NY 10004-2501</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Gold Flake Corporation Limited</td>
<td>U16003WB1935PLC008314</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>Virginia House</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37 J. L. Nehru Road</td>
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<tr>
<td></td>
<td>Kolkata 700 071</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Landbase India Limited</td>
<td>U74899HR1992PLC052412</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>ITC Green Centre</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10 Institutional Area, Sector -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>32 Gurgaon 122 001</td>
<td></td>
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<td></td>
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<tr>
<td>20</td>
<td>ITC Investments &amp; Holdings Limited</td>
<td>U65923WB2012PLC176166</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>Virginia House</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37 J. L. Nehru Road</td>
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<td></td>
<td>Kolkata 700 071</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Eucharistic Congress Building No. 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5, Convent Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mumbai 400 039</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Surya Nepal Private Limited</td>
<td>NA</td>
<td>Subsidiary</td>
<td>59%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>Shree Bal Sadan</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Gha-2-513, Kantipath</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kathmandu Nepal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>King Maker Marketing, Inc.</td>
<td>NA</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>12 Route, 17 North</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Suite 304, Paramus</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Jersey 07652</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>WelcomHotels Lanka (Private)</td>
<td>NA</td>
<td>Subsidiary</td>
<td>100%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>Limited 216, De Saram Place</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Colombo 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sri Lanka</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>North East Nutrients Private</td>
<td>U15122WB2013PTC196135</td>
<td>Subsidiary</td>
<td>76%</td>
<td>2(87)</td>
</tr>
<tr>
<td></td>
<td>Limited Aradhana Building</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2/1 Amandilal Poddar Sarani</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kolkata 700 071</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.):

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name and address of the company</th>
<th>CIN / GLN</th>
<th>Holding / Subsidiary / Associate</th>
<th>% of Shares held by the Company</th>
<th>Applicable Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>Gujarat Hotels Limited</td>
<td>L55100GJ1982PLC005408</td>
<td>Associate</td>
<td>45.78%</td>
<td>2(6)</td>
</tr>
<tr>
<td>27</td>
<td>International Travel House Limited</td>
<td>L63040DL1981PLC011941</td>
<td>Associate</td>
<td>3.60%</td>
<td>2(6)</td>
</tr>
<tr>
<td>28</td>
<td>Russell Investments Limited</td>
<td>U65993WB1987PLC043324</td>
<td>Associate of Russell Credit Limited, referred to in Sl. No. 1</td>
<td>-</td>
<td>2(6)</td>
</tr>
<tr>
<td>29</td>
<td>Divya Management Limited</td>
<td>U51108WB1995PLC069518</td>
<td>Associate of Russell Credit Limited, referred to in Sl. No. 1</td>
<td>-</td>
<td>2(6)</td>
</tr>
<tr>
<td>30</td>
<td>Antrang Finance Limited</td>
<td>U65993WB1993PLC060271</td>
<td>Associate of Russell Credit Limited, referred to in Sl. No. 1</td>
<td>-</td>
<td>2(6)</td>
</tr>
<tr>
<td>31</td>
<td>ATC Limited</td>
<td>U16000TZ1973PLC018100</td>
<td>Associate of Gold Flake Corporation Limited, referred to in Sl. No. 18</td>
<td>-</td>
<td>2(6)</td>
</tr>
<tr>
<td>32</td>
<td>Maharaja Heritage Resorts Limited</td>
<td>U74899DL1995PLC099649</td>
<td>Joint Venture</td>
<td>25%</td>
<td>2(6)</td>
</tr>
<tr>
<td>33</td>
<td>Espirit Hotels Private Limited</td>
<td>U55101TG2009PTC063757</td>
<td>Joint Venture</td>
<td>26%</td>
<td>2(6)</td>
</tr>
<tr>
<td>34</td>
<td>Logix Developers Private Limited</td>
<td>U70101DL2010PTC207640</td>
<td>Joint Venture</td>
<td>27.90%</td>
<td>2(6)</td>
</tr>
<tr>
<td>35</td>
<td>ITC Essentra Limited</td>
<td>U85110KA1993PLC014278</td>
<td>Joint Venture of Gold Flake Corporation Limited, referred to in Sl. No. 18</td>
<td>-</td>
<td>2(6)</td>
</tr>
</tbody>
</table>

**Note:** The above list does not include ITC Global Holdings Pte. Limited, Singapore, a subsidiary, under liquidation vide Singapore High Court’s Order dated 30th November, 2007.
### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Shareholding:

<table>
<thead>
<tr>
<th>Category of Shareholders</th>
<th>No. of Shares held at the beginning of the year</th>
<th>No. of Shares held at the end of the year</th>
<th>% Change during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Demat</td>
<td>Physical</td>
<td>Total (% of total Shares)</td>
</tr>
<tr>
<td><strong>A. Promoters</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Indian</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Individual / HUF</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>b) Central Govt.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>c) State Govt(s)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>d) Bodies Corp.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>e) Banks / FI</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>f) Any Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Sub-total (A)(1):-</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(2) Foreign</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) NRIs - Individuals</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>b) Other - Individuals</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>c) Bodies Corp.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>d) Banks / FI</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>e) Any Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Sub-total (A)(2):-</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>B. Public Shareholding</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Institutions</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>a) Mutual Funds</td>
<td>13,42,67,781</td>
<td>90,724</td>
<td>13,43,58,505</td>
</tr>
<tr>
<td>b) Banks / FI</td>
<td>90,54,07,001</td>
<td>9,78,178</td>
<td>90,63,85,179</td>
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<tr>
<td>c) Central Govt.</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>d) State Govt(s)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>e) Venture Capital Funds</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>f) Insurance Companies</td>
<td>1,74,52,42,797</td>
<td>63,485</td>
<td>1,74,53,06,282</td>
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<tr>
<td>g) FIls</td>
<td>1,34,13,46,315</td>
<td>2,58,910</td>
<td>1,34,16,05,225</td>
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<tr>
<td>h) Foreign Venture Capital Funds</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>i) Others:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Portfolio Investors</td>
<td>31,90,36,559</td>
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<td>31,90,36,559</td>
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<tr>
<td><strong>Sub-total (B)(1):-</strong></td>
<td>4,44,53,00,453</td>
<td>13,91,297</td>
<td>4,44,66,91,750</td>
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<tr>
<td>(2) Non-Institutions</td>
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</tr>
<tr>
<td>a) Bodies Corp.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Individual shareholders holding nominal share capital upto ₹ 1 lakh</td>
<td>26,27,31,047</td>
<td>10,84,367</td>
<td>26,38,15,414</td>
</tr>
<tr>
<td>(ii) Overseas</td>
<td>6,10,772</td>
<td>2,41,30,76,100</td>
<td>2,41,36,86,872</td>
</tr>
<tr>
<td>b) Individuals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh</td>
<td>55,33,61,295</td>
<td>11,52,87,790</td>
<td>67,24,11,861</td>
</tr>
<tr>
<td>(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh</td>
<td>11,52,87,790</td>
<td>1,64,09,880</td>
<td>13,16,97,670</td>
</tr>
<tr>
<td>c) Others:</td>
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<td></td>
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</tr>
<tr>
<td>i) NRIs</td>
<td>3,45,11,971</td>
<td>97,16,485</td>
<td>4,42,28,456</td>
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<tr>
<td>(ii) Foreign Nationals</td>
<td>74,711</td>
<td>4,44,240</td>
<td>5,18,951</td>
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<tr>
<td>(iii) Trusts</td>
<td>1,34,32,898</td>
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<td>1,34,32,898</td>
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<tr>
<td>(iv) Clearing Members</td>
<td>90,72,534</td>
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<td>90,72,534</td>
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<tr>
<td><strong>Sub-total (B)(2):-</strong></td>
<td>98,90,83,018</td>
<td>2,55,87,61,638</td>
<td>3,54,88,64,656</td>
</tr>
<tr>
<td><strong>Total Public Shareholding (B) = (B)(1)+(B)(2)</strong></td>
<td>5,43,43,83,471</td>
<td>2,56,11,72,935</td>
<td>7,99,55,54,060</td>
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<tr>
<td><strong>C. Shares held by Custodian for GDRs &amp; ADRs</strong></td>
<td>1,99,36,135</td>
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<td>1,99,36,135</td>
</tr>
<tr>
<td><strong>Grand Total (A+B+C)</strong></td>
<td>5,45,43,19,606</td>
<td>2,56,11,99,935</td>
<td>8,01,55,19,541</td>
</tr>
</tbody>
</table>

- **(ii) Shareholding of Promoters:** NOT APPLICABLE
- **(iii) Change in Promoters’ Shareholding:** NOT APPLICABLE
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>For each of the top ten Shareholders</th>
<th>Shareholding at the beginning of the year</th>
<th>Cumulative Shareholding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of total Shares of the Company</td>
</tr>
<tr>
<td>1</td>
<td>Tobacco Manufacturers (India) Limited</td>
<td>1,98,55,64,880</td>
<td>24.77</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>At the beginning of the year</td>
<td>1,98,55,64,880</td>
</tr>
<tr>
<td>2</td>
<td>Life Insurance Corporation of India</td>
<td>1,15,50,35,797</td>
<td>14.41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Specified Undertaking of the Unit Trust of India</td>
<td>89,67,24,540</td>
<td>11.19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Myddleton Investment Company Limited</td>
<td>32,42,07,960</td>
<td>4.05</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>The New India Assurance Company Limited</td>
<td>15,34,63,435</td>
<td>1.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Increase / Decrease in Shareholding during the year:

At the end of the year 1,98,55,64,880 24.77

At the beginning of the year 1,15,50,35,797 14.41

At the end of the year 89,67,24,540 11.19

At the end of the year 32,42,07,960 4.05

At the end of the year 15,34,63,435 1.91

At the beginning of the year 89,67,24,450 11.19

At the beginning of the year 32,42,07,960 4.05

At the beginning of the year 15,34,63,435 1.91
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>For each of the top ten Shareholders</th>
<th>Shareholding at the beginning of the year</th>
<th>Cumulative Shareholding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of total Shares of the Company</td>
</tr>
<tr>
<td>26/02/2016</td>
<td>(2,00,000)</td>
<td>0.00</td>
<td>14,85,17,229</td>
</tr>
<tr>
<td>11/03/2016</td>
<td>(26,655)</td>
<td>0.00</td>
<td>14,84,90,574</td>
</tr>
<tr>
<td>18/03/2016</td>
<td>(2,00,000)</td>
<td>0.00</td>
<td>14,82,90,574</td>
</tr>
<tr>
<td>25/03/2016</td>
<td>(1,63,746)</td>
<td>0.00</td>
<td>14,81,26,828</td>
</tr>
<tr>
<td>31/03/2016</td>
<td>(1,02,599)</td>
<td>0.00</td>
<td>14,80,17,229</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>14,80,17,229</td>
</tr>
</tbody>
</table>

At the end of the year

6 General Insurance Corporation of India

At the beginning of the year 14,32,25,552 1.79

Increase / Decrease in Shareholding during the year:
- 10/04/2015 (2,50,000) 0.00 14,29,75,552 1.78
- 22/05/2015 40,000 0.00 14,30,15,552 1.78
- 29/05/2015 3,25,000 0.00 14,33,40,552 1.79
- 04/06/2015 95,000 0.00 14,34,35,552 1.79
- 12/06/2015 40,000 0.00 14,34,75,552 1.79
- 23/10/2015 (65,000) 0.00 14,34,00,552 1.79
- 10/07/2015 2,33,261 0.00 14,37,08,813 1.79
- 17/07/2015 2,66,739 0.00 14,39,75,552 1.80
- 16/10/2015 (1,10,000) 0.00 14,38,65,552 1.79
- 12/02/2016 (65,000) 0.00 14,38,00,552 1.79
- 05/02/2016 (2,00,000) 0.00 14,36,75,552 1.79
- 04/03/2016 (2,50,000) 0.00 14,34,25,552 1.78
- 11/03/2016 (25,000) 0.00 14,34,00,552 1.78

At the end of the year 14,30,00,552 1.78

7 The Oriental Insurance Company Limited

At the beginning of the year 12,15,62,293 1.52

Increase / Decrease in Shareholding during the year:
- 09/10/2015 (1,45,000) 0.00 12,14,17,293 1.51
- 16/10/2015 (1,25,000) 0.00 12,12,92,293 1.51
- 23/10/2015 (79,164) 0.00 12,12,13,129 1.51
- 30/10/2015 (1,42,160) 0.00 12,09,70,969 1.51
- 20/11/2015 (50,000) 0.00 12,09,20,969 1.50
- 05/02/2016 (2,00,000) 0.00 12,08,55,969 1.50
- 04/03/2016 (25,000) 0.00 12,08,30,969 1.50
- 18/03/2016 (31,650) 0.00 12,07,99,319 1.50
- 25/03/2016 (3,25,000) 0.00 12,04,74,319 1.50
- 31/03/2016 (25,000) 0.00 12,04,50,969 1.50

At the end of the year 12,05,02,319 1.50

8 Government of Singapore

At the beginning of the year NA NA

Became part of the top ten Shareholders of the Company with effect from 27/11/2015

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>For each of the top ten Shareholders</th>
<th>Shareholding at the beginning of the year</th>
<th>Cumulative Shareholding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of total Shares of the Company</td>
</tr>
<tr>
<td>9</td>
<td>Rothmans International Enterprises Limited</td>
<td>10,33,03,260</td>
<td>1.29</td>
</tr>
<tr>
<td></td>
<td>At the beginning of the year 10,33,03,260</td>
<td>1.29</td>
<td>10,33,03,260</td>
</tr>
<tr>
<td></td>
<td>Increase / Decrease in Shareholding during the year: 0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>At the end of the year 10,33,03,260</td>
<td>1.28</td>
<td>10,33,03,260</td>
</tr>
<tr>
<td></td>
<td>At the beginning of the year 11,99,99,840</td>
<td>1.49</td>
<td>11,99,99,840</td>
</tr>
<tr>
<td></td>
<td>Increase / Decrease in Shareholding during the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24/04/2015</td>
<td>1,20,000</td>
<td>0.00</td>
<td>11,97,19,840</td>
</tr>
<tr>
<td>01/05/2015</td>
<td>3,30,000</td>
<td>0.00</td>
<td>12,00,49,840</td>
</tr>
<tr>
<td>08/05/2015</td>
<td>1,00,000</td>
<td>0.00</td>
<td>12,01,49,840</td>
</tr>
<tr>
<td>29/05/2015</td>
<td>1,00,000</td>
<td>0.00</td>
<td>12,02,49,840</td>
</tr>
<tr>
<td>24/07/2015</td>
<td>(2,00,000)</td>
<td>0.00</td>
<td>12,00,49,840</td>
</tr>
<tr>
<td>31/07/2015</td>
<td>3,14,000</td>
<td>0.01</td>
<td>11,96,88,840</td>
</tr>
<tr>
<td>07/08/2015</td>
<td>(6,75,000)</td>
<td>0.01</td>
<td>11,90,13,840</td>
</tr>
<tr>
<td>21/08/2015</td>
<td>(2,00,000)</td>
<td>0.00</td>
<td>11,88,13,840</td>
</tr>
<tr>
<td>28/08/2015</td>
<td>(1,50,000)</td>
<td>0.00</td>
<td>11,86,63,840</td>
</tr>
<tr>
<td>04/09/2015</td>
<td>(1,50,372)</td>
<td>0.00</td>
<td>11,85,13,468</td>
</tr>
<tr>
<td>11/09/2015</td>
<td>(10,00,000)</td>
<td>0.01</td>
<td>11,81,13,468</td>
</tr>
<tr>
<td>18/09/2015</td>
<td>(1,00,000)</td>
<td>0.00</td>
<td>11,80,13,468</td>
</tr>
<tr>
<td>25/09/2015</td>
<td>(2,50,000)</td>
<td>0.00</td>
<td>11,77,63,468</td>
</tr>
<tr>
<td>09/10/2015</td>
<td>(10,44,628)</td>
<td>0.01</td>
<td>11,67,18,840</td>
</tr>
<tr>
<td>16/10/2015</td>
<td>(7,55,000)</td>
<td>0.01</td>
<td>11,60,63,840</td>
</tr>
<tr>
<td>23/10/2015</td>
<td>(2,30,000)</td>
<td>0.00</td>
<td>11,58,33,840</td>
</tr>
<tr>
<td>30/10/2015</td>
<td>(5,45,000)</td>
<td>0.01</td>
<td>11,52,88,840</td>
</tr>
<tr>
<td>06/11/2015</td>
<td>(6,55,000)</td>
<td>0.01</td>
<td>11,46,33,840</td>
</tr>
<tr>
<td>13/11/2015</td>
<td>(70,000)</td>
<td>0.00</td>
<td>11,45,33,840</td>
</tr>
<tr>
<td>20/11/2015</td>
<td>(4,50,000)</td>
<td>0.01</td>
<td>11,40,83,840</td>
</tr>
<tr>
<td>31/12/2015</td>
<td>(70,000)</td>
<td>0.00</td>
<td>11,40,13,840</td>
</tr>
<tr>
<td>08/01/2016</td>
<td>(1,26,521)</td>
<td>0.00</td>
<td>11,38,92,319</td>
</tr>
<tr>
<td>29/01/2016</td>
<td>(2,24,400)</td>
<td>0.00</td>
<td>11,36,67,919</td>
</tr>
<tr>
<td>05/02/2016</td>
<td>(9,16,496)</td>
<td>0.01</td>
<td>11,27,61,423</td>
</tr>
<tr>
<td>12/02/2016</td>
<td>(1,00,000)</td>
<td>0.00</td>
<td>11,26,61,423</td>
</tr>
<tr>
<td>26/02/2016</td>
<td>(7,267)</td>
<td>0.00</td>
<td>11,26,44,156</td>
</tr>
<tr>
<td>04/03/2016</td>
<td>(26,92,733)</td>
<td>0.03</td>
<td>10,99,51,423</td>
</tr>
<tr>
<td>11/03/2016</td>
<td>(36,80,000)</td>
<td>0.05</td>
<td>10,62,71,423</td>
</tr>
<tr>
<td>18/03/2016</td>
<td>(35,44,018)</td>
<td>0.04</td>
<td>10,27,27,405</td>
</tr>
<tr>
<td>25/03/2016</td>
<td>(25,03,565)</td>
<td>0.03</td>
<td>10,02,23,840</td>
</tr>
<tr>
<td>31/03/2016</td>
<td>(20,42,406)</td>
<td>0.03</td>
<td>9,81,81,434</td>
</tr>
<tr>
<td></td>
<td>At the end of the year 9,81,81,434</td>
<td>1.22</td>
<td>9,81,81,434</td>
</tr>
</tbody>
</table>

11 Virtus Emerging Markets Opportunities Fund

| At the beginning of the year | 6,33,25,671 | 0.79 | 6,33,25,671 | 0.79 |
| Increase / Decrease in Shareholding during the year: | | | |
| 17/04/2015 | 45,79,222 | 0.06 | 6,78,04,893 | 0.85 |
| 24/04/2015 | 11,32,429 | 0.01 | 6,90,37,322 | 0.86 |
| 01/05/2015 | 68,48,418 | 0.09 | 7,58,85,740 | 0.95 |
| 08/05/2015 | 41,98,500 | 0.01 | 8,00,84,240 | 1.00 |
| 28/08/2015 | 10,55,598 | 0.01 | 8,11,40,838 | 1.01 |
| 27/11/2015 | (11,72,395) | 0.01 | 7,99,67,443 | 1.00 |
| Ceased to be part of the top ten Shareholders of the Company with effect from 27/11/2015 | | | |
| | 7,99,67,443 | 1.00 | 7,99,67,443 | 1.00 |
| At the end of the year | NA | NA | NA | NA |

@ Change(s) in shareholding percentage was consequent to allotment of shares under the ITC Employee Stock Option Schemes (ITC ESOS).

Note: The dates of increase / decrease in shareholding, as indicated above, are based on downloads of beneficial ownership provided by the Depositories, generally every Friday.
## Shareholding of Directors and Key Managerial Personnel:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>For each of the Directors and KMP</th>
<th>Shareholding at the beginning of the year</th>
<th>Cumulative Shareholding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of total Shares of the Company</td>
</tr>
<tr>
<td>1</td>
<td>Y. C. Deveshwar, Chairman &amp; Executive Director</td>
<td>1,72,500</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(86,250)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(50,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(36,250)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,80,000</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>6,80,000</td>
<td>0.01</td>
</tr>
<tr>
<td>2</td>
<td>N. Anand, Executive Director</td>
<td>2,28,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,10,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,40,000</td>
<td>0.00</td>
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<tr>
<td></td>
<td></td>
<td>(50,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,53,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,70,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,50,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(50,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(50,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(65,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>73,000</td>
<td>0.00</td>
</tr>
<tr>
<td>3</td>
<td>S. Puri, Executive Director</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Appointed Director with effect from 06/12/2015</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Increase / Decrease in Shareholding during the year i.e. w.e.f. 06/12/2015:</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>17/02/2016*</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>15/03/2016**</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td>R. Tandon, Executive Director &amp; Chief Financial Officer</td>
<td>1,01,420</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the beginning of the year as Chief Financial Officer</td>
<td>25,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>20/08/2015**</td>
<td>25,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>16/09/2015*</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>30/09/2015**</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>17/11/2015**</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>19/11/2015**</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>20/11/2015*</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>29/12/2015**</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>28/01/2016**</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Appointed Director with effect from 22/01/2016</td>
<td>60,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>22/01/2016*</td>
<td>60,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>15/03/2016*</td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>1,71,420</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>A. Baijal, Non-Executive Independent Director</td>
<td>1,20,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the beginning of the year</td>
<td>10,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>16/07/2015*</td>
<td>10,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>18/08/2015*</td>
<td>10,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>20/11/2015*</td>
<td>10,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>1,50,000</td>
<td>0.00</td>
</tr>
</tbody>
</table>
(v) Shareholding of Directors and Key Managerial Personnel (Contd.):

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>For each of the Directors and KMP</th>
<th>Shareholding at the beginning of the year</th>
<th>Cumulative Shareholding during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of total Shares of the Company</td>
</tr>
<tr>
<td>6</td>
<td>S. B. Mathur, Non-Executive Independent Director</td>
<td>3,11,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>3,01,000</td>
<td>0.00</td>
</tr>
<tr>
<td>7</td>
<td>P. B. Ramanujam, Non-Executive Independent Director</td>
<td>3,41,356</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>S. S. H. Rehman, Non-Executive Independent Director</td>
<td>1,03,488</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(20,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(15,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(5,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>1,13,488</td>
<td>0.00</td>
</tr>
<tr>
<td>9</td>
<td>K. Vaidyanath, Non-Executive Director</td>
<td>26,32,633</td>
<td>0.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1,00,000)</td>
<td>0.00</td>
</tr>
<tr>
<td>10</td>
<td>B. B. Chatterjee, Executive Vice President &amp; Company Secretary</td>
<td>2,00,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(25,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(5,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(15,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(9,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50,000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10,000)</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>At the end of the year</td>
<td>2,31,000</td>
<td>0.00</td>
</tr>
</tbody>
</table>

* Allotment of Shares under ITC ESOS.
** Sale of Shares allotted under ITC ESOS.
@ Shares held singly / jointly.

Note: The dates of increase / decrease in shareholding, as indicated above, are based on disclosures received from Directors and KMP.

Messrs. A. V. Girija Kumar, R. E. Lerwill & S. B. Mainak, Non-Executive Directors, and S. Banerjee, A. Duggal & Ms. M. Shankar, Non-Executive Independent Directors, did not hold any Shares of the Company, either at the beginning or at the end of the year or at any time during the year.
### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

<table>
<thead>
<tr>
<th></th>
<th>Secured Loans excluding deposits</th>
<th>Unsecured Loans**</th>
<th>Deposits</th>
<th>Total Indebtedness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Secured Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Principal Amount</td>
<td>1.95</td>
<td>5,299.38</td>
<td>0.20</td>
<td>5,301.53</td>
</tr>
<tr>
<td>ii) Interest due but not paid</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>iii) Interest accrued but not due</td>
<td>0.00</td>
<td>2.40</td>
<td>0.00</td>
<td>2.40</td>
</tr>
<tr>
<td><strong>Total (i+ii+iii)</strong></td>
<td>1.95</td>
<td>5,301.78</td>
<td>0.20</td>
<td>5,303.93</td>
</tr>
</tbody>
</table>

**Unsecured Loans**

|                          |                                 |                  |          |                   |
| i) Principal Amount      |                                 |                  |          |                   |
| ii) Interest due but not paid | 0.00                           | 0.00             | 0.00     | 0.00              |
| iii) Interest accrued but not due | 0.00                           | 2.40             | 0.00     | 2.40              |
| **Total (i+ii+iii)**     |                                 |                  |          |                   |

**Total Indebtedness at the beginning of the financial year**

|                          |                                 |                  |          |                   |
| **Change in Indebtedness during the financial year** |                                 |                  |          |                   |
| - Addition               | 358.03                          | 0.00             | 0.00     | 358.03            |
| - Reduction              | 0.00                            | -1,432.92        | 0.00     | -1,432.92         |
| **Net Change**           | 358.03                          | -1,432.92        | 0.00     | -1,074.89         |

**Indebtedness at the end of the financial year**

|                          |                                 |                  |          |                   |
| i) Principal Amount      | 359.98                          | 3,868.87         | 0.20     | 4,229.04          |
| ii) Interest due but not paid | 0.00                           | 0.00             | 0.00     | 0.00              |
| iii) Interest accrued but not due | 0.00                           | 2.40             | 0.00     | 2.40              |
| **Total (i+ii+iii)**     | 359.98                          | 3,868.87         | 0.20     | 4,229.04          |

**Total Indebtedness at the end of the financial year**

- **V. INDEBTEDNESS**
- **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. Remuneration to Managing Director, Wholetime Directors and / or Manager:**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars of Remuneration</th>
<th>Y. C. Deveshwar, Chairman &amp; Executive Director</th>
<th>N. Anand, Executive Director</th>
<th>S. Puri, Executive Director</th>
<th>R. Tandon, Executive Director &amp; Chief Financial Officer</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gross Salary</td>
<td>1,297.50</td>
<td>217.50</td>
<td>27.64</td>
<td>140.85</td>
<td>1,683.49</td>
</tr>
<tr>
<td></td>
<td>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961*</td>
<td>217.97</td>
<td>41.52</td>
<td>7.69</td>
<td>28.29</td>
<td>295.47</td>
</tr>
<tr>
<td></td>
<td>(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>Stock Option</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>3</td>
<td>Sweat Equity</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td>Commission</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>Others, please specify</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total (A)</strong></td>
<td></td>
<td>1,515.47</td>
<td>259.02</td>
<td>35.33</td>
<td>169.14</td>
<td>1,978.96</td>
</tr>
</tbody>
</table>

**Ceiling as per the Act**

|                           | 1,50,298                        | 259.02                       | 35.33                      | 169.14                      | 1,978.96                                             |

- **Note:**
  - The Company has not incurred any expenditure for Stock Options granted at ‘market price’ [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employee.
B. Remuneration to the other Directors:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Directors</th>
<th>Fee for attending Board / Board Committee Meetings</th>
<th>Commission</th>
<th>Others, please specify</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Independent Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. Baijal</td>
<td>10.50</td>
<td>18.00</td>
<td>0.00</td>
<td>28.50</td>
</tr>
<tr>
<td></td>
<td>S. Banerjee</td>
<td>9.00</td>
<td>12.38</td>
<td>0.00</td>
<td>21.38</td>
</tr>
<tr>
<td></td>
<td>A. Duggal</td>
<td>11.00</td>
<td>9.76</td>
<td>0.00</td>
<td>20.76</td>
</tr>
<tr>
<td></td>
<td>S. B. Mathur</td>
<td>11.00</td>
<td>18.00</td>
<td>0.00</td>
<td>29.00</td>
</tr>
<tr>
<td></td>
<td>P. B. Ramanujam</td>
<td>8.50</td>
<td>18.00</td>
<td>0.00</td>
<td>26.50</td>
</tr>
<tr>
<td></td>
<td>S. S. H. Rehman</td>
<td>9.00</td>
<td>18.00</td>
<td>0.00</td>
<td>27.00</td>
</tr>
<tr>
<td></td>
<td>M. Shankar</td>
<td>10.00</td>
<td>18.00</td>
<td>0.00</td>
<td>28.00</td>
</tr>
<tr>
<td></td>
<td>Total (B)(1)</td>
<td></td>
<td></td>
<td></td>
<td>181.14</td>
</tr>
<tr>
<td>2</td>
<td>Other Non-Executive Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>A. V. Girija Kumar$</td>
<td>3.70*</td>
<td>0.00</td>
<td>0.00</td>
<td>3.70</td>
</tr>
<tr>
<td></td>
<td>R. E. Lerwill</td>
<td>6.00</td>
<td>18.00</td>
<td>0.00</td>
<td>24.00</td>
</tr>
<tr>
<td></td>
<td>S. B. Mainak</td>
<td>7.00*</td>
<td>16.82*</td>
<td>0.00</td>
<td>23.82</td>
</tr>
<tr>
<td></td>
<td>K. Vaidyanath</td>
<td>12.60</td>
<td>18.00</td>
<td>0.00</td>
<td>30.60</td>
</tr>
<tr>
<td></td>
<td>Total (B)(2)</td>
<td></td>
<td></td>
<td></td>
<td>82.12</td>
</tr>
<tr>
<td></td>
<td>Total (B) = (B)(1) + (B)(2)</td>
<td></td>
<td></td>
<td></td>
<td>263.26</td>
</tr>
<tr>
<td></td>
<td>Total Managerial Remuneration (A+B)</td>
<td></td>
<td></td>
<td></td>
<td>2,242.22</td>
</tr>
<tr>
<td></td>
<td>Overall Ceiling as per the Act</td>
<td>(Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)</td>
<td></td>
<td></td>
<td>1,65,040</td>
</tr>
</tbody>
</table>

* Paid to the Public Financial Institution the Director represents.

$ Additional Non-Executive Director since 31st July, 2015.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars of Remuneration</th>
<th>B. B. Chatterjee, Executive Vice President &amp; Company Secretary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gross Salary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961</td>
<td>109.85</td>
</tr>
<tr>
<td></td>
<td>(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961</td>
<td>4.25</td>
</tr>
<tr>
<td></td>
<td>(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>Stock Option</td>
<td>0.00</td>
</tr>
<tr>
<td>3</td>
<td>Sweat Equity</td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td>Commission</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>- as % of profit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- others, specify</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Others, please specify</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Total Amount</td>
<td>114.10</td>
</tr>
</tbody>
</table>

* Does not include contribution to the approved Pension Fund under the defined benefit scheme which is actuarially determined on an overall Company basis.

Note: The Company has not incurred any expenditure for Stock Options granted at ‘market price’ [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employee.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES against the Company, Directors and other Officers in Default under the Companies Act, 2013: NONE

On behalf of the Board

Kolkata
20th May, 2016

Y. C. DEVESHWAR Chairman
R. TANDON Director & Chief Financial Officer

ITC Limited REPORT AND ACCOUNTS 2016 111
Annexure to the Report of the Board of Directors

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule-9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
ITC Limited
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ITC Limited (hereinafter called the Company). Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (a statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors’ Report on Financial Statements and their certificate on compliance with the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the Company has during the audit period covering the financial year ended on 31.03.2016 complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2016 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 to the extent applicable to the Company:
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as replaced by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 – The in-house Investor Services Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services.
6. The following other laws specifically applicable to the Company:
   a) Tobacco Board Act, 1975 and the rules made thereunder;
   b) Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and the rules made thereunder;
   c) Food Safety and Standards Act, 2006 and the rules made thereunder;
   d) Drugs and Cosmetics Act, 1940 and the rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by the Institute of Company Secretaries of India which came into effect from 01.07.2015;
ii. The Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited which were applicable upto 30.11.2015 and thereafter SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 01.12.2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.
We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice is given to all Directors for the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and appropriate systems are in place for seeking and obtaining further information and clarifications on the agenda items for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had the following specific events:

1. Issue and allotment of 3,16,87,450 ordinary shares of Re.1/- each, fully paid up, upon exercise of Stock Options under the Employee Stock Option Schemes of the Company;

2. BFIL Finance Limited (BFIL) and Wills Corporation Limited (Wills) ceased to be direct subsidiaries of ITC upon acquisition of their entire share capital by Russell Credit Limited (Russell Credit) – a wholly owned subsidiary of ITC. Further, pursuant to the Schemes of Amalgamation, as approved by Hon'ble High Courts, BFIL and Wills amalgamated with Russell Credit w.e.f. 1st April, 2015.

3. Technico Agri Sciences Limited became a direct wholly owned subsidiary of ITC upon acquisition of its entire share capital by ITC from Technico Pty Limited, Australia – a wholly owned subsidiary of ITC.

(S. M. Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries

Place: Kolkata
Date: 20.05.2016
Encl: Annexure ‘A’ forming an integral part of this Report

ANNEXURE ‘A’

To
The Members
ITC Limited
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on such secretarial records based on our audit.

2. We have followed the audit practices and processes as we considered appropriate to obtain reasonable assurance on the correctness and completeness of the secretarial records. Our verification was conducted on a test basis to ensure that all entries have been made as per statutory requirements. We believe that the processes and practices we followed for this purpose provided a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained Management representation with respect to compliance of laws, rules and regulations and of significant events during the year.

5. The compliance of the provisions of corporate and other applicable laws, rules and regulations is the responsibility of the management. Our examination was limited to the verification of secretarial records on test basis to the extent applicable to the Company.

(S. M. Gupta)
Partner
S. M. Gupta & Co.
Company Secretaries

Place: Kolkata
Date: 20.05.2016
CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

Independent Auditor's Certificate

To the Members of
ITC Limited

1. We have examined the compliance of conditions of Corporate Governance by ITC Limited ("the Company"), for the year ended on 31st March, 2016, as stipulated in:
   - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchanges for the period from 1st April, 2015 to 30th November, 2015.
   - Clause 49 (VII)(E) of the Listing Agreements of the Company with the stock exchanges for the period from 1st April, 2015 to 1st September, 2015.
   - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for the period from 2nd September, 2015 to 31st March, 2016 and
   - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.

4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31st March, 2016.

5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Shyamak R. Tata
Partner

Kolkata, 20th May, 2016
CEO and CFO Compliance Certificate

We, Y.C. Deveshwar, Chairman and R. Tandon, Director & Chief Financial Officer certify that:

a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2016 and to the best of our knowledge and belief:
   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2016 are fraudulent, illegal or violative of the Company’s code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d) i) There has not been any significant change in internal control over financial reporting during the year under reference;
   ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
   iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company’s internal control system over financial reporting.

Kolkata
20th May, 2016

Y. C. DEVESHWAR
Chairman

R. TANDON
Director & Chief Financial Officer
Balance Sheet as at 31st March, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>As at 31st March, 2016 (` in Crores)</th>
<th>As at 31st March, 2015 (` in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>1 804.72</td>
<td>801.55</td>
</tr>
<tr>
<td>Reserves and surplus</td>
<td>2 32124.28 32929.00</td>
<td>29934.14 30735.69</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>3 25.83</td>
<td>38.69</td>
</tr>
<tr>
<td>Deferred tax liabilities (Net)</td>
<td>4 1848.42</td>
<td>1631.60</td>
</tr>
<tr>
<td>Other Long term liabilities</td>
<td>5 15.13</td>
<td>7.05</td>
</tr>
<tr>
<td>Long-term provisions</td>
<td>6 112.19 2001.57</td>
<td>100.72 1778.06</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>7 3.60</td>
<td>0.02</td>
</tr>
<tr>
<td>Trade payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total outstanding dues of micro enterprises and small enterprises</td>
<td>32.92</td>
<td>21.91</td>
</tr>
<tr>
<td>Total outstanding dues of creditors other than micro enterprises and small enterprises</td>
<td>2232.67 2265.59</td>
<td>1882.71 1904.62</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>8 4000.08</td>
<td>3671.18</td>
</tr>
<tr>
<td>Short-term provisions</td>
<td>9 8318.59 14587.86</td>
<td>6106.09 11681.91</td>
</tr>
<tr>
<td>TOTAL</td>
<td>49518.43</td>
<td>44195.66</td>
</tr>
</tbody>
</table>

| **ASSETS** |                                       |                                       |
| Non-current assets |                                       |                                       |
| Fixed assets | 10 |                                       |
| Tangible assets | 13816.77 | 13777.14 |
| Intangible assets | 387.76 | 401.35 |
| Capital work-in-progress - Tangible assets | 2470.08 | 2085.49 |
| Intangible assets under development | 30.75 | 28.65 |
| | 16705.36 | 16292.63 |
| Non-current investments | 11 | 6392.90 | 2441.64 |
| Long-term loans and advances | 12 | 2285.43 25383.69 | 1506.36 20240.63 |
| Current assets |                                       |                                       |
| Current investments | 13 | 6461.34 | 5963.82 |
| Inventories | 14 | 8519.82 | 7836.76 |
| Trade receivables | 15 | 1686.35 | 1722.40 |
| Cash and bank balances | 16 | 6563.95 | 7588.61 |
| Short-term loans and advances | 17 | 501.84 | 549.89 |
| Other current assets | 18 | 401.44 24134.74 | 293.55 23955.03 |
| TOTAL | 49518.43 | 44195.66 |

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
SHYAMAK R TATA
Partner
Kolkata, 20th May, 2016

On behalf of the Board
Y. C. DEVESHWAR Chairman
R. TANDON Director & Chief Financial Officer
B. B. CHATTERJEE Company Secretary

ITC Limited REPORT AND ACCOUNTS 2016
Statement of Profit and Loss for the year ended 31st March, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>53748.31</td>
</tr>
<tr>
<td>Gross Revenue from sale of products and services</td>
<td>20</td>
<td>51582.45</td>
</tr>
<tr>
<td>Less: Excise Duty</td>
<td></td>
<td>15107.18</td>
</tr>
<tr>
<td>Net Revenue from sale of products and services</td>
<td></td>
<td>36475.27</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td></td>
<td>362.12</td>
</tr>
<tr>
<td>Revenue from operations</td>
<td>21</td>
<td>36837.39</td>
</tr>
<tr>
<td>Other income</td>
<td>22</td>
<td>1803.74</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td>38641.13</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of materials consumed</td>
<td>23</td>
<td>11054.75</td>
</tr>
<tr>
<td>Purchases of Stock-in-Trade</td>
<td>24</td>
<td>2590.08</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>26</td>
<td>1883.51</td>
</tr>
<tr>
<td>Finance costs</td>
<td>27</td>
<td>49.13</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td></td>
<td>1034.45</td>
</tr>
<tr>
<td>Other expenses</td>
<td>28</td>
<td>7012.65</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td>23682.74</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td>14958.39</td>
</tr>
<tr>
<td>Tax expense:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax</td>
<td>29</td>
<td>4896.06</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>30</td>
<td>217.62</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td>9844.71</td>
</tr>
<tr>
<td>Earnings per share (Face Value ₹ 1.00 each)</td>
<td>31 (i)</td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td></td>
<td>₹ 12.26</td>
</tr>
<tr>
<td>Diluted</td>
<td></td>
<td>₹ 12.20</td>
</tr>
</tbody>
</table>

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
SHYAMAK R TATA
Partner
Kolkata, 20th May, 2016

On behalf of the Board
Y. C. DEVESHWAR
Chairman
R. TANDON
Director & Chief Financial Officer
B. B. CHATTERJEE
Company Secretary
### Cash Flow Statement for the year ended 31st March, 2016

<table>
<thead>
<tr>
<th>A. Cash Flow from Operating Activities</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT BEFORE TAX</td>
<td>14958.39</td>
<td>13997.52</td>
</tr>
<tr>
<td><strong>ADJUSTMENTS FOR:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortisation Expense</td>
<td>1034.45</td>
<td>961.74</td>
</tr>
<tr>
<td>Finance costs</td>
<td>49.13</td>
<td>57.42</td>
</tr>
<tr>
<td>Interest Income</td>
<td>(851.63)</td>
<td>(611.22)</td>
</tr>
<tr>
<td>Dividend Income from Long-Term Investments</td>
<td>(338.92)</td>
<td>(357.55)</td>
</tr>
<tr>
<td>Dividend Income from Current Investments</td>
<td>(37.98)</td>
<td>(219.37)</td>
</tr>
<tr>
<td>Loss on Sale of Fixed Assets - Net</td>
<td>45.21</td>
<td>24.89</td>
</tr>
<tr>
<td>Net gain on sale of Current Investments</td>
<td>(553.67)</td>
<td>(334.44)</td>
</tr>
<tr>
<td>Doubtful and Bad Debts</td>
<td>22.40</td>
<td>19.79</td>
</tr>
<tr>
<td>Doubtful and Bad Advances, Loans and Deposits - Net</td>
<td>(9.50)</td>
<td>0.54</td>
</tr>
<tr>
<td>Provision for Investment in Subsidiary companies, reversed - Net</td>
<td>(26.00)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on sale of Long-Term Investment in Subsidiary company</td>
<td>34.48</td>
<td>-</td>
</tr>
<tr>
<td>Excess of Cost of Current Investments over Fair Value, reversed - Net</td>
<td>(84.78)</td>
<td>(29.53)</td>
</tr>
<tr>
<td>Foreign Currency translations and transactions - Net</td>
<td>(0.76)</td>
<td>(5.33)</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</strong></td>
<td>14240.82</td>
<td>13504.46</td>
</tr>
<tr>
<td><strong>ADJUSTMENTS FOR:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Receivables, Loans and Advances and Other Assets</td>
<td>(159.92)</td>
<td>571.85</td>
</tr>
<tr>
<td>Inventories</td>
<td>(683.06)</td>
<td>(469.39)</td>
</tr>
<tr>
<td>Trade Payables, Other Liabilities and Provisions</td>
<td>681.23</td>
<td>(161.75)</td>
</tr>
<tr>
<td><strong>CASH GENERATED FROM OPERATIONS</strong></td>
<td>14079.07</td>
<td>13534.65</td>
</tr>
<tr>
<td>Income Tax Paid</td>
<td>(4827.72)</td>
<td>(4225.78)</td>
</tr>
<tr>
<td><strong>NET CASH FROM OPERATING ACTIVITIES</strong></td>
<td>9251.35</td>
<td>9308.87</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Cash Flow from Investing Activities</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Fixed Assets</td>
<td>(2183.98)</td>
<td>(3051.06)</td>
</tr>
<tr>
<td>Sale of Fixed Assets</td>
<td>6.88</td>
<td>6.56</td>
</tr>
<tr>
<td>Purchase of Current Investments</td>
<td>(140152.13)</td>
<td>(88047.10)</td>
</tr>
<tr>
<td>Sale/Redemption of Current Investments</td>
<td>141499.39</td>
<td>88780.80</td>
</tr>
<tr>
<td>Investment in Joint Ventures</td>
<td>-</td>
<td>(3.87)</td>
</tr>
<tr>
<td>Investment in Subsidiaries</td>
<td>(286.98)</td>
<td>(88.79)</td>
</tr>
<tr>
<td>Purchase of Long-Term Investments from Subsidiary</td>
<td>(121.00)</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of Long-Term Investments</td>
<td>(4926.25)</td>
<td>-</td>
</tr>
<tr>
<td>Sale of Long-Term Investments to Subsidiary</td>
<td>5.40</td>
<td>-</td>
</tr>
<tr>
<td>Redemption proceeds of Long-Term Investments</td>
<td>187.00</td>
<td>-</td>
</tr>
<tr>
<td>Dividend Income from Long-Term Investments Received</td>
<td>338.92</td>
<td>357.55</td>
</tr>
<tr>
<td>Dividend Income from Current Investments Received</td>
<td>37.98</td>
<td>219.37</td>
</tr>
<tr>
<td>Interest Received</td>
<td>716.31</td>
<td>551.95</td>
</tr>
<tr>
<td>Investment in bank deposits (original maturity more than 3 months)</td>
<td>(5366.87)</td>
<td>(7183.08)</td>
</tr>
<tr>
<td>Redemption/Maturity of bank deposits (original maturity more than 3 months)</td>
<td>6450.13</td>
<td>2820.29</td>
</tr>
<tr>
<td>Redemption/Maturity of deposits with financial institutions</td>
<td>-</td>
<td>750.00</td>
</tr>
<tr>
<td>Loans Given</td>
<td>(3.20)</td>
<td>-</td>
</tr>
<tr>
<td>Loans Realised</td>
<td>48.07</td>
<td>64.81</td>
</tr>
<tr>
<td><strong>NET CASH USED IN INVESTING ACTIVITIES</strong></td>
<td>(3750.33)</td>
<td>(4822.57)</td>
</tr>
</tbody>
</table>
Cash Flow Statement for the year ended 31st March, 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issue of Share Capital</td>
<td>531.70</td>
<td>978.79</td>
</tr>
<tr>
<td>Repayment of Long-term borrowings</td>
<td>(14.31)</td>
<td>(15.40)</td>
</tr>
<tr>
<td>Net increase/(decrease) in Cash/Export Credit Facilities</td>
<td>3.58</td>
<td>(0.23)</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>(23.05)</td>
<td>(5.67)</td>
</tr>
<tr>
<td>Net increase in Statutory Restricted Accounts Balances</td>
<td>19.10</td>
<td>21.22</td>
</tr>
<tr>
<td>Dividend Paid</td>
<td>(5009.70)</td>
<td>(4771.91)</td>
</tr>
<tr>
<td>Income Tax on Dividend Paid</td>
<td>(968.84)</td>
<td>(780.41)</td>
</tr>
<tr>
<td><strong>NET CASH USED IN FINANCING ACTIVITIES</strong></td>
<td><strong>(5461.52)</strong></td>
<td><strong>(4573.61)</strong></td>
</tr>
<tr>
<td><strong>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>39.50</strong></td>
<td><strong>(87.31)</strong></td>
</tr>
<tr>
<td><strong>OPENING CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>36.29</strong></td>
<td><strong>121.06</strong></td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS PURSUANT TO THE SCHEME OF ARRANGEMENT</strong></td>
<td><strong>–</strong></td>
<td><strong>2.54</strong></td>
</tr>
<tr>
<td><strong>CLOSING CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>75.79</strong></td>
<td><strong>36.29</strong></td>
</tr>
</tbody>
</table>

Notes:
1. The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Accounting Standard - 3 “Cash Flow Statements”.
2. The following are non-cash transactions:
   (a) Pursuant to the Scheme of Arrangement [Refer Note 31(x)], the entire assets and liabilities of the Non-Engineering Business of Wimco Limited was transferred to and vested in the Company, from 1st April, 2013, which is included in financial year 2014-15 at the values stated below:
      (i) Loan Funds 2.00  
      (ii) Other Liabilities 93.29  
      (iii) Fixed Assets (Net) 103.11  
      (iv) Investments 5.99  
      (v) Other Assets 58.38  
   (b) Issue of Shares during the year 2014-15 of ₹ 0.01 Crore pursuant to the Scheme of Arrangement [Refer Note 31(x)(d)].
3. **CASH AND CASH EQUIVALENTS:**
   - Cash and cash equivalents as above 75.79 36.29  
   - Other bank balances 6488.16 7552.32  
   - Unrealised Gain/(Loss) on Foreign Currency Cash and cash equivalents  
   - Cash and bank balances (Note 16) 6563.95 7588.61

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells Chartered Accountants
SHYAMAK R TATA Partner
Kolkata, 20th May, 2016

On behalf of the Board
Y. C. DEVESHWAR Chairman
R. TANDON Director & Chief Financial Officer
B. B. CHATTERJEE Company Secretary

ITC Limited REPORT AND ACCOUNTS 2016 119
## Notes to the Financial Statements

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2016 (` in Crores)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
<th>As at 31st March, 2015 (` in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Share capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Authorised</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Shares of ₹ 1.00 each</td>
<td>10,00,00,00,000</td>
<td>1000.00</td>
<td>10,00,00,00,000</td>
<td>1000.00</td>
</tr>
<tr>
<td><strong>Issued and Subscribed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Shares of ₹ 1.00 each, fully paid</td>
<td>8,04,72,06,991</td>
<td>804.72</td>
<td>8,01,55,19,541</td>
<td>801.55</td>
</tr>
</tbody>
</table>

### A) Reconciliation of number of Ordinary Shares outstanding

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2016 (%)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
<th>As at 31st March, 2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: Issue of Shares on exercise of Options</td>
<td>8,01,55,19,541</td>
<td>801.55</td>
<td>7,95,31,82,950</td>
<td>795.32</td>
</tr>
<tr>
<td>Add: Issue of Shares pursuant to the Scheme of Arrangement [Refer Note 31(x)(d)]</td>
<td>3,16,87,450</td>
<td>3.17</td>
<td>6,22,48,830</td>
<td>6.22</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>8,04,72,06,991</td>
<td>804.72</td>
<td>8,01,55,19,541</td>
<td>801.55</td>
</tr>
</tbody>
</table>

### B) Shareholders holding more than 5% of the Ordinary Shares in the Company

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2016 (%)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
<th>As at 31st March, 2015 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco Manufacturers (India) Limited</td>
<td>1,98,55,64,880</td>
<td>24.68</td>
<td>1,98,55,64,880</td>
<td>24.77</td>
</tr>
<tr>
<td>Life Insurance Corporation of India</td>
<td>1,15,50,35,797</td>
<td>14.35</td>
<td>1,15,50,35,797</td>
<td>14.41</td>
</tr>
<tr>
<td>Specified Undertaking of the Unit Trust of India</td>
<td>89,67,42,540</td>
<td>11.14</td>
<td>89,67,24,540</td>
<td>11.19</td>
</tr>
</tbody>
</table>

### C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March

<table>
<thead>
<tr>
<th></th>
<th>2016 (No. of Shares)</th>
<th>2015 (No. of Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares issued in 2014-15 pursuant to the Scheme of Arrangement [Refer Note 31(x)(d)]</td>
<td>87,761</td>
<td>87,761</td>
</tr>
</tbody>
</table>

### D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March

<table>
<thead>
<tr>
<th></th>
<th>2016 (No. of Shares)</th>
<th>2015 (No. of Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus Shares issued in 2010-11</td>
<td>3,82,67,01,530</td>
<td>3,82,67,01,530</td>
</tr>
</tbody>
</table>

### E) Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

### F) Shares reserved for issue under Options

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares of ₹ 1.00 each</td>
<td>30,12,99,270</td>
<td>26,93,51,410</td>
</tr>
</tbody>
</table>

### Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010.

The vesting period for conversion of Options is as follows:

- On completion of 12 months from the date of grant of the Options: 30% vests
- On completion of 24 months from the date of grant of the Options: 30% vests
- On completion of 36 months from the date of grant of the Options: 40% vests

The Options have been granted at the ‘market price’ as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
## Notes to the Financial Statements

### 2. Reserves and surplus

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Reserve</td>
<td>2.48</td>
<td>2.48</td>
</tr>
<tr>
<td>Capital Redemption Reserve</td>
<td>0.30</td>
<td>0.30</td>
</tr>
<tr>
<td>Securities Premium Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>5134.75</td>
<td>4162.18</td>
</tr>
<tr>
<td>Add: On issue of Shares</td>
<td>528.53</td>
<td>972.57</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>5663.28</td>
<td>5134.75</td>
</tr>
<tr>
<td>Revaluation Reserve</td>
<td>52.41</td>
<td>52.41</td>
</tr>
<tr>
<td>Contingency Reserve</td>
<td>363.05</td>
<td>363.05</td>
</tr>
<tr>
<td>General Reserve</td>
<td>15565.31</td>
<td>14686.31</td>
</tr>
<tr>
<td>Less: Pursuant to the Scheme of Arrangement [Note 31(x)(a)]</td>
<td>-</td>
<td>91.00</td>
</tr>
<tr>
<td>Add: Transfer from Surplus in Statement of Profit and Loss</td>
<td>990.00</td>
<td>970.00</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>16555.31</td>
<td>15565.31</td>
</tr>
<tr>
<td>Foreign Currency Translation Reserve</td>
<td>40.55</td>
<td>40.55</td>
</tr>
<tr>
<td>Hedging Reserve</td>
<td>7.94</td>
<td>20.33</td>
</tr>
<tr>
<td>Add/(Less): Net movement on hedging instruments, designated and effective as hedges and transfers to statement of profit and loss on occurrence of forecasted hedge transactions</td>
<td>(2.32)</td>
<td>(18.66)</td>
</tr>
<tr>
<td>(Less)/Add: Deferred Tax</td>
<td>0.80</td>
<td>6.27</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>6.42</td>
<td>7.94</td>
</tr>
<tr>
<td>Surplus in Statement of Profit and Loss</td>
<td>8767.35</td>
<td>6139.09</td>
</tr>
<tr>
<td>Less: Loss for the period from 1st April, 2013 to 31st March, 2014 adjusted pursuant to the Scheme of Arrangement [Refer Note 31(x)]</td>
<td>-</td>
<td>8.01</td>
</tr>
<tr>
<td>Add: Unrecognised Net Deferred Tax assets as on 1st April, 2013 adjusted pursuant to the Scheme of Arrangement [Refer Note 31(x)]</td>
<td>-</td>
<td>45.84</td>
</tr>
<tr>
<td>Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets [Net of Deferred Tax - Nil (2015 - ₹ 24.88 Crores)] [Refer Note 31(xi)]</td>
<td>-</td>
<td>48.32</td>
</tr>
<tr>
<td>Add: Profit for the year</td>
<td>9844.71</td>
<td>9607.73</td>
</tr>
<tr>
<td>Less: Transfer to General Reserve</td>
<td>990.00</td>
<td>970.00</td>
</tr>
<tr>
<td>Proposed Dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Ordinary Dividend [ ₹ 6.50 (2015 - ₹ 6.25) per share]</td>
<td>5230.68</td>
<td>5009.70</td>
</tr>
<tr>
<td>- Special Dividend [ ₹ 2.00 (2015 - Nil) per share]</td>
<td>1609.44</td>
<td>-</td>
</tr>
<tr>
<td>Income Tax on Proposed Dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current year</td>
<td>1392.48</td>
<td>1019.86</td>
</tr>
<tr>
<td>- Earlier year's provision no longer required</td>
<td>(51.02)</td>
<td>(30.58)</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>9440.48</td>
<td>8767.35</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>32124.28</strong></td>
<td><strong>29934.14</strong></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

### 3. Long-term borrowings

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred payment liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax deferment loans</td>
<td>25.83</td>
<td>38.69</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25.83</strong></td>
<td><strong>38.69</strong></td>
</tr>
</tbody>
</table>

**Sales tax deferment loans**

Repayable after a period of 10 to 14 years from the end of the month of respective loans. These are repayable by 2025-26 and are interest free.

The scheduled maturity of the Long-term borrowings are summarised as under:

<table>
<thead>
<tr>
<th>Borrowings repayable</th>
<th>Term Loans</th>
<th>Deferred Payment Liabilities</th>
<th>Deferred Payment Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the first year (Note 8)</td>
<td>–</td>
<td>12.86</td>
<td>2.00*</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>–</td>
<td>12.86</td>
<td>2.00</td>
</tr>
<tr>
<td>In the second year</td>
<td>–</td>
<td>7.84</td>
<td>–</td>
</tr>
<tr>
<td>In the third to fifth year</td>
<td>–</td>
<td>12.36</td>
<td>–</td>
</tr>
<tr>
<td>After five years</td>
<td>–</td>
<td>5.63</td>
<td>–</td>
</tr>
<tr>
<td><strong>Long-term borrowings</strong></td>
<td>–</td>
<td><strong>25.83</strong></td>
<td>–</td>
</tr>
</tbody>
</table>

* Represents Interest Free Loan from a subsidiary company taken over during the financial year 2014-15 pursuant to the Scheme of Arrangement - ₹ 2.00 Crores, repaid in March, 2016 [Refer Note 31(x)].

### 4. Deferred tax liabilities (Net)

<table>
<thead>
<tr>
<th>Deferred tax liabilities</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On fiscal allowances on fixed assets</td>
<td>1733.33</td>
<td>1570.30</td>
</tr>
<tr>
<td>On excise duty on closing stock</td>
<td>600.92</td>
<td>513.00</td>
</tr>
<tr>
<td>Other timing differences</td>
<td>35.89</td>
<td>16.04</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2370.14</strong></td>
<td><strong>2099.34</strong></td>
</tr>
</tbody>
</table>

Deferred tax assets

On employees’ separation and retirement etc. | 80.10 | 83.01 |
On provision for doubtful debts/advances | 26.05 | 23.40 |
On State and Central taxes etc. | 322.60 | 312.54 |
Other timing differences | 92.97 | 48.79 |
| **TOTAL**                | **521.72** | **467.74** |

### 5. Other Long term liabilities

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry deposits</td>
<td>0.05</td>
<td>0.02</td>
</tr>
<tr>
<td>Others</td>
<td>15.08</td>
<td>7.03</td>
</tr>
<tr>
<td>(Includes retention monies payable towards fixed assets)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>15.13</strong></td>
<td><strong>7.05</strong></td>
</tr>
</tbody>
</table>
6. **Long-term provisions**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefits</td>
<td>74.36</td>
<td>64.04</td>
</tr>
<tr>
<td>Other benefits</td>
<td>37.83</td>
<td>36.68</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>112.19</strong></td>
<td><strong>100.72</strong></td>
</tr>
</tbody>
</table>

7. **Short-term borrowings**

<table>
<thead>
<tr>
<th>Secured</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans from Banks</td>
<td></td>
</tr>
<tr>
<td>Cash credit facilities</td>
<td>3.60</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3.60</strong></td>
</tr>
</tbody>
</table>

Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future.

8. **Other current liabilities**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest accrued but not due on borrowings</td>
<td>12.86</td>
<td>14.31</td>
</tr>
<tr>
<td>Unpaid dividend*</td>
<td>-</td>
<td>0.02</td>
</tr>
<tr>
<td>Unpaid matured deposits and interest accrued thereon</td>
<td>153.56</td>
<td>134.50</td>
</tr>
<tr>
<td>Unpaid matured debentures/bonds and interest accrued thereon**</td>
<td>0.32</td>
<td>0.32</td>
</tr>
<tr>
<td>Sundry deposits</td>
<td>46.65</td>
<td>44.91</td>
</tr>
<tr>
<td>Other payables</td>
<td>3786.69</td>
<td>3477.12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4000.08</strong></td>
<td><strong>3671.18</strong></td>
</tr>
</tbody>
</table>

* Represents dividend amounts either not claimed or kept in abeyance in terms of Section 126 of the Companies Act, 2013/ Section 206A of the Companies Act, 1956, or such amounts in respect of which Prohibitory/Attachment Orders are on record with the Company.

** Represents amounts which are subject matter of pending legal disputes, details in respect of which are on record with the Company, including an amount of ₹ 0.30 Crore (2015 - ₹ 0.30 Crore) maintained with a bank for which the Company has filed a suit.

Other payables comprise:

| Payables for fixed assets | 212.02 | 253.19 |
| Statistical liabilities  | 2422.60 | 2334.58 |
| Advances received from customers | 908.16 | 639.75 |
| Others                    | 243.91 | 249.60 |
| **TOTAL**                 | **3786.69** | **3477.12** |

9. **Short-term provisions**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefits</td>
<td>37.33</td>
<td>51.65</td>
</tr>
<tr>
<td>Other benefits</td>
<td>20.27</td>
<td>23.33</td>
</tr>
<tr>
<td>Current taxation (net of advance payment)</td>
<td>28.39</td>
<td>-</td>
</tr>
<tr>
<td>Fringe benefit tax (net of advance payment)</td>
<td>-</td>
<td>1.55</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>6840.12</td>
<td>5009.70</td>
</tr>
<tr>
<td>Income tax on proposed dividend</td>
<td>1392.48</td>
<td>1019.86</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8318.59</strong></td>
<td><strong>6106.09</strong></td>
</tr>
</tbody>
</table>
### 10. Fixed assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Freehold</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>1089.18</td>
<td>69.46</td>
<td>148.73</td>
<td>-</td>
<td>1307.37</td>
<td>163.90</td>
<td>0.01</td>
<td>1471.26</td>
<td></td>
</tr>
<tr>
<td><strong>Leasehold</strong></td>
<td>241.35</td>
<td>2.47</td>
<td>49.11</td>
<td>3.71</td>
<td>289.22</td>
<td>22.96</td>
<td>-</td>
<td>312.18</td>
<td></td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td>3872.96</td>
<td>40.22</td>
<td>527.58</td>
<td>9.63</td>
<td>4431.13</td>
<td>157.26</td>
<td>9.97</td>
<td>4578.42</td>
<td></td>
</tr>
<tr>
<td><strong>Licensed Properties - Building Improvement</strong></td>
<td>58.80</td>
<td>-</td>
<td>5.35</td>
<td>4.27</td>
<td>59.88</td>
<td>2.92</td>
<td>3.14</td>
<td>59.66</td>
<td></td>
</tr>
<tr>
<td><strong>Plant and Equipment</strong></td>
<td>12094.75</td>
<td>56.64</td>
<td>1027.12</td>
<td>79.07</td>
<td>13999.44</td>
<td>642.52</td>
<td>140.14</td>
<td>14503.82</td>
<td></td>
</tr>
<tr>
<td><strong>Furniture and Fixtures</strong></td>
<td>683.52</td>
<td>3.88</td>
<td>84.61</td>
<td>14.97</td>
<td>757.04</td>
<td>41.75</td>
<td>12.91</td>
<td>785.88</td>
<td></td>
</tr>
<tr>
<td><strong>Vehicles</strong></td>
<td>105.67</td>
<td>1.31</td>
<td>17.78</td>
<td>10.21</td>
<td>114.55</td>
<td>23.65</td>
<td>12.32</td>
<td>125.88</td>
<td></td>
</tr>
<tr>
<td><strong>Office Equipment</strong></td>
<td>27.40</td>
<td>0.88</td>
<td>5.11</td>
<td>3.22</td>
<td>30.17</td>
<td>3.08</td>
<td>1.97</td>
<td>31.28</td>
<td></td>
</tr>
<tr>
<td><strong>Railway Sidings etc.</strong></td>
<td>1.97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.97</td>
<td>-</td>
<td>-</td>
<td>1.97</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>18175.60</td>
<td>174.86</td>
<td>2765.39</td>
<td>125.08</td>
<td>20990.77</td>
<td>1058.04</td>
<td>180.46</td>
<td>21868.35</td>
<td></td>
</tr>
<tr>
<td><strong>Capital work-in-progress</strong></td>
<td>2272.94</td>
<td>-</td>
<td>2506.23</td>
<td>2693.68</td>
<td>2085.49</td>
<td>1958.56</td>
<td>1573.97</td>
<td>2470.08</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>20448.54</td>
<td>174.86</td>
<td>5271.62</td>
<td>2818.76</td>
<td>23076.26</td>
<td>3016.60</td>
<td>1754.43</td>
<td>24338.43</td>
<td></td>
</tr>
<tr>
<td><strong>Intangible assets (acquired)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td>4.90</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.90</td>
<td>-</td>
<td>-</td>
<td>4.90</td>
<td></td>
</tr>
<tr>
<td><strong>Trademarks</strong></td>
<td>6.04</td>
<td>-</td>
<td>337.98</td>
<td>-</td>
<td>344.02</td>
<td>0.04</td>
<td>-</td>
<td>344.06</td>
<td></td>
</tr>
<tr>
<td><strong>Computer Software</strong></td>
<td>285.34</td>
<td>2.89</td>
<td>27.65</td>
<td>11.34</td>
<td>304.54</td>
<td>32.68</td>
<td>0.09</td>
<td>337.13</td>
<td></td>
</tr>
<tr>
<td><strong>Know-how, Business and Commercial Rights</strong></td>
<td>72.99</td>
<td>-</td>
<td>9.75</td>
<td>-</td>
<td>82.74</td>
<td>10.59</td>
<td>-</td>
<td>93.33</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>369.27</td>
<td>2.89</td>
<td>375.38</td>
<td>11.34</td>
<td>376.20</td>
<td>43.31</td>
<td>0.09</td>
<td>779.42</td>
<td></td>
</tr>
<tr>
<td><strong>Intangible assets under development</strong></td>
<td>22.79</td>
<td>-</td>
<td>371.76</td>
<td>365.90</td>
<td>28.65</td>
<td>44.54</td>
<td>42.44</td>
<td>30.75</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>392.06</td>
<td>2.89</td>
<td>747.14</td>
<td>317.24</td>
<td>764.88</td>
<td>87.85</td>
<td>42.83</td>
<td>810.17</td>
<td></td>
</tr>
</tbody>
</table>

The above includes following assets given on operating lease:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31st March, 2016</th>
<th>2016</th>
<th>As at 31st March, 2015</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buildings</strong></td>
<td>8.08</td>
<td>5.31</td>
<td>2.77</td>
<td>0.22</td>
</tr>
<tr>
<td><strong>Plant and Equipment</strong></td>
<td>488.53</td>
<td>322.41</td>
<td>166.12</td>
<td>18.35</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>496.61</td>
<td>327.72</td>
<td>168.89</td>
<td>18.57</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

10. Fixed assets (Contd.)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Depreciation and Amortisation</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upto 31st March, 2014</td>
<td>Pursuant to the Scheme of Arrangement</td>
</tr>
<tr>
<td></td>
<td>For the year</td>
<td>On Withdrawals and adjustments</td>
</tr>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold2</td>
<td>13.24</td>
<td>2.47</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td>569.94</td>
<td>36.18</td>
</tr>
<tr>
<td>Freehold4</td>
<td></td>
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<tr>
<td><strong>Licensed Properties</strong></td>
<td>32.76</td>
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<tr>
<td><strong>Plant and Equipment</strong></td>
<td>5136.08</td>
<td>40.57</td>
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<td><strong>Furniture and Fixtures</strong></td>
<td>336.69</td>
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<td><strong>Vehicles</strong></td>
<td>31.20</td>
<td>0.80</td>
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<tr>
<td><strong>Office Equipment</strong></td>
<td>6.89</td>
<td>0.56</td>
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<tr>
<td><strong>Railway Sidings etc.</strong></td>
<td>0.11</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>6226.91</td>
<td>83.63</td>
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<tr>
<td>Capital work-in-progress7</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>6226.91</td>
<td>83.63</td>
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<tr>
<td>Intangible assets (acquired)</td>
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<tr>
<td><strong>Goodwill</strong></td>
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<td><strong>Trademarks</strong>3</td>
<td>6.02</td>
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<td><strong>Computer Software</strong></td>
<td>230.35</td>
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<tr>
<td><strong>Know-how, Business and Commercial Rights6</strong></td>
<td>63.95</td>
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<td><strong>TOTAL</strong></td>
<td>305.22</td>
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<tr>
<td>Intangible assets under development</td>
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<td><strong>TOTAL</strong></td>
<td>305.22</td>
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</table>

1. Original Cost / Professional Valuation as at 30th June, 1986.
2. Land Freehold includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2015 - ₹ 1.16 Crores) which stood vested with the State of Bihar under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.
3. Litigation relating to the ITC Windsor land is pending. In the opinion of the management based upon legal advice, the Company’s title to the property is tenable.
5. Trademarks are being amortised over 10 years.
6. Out of the total amount of “Know-how, Business and Commercial Rights” aggregating ₹ 93.33 Crores (2015 - ₹ 82.74 Crores):-
   - ₹ 80.31 Crores (2015 - ₹ 69.72 Crores) acquired during the year and in earlier years are being amortised over 10 years.
   - ₹ 8.05 Crores (2015 - ₹ 8.05 Crores) acquired in earlier years and have been amortised over 5 years.
   - ₹ 4.97 Crores (2015 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.
7. On being the successful bidder under the SARFAESI Act, the Company paid an amount of ₹ 515.44 Crores in 2014-15 to IFCI Limited as consideration for the purchase of a 5 star hotel resort in Goa operating under the name Park Hyatt Goa Resort & Spa and IFCI Limited issued requisite Sale certificate in favour of the Company. The erstwhile owners of the property thereafter challenged the sale. By its judgement dated 23.03.2016, the Bombay High Court set aside the sale and directed IFCI Limited to refund the sale consideration to the Company. The Company and IFCI Limited have approached the Hon’ble Supreme Court against the High Court judgment. The Hon’ble Supreme Court by its interim order dated 22.04.2016 has issued notice in the matter, ordered status quo and directed that the sale consideration shall remain with IFCI Limited. In the absence of a stay on the order of the High Court, the amount of ₹ 515.44 Crores and the stamp duty paid in 2015-16 amounting to ₹ 25.77 Crores, has been adjusted in 2015-16 from Capital Work In Progress and reflected in Capital Advances (Refer Note 12).
8. Taken over pursuant to the Scheme of Arrangement between Wimco Limited with the Company (Refer Note 31(x)). These represent the Gross Block and Depreciation and Amortisation on Tangible and Intangible Assets acquired as at 1st April, 2013 and movements during the year 2013-14.
## Notes to the Financial Statements

### 11. Non-current investments (at cost unless stated otherwise)

#### Long Term

**A. TRADE INVESTMENTS**

#### INVESTMENT IN EQUITY INSTRUMENTS

<table>
<thead>
<tr>
<th>Company</th>
<th>As at 31st March, 2016</th>
<th></th>
<th>As at 31st March, 2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(` in Crores)</td>
<td></td>
<td>(` in Crores)</td>
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<td>Quoted</td>
<td>Unquoted</td>
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<tr>
<td>Gold Flake Corporation Limited</td>
<td></td>
<td>16.00</td>
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<td>Wills Corporation Limited</td>
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<td>Russell Credit Limited</td>
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<tr>
<td>ITC Infotech India Limited</td>
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<tr>
<td>Landbase India Limited</td>
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<td>85.14</td>
<td></td>
<td>85.14</td>
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<td>ITC Global Holdings Pte. Limited (in liquidation)</td>
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<tr>
<td>BFIL Finance Limited</td>
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<td></td>
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<tr>
<td>Surya Nepal Private Limited</td>
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<td>Srinivasa Resorts Limited</td>
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<td>Fortune Park Hotels Limited</td>
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<td>Bay Islands Hotels Limited</td>
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<td>WelcomHotels Lanka (Private) Limited</td>
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<td>King Maker Marketing, Inc.</td>
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<td>Wimco Limited</td>
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<td>Technico Pty Limited</td>
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<td>Technico Agri Sciences Limited</td>
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<td>ITC Investments &amp; Holdings Limited</td>
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<td>North East Nutrients Private Limited</td>
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<td>Pavan Poplar Limited</td>
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<td>Prag Agro Farm Limited</td>
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<td>Carried over</td>
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<td>1977.83</td>
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Notes to the Financial Statements

11. Non-current investments (at cost unless stated otherwise) (Contd.)

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
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<tr>
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<td><strong>TRADE INVESTMENTS (Contd.)</strong></td>
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<tr>
<td>In Associates</td>
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<tr>
<td>International Travel House Limited</td>
<td>0.65</td>
<td>0.65</td>
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<tr>
<td>2,87,600 Equity Shares of ₹ 10.00 each, fully paid</td>
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<tr>
<td>Gujarat Hotels Limited</td>
<td>1.94</td>
<td>1.94</td>
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<tr>
<td>17,33,907 Equity Shares of ₹ 10.00 each, fully paid</td>
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<tr>
<td>In Joint Ventures</td>
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<td>Esprit Hotels Private Limited</td>
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<td>46.51</td>
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<td>4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid</td>
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<tr>
<td>Maharaja Heritage Resorts Limited</td>
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<tr>
<td>90,000 Equity Shares of ₹ 100.00 each, fully paid</td>
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<td>Logix Developers Private Limited</td>
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<td>77,66,913 Equity Shares of ₹ 10.00 each, fully paid</td>
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<tr>
<td>In Others</td>
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<tr>
<td>VST Industries Limited</td>
<td>0.01</td>
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<td>476 Equity Shares of ₹ 10.00 each, fully paid</td>
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<td>Hotel Leelaventure Limited</td>
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<td>4,99,53,055 Equity Shares of ₹ 2.00 each, fully paid</td>
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<td>EIH Limited</td>
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<tr>
<td>8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid</td>
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<tr>
<td>Punjab Anand Batteries Limited</td>
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<tr>
<td>(in liquidation)</td>
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<tr>
<td>11,86,157 Equity Shares of ₹ 10.00 each, fully paid</td>
<td>under Board for Industrial and Financial Reconstruction’s Order of 20.04.1989</td>
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<tr>
<td>(cost ₹ 1.19 Crores, fully provided)</td>
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<tr>
<td>Bihar Hotels Limited</td>
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<td>8,00,000 Equity Shares of ₹ 2.00 each, fully paid</td>
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<tr>
<td><strong>INVESTMENT IN PREFERENCE SHARES</strong></td>
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<td>In Subsidiaries</td>
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<tr>
<td>Landbase India Limited</td>
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<td></td>
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<tr>
<td>Nil (2015 - 1,87,00,000) Redeemable Preference Shares of ₹ 100.00 each, fully paid</td>
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<tr>
<td><strong>INVESTMENT IN DEBENTURES</strong></td>
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<tr>
<td>In Subsidiaries</td>
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<tr>
<td>BFIL Finance Limited</td>
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<td></td>
</tr>
<tr>
<td>Nil (2015 - 15,00,000) - 18.5% Non-Convertible Debentures of ₹ 100.00 each, (renewed at 9% in 2015) [cost Nil (2015 - ₹ 15.00 Crores, fully provided)]</td>
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<tr>
<td><strong>B. OTHER INVESTMENTS</strong></td>
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</tr>
<tr>
<td><strong>INVESTMENT IN EQUITY INSTRUMENTS</strong></td>
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<tr>
<td>Tourism Finance Corporation of India Limited</td>
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<td>0.05</td>
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<tr>
<td>25,000 Equity Shares of ₹ 10.00 each, fully paid</td>
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<tr>
<td>Andhra Pradesh Gas Power Corporation Limited</td>
<td>2.32</td>
<td>2.32</td>
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<tr>
<td>8,04,000 Equity Shares of ₹ 10.00 each, fully paid</td>
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<tr>
<td>Woodlands Multispeciality Hospital Limited</td>
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<td>13,072 Equity Shares of ₹ 10.00 each, fully paid</td>
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<tr>
<td>Carried over</td>
<td>579.17</td>
<td>1862.46</td>
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</table>

ITC Limited REPORT AND ACCOUNTS 2016 127
## Notes to the Financial Statements

### 11. Non-current investments (at cost unless stated otherwise) (Contd.)

<table>
<thead>
<tr>
<th>Other Investments (Contd.)</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
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<tr>
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<td>Mirage Advertising and Marketing Limited</td>
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<td>12,488 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 0.01 Crore, fully provided)</td>
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<tr>
<td>Bilaspur Cane Development Corporation Limited</td>
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<tr>
<td>100 Equity Shares of ₹ 10.00 each fully paid (cost ₹ 1000.00)</td>
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<tr>
<td><strong>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</strong></td>
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<td>Government Securities (cost ₹ 74000.00)</td>
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<tr>
<td>National savings certificates (Pledged with various Mandi Samitis) (cost ₹ 6000.00)</td>
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<tr>
<td><strong>INVESTMENT IN BONDS/DEBENTURES</strong></td>
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<tr>
<td>Housing and Urban Development Corporation Limited</td>
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<td></td>
</tr>
<tr>
<td>2,000 (2015 - Nil) 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid</td>
<td>200.00</td>
<td>-</td>
</tr>
<tr>
<td>7,00,696 (2015 - Nil) 7.39% (For category I, II &amp; III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid</td>
<td>70.07</td>
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<tr>
<td>IDFC Bank Limited</td>
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<tr>
<td>3,000 (2015 - Nil) Zero Coupon Unsecured Redeemable Non-Convertible Debentures Series IDFC Bank OBB 20/2015 (27 November 2017) of ₹ 1000000.00 each, fully paid</td>
<td>325.74</td>
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<tr>
<td>India Infrastructure Finance Company Limited</td>
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<tr>
<td>1,000 (2015 - Nil) 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of ₹ 1000000.00 each, fully paid</td>
<td>106.82</td>
<td>-</td>
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<tr>
<td>800 (2015 - Nil) 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2028) of ₹ 1000000.00 each, fully paid</td>
<td>86.88</td>
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<td>1,630 (2015 - Nil) 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of ₹ 1000000.00 each, fully paid</td>
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<td>Indian Railway Finance Corporation Limited</td>
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<td>2,000 (2015 - Nil) 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of ₹ 1000000.00 each, fully paid</td>
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<tr>
<td>1,250 (2015 - Nil) 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid</td>
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<tr>
<td>130 (2015 - Nil) 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid</td>
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<td>LIC Housing Finance Limited</td>
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<tr>
<td>250 (2015 - Nil) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid</td>
<td>24.81</td>
<td>-</td>
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<tr>
<td>30 (2015 - Nil) 8.50% Secured Redeemable Non-Convertible Debentures Tranche 187 (13 April 2017) of ₹ 1000000.00 each, fully paid</td>
<td>3.00</td>
<td>-</td>
</tr>
<tr>
<td>300 (2015 - Nil) 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of ₹ 1000000.00 each, fully paid</td>
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</tr>
<tr>
<td><strong>Carried over</strong></td>
<td>1300.16</td>
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## Non-current investments (at cost unless stated otherwise) (Contd.)

### OTHER INVESTMENTS (Contd.)

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<th>Description</th>
<th>Quoted</th>
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<td>579.17</td>
<td>1862.47</td>
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</tbody>
</table>

#### National Highways Authority of India

- **239 (2015 - Nil) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020)**
  - of ₹ 1000000.00 each, fully paid
  - 24.04

- **1000 (2015 - Nil) 9.18% Secured Redeemable Non-Convertible Debentures Tranche 219 (03 July 2017)**
  - of ₹ 1000000.00 each, fully paid
  - 100.60

- **300 (2015 - Nil) 9.29% Secured Redeemable Non-Convertible Debentures Tranche 230 Option I (16 October 2017)**
  - of ₹ 1000000.00 each, fully paid
  - 30.29

- **170 (2015 - Nil) 9.80% Secured Redeemable Non-Convertible Debentures Tranche XXVI (22 October 2017)**
  - of ₹ 1000000.00 each, fully paid
  - 17.28

#### National Housing Bank

- **2,500 (2015 - Nil) 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIA (18 September 2025)**
  - of ₹ 1000000.00 each, fully paid
  - 249.99

- **2,500 (2015 - Nil) 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIB (18 September 2030)**
  - of ₹ 1000000.00 each, fully paid
  - 250.00

- **4,28,547 (2015 - Nil) 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (11 January 2026)**
  - of ₹ 1000.00 each, fully paid
  - 42.85

- **9,99,943 (2015 - Nil) 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031)**
  - of ₹1000.00 each, fully paid
  - 99.99

#### Power Finance Corporation Limited

- **1,000 (2015 - Nil) 8.12% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 139-B (22 May 2017)**
  - of ₹ 1000000.00 each, fully paid
  - 99.88

- **170 (2015 - Nil) 8.29% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 129-B (13 June 2018)**
  - of ₹ 1000000.00 each, fully paid
  - 17.04

- **500 (2015 - Nil) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020)**
  - of ₹ 1000000.00 each, fully paid
  - 50.11

- **1,500 (2015 - Nil) 9.31% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 115 I (07 July 2017)**
  - of ₹ 1000000.00 each, fully paid
  - 151.04

- **379 (2015 - Nil) 9.27% Unsecured Redeemable Non-Cumulative Taxable Bonds Series-92-B (21 August 2017)**
  - of ₹ 1000000.00 each, fully paid
  - 38.37

- **150 (2015 - Nil) 9.32% Unsecured Redeemable Non-Cumulative Taxable Bonds in the nature of Debentures Series 117 A (19 August 2017)**
  - of ₹ 1000000.00 each, fully paid
  - 15.19

- **500 (2015 - Nil) 8.46% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028)**
  - of ₹ 1000000.00 each, fully paid
  - 54.21

**Carried over**

<table>
<thead>
<tr>
<th>Quoted</th>
<th>Unquoted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2276.25</td>
<td>3344.71</td>
</tr>
</tbody>
</table>
# Notes to the Financial Statements

## 11. Non-current investments (at cost unless stated otherwise) (Contd.)

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(₹ in Crores)</td>
<td>(₹ in Crores)</td>
</tr>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td><strong>OTHER INVESTMENTS (Contd.)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PNB Housing Finance Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500 (2015 - Nil) 8.36% Secured Redeemable Non-Convertible Bonds in the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>nature of Promissory Note Series XXIV (12 July 2019)</td>
<td></td>
<td></td>
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<tr>
<td>of ₹ 10000000.00 each, fully paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>49.99</td>
<td></td>
</tr>
<tr>
<td>Rural Electrification Corporation Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>800 (2015 - Nil) 8.46% Secured Redeemable Non-Convertible Tax Free Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in the nature of Debentures Series 3B (29 August 2028)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of ₹ 1000000.00 each, fully paid</td>
<td>86.73</td>
<td></td>
</tr>
<tr>
<td>50 (2015 - Nil) 8.54% Secured Redeemable Non-Cumulative Tax Free Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in the nature of Debentures Series 4B (11 October 2028)</td>
<td></td>
<td></td>
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<tr>
<td>of ₹ 1000000.00 each, fully paid</td>
<td>5.45</td>
<td></td>
</tr>
<tr>
<td>250 (2015 - Nil) 8.87% Unsecured 7 Year Non-Cumulative Redeemable</td>
<td></td>
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<tr>
<td>Taxable Bonds - 2020 113th Series (08 March 2020)</td>
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<tr>
<td>of ₹ 1000000.00 each, fully paid</td>
<td>25.44</td>
<td></td>
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<tr>
<td>1,000 (2015 - Nil) 9.40% Unsecured Non-Cumulative Redeemable Taxable</td>
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<tr>
<td>of ₹ 1000000.00 each, fully paid</td>
<td>101.33</td>
<td></td>
</tr>
<tr>
<td>Small Industries Development Bank of India</td>
<td></td>
<td></td>
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<tr>
<td>1,000 (2015 - Nil) 8.28% Unsecured Redeemable Non-Convertible Bonds</td>
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<tr>
<td>in the nature of Promissory Notes 7 of 2015-16 (26 February 2019</td>
<td></td>
<td></td>
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<tr>
<td>with Put Option on 27 February 2017) of ₹ 1000000.00 each, fully paid</td>
<td>100.00</td>
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<tr>
<td><strong>INVESTMENT IN MUTUAL FUNDS</strong></td>
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<td></td>
</tr>
<tr>
<td>HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35</td>
<td>128.00</td>
<td></td>
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<tr>
<td>12,80,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35</td>
<td>43.00</td>
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</tr>
<tr>
<td>4,30,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
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<td></td>
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<tr>
<td>HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36</td>
<td>40.00</td>
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<tr>
<td>4,00,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
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<td></td>
</tr>
<tr>
<td>ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days</td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>1,00,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
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<tr>
<td>ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days</td>
<td>15.00</td>
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</tr>
<tr>
<td>1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
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<td></td>
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<tr>
<td>ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days</td>
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<td>1,00,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
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<tr>
<td>ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days</td>
<td>12.00</td>
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</tr>
<tr>
<td>1,20,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
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<td></td>
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<tr>
<td>Kotak Fixed Maturity Plan - Series 190</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>50,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
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<tr>
<td>Kotak Fixed Maturity Plan - Series 191</td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
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<td></td>
</tr>
<tr>
<td>Reliance Fixed Horizon Fund - XXX - Series 5</td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliance Fixed Horizon Fund - XXX - Series 12</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>1,00,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Carried over</strong></td>
<td>2711.87</td>
<td>3596.03</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements

#### 11. Non-current investments (at cost unless stated otherwise) (Contd.)

<table>
<thead>
<tr>
<th>.memorandum</th>
<th>As at 31st March, 2016 (‘₹ in Crores)</th>
<th>As at 31st March, 2015 (‘₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td>Brought forward</td>
<td>2711.87</td>
<td>579.17</td>
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<td>OTHER INVESTMENTS (Contd.)</td>
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<td></td>
</tr>
<tr>
<td>Reliance Fixed Horizon Fund - XXX - Series 13 2,00,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>20.00</td>
<td>-</td>
</tr>
<tr>
<td>Reliance Fixed Horizon Fund - XXX - Series 17 3,50,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>35.00</td>
<td>-</td>
</tr>
<tr>
<td>Reliance Fixed Horizon Fund - XXX - Series 6 1,00,0,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>10.00</td>
<td>-</td>
</tr>
<tr>
<td>UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days 1,20,0,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>12.00</td>
<td>-</td>
</tr>
<tr>
<td>UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days 80,0,00,000 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>8.00</td>
<td>-</td>
</tr>
<tr>
<td>Aggregate amount of quoted and unquoted Investments</td>
<td>2796.87</td>
<td>3596.03</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6392.90</td>
<td>2441.64</td>
</tr>
</tbody>
</table>

Aggregate market value of quoted investments ₹ 3253.11 Crores (2015 - ₹ 1045.15 Crores)
Aggregate provision for diminution in value ₹ 45.59 Crores (2015 - ₹ 71.59 Crores)

#### 12. Long-term loans and advances

<table>
<thead>
<tr>
<th>mem</th>
<th>As at 31st March, 2016 (‘₹ in Crores)</th>
<th>As at 31st March, 2015 (‘₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td>Capital advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured, considered good [Refer Note 10(7)]</td>
<td>1042.84</td>
<td>391.46</td>
</tr>
<tr>
<td>Security deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>887.13</td>
<td>729.50</td>
</tr>
<tr>
<td>Doubtful</td>
<td>2.96</td>
<td>2.96</td>
</tr>
<tr>
<td>Less: Provision for doubtful deposits</td>
<td>2.96</td>
<td>732.46</td>
</tr>
<tr>
<td>Loans and advances to Related Parties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits - unsecured, considered good</td>
<td>0.37</td>
<td>2.90</td>
</tr>
<tr>
<td>Loans and advances - doubtful</td>
<td>-</td>
<td>40.95</td>
</tr>
<tr>
<td>Less: Provision for doubtful loans and advances</td>
<td>0.37</td>
<td>43.85</td>
</tr>
<tr>
<td>Other loans and advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Comprise loans to employees, prepaid expenses, advances with statutory authorities etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured, considered good*</td>
<td>355.09</td>
<td>341.00</td>
</tr>
<tr>
<td>Doubtful</td>
<td>17.30</td>
<td>17.56</td>
</tr>
<tr>
<td>Less: Provision for doubtful loans and advances</td>
<td>17.30</td>
<td>355.09</td>
</tr>
<tr>
<td>Advance Tax (net of provisions)</td>
<td>-</td>
<td>41.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2285.43</td>
<td>1506.36</td>
</tr>
</tbody>
</table>

Loans and advances to Related Parties include deposit with Director - ₹ 0.07 Crore (2015 - Nil) [Refer Note 33].

*Includes interest bearing loan to a supplier, M/s MD Fresh Vegetable Private Limited ₹ 2.00 Crore (2015 - Nil) carrying interest @ 12% p.a. for upgrading its infrastructure and enhancement of its factory capacity. Current portion of the loan included in Short-term loans and advances ₹ 0.50 Crore (2015 - Nil) in Note 17.
### Notes to the Financial Statements

#### 13. Current investments (at lower of cost and fair value)

<table>
<thead>
<tr>
<th>INVESTMENT IN PREFERENCE SHARES</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Bank Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>310 Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018) of ₹ 100000000.00 each, fully paid</td>
<td>248.76</td>
<td>214.85</td>
</tr>
</tbody>
</table>

**INVESTMENT IN BONDS/DEBENTURES**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 10000000.00 each, fully paid</td>
<td>31.12</td>
<td>31.43</td>
</tr>
</tbody>
</table>

**Indian Railway Finance Corporation Limited**

| 10,000 6.30% Secured Non-Convertible Tax Free Bonds in the form of Promissory Notes 68th ‘A’ Series (08 March 2017) of ₹ 100000.00 each, fully paid | 98.91 | 95.54 |
| 10,00,000 7.18% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1000.00 each, fully paid | 100.00 | 93.72 |
| 20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid | 200.00 | 199.19 |
| 4,35,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid | 43.50 | 42.84 |

**LIC Housing Finance Limited**

| 2,000 (2015 - Nil) Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 242 Option 2 (24 February 2017) of ₹ 10000000.00 each, fully paid | 219.06 | – |

**National Bank for Agriculture and Rural Development**

| 4,100 Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 August 2017) 2D of ₹ 200000.00 each, fully paid | 7.35 | 6.54 |
| 1,41,270 Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 January 2019) of ₹ 200000.00 each, fully paid | 226.26 | 197.03 |

**National Highways Authority of India**

| 4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid | 49.45 | 49.20 |

**National Housing Bank**

| 1,03,785 Zero Coupon Unsecured Non-Convertible Taxable Bonds in the form of Promissory Notes (24 December 2018) of ₹ 100000.00 each, fully paid | 83.30 | 72.53 |

**Power Finance Corporation Limited**

| Nil (2015 - 450) 9.69% Secured Non-Convertible Non-Cumulative Taxable Bonds Series 113 (02 March 2019) of ₹ 1000000.00 each, fully paid | – | 46.85 |
| 1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series-80-A (25 November 2021) of ₹ 1000000.00 each, fully paid | 15.49 | 14.84 |
| 1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 1000000.00 each, fully paid | 99.95 | 98.27 |
| 450 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid | 46.18 | 46.52 |
| Nil (2015 - 500) 8.36% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 127 (26 February 2020) of ₹ 1000000.00 each, fully paid | – | 49.98 |

**Carried over**

| 538.04 | 931.29 |
| 576.99 | 682.34 |
# Notes to the Financial Statements

## 13. Current investments (at lower of cost and fair value) (Contd.)

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brought forward</td>
<td>538.04</td>
<td>576.99</td>
</tr>
<tr>
<td><strong>INVESTMENT IN BONDS/DEBENTURES (Contd.)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.00,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series-I (01 February 2022) of ₹ 1000.00 each, fully paid</td>
<td>10.39</td>
<td>9.95</td>
</tr>
<tr>
<td>12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid</td>
<td>129.56</td>
<td>128.60</td>
</tr>
<tr>
<td><strong>Rural Electrification Corporation Limited</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 750) 9.38% Secured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 117th (06 November 2018) of ₹ 1000000.00 each, fully paid</td>
<td>-</td>
<td>77.35</td>
</tr>
<tr>
<td>Nil (2015 - 400) 8.44% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 127th (04 December 2021) of ₹ 1000000.00 each, fully paid</td>
<td>-</td>
<td>40.24</td>
</tr>
<tr>
<td>30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1(19 December 2022) of ₹ 1000.00 each, fully paid</td>
<td>299.99</td>
<td>282.01</td>
</tr>
<tr>
<td>1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid</td>
<td>99.96</td>
<td>98.27</td>
</tr>
<tr>
<td><strong>INVESTMENT IN CERTIFICATE OF DEPOSITS</strong></td>
<td>140.12</td>
<td>-</td>
</tr>
<tr>
<td><strong>INVESTMENT IN MUTUAL FUNDS</strong></td>
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<td></td>
</tr>
<tr>
<td>Axis Liquid Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 32,301) Units of ₹ 1000.00 each</td>
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<td></td>
</tr>
<tr>
<td>Birla Sun Life Cash Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 1,19,30,256) Units of ₹ 100.00 each</td>
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<tr>
<td>Birla Sun Life Floating Rate Fund - Long Term</td>
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<td></td>
</tr>
<tr>
<td>Nil (2015 - 53,43,351) Units of ₹ 100.00 each</td>
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<td></td>
</tr>
<tr>
<td>Birla Sun Life Short Term Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>94,07,656 (2015 - 5,05,02,285) Units of ₹ 10.00 each</td>
<td>53.69</td>
<td>50.50</td>
</tr>
<tr>
<td>Birla Sun Life Treasury Optimizer Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,45,665 (2015 - 15,45,666) Units of ₹ 100.00 each</td>
<td>29.37</td>
<td>25.39</td>
</tr>
<tr>
<td>Birla Sun Life Savings Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23,45,049 (2015 - 23,45,048) Units of ₹ 100.00 each</td>
<td>68.68</td>
<td>55.30</td>
</tr>
<tr>
<td>DSP BlackRock Liquidity Fund - Institutional Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 1,00,106) Units of ₹ 1000.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DWS Fixed Maturity Plan - Series 31</td>
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</tr>
<tr>
<td>Nil (2015 - 1,00,00,000) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DWS Treasury Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 8,24,18,752) Units of ₹ 10.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DHFL Pramerica Ultra Short Term Fund (Formerly known as DWS Ultra Short Term Fund) 5,09,80,716 Units of ₹ 10.00 each</td>
<td>49.74</td>
<td>49.74</td>
</tr>
<tr>
<td>HDFC Cash Management Fund - Treasury Advantage Plan</td>
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<td></td>
</tr>
<tr>
<td>Nil (2015 - 2,34,21,163) Units of ₹ 10.00 each</td>
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</tr>
<tr>
<td>HDFC Floating Rate Income Fund - Short Term Plan</td>
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</tr>
<tr>
<td>10,23,22,267 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>267.06</td>
<td>-</td>
</tr>
<tr>
<td>HDFC High Interest Fund - Short Term.an</td>
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</tr>
<tr>
<td>Nil (2015 - 5,54,65,988) Units of ₹ 10.00 each</td>
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<td></td>
</tr>
<tr>
<td>Carried over</td>
<td>1077.94</td>
<td>1223.41</td>
</tr>
<tr>
<td></td>
<td>1539.95</td>
<td>1678.25</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements

#### 13. Current investments (at lower of cost and fair value) (Contd.)

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>As at 31st March, 2016 ((\text{\textbf{\text₹ in Crores}}))</th>
<th>As at 31st March, 2015 ((\text{\textbf{\text₹ in Crores}}))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td>HDFC High Interest Fund - Dynamic Plan</td>
<td>1,06,18,432 (2015 - 1,06,18,417 Units of ₹ 10.00 each)</td>
<td>55.64</td>
</tr>
<tr>
<td>HDFC Medium Term Opportunities Fund</td>
<td>13,70,31,285 (2015 - 13,70,33,144) Units of ₹ 10.00 each</td>
<td>226.61</td>
</tr>
<tr>
<td>HDFC Short Term Opportunities Fund</td>
<td>14,47,53,251 (2015 - 14,47,53,230) Units of ₹ 10.00 each</td>
<td>239.13</td>
</tr>
<tr>
<td>ICICI Prudential Banking &amp; PSU Debt Fund</td>
<td>4,92,90,221 Units of ₹ 10.00 each</td>
<td>50.00</td>
</tr>
<tr>
<td>ICICI Prudential - Flexible Income Plan</td>
<td>53,44,324 (2015 - Nil) Units of ₹ 100.00 each</td>
<td>153.38</td>
</tr>
<tr>
<td>ICICI Prudential Blended Plan B</td>
<td>Nil (2015 - 3.86,97,174) Units of ₹ 10.00 each</td>
<td>–</td>
</tr>
<tr>
<td>ICICI Prudential Dynamic Bond Fund</td>
<td>Nil (2015 - 3.59,60,193) Units of ₹ 10.00 each</td>
<td>–</td>
</tr>
<tr>
<td>ICICI Prudential Income Opportunities Fund</td>
<td>7,98,55,052 (2015 - 7.98,54,771) Units of ₹ 10.00 each</td>
<td>168.21</td>
</tr>
<tr>
<td>ICICI Prudential Savings Fund</td>
<td>Nil (2015 - 50,35,980) Units of ₹ 100.00 each</td>
<td>–</td>
</tr>
<tr>
<td>ICICI Prudential Short Term</td>
<td>7,64,50,849 (2015 - 7.64,51,068) Units of ₹ 10.00 each</td>
<td>241.15</td>
</tr>
<tr>
<td>ICICI Prudential Ultra Short Term</td>
<td>22,03,55,476 (2015 - 15,36,33,761) Units of ₹ 10.00 each</td>
<td>318.99</td>
</tr>
<tr>
<td>IDFC Dynamic Bond Fund</td>
<td>4,64,29,475 Units of ₹ 10.00 each</td>
<td>50.06</td>
</tr>
<tr>
<td>IDFC Money Manager Fund - Investment Plan</td>
<td>1,22,42,641 (2015 - 1.12,84,393) Units of ₹ 10.00 each</td>
<td>12.30</td>
</tr>
<tr>
<td>IDFC Money Manager Fund - Treasury Plan</td>
<td>4,22,87,680 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>102.19</td>
</tr>
<tr>
<td>JPMorgan India Active Bond Fund</td>
<td>Nil (2015 - 9,68,66,060) Units of ₹ 10.00 each</td>
<td>–</td>
</tr>
<tr>
<td>JPMorgan India Liquid Fund</td>
<td>Nil (2015 - 20,35,37,192) Units of ₹ 10.00 each</td>
<td>–</td>
</tr>
<tr>
<td>JPMorgan India Treasury Fund</td>
<td>Nil (2015 - 5,78,55,112) Units of ₹ 10.00 each</td>
<td>–</td>
</tr>
<tr>
<td>Kotak Bond Short Term</td>
<td>2,49,65,867 Units of ₹ 10.00 each</td>
<td>24.98</td>
</tr>
<tr>
<td>Kotak Liquid Scheme Plan A</td>
<td>Nil (2015 - 17,641) Units of ₹ 1000.00 each</td>
<td>–</td>
</tr>
<tr>
<td>Kotak Treasury Advantage Fund</td>
<td>13,17,66,857 (2015 - 4,76,54,096) Units of ₹ 10.00 each</td>
<td>320.94</td>
</tr>
<tr>
<td>L&amp;T Short Term Opportunities Fund</td>
<td>Nil (2015 - 3,00,07,277) Units of ₹ 10.00 each</td>
<td>–</td>
</tr>
<tr>
<td>L&amp;T Triple Ace Bond Fund</td>
<td>Nil (2015 - 1,62,81,386) Units of ₹ 10.00 each</td>
<td>–</td>
</tr>
<tr>
<td>Reliance Floating Rate Fund - Short Term Plan</td>
<td>38,18,89,185 (2015 - 19,74,70,372) Units of ₹ 10.00 each</td>
<td>410.75</td>
</tr>
<tr>
<td>Reliance Liquid Fund - Treasury Plan</td>
<td>54,33,17 (2015 - Nil) Units of ₹ 1000.00 each</td>
<td>20.00</td>
</tr>
</tbody>
</table>

| Total (Carried over)                            | 1077.94 | 3934.28 | 1223.41 | 3957.50 |
**Notes to the Financial Statements**

### 13. Current investments (at lower of cost and fair value) (Contd.)

<table>
<thead>
<tr>
<th>Investments in Mutual Funds (Contd.)</th>
<th>Quoted</th>
<th>Unquoted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance Medium Term Fund</td>
<td>209.61</td>
<td>255.81</td>
</tr>
<tr>
<td>Reliance Short Term Fund</td>
<td>59.68</td>
<td>451.45</td>
</tr>
<tr>
<td>SBI Premier Liquid Fund</td>
<td>-</td>
<td>25.00</td>
</tr>
<tr>
<td>UTI - Short Term Income Fund - Institutional Option</td>
<td>-</td>
<td>50.65</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Portion of Non Current Investments (at cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Import Bank of India</td>
</tr>
<tr>
<td>450 (2015 - Nil) 8.20% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-10-2019 (18 February 2019 with Call/Put Option on 18 February 2017) of ₹ 1000000.00 each, fully paid</td>
</tr>
<tr>
<td>1,000 (2015 - Nil) 8.33% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-12-2019 (20 March 2019 with Call/Put Option on 20 March 2017) of ₹ 1000000.00 each, fully paid</td>
</tr>
<tr>
<td>500 (2015 - Nil) 7.825% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-07-2018 (30 November 2018 with Call/Put Option on 15 March 2017) of ₹ 1000000.00 each, fully paid</td>
</tr>
<tr>
<td>500 (2015 - Nil) 8.20% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-14-2019 (15 March 2019 with Call/Put Option on 16 March 2017) of ₹ 1000000.00 each, fully paid</td>
</tr>
<tr>
<td>National Bank for Agriculture and Rural Development</td>
</tr>
<tr>
<td>4,000 (2015 - Nil) 8.05% Unsecured Redeemable Non-Convertible Taxable Bonds Series 16 H (04 January 2019 with Call/Put Option on 14 March 2017) of ₹ 1000000.00 each, fully paid</td>
</tr>
<tr>
<td>Rural Electrification Corporation Limited</td>
</tr>
<tr>
<td>2,850 (2015 - Nil) 8.28% Unsecured Redeemable Non-Cumulative Taxable Bond Series 138 (04 March 2017) of ₹ 1000000.00 each, fully paid</td>
</tr>
<tr>
<td>Small Industries Development Bank of India</td>
</tr>
<tr>
<td>2,500 (2015 - Nil) 8.05% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 1 of 2015-16 (28 January 2019 with Call/Put Option on 14 March 2017) of ₹ 1000000.00 each, fully paid</td>
</tr>
</tbody>
</table>

**Aggregate amount of quoted and unquoted investments**

<table>
<thead>
<tr>
<th>Aggregate amount of quoted and unquoted investments</th>
<th>1362.94</th>
<th>5098.40</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>6461.34</td>
<td>5963.82</td>
</tr>
</tbody>
</table>

Aggregate market value of quoted investments ₹ 1363.44 Crores (2015 - ₹ 1224.09 Crores)

Aggregate excess of cost over fair value ₹ 63.65 Crores (2015 - ₹ 148.43 Crores)
14. Inventories

(At lower of cost and net realisable value)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials (including packing materials)</td>
<td>4888.81</td>
<td>4404.52</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>180.51</td>
<td>180.82</td>
</tr>
<tr>
<td>Finished goods (manufactured)</td>
<td>2744.79</td>
<td>2541.48</td>
</tr>
<tr>
<td>Stock-in-Trade (goods purchased for resale)</td>
<td>346.40</td>
<td>352.60</td>
</tr>
<tr>
<td>Stores and Spares</td>
<td>292.32</td>
<td>290.10</td>
</tr>
<tr>
<td>Intermediates - Tissue paper and Paperboards</td>
<td>66.99</td>
<td>67.24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>8519.82</strong></td>
<td><strong>7836.76</strong></td>
</tr>
</tbody>
</table>

The above includes goods in transit as under:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials (including packing materials)</td>
<td>110.82</td>
<td>84.05</td>
</tr>
<tr>
<td>Stock-in-Trade (goods purchased for resale)</td>
<td>5.76</td>
<td>0.53</td>
</tr>
<tr>
<td>Stores and Spares</td>
<td>3.44</td>
<td>1.76</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>120.02</strong></td>
<td><strong>86.34</strong></td>
</tr>
</tbody>
</table>

15. Trade receivables

Outstanding for a period exceeding six months from the date they are due for payment

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured, considered good</td>
<td>1.16</td>
<td>0.59</td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>41.94</td>
<td>30.05</td>
</tr>
<tr>
<td>Doubtful</td>
<td>70.74</td>
<td>52.91</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful receivables</strong></td>
<td>70.74</td>
<td>52.91</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured, considered good</td>
<td>26.07</td>
<td>24.47</td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>1617.18</td>
<td>1667.29</td>
</tr>
<tr>
<td>Doubtful</td>
<td>1.86</td>
<td>0.88</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful receivables</strong></td>
<td>1.86</td>
<td>0.88</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1686.35</strong></td>
<td><strong>1722.40</strong></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

### 16. Cash and bank balances

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents®</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances with Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current accounts</td>
<td>67.73</td>
<td>27.65</td>
</tr>
<tr>
<td>Cheques, drafts on hand</td>
<td>5.14</td>
<td>5.60</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>2.92</td>
<td>3.04</td>
</tr>
<tr>
<td>Other bank balances</td>
<td>153.99</td>
<td>134.89</td>
</tr>
<tr>
<td>Earmarked balances</td>
<td>634.17</td>
<td>7417.43</td>
</tr>
<tr>
<td>In deposit accounts*</td>
<td></td>
<td>7552.32</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6563.95</strong></td>
<td><strong>7588.61</strong></td>
</tr>
</tbody>
</table>

* Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

### 17. Short-term loans and advances

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured, considered good unless otherwise stated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to Related Parties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits</td>
<td>0.70</td>
<td>0.17</td>
</tr>
<tr>
<td>Loans and advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured, considered good</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>13.49</td>
<td>48.48</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With Statutory authorities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial advances and deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured, considered good</td>
<td>4.50</td>
<td>4.50</td>
</tr>
<tr>
<td>Unsecured, considered good (Refer Note 12)</td>
<td>149.51</td>
<td>166.13</td>
</tr>
<tr>
<td>Other Loans and Advances (Employees, unexpired expenses etc.)</td>
<td>104.40</td>
<td>82.07</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>501.84</strong></td>
<td><strong>549.89</strong></td>
</tr>
</tbody>
</table>

Loans and advances to Related Parties include deposit with Director - Nil (2015 - ₹ 0.05 Crore) [Refer Note 33].

### 18. Other current assets

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest accrued on loans, deposits etc.</td>
<td>58.34</td>
<td>83.56</td>
</tr>
<tr>
<td>Interest accrued on investments</td>
<td>192.09</td>
<td>55.45</td>
</tr>
<tr>
<td>Others*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>151.01</td>
<td>154.54</td>
</tr>
<tr>
<td>Doubtful</td>
<td>4.11</td>
<td>3.60</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>401.44</strong></td>
<td><strong>293.55</strong></td>
</tr>
</tbody>
</table>

* Others comprise receivables on account of export incentives, claims, interest, rentals, other receivables etc.
## 19. Gross Income

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue from sale of products and services*</td>
<td>51582.45</td>
<td>49964.82</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>362.12</td>
<td>424.19</td>
</tr>
<tr>
<td>Other income</td>
<td>1803.74</td>
<td>1543.13</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>53748.31</strong></td>
<td><strong>51932.14</strong></td>
</tr>
</tbody>
</table>

* Net of sales returns and damaged stocks.

## 20. Gross Revenue from sale of products and services*

<table>
<thead>
<tr>
<th>Category</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FMCG</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cigarettes etc.</td>
<td>32348.29</td>
<td>30452.38</td>
</tr>
<tr>
<td>- Branded Packaged Food Products</td>
<td>7097.49</td>
<td>6411.27</td>
</tr>
<tr>
<td>- Others (Apparel, Education and Stationery Products,</td>
<td>2622.13</td>
<td>2617.00</td>
</tr>
<tr>
<td>Personal Care Products, Safety Matches, Agarbattis etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hotels</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Hotels Sales/Income from Hotel Services</td>
<td>1273.51</td>
<td>1173.55</td>
</tr>
<tr>
<td><strong>Agri Business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Unmanufactured Tobacco</td>
<td>1694.19</td>
<td>1574.46</td>
</tr>
<tr>
<td>- Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua etc.)</td>
<td>2695.15</td>
<td>4097.61</td>
</tr>
<tr>
<td><strong>Paperboards, Paper and Packaging</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Paperboards and Paper</td>
<td>3275.67</td>
<td>3149.11</td>
</tr>
<tr>
<td>- Printed Materials</td>
<td>576.02</td>
<td>489.44</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>51582.45</strong></td>
<td><strong>49964.82</strong></td>
</tr>
</tbody>
</table>

* Net of sales returns and damaged stocks.

## 21. Revenue from operations

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of products</td>
<td>50308.94</td>
<td>48791.27</td>
</tr>
<tr>
<td>Sale of services</td>
<td>1273.51</td>
<td>1173.55</td>
</tr>
<tr>
<td>Gross Revenue from sale of products and services*</td>
<td>51582.45</td>
<td>49964.82</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>362.12</td>
<td>424.19</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>51944.57</strong></td>
<td><strong>50389.01</strong></td>
</tr>
</tbody>
</table>

Less:                                                                                     |                                                  |                                                  |
| Excise duty attributable to products sold                                    | 15107.18                                          | 13881.61                                          |
| **TOTAL**                                                                  | **36837.39**                                      | **36507.40**                                      |

* Net of sales returns and damaged stocks.
## Notes to the Financial Statements

### 22. Other income

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>851.63</td>
<td>611.22</td>
</tr>
<tr>
<td>Dividend income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Long-term investments</td>
<td>319.33</td>
<td>347.37</td>
</tr>
<tr>
<td>- Subsidiary companies</td>
<td>19.59</td>
<td>10.18</td>
</tr>
<tr>
<td>- Other long-term investments</td>
<td>338.92</td>
<td>357.55</td>
</tr>
<tr>
<td>- Current investments</td>
<td>37.98</td>
<td>219.37</td>
</tr>
<tr>
<td>Net gain on sale of current investments</td>
<td>553.67</td>
<td>334.44</td>
</tr>
<tr>
<td>Other non-operating income</td>
<td>21.54</td>
<td>20.55</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1803.74</td>
<td>1543.15</td>
</tr>
</tbody>
</table>

Interest income comprises interest from:

a) Deposits with Banks/Financial Institutions 557.90 456.67
b) Current investments 135.18 114.20
c) Long-term investments 123.26 –
d) Others (from customers, statutory authorities etc.) 35.29 40.35

**TOTAL** 851.63 611.22

### 23. Cost of materials consumed

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmanufactured Tobacco</td>
<td>1764.47</td>
<td>1802.39</td>
</tr>
<tr>
<td>Board, Film and Laminates</td>
<td>631.34</td>
<td>650.57</td>
</tr>
<tr>
<td>Filter Rods</td>
<td>340.62</td>
<td>364.47</td>
</tr>
<tr>
<td>Wheat</td>
<td>1860.65</td>
<td>1392.81</td>
</tr>
<tr>
<td>Edible Oils</td>
<td>404.06</td>
<td>406.49</td>
</tr>
<tr>
<td>Sugar</td>
<td>243.64</td>
<td>255.15</td>
</tr>
<tr>
<td>Wheat Flour (Maida)</td>
<td>370.68</td>
<td>355.09</td>
</tr>
<tr>
<td>Waste Paper and Pulp</td>
<td>804.29</td>
<td>878.26</td>
</tr>
<tr>
<td>Chemicals and Fragrances</td>
<td>584.92</td>
<td>609.56</td>
</tr>
<tr>
<td>Hardwood and Bamboo</td>
<td>796.29</td>
<td>799.40</td>
</tr>
<tr>
<td>Coffee</td>
<td>367.09</td>
<td>451.09</td>
</tr>
<tr>
<td>Others (Hotel Consumables, Inks and Solvents, Skimmed Milk Powder, Packing Materials etc.)</td>
<td>2886.70</td>
<td>3022.55</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>11054.75</td>
<td>10987.83</td>
</tr>
</tbody>
</table>

### 24. Purchases of Stock-in-Trade

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soya Seeds</td>
<td>191.97</td>
<td>432.10</td>
</tr>
<tr>
<td>Wheat</td>
<td>856.20</td>
<td>1885.01</td>
</tr>
<tr>
<td>Safety Matches</td>
<td>204.33</td>
<td>227.22</td>
</tr>
<tr>
<td>Coffee</td>
<td>361.07</td>
<td>528.85</td>
</tr>
<tr>
<td>Others (Spices, Apparel, Agarbattis, Education and Stationery Products etc.)</td>
<td>976.51</td>
<td>825.48</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2590.08</td>
<td>3898.66</td>
</tr>
</tbody>
</table>
## Notes to the Financial Statements


<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods (manufactured)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>2541.48</td>
<td>2000.28</td>
</tr>
<tr>
<td>Acquired pursuant to the Scheme of Arrangement [Refer Note 31(x)]</td>
<td>-</td>
<td>0.40</td>
</tr>
<tr>
<td>Closing stock</td>
<td>2744.79 (203.31)</td>
<td>2541.48 (540.80)</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>180.82</td>
<td>142.29</td>
</tr>
<tr>
<td>Acquired pursuant to the Scheme of Arrangement [Refer Note 31(x)]</td>
<td>-</td>
<td>3.03</td>
</tr>
<tr>
<td>Closing stock</td>
<td>180.51 0.31</td>
<td>180.82 (35.50)</td>
</tr>
<tr>
<td>Stock-in-Trade (goods purchased for resale)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>352.60</td>
<td>297.73</td>
</tr>
<tr>
<td>Closing stock</td>
<td>346.40 6.20</td>
<td>352.60 (54.87)</td>
</tr>
<tr>
<td>Intermediates - Tissue paper and Paperboards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>67.24</td>
<td>75.29</td>
</tr>
<tr>
<td>Closing stock</td>
<td>66.99 0.25 (196.55)</td>
<td>67.24 8.05 (623.12)</td>
</tr>
<tr>
<td>Excise duties on increase/(decrease) of finished goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>254.72</td>
<td>408.59</td>
</tr>
<tr>
<td>TOTAL</td>
<td>58.17</td>
<td>(214.53)</td>
</tr>
</tbody>
</table>

### 26. Employee benefits expense

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016</th>
<th>For the year ended 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>1558.62</td>
<td>1534.33</td>
</tr>
<tr>
<td>Contribution to Provident and other funds</td>
<td>171.32</td>
<td>108.25</td>
</tr>
<tr>
<td>Staff welfare expenses</td>
<td>178.95</td>
<td>167.28</td>
</tr>
<tr>
<td></td>
<td>1908.90</td>
<td>1809.86</td>
</tr>
<tr>
<td>Less: Recoveries made/reimbursements received</td>
<td>25.38</td>
<td>29.82</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1883.51</td>
<td>1780.04</td>
</tr>
</tbody>
</table>

### 27. Finance costs

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016</th>
<th>For the year ended 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>49.13</td>
<td>35.41</td>
</tr>
<tr>
<td>Applicable net loss on foreign currency transactions and translations</td>
<td>-</td>
<td>22.01</td>
</tr>
<tr>
<td>TOTAL</td>
<td>49.13</td>
<td>57.42</td>
</tr>
</tbody>
</table>
### Notes to the Financial Statements

#### 28. Other expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power and fuel</td>
<td>541.57</td>
<td>581.65</td>
</tr>
<tr>
<td>Consumption of stores and spare parts</td>
<td>248.45</td>
<td>231.33</td>
</tr>
<tr>
<td>Contract processing charges</td>
<td>801.44</td>
<td>818.47</td>
</tr>
<tr>
<td>Rent [Refer Note 31(vii)]</td>
<td>296.18</td>
<td>272.76</td>
</tr>
<tr>
<td>Rates and taxes</td>
<td>628.88</td>
<td>484.21</td>
</tr>
<tr>
<td>Insurance</td>
<td>56.31</td>
<td>58.02</td>
</tr>
<tr>
<td>Repairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Buildings</td>
<td>56.72</td>
<td>54.71</td>
</tr>
<tr>
<td>- Machinery</td>
<td>185.33</td>
<td>169.97</td>
</tr>
<tr>
<td>- Others</td>
<td>50.60</td>
<td>48.72</td>
</tr>
<tr>
<td>Maintenance and upkeep</td>
<td>160.94</td>
<td>144.99</td>
</tr>
<tr>
<td>Outward freight and handling charges</td>
<td>836.86</td>
<td>890.46</td>
</tr>
<tr>
<td>Warehousing charges</td>
<td>129.49</td>
<td>111.18</td>
</tr>
<tr>
<td>Advertising/Sales promotion</td>
<td>871.27</td>
<td>713.06</td>
</tr>
<tr>
<td>Market research</td>
<td>93.05</td>
<td>96.26</td>
</tr>
<tr>
<td>Design and product development</td>
<td>46.41</td>
<td>37.45</td>
</tr>
<tr>
<td>Hotel reservation/Marketing expenses</td>
<td>31.62</td>
<td>28.96</td>
</tr>
<tr>
<td>Retail accessories</td>
<td>190.41</td>
<td>185.16</td>
</tr>
<tr>
<td>Brokerage and discount - sales</td>
<td>8.60</td>
<td>17.44</td>
</tr>
<tr>
<td>Commission to selling agents</td>
<td>46.16</td>
<td>37.22</td>
</tr>
<tr>
<td>Doubtful and bad debts</td>
<td>22.40</td>
<td>19.79</td>
</tr>
<tr>
<td>Doubtful and bad advances, loans and deposits - Net</td>
<td>0.50</td>
<td>0.54</td>
</tr>
<tr>
<td>Bank and credit card charges</td>
<td>22.80</td>
<td>21.03</td>
</tr>
<tr>
<td>Information technology services</td>
<td>224.47</td>
<td>191.92</td>
</tr>
<tr>
<td>Travelling and conveyance</td>
<td>235.97</td>
<td>225.56</td>
</tr>
<tr>
<td>Training and development</td>
<td>19.78</td>
<td>20.06</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>33.20</td>
<td>22.38</td>
</tr>
<tr>
<td>Consultancy/Professional fees</td>
<td>81.65</td>
<td>95.66</td>
</tr>
<tr>
<td>Postage, telephone etc.</td>
<td>26.85</td>
<td>26.03</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>16.78</td>
<td>17.77</td>
</tr>
<tr>
<td>Provision for investment in subsidiary companies, reversed - Net</td>
<td>(26.00)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on sale of long-term investment in subsidiary company</td>
<td>34.48</td>
<td>-</td>
</tr>
<tr>
<td>Net loss/(gain) on foreign currency transactions and translations</td>
<td>5.02</td>
<td>(40.79)</td>
</tr>
<tr>
<td>Excess of cost of current investments over fair value, reversed - Net</td>
<td>(84.78)</td>
<td>(29.53)</td>
</tr>
<tr>
<td>Loss on sale of fixed assets - Net</td>
<td>45.21</td>
<td>24.89</td>
</tr>
<tr>
<td>Loss on sale of stores and spare parts - Net</td>
<td>2.32</td>
<td>2.38</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>1081.71</td>
<td>1002.14</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7012.65</strong></td>
<td><strong>6581.85</strong></td>
</tr>
</tbody>
</table>

Miscellaneous expenses include:

1. **Auditors’ remuneration and expenses**
   - Audit fees                                                               | 2.65                                             | 1.95                                             |
   - Tax audit fees                                                          | 0.55                                             | 0.48                                             |
   - Fees for limited review                                                 | 0.93                                             | 0.84                                             |
   - Fees for other services #                                               | 1.83                                             | 1.52                                             |
   - Reimbursement of expenses                                               | 0.52                                             | 0.37                                             |

2. **Cost auditors’ fees**                                                  | 0.09                                             | 0.01                                             |

* Excluding taxes.

# Includes remuneration for professional services rendered by firms of auditors in which some of the partners of the statutory auditors firm are partners ₹ 0.53 Crore (2015 - ₹ 0.11 Crore).
Notes to the Financial Statements

29. Current tax

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax for the year</td>
<td>4948.76</td>
<td>4043.28</td>
</tr>
<tr>
<td>Current Tax</td>
<td>(51.15)</td>
<td>(22.29)</td>
</tr>
<tr>
<td>Fringe Benefit Tax</td>
<td>(1.55)</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4896.06</td>
<td>4020.99</td>
</tr>
</tbody>
</table>

30. Deferred tax

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax for the year</td>
<td>166.47</td>
<td>353.15</td>
</tr>
<tr>
<td>Adjustments / (credits) related to previous years - Net</td>
<td>51.15</td>
<td>15.65</td>
</tr>
<tr>
<td>TOTAL</td>
<td>217.62</td>
<td>368.80</td>
</tr>
</tbody>
</table>

31. Additional Notes to the Financial Statements

(i) Earnings per share

<table>
<thead>
<tr>
<th>Details</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share has been computed as under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Profit for the year (₹ in Crores)</td>
<td>9844.71</td>
<td>9607.73</td>
</tr>
<tr>
<td>(b) Weighted average number of Ordinary shares outstanding</td>
<td>8,02,69,56,418</td>
<td>7,97,62,97,104</td>
</tr>
<tr>
<td>(c) Effect of potential Ordinary shares on Employee Stock Options outstanding</td>
<td>4,51,49,611</td>
<td>7,54,08,227</td>
</tr>
<tr>
<td>(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b)+(c)]</td>
<td>8,07,21,06,029</td>
<td>8,05,17,05,331</td>
</tr>
<tr>
<td>(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Basic [(a)/(b)]</td>
<td>₹ 12.26</td>
<td>₹ 12.05</td>
</tr>
<tr>
<td>- Diluted [(a)/(d)]</td>
<td>₹ 12.20</td>
<td>₹ 11.93</td>
</tr>
</tbody>
</table>

(ii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 247.50 Crores (2015 - ₹ 214.06 Crores) comprising employee benefits expense of ₹ 7.01 Crores (2015 - ₹ 7.61 Crores) and other expenses of ₹ 240.49 Crores (2015 - ₹ 206.45 Crores) of which ₹ 17.04 Crores (2015 - ₹ 12.67 Crores) is accrued for payment as on 31st March, 2016. Such CSR expenditure of ₹ 247.50 Crores (2015 - ₹ 214.06 Crores) excludes ₹ 11.43 Crores (2015 - ₹ 4.97 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit imposed of 5% of total CSR expenditure laid down under Rule 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for such expenses.

(iii) Research and Development expenses for the year amount to ₹ 121.91 Crores (2015 - ₹ 105.79 Crores).

(iv) Contingent liabilities and commitments:

(a) Contingent liabilities

(i) Claims against the Company not acknowledged as debts ₹ 581.25 Crores (2015 - ₹ 558.25 Crores), including interest on claims, where applicable, estimated to be ₹ 178.47 Crores (2015 - ₹ 153.37 Crores). These comprise:

- Excise duty, VAT / sales taxes and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 471.42 Crores (2015 - ₹ 450.01 Crores), including interest on claims, where applicable, estimated to be ₹ 159.98 Crores (2015 - ₹ 135.58 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 73.36 Crores (2015 - ₹ 68.79 Crores), including interest on claims, where applicable, estimated to be ₹ 14.46 Crores (2015 - ₹ 13.47 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 29.10 Crores (2015 - ₹ 29.19 Crores), including interest on claims, where applicable, estimated to be ₹ 0.25 Crore (2015 - ₹ 0.14 Crore).
Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

- Other matters ₹ 7.37 Crores (2015 - ₹ 10.26 Crores), including interest on other matters, where applicable, estimated to be ₹ 3.78 Crores (2015 - ₹ 4.18 Crores).
  It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

(ii) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding - ₹ 1.30 Crores (2015 - ₹ 1.30 Crores).

(b) Commitments
- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 2039.83 Crores (2015 - ₹ 1432.41 Crores).

(v) (a) Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

<table>
<thead>
<tr>
<th>Components of Employer Expense</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funded</td>
<td>Unfunded</td>
</tr>
<tr>
<td>1 Current Service Cost</td>
<td>44.34</td>
<td>19.65</td>
</tr>
<tr>
<td>2 Interest Cost</td>
<td>42.38</td>
<td>19.44</td>
</tr>
<tr>
<td>3 Expected Return on Plan Assets</td>
<td>(50.53)</td>
<td>(20.18)</td>
</tr>
<tr>
<td>4 Curtailment Cost/(Credit)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5 Settlement Cost/(Credit)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6 Past Service Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7 Actuarial Losses/(Gains)</td>
<td>27.01</td>
<td>16.91</td>
</tr>
<tr>
<td>8 Total expense recognised in</td>
<td>63.20</td>
<td>35.82</td>
</tr>
<tr>
<td>the Statement of Profit and Loss</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 26.

II Actual Returns

<table>
<thead>
<tr>
<th>Components</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pension</td>
<td>Gratuity</td>
</tr>
<tr>
<td>1 Present Value of Defined Benefit Obligation</td>
<td>627.53</td>
<td>293.99</td>
</tr>
<tr>
<td>2 Fair Value of Plan Assets</td>
<td>640.50</td>
<td>273.12</td>
</tr>
<tr>
<td>3 Status [Surplus/(Deficit)]</td>
<td>12.97</td>
<td>(20.87)</td>
</tr>
<tr>
<td>4 Unrecognised Past Service Cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5 Net Asset/(Liability) recognised in Balance Sheet</td>
<td>12.97</td>
<td>(20.87)</td>
</tr>
<tr>
<td>- Current</td>
<td>12.97</td>
<td>(20.87)</td>
</tr>
<tr>
<td>- Non-current</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IV</td>
<td>Change in Defined Benefit Obligation (DBO)</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>1</td>
<td>Present Value of DBO at the beginning of the year</td>
<td>615.05</td>
</tr>
<tr>
<td>2</td>
<td>Current Service Cost</td>
<td>44.34</td>
</tr>
<tr>
<td>3</td>
<td>Interest Cost</td>
<td>42.38</td>
</tr>
<tr>
<td>4</td>
<td>Curtailment Cost/(Credit)</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Settlement Cost/(Credit)</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Plan Amendments</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Acquisitions</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Actuarial (Gains)/Losses</td>
<td>25.60</td>
</tr>
<tr>
<td>9</td>
<td>Benefits Paid</td>
<td>(99.84)</td>
</tr>
<tr>
<td>10</td>
<td>Present Value of DBO at the end of the year</td>
<td>627.53</td>
</tr>
</tbody>
</table>

| V        | Best Estimate of Employers’ Expected Contribution for the next year | 56.73 | 19.04 |

<table>
<thead>
<tr>
<th>VI</th>
<th>Change in Fair Value of Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PlanAssets at the beginning of the year</td>
<td>663.53</td>
<td>247.57</td>
</tr>
<tr>
<td>2</td>
<td>Acquisition Adjustment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Expected Return on Plan Assets</td>
<td>50.53</td>
<td>20.18</td>
</tr>
<tr>
<td>4</td>
<td>Actuarial Gains/(Losses)</td>
<td>(1.41)</td>
<td>2.03</td>
</tr>
<tr>
<td>5</td>
<td>Actual Company Contributions</td>
<td>27.69</td>
<td>49.89</td>
</tr>
<tr>
<td>6</td>
<td>Benefits Paid</td>
<td>(99.84)</td>
<td>(46.55)</td>
</tr>
<tr>
<td>7</td>
<td>Plan Assets at the end of the year</td>
<td>640.50</td>
<td>273.12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VII</th>
<th>Actuarial Assumptions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Discount Rate (%)</td>
<td>7.50</td>
<td>7.50</td>
</tr>
<tr>
<td>2</td>
<td>Expected Return on Plan Assets (%)</td>
<td>7.75</td>
<td>7.75</td>
</tr>
</tbody>
</table>

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

<table>
<thead>
<tr>
<th>VIII</th>
<th>Major Category of Plan Assets as a % of the Total Plan Assets</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Government Securities/Special Deposit with RBI</td>
<td>33.68%</td>
<td>34.57%</td>
</tr>
<tr>
<td>2</td>
<td>High Quality Corporate Bonds</td>
<td>25.28%</td>
<td>28.05%</td>
</tr>
<tr>
<td>3</td>
<td>Insurer Managed Funds*</td>
<td>31.88%</td>
<td>26.96%</td>
</tr>
<tr>
<td>4</td>
<td>Mutual Funds</td>
<td>2.24%</td>
<td>2.72%</td>
</tr>
<tr>
<td>5</td>
<td>Cash and Cash Equivalents</td>
<td>3.73%</td>
<td>4.49%</td>
</tr>
<tr>
<td>6</td>
<td>Term Deposits</td>
<td>3.19%</td>
<td>3.21%</td>
</tr>
</tbody>
</table>

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.
Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Present Value of Defined Benefit Obligation</td>
<td>627.53</td>
<td>293.99</td>
<td>90.82</td>
<td>615.05</td>
</tr>
<tr>
<td>2</td>
<td>Fair Value of Plan Assets</td>
<td>640.50</td>
<td>273.12</td>
<td>–</td>
<td>663.53</td>
</tr>
<tr>
<td>3</td>
<td>Status [Surplus/(Deficit)]</td>
<td>12.97</td>
<td>20.87</td>
<td>(90.82)</td>
<td>48.48</td>
</tr>
<tr>
<td>4</td>
<td>Experience Adjustment of Plan Assets [Gain/(Loss)]</td>
<td>(1.41)</td>
<td>2.03</td>
<td>–</td>
<td>19.65</td>
</tr>
<tr>
<td>5</td>
<td>Experience Adjustment of obligation [Gain/(Loss)]</td>
<td>(1.41)</td>
<td>2.03</td>
<td>–</td>
<td>19.65</td>
</tr>
</tbody>
</table>

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 26: ₹ 72.30 Crores (2015 - ₹ 72.29 Crores).

(vi) Micro, Small and Medium scale business entities:
A sum of ₹ 34.13 Crores is payable to Micro and Small Enterprises as at 31st March, 2016 (2015 - ₹ 24.56 Crores). The above amount comprises ₹ 32.92 Crores (2015 - ₹ 21.91 Crores) on account of trade payable and ₹ 1.21 Crores (2015 - ₹ 2.65 Crores) on account of other current liabilities. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(vii) The Company’s significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as ‘Rent’ under Note 28.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows:

<table>
<thead>
<tr>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>12.74</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>15.13</td>
</tr>
<tr>
<td>Later than five years</td>
<td>0.35</td>
</tr>
</tbody>
</table>

(viii) Interests in Joint Ventures:

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Incorporation</th>
<th>Percentage of ownership interests as at 31st March, 2016</th>
<th>Percentage of ownership interests as at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maharaja Heritage Resorts Limited</td>
<td>India</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Esprit Hotels Private Limited</td>
<td>India</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Logix Developers Private Limited (LDPL)</td>
<td>India</td>
<td>27.90%</td>
<td>27.90%</td>
</tr>
</tbody>
</table>
b. The Company’s interest in these Joint Ventures is reported as Long Term investments (Note 11) and stated at cost. However, the Company’s share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interests in these Joint Ventures are:

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Fixed assets</td>
<td>98.67</td>
<td>98.66</td>
</tr>
<tr>
<td>a) Tangible assets</td>
<td>44.92</td>
<td>44.92</td>
</tr>
<tr>
<td>b) Intangible assets</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>c) Capital work-in-progress - Tangible assets</td>
<td>53.75</td>
<td>53.74</td>
</tr>
<tr>
<td>2 Deferred tax assets (Net)</td>
<td>0.27</td>
<td>0.29</td>
</tr>
<tr>
<td>3 Long-term loans and advances</td>
<td>0.20</td>
<td>0.22</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Current investments</td>
<td>0.19</td>
<td>0.19</td>
</tr>
<tr>
<td>5 Trade receivables</td>
<td>0.16</td>
<td>0.24</td>
</tr>
<tr>
<td>6 Cash and cash equivalents</td>
<td>1.31</td>
<td>1.24</td>
</tr>
<tr>
<td>7 Short-term loans and advances</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>II LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Long-term borrowings</td>
<td>16.15</td>
<td>20.91</td>
</tr>
<tr>
<td>2 Long-term provisions</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Trade payables</td>
<td>0.71</td>
<td>0.83</td>
</tr>
<tr>
<td>4 Other current liabilities</td>
<td>24.66</td>
<td>14.77</td>
</tr>
<tr>
<td>5 Short-term Provisions</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td><strong>For the year ended 31st March, 2016 (₹ in Crores)</strong></td>
<td><strong>For the year ended 31st March, 2015 (₹ in Crores)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>III INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Net Revenue from sale of products and services</td>
<td>0.87</td>
<td>0.81</td>
</tr>
<tr>
<td>2 Other operating revenue</td>
<td>0.05</td>
<td>0.12</td>
</tr>
<tr>
<td>3 Other income</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>IV EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Employee benefits expense</td>
<td>0.59</td>
<td>0.59</td>
</tr>
<tr>
<td>2 Finance Costs</td>
<td>4.71</td>
<td>-</td>
</tr>
<tr>
<td>3 Depreciation and amortisation expense</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>4 Other expenses</td>
<td>0.65</td>
<td>0.28</td>
</tr>
<tr>
<td>5 Tax expense</td>
<td>0.02</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>V OTHER MATTERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Capital Commitments</td>
<td>9.49</td>
<td>9.30</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

c. Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Ltd., Noida, the J V partner communicated its intention to explore alternative development plans and did not contribute its share of the cash call made by LDPL in June 2014. The resultant deadlock has stalled the project. The Company’s petition, filed during the year, praying for a direction to the J V partner to act in accordance with the Articles of Association of LDPL and complete the project or for appropriate directions for the company to exit from the J V in terms of the JVA, is pending before the Company Law Board. Further, the financial statements of LDPL for the year ended 31st March 2016 are yet to be approved by its Board of Directors. Accordingly, the share of assets, liabilities, income and expenses etc., pertaining to LDPL included above are based on financial statements certified by the management of LDPL.

(ix) Derivative Instruments:
The Company uses forward exchange contracts and currency options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

a) Forward exchange contracts outstanding as at year end:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Cross Currency</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Buy</td>
<td>Sell</td>
</tr>
<tr>
<td>US Dollar</td>
<td>Indian Rupee</td>
<td>65.75</td>
<td>173.65</td>
</tr>
<tr>
<td>Euro</td>
<td>US Dollar</td>
<td>53.26</td>
<td>–</td>
</tr>
<tr>
<td>AUD</td>
<td>US Dollar</td>
<td>1.20</td>
<td>–</td>
</tr>
<tr>
<td>CAD</td>
<td>US Dollar</td>
<td>–</td>
<td>0.20</td>
</tr>
<tr>
<td>CHF</td>
<td>US Dollar</td>
<td>2.70</td>
<td>–</td>
</tr>
<tr>
<td>GBP</td>
<td>US Dollar</td>
<td>–</td>
<td>0.90</td>
</tr>
<tr>
<td>SGD</td>
<td>US Dollar</td>
<td>1.78</td>
<td>–</td>
</tr>
<tr>
<td>SEK</td>
<td>US Dollar</td>
<td>6.93</td>
<td>–</td>
</tr>
<tr>
<td>KWD</td>
<td>US Dollar</td>
<td>0.04</td>
<td>–</td>
</tr>
<tr>
<td>J PY</td>
<td>US Dollar</td>
<td>699.90</td>
<td>–</td>
</tr>
</tbody>
</table>

b) Foreign currency exposures that have not been hedged by a derivative instrument or otherwise as at year end:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Cross Currency</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Buy</td>
<td>Sell</td>
</tr>
<tr>
<td>US Dollar</td>
<td>Indian Rupee</td>
<td>41.13</td>
<td>36.18</td>
</tr>
<tr>
<td>Euro</td>
<td>US Dollar</td>
<td>0.89</td>
<td>1.02</td>
</tr>
<tr>
<td>GBP</td>
<td>US Dollar</td>
<td>0.97</td>
<td>0.86</td>
</tr>
<tr>
<td>J PY</td>
<td>US Dollar</td>
<td>3.65</td>
<td>–</td>
</tr>
<tr>
<td>SEK</td>
<td>US Dollar</td>
<td>0.54</td>
<td>–</td>
</tr>
<tr>
<td>KWD</td>
<td>US Dollar</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>CHF</td>
<td>US Dollar</td>
<td>0.08</td>
<td>–</td>
</tr>
<tr>
<td>SGD</td>
<td>US Dollar</td>
<td>0.34</td>
<td>–</td>
</tr>
<tr>
<td>CAD</td>
<td>US Dollar</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>HKD</td>
<td>US Dollar</td>
<td>0.10</td>
<td>–</td>
</tr>
<tr>
<td>AED</td>
<td>US Dollar</td>
<td>0.01</td>
<td>–</td>
</tr>
<tr>
<td>AUD</td>
<td>US Dollar</td>
<td>0.05</td>
<td>–</td>
</tr>
</tbody>
</table>

* Figures in brackets indicate open exports. Figures without brackets indicate open imports.
(x) Pursuant to the Scheme of Arrangement for demerger of the Non-Engineering Business of Wimco Limited ('Wimco') into ITC Limited (the Scheme), as approved by the shareholders of the Company and subsequently sanctioned by the Honourable High Courts at Bombay and Calcutta vide their Orders dated 10th April, 2014 and 14th May, 2014 respectively, the entire assets and liabilities, as at 1st April 2013, of the Non-Engineering Business of Wimco were transferred to and vested in the Company on a going concern basis with effect from 1st April, 2013. The Scheme had been given effect to in the financial statements of the Company for the year ended 31st March, 2015.

As a result, in the financial statements as at, and for the year ended 31st March, 2015:

a) the excess of value of the net assets of the Non-Engineering business of Wimco over the sum of face value of the shares allotted and cancellation of the Company's investment in Wimco, amounting to ₹ 91.00 Crores was debited to General Reserve.

b) the loss of ₹ 8.01 Crores for the year from 1st April, 2013 to 31st March, 2014 has been recognised as an adjustment to the revenue reserves.

c) earlier unrecognised net deferred tax assets of ₹ 45.84 Crores on carry forward of business losses and other net timing differences of Wimco have also been recognised as an adjustment to revenue reserves.

d) in consideration of the above, the Company had issued and allotted 87,761 Ordinary Shares of ₹ 1.00 each.

(xi) Pursuant to the notification of Schedule II of the Companies Act 2013, with effect from 1st April 2014, the Company had reviewed and revised the estimated useful lives of its fixed assets. In respect of assets, whose useful life was exhausted as at 1st April, 2014, the related carrying amount aggregating to ₹ 48.32 Crores (net of deferred tax of ₹ 24.88 Crores) had been adjusted against opening balance of Surplus in the Statement of Profit and Loss during 2014-15.

(xii) (a) Details of Opening and Closing Stock of Finished Goods (manufactured) and Stock-in-Trade (goods purchased for resale)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarettes</td>
<td>1731.54</td>
<td>1309.87</td>
</tr>
<tr>
<td>Branded Packaged Food Products</td>
<td>229.99</td>
<td>212.14</td>
</tr>
<tr>
<td>Agri Products/Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)</td>
<td>259.44</td>
<td>251.99</td>
</tr>
<tr>
<td>Paperboards and Paper</td>
<td>114.11</td>
<td>90.06</td>
</tr>
<tr>
<td>Printed Materials</td>
<td>5.02</td>
<td>6.94</td>
</tr>
<tr>
<td>Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)</td>
<td>553.98</td>
<td>2894.08</td>
</tr>
</tbody>
</table>

Acquired pursuant to the Scheme of Arrangement
[Refer Note 31(x)]

<table>
<thead>
<tr>
<th>Others (Safety Matches)</th>
<th>-</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.40</td>
<td>0.40</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Closing Stock</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarettes</td>
<td>2047.68</td>
<td>1731.54</td>
</tr>
<tr>
<td>Branded Packaged Food Products</td>
<td>275.60</td>
<td>229.99</td>
</tr>
<tr>
<td>Agri Products/Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)</td>
<td>184.11</td>
<td>259.44</td>
</tr>
<tr>
<td>Paperboards and Paper</td>
<td>83.92</td>
<td>114.11</td>
</tr>
<tr>
<td>Printed Materials</td>
<td>7.27</td>
<td>5.02</td>
</tr>
<tr>
<td>Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)</td>
<td>492.61</td>
<td>3091.19</td>
</tr>
</tbody>
</table>

ITC Limited REPORT AND ACCOUNTS 2016
Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

(b) Details of Opening and Closing Stock of Work-in-progress

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening Stock</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branded Packaged Food Products</td>
<td>17.94</td>
<td>15.69</td>
</tr>
<tr>
<td>Paperboards and Paper</td>
<td>136.84</td>
<td>103.55</td>
</tr>
<tr>
<td>Printed Materials</td>
<td>20.78</td>
<td>15.83</td>
</tr>
<tr>
<td>Others (Apparel, Personal Care Products, etc.)</td>
<td>5.26</td>
<td>7.22</td>
</tr>
<tr>
<td><strong>Acquired pursuant to the Scheme of Arrangement [Refer Note 31(x)]</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paperboards and Paper</td>
<td>–</td>
<td>2.28</td>
</tr>
<tr>
<td>Others (Safety Matches)</td>
<td>–</td>
<td>0.75</td>
</tr>
<tr>
<td><strong>Closing Stock</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branded Packaged Food Products</td>
<td>34.45</td>
<td>17.94</td>
</tr>
<tr>
<td>Paperboards and Paper</td>
<td>119.41</td>
<td>136.84</td>
</tr>
<tr>
<td>Printed Materials</td>
<td>21.36</td>
<td>20.78</td>
</tr>
<tr>
<td>Others (Apparel, Personal Care Products, etc.)</td>
<td>5.29</td>
<td>5.26</td>
</tr>
</tbody>
</table>

|xiii| Value of Imports during the year (C.I.F. Basis)

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials</td>
<td>1247.18</td>
<td>1429.00</td>
</tr>
<tr>
<td>Components and spare parts (including stores)</td>
<td>61.55</td>
<td>68.92</td>
</tr>
<tr>
<td>Purchase of Trademarks</td>
<td>–</td>
<td>43.65</td>
</tr>
<tr>
<td>Capital goods</td>
<td>211.25</td>
<td>292.56</td>
</tr>
<tr>
<td>Other goods*</td>
<td>15.36</td>
<td>17.98</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1535.34</td>
<td>1852.11</td>
</tr>
</tbody>
</table>

* Includes Goods purchased for resale, Packing Materials, Hotel Consumables and sundry items.

|xiv| Expenditure in Foreign Currency during the year

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional fees</td>
<td>30.76</td>
<td>24.68</td>
</tr>
<tr>
<td>Hotel reservation/Marketing expenses</td>
<td>31.48</td>
<td>30.45</td>
</tr>
<tr>
<td>Export promotion expenses</td>
<td>4.38</td>
<td>5.66</td>
</tr>
<tr>
<td>Agency commission</td>
<td>12.38</td>
<td>10.13</td>
</tr>
<tr>
<td>Interest</td>
<td>–</td>
<td>2.39</td>
</tr>
<tr>
<td>Licence fees</td>
<td>5.69</td>
<td>5.04</td>
</tr>
<tr>
<td>Miscellaneous expenditure*</td>
<td>51.66</td>
<td>38.29</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>136.35</td>
<td>116.64</td>
</tr>
</tbody>
</table>

* Includes Advertisements/Sales promotion, Training, Subscription fees etc.
Notes to the Financial Statements

31. Additional Notes to the Financial Statements (Contd.)

(xv) Value of Raw materials, Spare parts and Components consumed during the year

<table>
<thead>
<tr>
<th></th>
<th>(Percentage)</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>Raw materials (including packing material)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imported</td>
<td>12.17</td>
<td>13.86</td>
<td>1345.56</td>
</tr>
<tr>
<td>Indigenous</td>
<td>87.83</td>
<td>86.14</td>
<td>9709.19</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00</td>
<td>100.00</td>
<td>11054.75</td>
</tr>
<tr>
<td>Spare parts and Components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imported</td>
<td>28.15</td>
<td>28.59</td>
<td>69.93</td>
</tr>
<tr>
<td>Indigenous</td>
<td>71.85</td>
<td>71.41</td>
<td>178.52</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00</td>
<td>100.00</td>
<td>248.45</td>
</tr>
</tbody>
</table>

(xvi) Dividend remittance in foreign currency

<table>
<thead>
<tr>
<th>Year of Remittance</th>
<th>On Account of Financial Year</th>
<th>No. of Non-Resident Shareholders</th>
<th>No. of Shares held</th>
<th>(₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/2016</td>
<td>2014/2015</td>
<td>53</td>
<td>2,43,40,08,262</td>
<td>1521.26</td>
</tr>
</tbody>
</table>

(xvii) Earnings in foreign exchange during the year

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export of Goods (F.O.B.)</td>
<td>3057.85</td>
<td>4253.18</td>
</tr>
<tr>
<td>Hotel earnings</td>
<td>533.76</td>
<td>779.01</td>
</tr>
<tr>
<td>Freight and Insurance recoveries</td>
<td>33.36</td>
<td>42.46</td>
</tr>
<tr>
<td>Dividend</td>
<td>9.96</td>
<td>12.37</td>
</tr>
<tr>
<td>Other earnings*</td>
<td>8.81</td>
<td>8.97</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3643.74</strong></td>
<td><strong>5095.99</strong></td>
</tr>
</tbody>
</table>

* Consist of finance and storage charges and sundry recoveries.
### Notes to the Financial Statements

#### 31. Additional Notes to the Financial Statements (Contd.)

(xviii) Information in respect of Options granted under the Company's Employee Stock Option Schemes (‘Schemes’):

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>ITC Employee Stock Option Scheme (introduced in 2001)</th>
<th>ITC Employee Stock Option Scheme - 2006</th>
<th>ITC Employee Stock Option Scheme - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Date of Shareholders’ approval</td>
<td>17-01-2001</td>
<td>22-01-2007</td>
</tr>
<tr>
<td>2.</td>
<td>Total number of Options approved under the Schemes</td>
<td>Options equivalent to 12,27,07,450 Ordinary Shares of ₹ 1/- each</td>
<td>Options equivalent to 36,22,61,893 Ordinary Shares of ₹ 1/- each</td>
</tr>
<tr>
<td>3.</td>
<td>Vesting Schedule</td>
<td>The vesting period for conversion of Options is as follows:</td>
<td>On completion of 12 months from the date of grant of the Options: 30% vests</td>
</tr>
<tr>
<td>4.</td>
<td>Pricing Formula</td>
<td>The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination &amp; Compensation Committee, which is no lower than the closing price of the Company’s Share on the National Stock Exchange of India Limited (‘the NSE’) on the date of grant, or the average price of the Company’s Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the ‘Market Price’ as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at ‘market price’ as defined from time to time under the aforesaid Guidelines/Regulations.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Maximum term of Options granted</td>
<td>5 years from the date of grant</td>
<td>5 years from the date of vesting</td>
</tr>
<tr>
<td>6.</td>
<td>Source of Shares</td>
<td>Primary</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Variation in terms of Options</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Method used for accounting of share-based payment plans</td>
<td>The employee compensation cost has been calculated using the intrinsic value method of accounting for Options issued under the Company’s Employee Stock Option Schemes. The employee compensation cost as per the intrinsic value method for the financial year 2015-16 is Nil.</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan.</td>
<td>Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1/- each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 &amp; the ITC Employee Stock Option Scheme - 2010. The above is in addition to the other terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore.</td>
<td></td>
</tr>
</tbody>
</table>
### 31. Additional Notes to the Financial Statements (Contd.)

#### 10. Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock.

- **Weighted average exercise price per Option**: ₹ 3200.41
- **Weighted average fair value per Option**: ₹ 755.90

#### 11. Option movements during the year

<table>
<thead>
<tr>
<th>Particulars</th>
<th>ITC Employee Stock Option Scheme (introduced in 2001)</th>
<th>ITC Employee Stock Option Scheme - 2006</th>
<th>ITC Employee Stock Option Scheme - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Options outstanding at the beginning of the year</td>
<td>4,22,036</td>
<td>54,26,488</td>
<td>2,10,86,617</td>
</tr>
<tr>
<td>b) Options granted during the year</td>
<td>-</td>
<td>63,840</td>
<td>68,45,760</td>
</tr>
<tr>
<td>c) Options cancelled and lapsed during the year</td>
<td>-</td>
<td>64,840</td>
<td>4,81,229</td>
</tr>
<tr>
<td>d) Options vested and exercisable during the year (net of Options lapsed and exercised)</td>
<td>-</td>
<td>1,06,505</td>
<td>57,00,166</td>
</tr>
<tr>
<td>e) Options exercised during the year</td>
<td>2,40,976</td>
<td>18,85,64</td>
<td>10,41,905</td>
</tr>
<tr>
<td>f) Number of Ordinary Shares of ₹ 1/- each arising as a result of exercise of Options during the year</td>
<td>24,09,760</td>
<td>1,08,58,640</td>
<td>1,04,19,050</td>
</tr>
<tr>
<td>g) Options outstanding at the end of the year</td>
<td>1,81,060</td>
<td>35,39,624</td>
<td>2,64,09,243</td>
</tr>
<tr>
<td>h) Options exercisable at the end of the year</td>
<td>1,81,060</td>
<td>34,39,619</td>
<td>1,25,84,442</td>
</tr>
<tr>
<td>i) Money realised by exercise of the Options during the year (₹ in Crores)</td>
<td>48.76</td>
<td>242.18</td>
<td>240.76</td>
</tr>
</tbody>
</table>

#### 12. Summary of the status of Options

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Options</td>
<td>Weighted Average Exercise Prices (₹)</td>
<td>No. of Options</td>
</tr>
<tr>
<td>Outstanding at the beginning of the year</td>
<td>2,69,35,141</td>
<td>2609.34</td>
</tr>
<tr>
<td>Add: granted during the year</td>
<td>69,09,600</td>
<td>3200.41</td>
</tr>
<tr>
<td>Less: Lapsed during the year</td>
<td>5,46,069</td>
<td>3012.09</td>
</tr>
<tr>
<td>Less: Exercised during the year</td>
<td>3,16,87,45</td>
<td>1677.95</td>
</tr>
<tr>
<td>Outstanding at the end of the year</td>
<td>3,01,29,927</td>
<td>2835.55</td>
</tr>
<tr>
<td>Options exercisable at the end of the year</td>
<td>1,62,05,121</td>
<td>2452.64</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

31. Additional Notes to the Financial Statements  (Contd.)

13. Weighted average share price of Shares arising upon exercise of Options

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Options Outstanding</td>
<td>Range of Exercise Prices (₹)</td>
</tr>
<tr>
<td>ITC Employee Stock Option Scheme (introduced in 2001)</td>
<td>1,81,060</td>
<td>2023.50</td>
</tr>
<tr>
<td>ITC Employee Stock Option Scheme - 2006</td>
<td>35,39,624</td>
<td>948.00 - 3572.00</td>
</tr>
<tr>
<td>ITC Employee Stock Option Scheme - 2010</td>
<td>2,64,09,243</td>
<td>2023.50 - 3572.00</td>
</tr>
</tbody>
</table>

14. Summary of Options outstanding, scheme-wise:

15. A description of the method used during the year to estimate the fair values of Options, the weighted average exercise prices and weighted average fair values of Options granted.

The significant assumptions used to ascertain the above.

16. Methodology for determination of expected volatility.

The volatility used in the Black Scholes Option Pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company’s stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.
### Notes to the Financial Statements

#### 31. Additional Notes to the Financial Statements (Contd.)

17. Difference between the employee compensation cost so computed at (8) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options.

**Amount:** ₹ 510.08 crores

18. The impact of this difference on profits and on Earnings Per Share of the Company.

The effect on the profits and earnings per share, had the fair value method been adopted, is presented below:

<table>
<thead>
<tr>
<th>Profit After Tax</th>
<th>₹ in Crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>As reported</td>
<td>9844.71</td>
</tr>
<tr>
<td>Add: Intrinsic Value Compensation Cost</td>
<td>Nil</td>
</tr>
<tr>
<td>Less: Fair Value Compensation Cost (Black Scholes model)</td>
<td>510.08</td>
</tr>
<tr>
<td>Adjusted Profit</td>
<td>9334.63</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings Per Share</th>
<th>Basic (₹)</th>
<th>Diluted (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>As reported</td>
<td>12.26</td>
<td>12.20</td>
</tr>
<tr>
<td>As adjusted</td>
<td>11.63</td>
<td>11.56</td>
</tr>
</tbody>
</table>

19. Options granted to (a) Senior managerial personnel

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>No. of Options granted during the financial year 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y. C. Deveshwar</td>
<td>Executive Chairman</td>
<td>2,70,000</td>
</tr>
<tr>
<td>N. Anand</td>
<td>Executive Director</td>
<td>1,35,000</td>
</tr>
<tr>
<td>S. Puri</td>
<td>Executive Director</td>
<td>56,250</td>
</tr>
<tr>
<td>R. Tandon</td>
<td>Executive Director and Chief Financial Officer</td>
<td>56,250</td>
</tr>
<tr>
<td>K. Vaidyanath</td>
<td>Non-Executive Director</td>
<td>10,000</td>
</tr>
<tr>
<td>S. M. Ahmad</td>
<td>On deputation</td>
<td>25,300</td>
</tr>
<tr>
<td>A. Ambasta</td>
<td>Executive V. P. and Head - Social Investments</td>
<td>17,600</td>
</tr>
<tr>
<td>G. Anand</td>
<td>Executive V. P., Pre-Opening Services (HD)</td>
<td>15,000</td>
</tr>
<tr>
<td>A. Anir</td>
<td>Executive V. P. and Head - Corporate Communications</td>
<td>32,000</td>
</tr>
<tr>
<td>R. Batra</td>
<td>On deputation</td>
<td>25,300</td>
</tr>
<tr>
<td>S. K. Bezbola</td>
<td>Executive V. P. - Corporate EHS</td>
<td>17,600</td>
</tr>
<tr>
<td>R. Bhandari</td>
<td>Chief Operating Officer - ITC Hotels / WelcomHotels (HD)</td>
<td>15,000</td>
</tr>
<tr>
<td>A. Chand</td>
<td>Divisional Chief Executive (LRBD)</td>
<td>23,000</td>
</tr>
<tr>
<td>L. C. Chandrasekharan</td>
<td>Chief Scientist - Research &amp; Technology Innovation (LS &amp; T)</td>
<td>28,800</td>
</tr>
<tr>
<td>B. B. Chatterjee</td>
<td>Executive V. P. and Company Secretary</td>
<td>40,000</td>
</tr>
<tr>
<td>C. Dar</td>
<td>Group Head - LS &amp; T, Projects, EHS and Quality Assurance</td>
<td>40,000</td>
</tr>
<tr>
<td>Saradindu Dutta</td>
<td>Head - Corporate Accounts</td>
<td>21,280</td>
</tr>
<tr>
<td>Supratim Dutta</td>
<td>Executive V. P. - Corporate Finance</td>
<td>30,600</td>
</tr>
<tr>
<td>M. Ganesh</td>
<td>Executive V. P. - Finance, Procurement &amp; IT (FD)</td>
<td>30,600</td>
</tr>
<tr>
<td>S. Ganesh Kumar</td>
<td>Chief Operating Officer - Staples, Snacks &amp; Meals (FD)</td>
<td>25,300</td>
</tr>
</tbody>
</table>
### Abbreviations denote:

- **ITD**: India Tobacco Division  
- **PSPD**: Paperboards & Specialty Papers Division  
- **LRBD**: Lifestyle Retailing Business Division  
- **ABD**: Agri Business Division  
- **ABD - ILTD**: Agri Business, India Leaf Tobacco Division  
- **FD**: Foods Division  
- **TM&D**: Trade Marketing & Distribution  
- **ESPB**: Education & Stationery Products Business  
- **PCPB**: Personal Care Products Business  
- **PPB**: Printing & Packaging Business  
- **LS&T**: Life Sciences & Technology  

#### Notes to the Financial Statements

31. Additional Notes to the Financial Statements  (Contd.)

<table>
<thead>
<tr>
<th>Name Designation</th>
<th>Name Designation</th>
<th>No. of Options granted during the financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 S. Guha</td>
<td>Executive V.P. - Technical (ITD)</td>
<td>25,300</td>
</tr>
<tr>
<td>22 R. Gupta</td>
<td>Head - Corporate Taxation</td>
<td>23,000</td>
</tr>
<tr>
<td>23 D. Haksar</td>
<td>Chief Executive - ITC Hotels / WelcomHotels (HD)</td>
<td>21,500</td>
</tr>
<tr>
<td>24 S. Kaul</td>
<td>SBU Chief Executive (PCPB)</td>
<td>30,600</td>
</tr>
<tr>
<td>25 S. Kumar</td>
<td>On deputation</td>
<td>21,500</td>
</tr>
<tr>
<td>26 H. Malik</td>
<td>Divisional Chief Executive (ITD)</td>
<td>35,000</td>
</tr>
<tr>
<td>27 A. K. Mukerji</td>
<td>Corporate Financial Controller</td>
<td>40,000</td>
</tr>
<tr>
<td>28 A. R. Noronha</td>
<td>Executive V.P. - Projects (HD)</td>
<td>21,500</td>
</tr>
<tr>
<td>29 R. Parasuram</td>
<td>Head - Corporate Internal Audit</td>
<td>35,000</td>
</tr>
<tr>
<td>30 A. Pathak</td>
<td>On deputation</td>
<td>30,600</td>
</tr>
<tr>
<td>31 R. Rai</td>
<td>Chief Operating Officer (ABD)</td>
<td>25,300</td>
</tr>
<tr>
<td>32 V. M. Rajasekharan</td>
<td>SBU Chief Executive - Agarbatti &amp; Matches</td>
<td>23,000</td>
</tr>
<tr>
<td>33 V. L. Rajesh</td>
<td>Divisional Chief Executive (FD)</td>
<td>30,600</td>
</tr>
<tr>
<td>34 A. K. Rajput</td>
<td>Senior V.P. - Corporate Affairs</td>
<td>40,000</td>
</tr>
<tr>
<td>35 S. Rangrass</td>
<td>Divisional Chief Executive (ABD-ITLD)</td>
<td>35,000</td>
</tr>
<tr>
<td>36 A. V. Rao</td>
<td>Executive V.P. - Manufacturing &amp; Projects (PSPD)</td>
<td>30,600</td>
</tr>
<tr>
<td>37 C. V. Sama</td>
<td>Executive V.P. - Finance &amp; MIS (PSPD)</td>
<td>29,300</td>
</tr>
<tr>
<td>38 R. Senguttuvan</td>
<td>SBU Chief Executive (PPB)</td>
<td>35,000</td>
</tr>
<tr>
<td>39 S. Salpathy</td>
<td>Chief Operating Officer (PCPB)</td>
<td>30,000</td>
</tr>
<tr>
<td>40 A. Seth</td>
<td>Executive V.P. - Finance &amp; MIS (ITD)</td>
<td>25,300</td>
</tr>
<tr>
<td>41 A. Shama</td>
<td>Executive V.P. - Human Resources (HD)</td>
<td>15,000</td>
</tr>
<tr>
<td>42 S. K. Singh</td>
<td>Divisional Chief Executive (PSPD)</td>
<td>40,000</td>
</tr>
<tr>
<td>43 S. Sivakumar</td>
<td>Group Head - Agri Business</td>
<td>36,250</td>
</tr>
<tr>
<td>44 R. Siddhar</td>
<td>Head - Corporate Human Resources</td>
<td>23,000</td>
</tr>
<tr>
<td>45 S. A. Sule</td>
<td>Executive V.P. - Sales Operations &amp; Development (TM&amp;D)</td>
<td>30,600</td>
</tr>
<tr>
<td>46 B. Sumant</td>
<td>President - FMCG</td>
<td>40,000</td>
</tr>
<tr>
<td>47 K. S. Suresh</td>
<td>General Counsel</td>
<td>40,000</td>
</tr>
<tr>
<td>48 S. Tyagi</td>
<td>SBU Chief Executive (ESPB)</td>
<td>30,600</td>
</tr>
<tr>
<td>49 K. I. Viswanathan</td>
<td>Executive V.P. - Marketing (PSPD)</td>
<td>30,600</td>
</tr>
<tr>
<td>50 S. Wanchoo</td>
<td>Executive V.P. - Marketing (ITD)</td>
<td>25,300</td>
</tr>
<tr>
<td>51 A. Zachariah</td>
<td>Executive V.P. and Head - Central Projects Organisation</td>
<td>23,000</td>
</tr>
</tbody>
</table>

The Optionees were granted Options on 12th August, 2015 at the exercise price of ₹ 3201/- per Option, other than Mr. S. Salpathy (Sl. No. 39) who was granted Options on 22nd January, 2016 at the exercise price of ₹ 3064/- per Option.

#### (b) Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year.

<table>
<thead>
<tr>
<th>Name Designation</th>
<th>Name Designation</th>
<th>No. of Options granted during the financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### (c) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

<table>
<thead>
<tr>
<th>Name Designation</th>
<th>Name Designation</th>
<th>No. of Options granted during the financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### (xix) Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year’s classification/disclosure.
### PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Revenue - Gross</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>32348.29</td>
<td>32348.29</td>
<td>30452.38</td>
<td>30452.38</td>
</tr>
<tr>
<td>FMCG - Others</td>
<td>9719.62</td>
<td>11.55</td>
<td>9731.17</td>
<td>9028.27</td>
</tr>
<tr>
<td><strong>FMCG - Total</strong></td>
<td>42067.91</td>
<td>11.55</td>
<td>42079.46</td>
<td>39480.65</td>
</tr>
<tr>
<td>Hotels</td>
<td>1273.51</td>
<td>12.66</td>
<td>1286.17</td>
<td>1173.55</td>
</tr>
<tr>
<td><strong>Agri Business</strong></td>
<td>4389.34</td>
<td>3067.54</td>
<td>7456.88</td>
<td>5672.07</td>
</tr>
<tr>
<td><strong>Paperboards, Paper and Packaging</strong></td>
<td>3651.69</td>
<td>1476.01</td>
<td>5327.70</td>
<td>3638.55</td>
</tr>
<tr>
<td><strong>Segment Total</strong></td>
<td>51582.45</td>
<td>4567.76</td>
<td>56150.21</td>
<td>49964.82</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(4567.76)</td>
<td></td>
<td>(4374.62)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Revenue from sale of products and services</strong></td>
<td>51582.45</td>
<td></td>
<td>49964.82</td>
<td></td>
</tr>
<tr>
<td><strong>Segment Revenue - Net</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>17485.82</td>
<td>17485.82</td>
<td>16804.56</td>
<td>16804.56</td>
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<tr>
<td>FMCG - Others</td>
<td>9692.85</td>
<td>11.55</td>
<td>9704.40</td>
<td>9001.52</td>
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<tr>
<td><strong>FMCG - Total</strong></td>
<td>27178.67</td>
<td>11.55</td>
<td>27190.22</td>
<td>25806.08</td>
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<tr>
<td>Hotels</td>
<td>1273.45</td>
<td>12.66</td>
<td>1286.11</td>
<td>1173.50</td>
</tr>
<tr>
<td><strong>Agri Business</strong></td>
<td>4389.34</td>
<td>3067.54</td>
<td>7456.88</td>
<td>5672.07</td>
</tr>
<tr>
<td><strong>Paperboards, Paper and Packaging</strong></td>
<td>3633.81</td>
<td>1383.58</td>
<td>5017.39</td>
<td>3413.56</td>
</tr>
<tr>
<td><strong>Segment Total</strong></td>
<td>36475.27</td>
<td>4475.33</td>
<td>40950.60</td>
<td>36083.21</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(4475.33)</td>
<td></td>
<td>(4273.94)</td>
<td></td>
</tr>
<tr>
<td><strong>Net Revenue from sale of products and services</strong></td>
<td>36475.27</td>
<td></td>
<td>36083.21</td>
<td></td>
</tr>
<tr>
<td><strong>Segment Results</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>11752.43</td>
<td></td>
<td>11196.27</td>
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</tr>
<tr>
<td>FMCG - Others</td>
<td>70.51</td>
<td></td>
<td>34.08</td>
<td></td>
</tr>
<tr>
<td><strong>FMCG - Total</strong></td>
<td>11822.94</td>
<td></td>
<td>11230.35</td>
<td></td>
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<tr>
<td>Hotels</td>
<td>55.69</td>
<td></td>
<td>49.08</td>
<td></td>
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<tr>
<td><strong>Agri Business</strong></td>
<td>933.72</td>
<td></td>
<td>903.97</td>
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<tr>
<td><strong>Paperboards, Paper and Packaging</strong></td>
<td>907.62</td>
<td></td>
<td>921.48</td>
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<tr>
<td><strong>Segment Total</strong></td>
<td>13719.97</td>
<td></td>
<td>13104.88</td>
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<tr>
<td>Eliminations</td>
<td>(51.13)</td>
<td></td>
<td>(60.12)</td>
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<tr>
<td><strong>Consolidated Total</strong></td>
<td>13668.84</td>
<td></td>
<td>13044.76</td>
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<tr>
<td>Unallocated corporate expenses net of unallocated income</td>
<td>443.52</td>
<td></td>
<td>512.40</td>
<td></td>
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<tr>
<td><strong>Profit before interest etc. and taxation</strong></td>
<td>13225.32</td>
<td></td>
<td>12532.36</td>
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<tr>
<td>Finance costs</td>
<td>49.13</td>
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<td>57.42</td>
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<tr>
<td>Interest earned on loans and deposits, income from current and long-term investments, profit and loss on sale of investments etc. - Net</td>
<td>1782.20</td>
<td></td>
<td>1522.58</td>
<td></td>
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<tr>
<td><strong>Profit before tax</strong></td>
<td>14999.39</td>
<td></td>
<td>13997.52</td>
<td></td>
</tr>
<tr>
<td>Tax expense</td>
<td>5131.68</td>
<td></td>
<td>4389.79</td>
<td></td>
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<tr>
<td><strong>Profit for the year</strong></td>
<td>9864.71</td>
<td></td>
<td>9607.73</td>
<td></td>
</tr>
</tbody>
</table>

3. **Other Information**

<table>
<thead>
<tr>
<th>Segment Assets</th>
<th>Segment Liabilities*</th>
<th>Segment Assets</th>
<th>Segment Liabilities*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMCG - Cigarettes</td>
<td>7893.49</td>
<td>2644.39</td>
<td>8004.99</td>
</tr>
<tr>
<td>FMCG - Others</td>
<td>6031.77</td>
<td>1179.77</td>
<td>4849.14</td>
</tr>
<tr>
<td><strong>FMCG - Total</strong></td>
<td>13925.26</td>
<td>3824.16</td>
<td>12854.13</td>
</tr>
<tr>
<td>Hotels [Refer Note 10(7)]</td>
<td>4820.29</td>
<td>345.93</td>
<td>4654.05</td>
</tr>
<tr>
<td>Agri Business</td>
<td>2970.11</td>
<td>611.38</td>
<td>2650.59</td>
</tr>
<tr>
<td>Paperboards, Paper and Packaging</td>
<td>6031.00</td>
<td>510.68</td>
<td>5921.98</td>
</tr>
<tr>
<td><strong>Segment Total</strong></td>
<td>27746.66</td>
<td>5291.61</td>
<td>26808.75</td>
</tr>
<tr>
<td>Unallocated Corporate Assets/Liabilities</td>
<td>22293.49</td>
<td>11819.54</td>
<td>18582.65</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50040.15</td>
<td>17111.15</td>
<td>43663.40</td>
</tr>
</tbody>
</table>

*Segment Liabilities of FMCG - Cigarettes is before considering ₹ 651.54 Crores (2015 - ₹ 629.98 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States’ appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'.
32. Segment Reporting (Contd.)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital</td>
<td>Depreciation</td>
</tr>
<tr>
<td></td>
<td>expenditure</td>
<td>and amortisation</td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>218.25</td>
<td>245.82</td>
</tr>
<tr>
<td>FMCG - Others</td>
<td>757.15</td>
<td>236.17</td>
</tr>
<tr>
<td><strong>FMCG - Total</strong></td>
<td><strong>975.40</strong></td>
<td><strong>481.99</strong></td>
</tr>
<tr>
<td>Hotels [Refer Note 10(7)]</td>
<td>291.50</td>
<td>187.59</td>
</tr>
<tr>
<td>Agri Business</td>
<td>128.46</td>
<td>50.63</td>
</tr>
<tr>
<td>Paperboards, Paper and Packaging</td>
<td>349.76</td>
<td>242.52</td>
</tr>
<tr>
<td><strong>Segment Total</strong></td>
<td><strong>1745.12</strong></td>
<td><strong>962.73</strong></td>
</tr>
</tbody>
</table>

**SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital</td>
<td>Depreciation</td>
</tr>
<tr>
<td></td>
<td>expenditure</td>
<td>and amortisation</td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>218.25</td>
<td>245.82</td>
</tr>
<tr>
<td>FMCG - Others</td>
<td>757.15</td>
<td>236.17</td>
</tr>
<tr>
<td><strong>FMCG - Total</strong></td>
<td><strong>975.40</strong></td>
<td><strong>481.99</strong></td>
</tr>
<tr>
<td>Hotels [Refer Note 10(7)]</td>
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</tr>
<tr>
<td>Paperboards, Paper and Packaging</td>
<td>349.76</td>
<td>242.52</td>
</tr>
<tr>
<td><strong>Segment Total</strong></td>
<td><strong>1745.12</strong></td>
<td><strong>962.73</strong></td>
</tr>
</tbody>
</table>

**NOTES:**

1. The Company’s corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups: FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Company’s organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

2. The business groups comprise the following:
   - **FMCG**: Cigarettes, Cigars etc.
   - **Others**: Branded Packaged Foods Businesses (Staples, Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.
   - **Hotels**: Hoteliering.
   - **Paperboards, Paper and Packaging**: Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
   - **Agri Business**: Agri commodities such as soya, spices, coffee and leaf tobacco.

3. The geographical segments considered for disclosure are:
   - Sales within India.
   - Sales outside India.

4. Segment results of ‘FMCG: Others’ are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.

5. The Company’s Agri Business markets agri commodities in the export and domestic markets; supplies agri raw materials to the Branded Packaged Foods businesses and sources leaf tobacco for the Cigarettes business.
33. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:
   i) Subsidiaries:
      a) Srinivasa Resorts Limited
      b) Fortune Park Hotels Limited
      c) Bay Islands Hotels Limited
      d) WelcomHotels Lanka (Private) Limited, Sri Lanka
      e) Landbase India Limited
      f) Russell Credit Limited and its subsidiary
         Greenacre Holdings Limited
      g) Technico Pty Limited, Australia and its subsidiaries
         Technico Agri Sciences Limited (upto 21.03.2016)
         Technico Technologies Inc., Canada
         Technico Asia Holdings Pty Limited, Australia and its subsidiary
         Technico Horticultural (Kunming) Co. Limited, China
      h) Technico Agri Sciences Limited (w.e.f. 22.03.2016)
      i) Wimco Limited
      j) Pavan Poplar Limited
      k) Prag Agro Farm Limited
      l) ITC Infotech India Limited and its subsidiaries
         ITC Infotech Limited, UK
         ITC Infotech (USA), Inc. and its subsidiary
         Pyxis Solutions, LLC, USA
      m) Gold Flake Corporation Limited
      n) ITC Investments & Holdings Limited and its subsidiary
         MRR Trading & Investment Company Limited
      o) Surya Nepal Private Limited
      p) King Maker Marketing, Inc., USA
      q) North East Nutrients Private Limited
      The above list does not include ITC Global Holdings Pte. Limited, Singapore (in liquidation)
   ii) Other entities under control of the Company:
      a) ITC Sangeet Research Academy
      b) ITC Education Trust
      c) ITC Rural Development Trust

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS
   i) Associates & Joint Ventures:
      Associates
      a) Gujarat Hotels Limited
      b) International Travel House Limited
         - being associates of the Company, and
      c) Tobacco Manufacturers (India) Limited, UK
         - of which the Company is an associate
       Associates of the Company’s subsidiaries
      a) Russell Investments Limited
      b) Classic Infrastructure & Development Limited
      c) Divya Management Limited
      d) Antrang Finance Limited
         - being associates of Russell Credit Limited, and
      e) ATC Limited
         - being associate of Gold Flake Corporation Limited
   Note: (a) During the year, Russell Credit Limited, a wholly owned subsidiary of the Company, acquired the entire equity share capital of
      BFIL Finance Limited and Wills Corporation Limited from the Company on 18.06.2015 and 07.09.2015 respectively; both companies
      have amalgamated with Russell Credit Limited w.e.f. 01.04.2015, with the effective date of the amalgamation being 16.05.2016
      and 22.03.2016 respectively.
      (b) Classic Infrastructure & Development Limited, an associate of the Company’s subsidiary, during the year became a wholly owned
      subsidiary of Greenacre Holdings Limited, a wholly owned step down subsidiary of the Company, w.e.f. 07.12.2015; the company
      amalgamated with Greenacre Holdings Limited w.e.f. 01.10.2015, with the effective date of the amalgamation being 05.04.2016.
**Notes to the Financial Statements**

### 33. Related Party Disclosures (Contd.)

**Joint Ventures**
- a) Maharaja Heritage Resorts Limited
- b) Espirit Hotels Private Limited
- c) Logix Developers Private Limited

**Joint Venture of the Company’s subsidiary**
- a) ITC Essentra Limited
  - being joint venture of Gold Flake Corporation Limited

**ii) a) Key Management Personnel:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y. C. Deveshwar</td>
<td>Executive Chairman</td>
<td></td>
</tr>
<tr>
<td>N. Anand</td>
<td>Executive Director</td>
<td></td>
</tr>
<tr>
<td>P. V. Dhobale</td>
<td>Executive Director (ceased w.e.f. 07.12.2015)</td>
<td></td>
</tr>
<tr>
<td>K. N. Grant</td>
<td>Executive Director (ceased w.e.f. 23.01.2016)</td>
<td></td>
</tr>
<tr>
<td>R. Tandon</td>
<td>Executive Director (w.e.f. 22.01.2016)</td>
<td></td>
</tr>
<tr>
<td>S. Puri</td>
<td>Executive Director (w.e.f. 06.12.2015)</td>
<td></td>
</tr>
<tr>
<td>A. Baijal*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>S. Banerjee*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>A. Duggal*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>S. H. Khan*</td>
<td>Non-Executive Director (expired on 12.01.2016)</td>
<td></td>
</tr>
<tr>
<td>A. V. Girija Kumar*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>R. E. Lerwill</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>S. B. Mainak</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>S. B. Mathur*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>P. B. Ramanujam*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>S. S. H. Rehman*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>M. Shankar*</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
<tr>
<td>K. Vaidyanath</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
</tbody>
</table>

*Independent Directors

**b) Relatives of Key Management Personnel:**
- Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
- Mrs. R. Tandon (wife of Mr. R. Tandon)

**iii) Employee Trusts where there is significant influence:**
- a) IATC Provident Fund
- b) ITC Defined Contribution Pension Fund
- c) ITC Management Staff Gratuity Fund
- d) ITC Employees Gratuity Fund
- e) ITC Gratuity Fund ‘C’
- f) ITC Pension Fund
- g) IITD Seasonal Employees Pension Fund
- h) ITC Platinum Jubilee Pension Fund
- i) Tribeni Tissues Limited Gratuity Fund
- j) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- k) ITC Bhadrachalam Paperboards Limited Gratuity Fund ‘A’
- l) ITC Bhadrachalam Paperboards Limited Gratuity Fund ‘C’
- m) ITC Hotels Limited Employees Superannuation Scheme
### 3. Disclosure of Transactions Between the Company and Related Parties and the Status of Outstanding Balances as at 31.03.2016

#### RELATED PARTY TRANSACTIONS SUMMARY

<table>
<thead>
<tr>
<th>Enterprises where control exists</th>
<th>Associates</th>
<th>Joint Ventures</th>
<th>Key Management Personnel</th>
<th>Relatives of Key Management Personnel</th>
<th>Employee Trusts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sale of Goods/Services</td>
<td></td>
<td>307.18</td>
<td>259.46</td>
<td>0.01</td>
<td>9.40</td>
<td>8.36</td>
</tr>
<tr>
<td>2. Purchase of Goods/Services</td>
<td></td>
<td>173.56</td>
<td>135.88</td>
<td>80.57</td>
<td>85.69</td>
<td>302.99</td>
</tr>
<tr>
<td>3. Acquisition cost of Fixed Assets</td>
<td></td>
<td>29.06</td>
<td>21.11</td>
<td>0.37</td>
<td>29.43</td>
<td>2.11</td>
</tr>
<tr>
<td>4. Sale of Fixed Assets/Scrap</td>
<td></td>
<td>0.27</td>
<td>0.53</td>
<td>0.01</td>
<td>0.27</td>
<td>0.53</td>
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<tr>
<td>5. Investments Purchased from Subsidiary</td>
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<td>121.00</td>
<td></td>
<td>121.00</td>
<td></td>
<td></td>
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<tr>
<td>6. Investment in Subsidiaries/Joint Ventures</td>
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<td>88.79</td>
<td>3.87</td>
<td>286.98</td>
<td>92.66</td>
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<tr>
<td>7. Redemption of Preference Shares</td>
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<td>187.00</td>
<td></td>
<td>187.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Sale of Investment^1</td>
<td></td>
<td>5.40</td>
<td></td>
<td>5.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Interest Income</td>
<td></td>
<td>0.58</td>
<td>11.62</td>
<td>0.58</td>
<td>11.62</td>
<td></td>
</tr>
<tr>
<td>10. Remuneration to Key Management Personnel</td>
<td></td>
<td></td>
<td></td>
<td>26.17</td>
<td>24.64</td>
<td></td>
</tr>
<tr>
<td>11. Rent Received</td>
<td></td>
<td>20.08</td>
<td>19.47</td>
<td>1.04</td>
<td>1.29</td>
<td></td>
</tr>
<tr>
<td>12. Rent Paid</td>
<td></td>
<td>8.50</td>
<td>5.08</td>
<td>3.49</td>
<td>2.30</td>
<td></td>
</tr>
<tr>
<td>13. Remuneration of Managers on Deputation reimbursed</td>
<td></td>
<td>3.73</td>
<td>0.55</td>
<td>4.17</td>
<td>3.66</td>
<td></td>
</tr>
<tr>
<td>14. Remuneration of Managers on Deputation recovered</td>
<td></td>
<td>15.11</td>
<td>13.21</td>
<td>3.85</td>
<td>3.45</td>
<td>1.38</td>
</tr>
<tr>
<td>15. Expenditure towards Corporate Social Responsibility</td>
<td></td>
<td>4.83</td>
<td>21.00</td>
<td>8.34</td>
<td>19.07</td>
<td></td>
</tr>
<tr>
<td>16. Contribution to Employees' Benefit Plans</td>
<td></td>
<td>109.04</td>
<td>96.10</td>
<td>109.04</td>
<td>96.10</td>
<td></td>
</tr>
<tr>
<td>17. Dividend Income</td>
<td></td>
<td>319.33</td>
<td>347.37</td>
<td>0.73</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>18. Dividend Payments</td>
<td></td>
<td>1240.98</td>
<td>1191.34</td>
<td>3.33</td>
<td>4.19</td>
<td></td>
</tr>
<tr>
<td>19. Expenses Recovered</td>
<td></td>
<td>12.01</td>
<td>13.54</td>
<td>0.02</td>
<td>0.02</td>
<td>0.73</td>
</tr>
<tr>
<td>20. Expenses Reimbursed</td>
<td></td>
<td>10.83</td>
<td>8.01</td>
<td>0.06</td>
<td>0.51</td>
<td>0.12</td>
</tr>
<tr>
<td>21. Loans Given</td>
<td></td>
<td>0.20</td>
<td>0.40</td>
<td>0.20</td>
<td>0.40</td>
<td></td>
</tr>
<tr>
<td>22. Receipt towards Loan Repayment</td>
<td></td>
<td>43.67</td>
<td>62.90</td>
<td>1.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Assignment of Loan to Subsidiary at fair value</td>
<td></td>
<td>1.13</td>
<td></td>
<td>1.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Loans Taken</td>
<td></td>
<td></td>
<td>2.00</td>
<td>2.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Adjustment/Payment towards Loan Repayment</td>
<td></td>
<td>2.00</td>
<td></td>
<td>2.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Advances Given during the year</td>
<td></td>
<td>0.52</td>
<td></td>
<td>0.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. Adjustment/Receipt towards Refund of Advances</td>
<td></td>
<td>1.91</td>
<td>0.41</td>
<td>1.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. Advance Received during the year</td>
<td></td>
<td>119.82</td>
<td>123.29</td>
<td>119.82</td>
<td>123.29</td>
<td></td>
</tr>
<tr>
<td>29. Adjustment/Receipt towards Refund of Advance</td>
<td></td>
<td>131.97</td>
<td>105.86</td>
<td>131.97</td>
<td>105.86</td>
<td></td>
</tr>
<tr>
<td>30. Deposits Given during the year</td>
<td></td>
<td></td>
<td>0.02</td>
<td>0.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31. Adjustment/Receipt towards Refund of Deposit</td>
<td></td>
<td>2.00</td>
<td>50.35</td>
<td>0.02</td>
<td>50.35</td>
<td></td>
</tr>
<tr>
<td>32. Deposits Received during the year</td>
<td></td>
<td></td>
<td></td>
<td>2.00</td>
<td>50.35</td>
<td></td>
</tr>
<tr>
<td>33. Balances as at 31st March</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Receivables</td>
<td></td>
<td>48.47</td>
<td>31.46</td>
<td>0.30</td>
<td>2.86</td>
<td>3.62</td>
</tr>
<tr>
<td>ii) Advances Given</td>
<td></td>
<td></td>
<td>0.52</td>
<td>0.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii) Loans Given</td>
<td></td>
<td></td>
<td>76.02</td>
<td>76.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv) Deposits Given^1</td>
<td></td>
<td>0.70</td>
<td>2.60</td>
<td>0.10</td>
<td>0.70</td>
<td>3.07</td>
</tr>
<tr>
<td>v) Loans Taken</td>
<td></td>
<td></td>
<td>2.00</td>
<td>2.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi) Advance Taken</td>
<td></td>
<td>134.02</td>
<td>146.37</td>
<td>134.02</td>
<td>146.37</td>
<td></td>
</tr>
<tr>
<td>vii) Deposits Taken</td>
<td></td>
<td></td>
<td>0.10</td>
<td>0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>viii) Payables</td>
<td></td>
<td>5.30</td>
<td>3.04</td>
<td>6.13</td>
<td>5.92</td>
<td>4.73</td>
</tr>
<tr>
<td>ix) Investment in Non-Convertible Debentures</td>
<td></td>
<td>15.00</td>
<td></td>
<td>15.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>x) Provision for Subsidiary as at 31st March</td>
<td></td>
<td>9.00</td>
<td>55.95</td>
<td>9.00</td>
<td>55.95</td>
<td></td>
</tr>
</tbody>
</table>

1. Denotes purchase of unquoted investment from subsidiary at net book value as at 31st March, 2015 of the acquired company.
2. Includes sale of unquoted investment, at cost, for ₹ 4.88 Crores (2015 - Nil) to Subsidiary.
3. Includes ₹ 1.22 Crores (2015 - Nil) attributable to remuneration of Directors which is subject to approval by the Company in General Meeting.
4. Includes transfer of deposit of ₹ 0.10 Crore, with an Associate in 2015, to a subsidiary during the year pursuant to amalgamation of the Associate with the subsidiary.
5. Pursuant to the Scheme of Arrangement [Refer Note 31(xi)].
## 4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES

### 4.1 Sale of Goods/Services

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surya Nepal Private Limited</td>
<td>273.35</td>
<td>225.22</td>
</tr>
<tr>
<td>King Maker Marketing, Inc.</td>
<td>27.59</td>
<td>28.65</td>
</tr>
<tr>
<td>ITC Infotech India Limited</td>
<td>138.45</td>
<td>129.36</td>
</tr>
<tr>
<td>ITC Essentra Limited</td>
<td>291.20</td>
<td>302.73</td>
</tr>
<tr>
<td>International Travel House Limited</td>
<td>57.99</td>
<td>61.67</td>
</tr>
</tbody>
</table>

### 4.2 Deposit Received during the year

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Landbase India Limited</td>
<td>1.46</td>
<td>1.29</td>
</tr>
<tr>
<td>Technico Agri Sciences Limited</td>
<td>1.16</td>
<td>1.05</td>
</tr>
<tr>
<td>Gujrat Hotels Limited</td>
<td>3.11</td>
<td>2.95</td>
</tr>
</tbody>
</table>

### 4.3 Loan Given

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prag Agro Farm Limited</td>
<td>8.60</td>
<td>8.40</td>
</tr>
<tr>
<td>Surya Nepal Private Limited</td>
<td>35.07</td>
<td>62.90</td>
</tr>
</tbody>
</table>

### 4.4 Related Party Transaction Summary

#### 4.4.1 Sale of Goods/Services

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surya Nepal Private Limited</td>
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<td>302.73</td>
</tr>
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<td>57.99</td>
<td>61.67</td>
</tr>
</tbody>
</table>

#### 4.4.2 Deposit Received during the year

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
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</tr>
<tr>
<td>Gujrat Hotels Limited</td>
<td>3.11</td>
<td>2.95</td>
</tr>
</tbody>
</table>

#### 4.4.3 Loan Given

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2015</th>
</tr>
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<tbody>
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<td>8.40</td>
</tr>
<tr>
<td>Surya Nepal Private Limited</td>
<td>35.07</td>
<td>62.90</td>
</tr>
</tbody>
</table>

---

1. Interest @ 12% p.a. for funding its capital expenditure requirements and for general business purposes. Repaid by 01.03.2015 with a prepayment option. The maximum indebtedness during the year was `35.07 Crores (2015 - `47.55 Crores).

2. Interest @ 16.67% p.a. for meeting working capital requirements. The maximum indebtedness during the year was `32.55 Crores (2015 - `2.24 Crores).

3. The maximum indebtedness during the year was `32.55 Crores (2015 - `2.24 Crores). Includes Prag Agro Farm Limited - Equity Shares 9.00 Crores taken over pursuant to Scheme of Arrangement [Refer Note 31(x)] and interest @ 9% p.a. for meeting working capital requirements.

4. The maximum indebtedness during the year was `32.55 Crores (2015 - `2.24 Crores).

5. The maximum indebtedness during the year was `32.55 Crores (2015 - `2.24 Crores).

6. The maximum indebtedness during the year was `32.55 Crores (2015 - `2.24 Crores).

7. The maximum indebtedness during the year was `32.55 Crores (2015 - `2.24 Crores).

---

### 33. Related Party Disclosures (Contd.)

#### 33.1 Sale of Goods/Services

<table>
<thead>
<tr>
<th>Company</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surya Nepal Private Limited</td>
<td>225.22</td>
</tr>
<tr>
<td>King Maker Marketing, Inc.</td>
<td>28.65</td>
</tr>
</tbody>
</table>

#### 33.2 Deposit Received during the year

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITC Infotech India Limited</td>
<td>129.36</td>
</tr>
<tr>
<td>Landbase India Limited</td>
<td>1.29</td>
</tr>
<tr>
<td>Technico Agri Sciences Limited</td>
<td>1.05</td>
</tr>
<tr>
<td>Gujrat Hotels Limited</td>
<td>2.95</td>
</tr>
</tbody>
</table>

#### 33.3 Balance as at 31st March

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surya Nepal Private Limited</td>
<td>62.90</td>
</tr>
<tr>
<td>King Maker Marketing, Inc.</td>
<td>2.95</td>
</tr>
</tbody>
</table>

#### 33.4 Related Party Transaction Summary

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surya Nepal Private Limited</td>
<td>225.22</td>
</tr>
<tr>
<td>King Maker Marketing, Inc.</td>
<td>28.65</td>
</tr>
</tbody>
</table>

#### 33.5 Deposit Received during the year

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITC Infotech India Limited</td>
<td>129.36</td>
</tr>
<tr>
<td>Landbase India Limited</td>
<td>1.29</td>
</tr>
<tr>
<td>Technico Agri Sciences Limited</td>
<td>1.05</td>
</tr>
<tr>
<td>Gujrat Hotels Limited</td>
<td>2.95</td>
</tr>
</tbody>
</table>

#### 33.6 Balance as at 31st March

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surya Nepal Private Limited</td>
<td>62.90</td>
</tr>
<tr>
<td>King Maker Marketing, Inc.</td>
<td>2.95</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

34. Significant Accounting Policies

IT IS CORPORATE POLICY

Convention
To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

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, if any.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation/enhancements unless they bring similar significant additional benefits.

Depreciation
To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 other than Intangible (Know how, Business and Commercial Rights, Trademarks), which are amortised over the estimated period of benefit or contractual terms, as applicable. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Revaluation of Assets
As and when Fixed Assets are revalued, to transfer to Revaluation Reserve the increase in the net book value of such Fixed Assets arising on revaluation. To account for the depreciation on such revalued Fixed Assets over the unexpired useful life of such Fixed Assets; to transfer to General Reserve the amount standing to the credit of Revaluation Reserve on account of a revalued asset that is retired/deregocised.

Impairment of Assets
To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investments
To state Current Investments at lower of cost and fair value; and Long Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

Inventories
To state inventories including work-in-progress at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

Revenue from sale of products and services
To recognise Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales tax/Value added tax recovered from customers but excluding excise duty on goods payable by the Company. Net revenue is stated after deducting such excise duty.

Investment Income
To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

Proposed Dividend
To provide for Dividends (including income tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

Employee Benefits
To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue including any shortfall in interest between the amount of interest realised by the investment and the
34. Significant Accounting Policies (Contd.)

interest payable to members at the rate declared by the Government of India. 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 account for gains/losses arising on cancellation or renewal of forward exchange contracts (other than those designated as cash flow hedges) as income/expense for the period.

To apply the principles of hedge accounting as set out in Accounting Standard-30 “Financial Instruments: Recognition and Measurement” to those forward exchange contracts and currency options that are designated as cash flow hedges and, accordingly, to account for the changes in the fair value of such contracts, to the extent that they are effective, directly in the Hedging Reserve Account; and to take the ineffective portion to the Statement of Profit and Loss. To recognize in the Statement of Profit and Loss the balance in the Hedging Reserve Account when the hedged item affects the profit or loss.

To account for gains/losses arising on cancellation or renewal of forward exchange contracts (other than those designated as cash flow hedges) as income/expense over the life of the contracts.

To accumulate exchange differences arising on monetary items that, in substance, form part of the Company’s net investment in a non-integral foreign operation in a foreign currency translation reserve. To recognise such balances in the Statement of Profit and Loss on disposal of the net investment.

Claims
To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

Segment Reporting
To identify segments based on the dominant source and nature of risks and returns and the internal organisation and management structure.

To account for inter-segment revenue on the basis of transactions which are primarily market led.

To include under “Unallocated Corporate Expenses” revenue and expenses which relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems
To practice an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, 2013 provide financial and cost information appropriate to the businesses and facilitate Internal Control.

On behalf of the Board

Y. C. DEVESHWAR
Chairman

R. TANDON
Director & Chief Financial Officer

B. B. CHATTERJEE
Company Secretary

Kolkata
20th May, 2016
Independent Auditor’s Report  
to the Members of ITC Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of ITC LIMITED (“the Company”), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Standalone Financial Statements

2. The Company’s Board of Directors is responsible for matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

(e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice – also refer Note 31(iv) to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

8. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm’s Registration No. 302009E)

Shyamak R Tata
Kolkata,
20th May, 2016
(Partner)
(Membership No. 38320)
Annexure - A to the Independent Auditor’s Report

(Referred to in paragraph 7 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **ITC Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm’s Registration No. 302009E)

Shyamak R Tata
(Kolkata)
Partner
(Membership No. 38320)

20th May, 2016

Annexure - B to the Independent Auditor’s Report

(Referred to in paragraph 8 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed/court orders approving schemes of arrangements/amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories other than material lying with third parties (which have substantially been confirmed) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly the question of complying with Sections 73 and 76 of the Companies Act, 2013 does not arise. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 74 and 75 or any other relevant provisions of the Companies Act. According to the information and explanations given to us, no Order has
been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

(vi) The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

<table>
<thead>
<tr>
<th>Name of the statute</th>
<th>Nature of the dues</th>
<th>Amount (₹ in Crores)</th>
<th>Period to which the amount relates</th>
<th>Forum where dispute is pending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax and Value Added Tax Laws</td>
<td>Sales tax and VAT</td>
<td>40.37</td>
<td>1987-2015</td>
<td>Appellate Authority - upto Commissioners’/ Revisional authorities level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41.25</td>
<td>1994-2014</td>
<td>Appellate Authority - Tribunal level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>221.27</td>
<td>2005-2015</td>
<td>High Court</td>
</tr>
<tr>
<td>Customs Act, 1962</td>
<td>Customs duty</td>
<td>0.10</td>
<td>2010-2014</td>
<td>Appellate Authority - upto Commissioners’/ Revisional authorities level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.51</td>
<td>2005-2007</td>
<td>Appellate Authority - Tribunal level</td>
</tr>
<tr>
<td>Central Excise Act, 1944</td>
<td>Excise duty</td>
<td>32.96</td>
<td>1996-2015</td>
<td>Appellate Authority - upto Commissioners’/ Revisional authorities level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>83.67</td>
<td>1973-2015</td>
<td>Appellate Authority - Tribunal level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.58</td>
<td>2005-2010</td>
<td>High Court</td>
</tr>
<tr>
<td>Finance Act, 1994</td>
<td>Service tax</td>
<td>0.35</td>
<td>2008-2014</td>
<td>Appellate Authority - upto Commissioners’/ Revisional authorities level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>53.40</td>
<td>2003-2011</td>
<td>Appellate Authority - Tribunal level</td>
</tr>
<tr>
<td>Income-tax Act, 1961</td>
<td>Income-tax</td>
<td>2.31</td>
<td>1999-2006</td>
<td>Appellate Authority - Tribunal level</td>
</tr>
</tbody>
</table>

Out of the total disputed dues aggregating ₹ 479.77 Crores as above, ₹ 379.90 Crores pertain to matters which have been stayed for recovery by the relevant authorities.
(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. In respect of two whole-time directors, aggregate remuneration of ₹ 1.22 Crores paid/provided during the year, is subject to the approval of the Members at the forthcoming Annual General Meeting.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or person connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm’s Registration No. 302009E)

Shyamk R Tata
Partner
(Membership No. 38320)

Kolkata
20th May, 2016
## Guide to Subsidiaries/Joint Ventures/Associates

### Subsidiaries of ITC Limited

#### Russell Credit Limited

**Shareholding**
100% held by ITC Limited.

**Nature of Business**
Investment company. Its activities are primarily confined to making long term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards & Packaging, Agri Business and Information Technology.

**Subsidiary**
Greenacres Holdings Limited, a wholly owned subsidiary, is engaged in property infrastructure maintenance.

#### Gold Flake Corporation Limited

**Shareholding**
100% held by ITC Limited.

**Nature of Business**
General trading.

**Joint Venture**
ITC Essentra Limited, India, is a 50% joint venture of Gold Flake Corporation Limited with Essentra Filter Products International Limited, UK.

**Nature of Business**
Manufacture and sale of cigarette filter rods.

#### ITC Investments & Holdings Limited (IIHL)

**Shareholding**
100% held by ITC Limited.

**Nature of Business**
Investment company.

**Subsidiary**
IIHL owns 100% of the shareholding of MRR Trading & Investment Company Limited (MRR), which provides estate management services.

#### Landbase India Limited

**Shareholding**
100% held by ITC Limited.

**Nature of Business**
Hospitality, real estate development and management of golf resorts.

The Company owns the Classic Golf & Country Club, a 27-hole international signature golf course, designed by Jack Nicklaus and ITC Grand Bharat Hotel which is licensed to and operated by ITC Limited.

#### ITC Infotech India Limited (I3L)

**Shareholding**
100% held by ITC Limited.

**Nature of Business**
Information technology services and solutions.

**Subsidiaries**
I3L owns 100% of the shareholding of:
- ITC Infotech Limited, UK and ITC Infotech (USA), Inc.
- ITC Infotech (USA), Inc. owns 100% of Pyxis Solutions, LLC, a New York Limited Liability Company.

These subsidiaries are engaged in marketing and sales activities and provide IT services.

#### Surya Nepal Private Limited

**Shareholding**
59% held by ITC Limited.

**Nature of Business**
Manufacture and sale of cigarettes and in the business of garments, matches and agarbatti.

#### Srinivasa Resorts Limited

**Shareholding**
68% held by ITC Limited.

**Nature of Business**
The Company owns the hotel “ITC Kakatiya” at Hyderabad, for which operating services are rendered 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-market to upscale segment under its hospitality brands for the same. It currently operates 48 properties.

#### 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 licensed to ITC Limited and is operated by Fortune Park Hotels Limited under an Operating and Marketing Services Agreement.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Shareholding</th>
<th>Nature of Business</th>
<th>Subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WelcomHotels Lanka (Private) Limited, Sri Lanka</strong></td>
<td>100% held by ITC Limited.</td>
<td>The Company is in the process of developing a plot of land in Colombo for a mixed use development project including a luxury hotel.</td>
<td></td>
</tr>
<tr>
<td><strong>King Maker Marketing, Inc., USA</strong></td>
<td>100% held by ITC Limited.</td>
<td>Primarily engaged in distribution of cigarettes in USA.</td>
<td></td>
</tr>
<tr>
<td><strong>Wimco Limited</strong></td>
<td>98.21% held by ITC Limited.</td>
<td>Wimco Limited is engaged primarily in the manufacture of packaging machinery, viz. tubefillers, cartoners, conveyor systems etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Technico Pty Limited, Australia (Technico)</strong></td>
<td>100% held by ITC Limited.</td>
<td>An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.</td>
<td>Technico Technologies Inc., Canada and Technico Asia Holdings Pty Limited, Australia. Technico Asia Holdings Pty Limited, Australia, has a wholly owned subsidiary, Technico Horticultural (Kunming) Company Limited, China. These companies support Technico in the production and commercialisation of seed potato technology in different geographies.</td>
</tr>
<tr>
<td><strong>Technico Agri Sciences Limited</strong></td>
<td>100% held by ITC Limited.</td>
<td>An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.</td>
<td></td>
</tr>
<tr>
<td><strong>North East Nutrients Private Limited</strong></td>
<td>76% held by ITC Limited.</td>
<td>The Company is in the business of manufacture and sale of packaged food products from its food processing facility based in Assam.</td>
<td></td>
</tr>
<tr>
<td><strong>Pavan Poplar Limited &amp; Prag Agro Farm Limited</strong></td>
<td>100% held by ITC Limited.</td>
<td>The Company is engaged in the business of agro-forestry and other related activities.</td>
<td></td>
</tr>
<tr>
<td><strong>Maharaja Heritage Resorts Limited</strong></td>
<td>50% (25% held through Russell Credit Limited, a 100% subsidiary of the Company)</td>
<td>The joint venture company currently operates 35 hotel properties spread across 14 states under 3 brands namely “Legend Hotels”, “WelcomHeritage Hotels” and “Nature Resorts”.</td>
<td></td>
</tr>
<tr>
<td><strong>Espirit Hotels Private Limited</strong></td>
<td>ITC Limited holds 26%</td>
<td>The joint venture company is in the process of developing a luxury hotel complex at Begumpet, Hyderabad.</td>
<td></td>
</tr>
<tr>
<td><strong>Logix Developers Private Limited</strong></td>
<td>ITC Limited holds 27.90%</td>
<td>The joint venture company is intended for the purpose of developing a luxury hotel-cum-serviced apartment complex at Noida, UP.</td>
<td></td>
</tr>
</tbody>
</table>
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
ITC Limited holds 3.60% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

Nature of Business
Travel management including air ticketing, car rentals, inbound and outbound tourism, domestic holidays, conferences, events and exhibition management and foreign exchange services for travellers.

Note: The full list of the Group’s Associates appears on page 208.

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 specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

Subsidiaries (AS 21)
Line by line consolidation of the Statement of Profit and Loss 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 Statement of Profit and Loss. 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)
Interest in joint ventures is reported using proportionate consolidation method in the CFS.

A separate line item is added in CFS for proportionate share of assets, liabilities, income and expenses.
### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part “A”: Subsidiaries

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the Subsidiary Company</td>
<td>ITC Infotech India Limited</td>
<td>ITC Infotech (USA), Inc.</td>
<td>ITC Infotech Limited</td>
<td>Pyxis Solutions, LLC.</td>
<td>Surya Nepal Private Limited</td>
<td>King Maker Marketing, Inc.</td>
<td>Technico Pty Limited</td>
<td>Technico Sciences Limited</td>
<td>Technico Technologies Inc.</td>
</tr>
<tr>
<td>Reporting Currency</td>
<td>Indian Rupee</td>
<td>US Dollar</td>
<td>British Pound</td>
<td>US Dollar</td>
<td>Nepalese Rupee</td>
<td>US Dollar</td>
<td>Australian Dollar</td>
<td>Indian Rupee</td>
<td>Canadian Dollar</td>
</tr>
<tr>
<td>Exchange Rate on the last day of the financial year</td>
<td>-</td>
<td>66.2550</td>
<td>95.4725</td>
<td>66.2550</td>
<td>0.6250</td>
<td>66.2550</td>
<td>50.9800</td>
<td>-</td>
<td>51.2300</td>
</tr>
<tr>
<td>Share Capital</td>
<td>85.20</td>
<td>120.59</td>
<td>6.55</td>
<td>-</td>
<td>126.00</td>
<td>0.03</td>
<td>224.26</td>
<td>37.96</td>
<td>6.14</td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>288.82</td>
<td>10.33</td>
<td>27.46</td>
<td>7.58</td>
<td>401.41</td>
<td>9.70</td>
<td>(87.36)</td>
<td>98.84</td>
<td>(4.75)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>471.78</td>
<td>211.87</td>
<td>83.25</td>
<td>7.58</td>
<td>649.26</td>
<td>32.60</td>
<td>145.57</td>
<td>164.79</td>
<td>2.04</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>471.78</td>
<td>211.87</td>
<td>83.25</td>
<td>7.58</td>
<td>649.26</td>
<td>32.60</td>
<td>145.57</td>
<td>164.79</td>
<td>2.04</td>
</tr>
<tr>
<td>Investments (excluding Investments made in subsidiaries)</td>
<td>33.58</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.60</td>
<td>-</td>
<td>-</td>
<td>72.31</td>
<td>-</td>
</tr>
<tr>
<td>Turnover</td>
<td>961.32</td>
<td>567.86</td>
<td>297.78</td>
<td>14.46</td>
<td>1554.12</td>
<td>216.97</td>
<td>65.74</td>
<td>100.44</td>
<td>1.33</td>
</tr>
<tr>
<td>Profit/(Loss) before tax</td>
<td>135.29</td>
<td>11.23</td>
<td>9.51</td>
<td>0.62</td>
<td>564.94</td>
<td>5.74</td>
<td>56.43</td>
<td>17.54</td>
<td>0.18</td>
</tr>
<tr>
<td>Provision for tax</td>
<td>(47.11)</td>
<td>(2.12)</td>
<td>(2.56)</td>
<td>-</td>
<td>(171.64)</td>
<td>(2.25)</td>
<td>(2.47)</td>
<td>(1.78)</td>
<td>-</td>
</tr>
<tr>
<td>Profit/(Loss) after tax</td>
<td>88.18</td>
<td>9.11</td>
<td>6.95</td>
<td>0.62</td>
<td>393.30</td>
<td>3.49</td>
<td>53.96</td>
<td>15.76</td>
<td>0.18</td>
</tr>
<tr>
<td>Proposed Dividend</td>
<td>76.68</td>
<td>-</td>
<td>14.40</td>
<td>6.63</td>
<td>299.88</td>
<td>9.94</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>% of shareholding</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>59.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

^A 100% subsidiary of ITC Limited w.e.f. 22nd March, 2016 (previously, a 100% subsidiary of Technico Pty Limited)

@Dividend paid during the year
### Part “A”: Subsidiaries (Contd.)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the Subsidiary Company</td>
<td>Technico Asia Holdings Pty Limited</td>
<td>Technico Horticultural (Kunming) Co. Limited</td>
<td>Srinivasa Resorts Limited</td>
<td>Fortune Park Hotels Limited</td>
<td>Landbase India Limited</td>
<td>Bay Islands Hotels Limited (Private) Limited</td>
<td>Russell Credit Limited</td>
<td>Greenacre Holdings Limited</td>
<td></td>
</tr>
<tr>
<td><strong>During the year, BFIL Finance Limited and Wills Corporation Limited, both being wholly owned subsidiaries of the Company, have been amalgamated with Russell Credit Limited (a wholly owned subsidiary of the Company) with effect from 1st April, 2015 [Refer Note 28 (x) to the Consolidated Financial Statement]</strong>.</td>
<td>$ During the year, Classic Infrastructure &amp; Development Limited an associate of the Company has been amalgamated with Greenacre Holdings Limited (a step down subsidiary of ITC Limited) with effect from 1st October, 2015 [Refer Note 28 (x) to the Consolidated Financial Statement].</td>
<td>@Dividend paid during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reporting Currency</td>
<td>Australian Dollar</td>
<td>Chinese Yuan</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Sri Lankan Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
</tr>
<tr>
<td>Exchange Rate on the last day of the financial year</td>
<td>50.9800</td>
<td>10.2557</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0.4515</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share Capital</td>
<td>18.78</td>
<td>19.50</td>
<td>24.00</td>
<td>0.45</td>
<td>317.00</td>
<td>0.12</td>
<td>547.79</td>
<td>646.48</td>
<td>42.06</td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>(13.84)</td>
<td>(5.45)</td>
<td>74.48</td>
<td>26.28</td>
<td>(97.67)</td>
<td>14.36</td>
<td>(8.60)</td>
<td>127.27</td>
<td>6.83</td>
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<tr>
<td>Total Assets</td>
<td>4.94</td>
<td>14.27</td>
<td>113.32</td>
<td>35.93</td>
<td>257.29</td>
<td>14.70</td>
<td>543.11</td>
<td>776.45</td>
<td>50.97</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>4.94</td>
<td>14.27</td>
<td>113.32</td>
<td>35.93</td>
<td>257.29</td>
<td>14.70</td>
<td>543.11</td>
<td>776.45</td>
<td>50.97</td>
</tr>
<tr>
<td>Investments (excluding Investments made in subsidiaries)</td>
<td>–</td>
<td>–</td>
<td>12.47</td>
<td>9.19</td>
<td>…</td>
<td>1.00</td>
<td>–</td>
<td>127.55</td>
<td>25.40</td>
</tr>
<tr>
<td>Turnover</td>
<td>–</td>
<td>3.20</td>
<td>54.34</td>
<td>28.91</td>
<td>18.86</td>
<td>1.66</td>
<td>–</td>
<td>70.64</td>
<td>4.87</td>
</tr>
<tr>
<td>Profit/(Loss) before tax</td>
<td>–</td>
<td>(0.58)</td>
<td>(1.96)</td>
<td>9.22</td>
<td>1.36</td>
<td>1.59</td>
<td>0.48</td>
<td>65.13</td>
<td>2.53</td>
</tr>
<tr>
<td>Provision for tax</td>
<td>–</td>
<td>0.30</td>
<td>(3.00)</td>
<td>–</td>
<td>(0.55)</td>
<td>–</td>
<td>(20.12)</td>
<td>(0.82)</td>
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</tr>
<tr>
<td>Profit/(Loss) after tax</td>
<td>–</td>
<td>(0.58)</td>
<td>(1.66)</td>
<td>6.22</td>
<td>1.36</td>
<td>1.04</td>
<td>0.48</td>
<td>45.01</td>
<td>1.71</td>
</tr>
<tr>
<td>Proposed Dividend</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>10.04@</td>
<td>–</td>
<td>0.08</td>
<td>–</td>
<td>45.25@</td>
<td>–</td>
</tr>
<tr>
<td>% of shareholding</td>
<td>100.00</td>
<td>100.00</td>
<td>68.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>
### Part “A”: Subsidiaries (Contd.)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Subsidiary Company</th>
<th>19</th>
<th>20</th>
<th>21</th>
<th>22</th>
<th>23</th>
<th>24</th>
<th>25</th>
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<tbody>
<tr>
<td>Reporting Currency</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
<td>Indian Rupee</td>
</tr>
<tr>
<td>Exchange Rate on the last day of the financial year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share Capital</td>
<td>18.85</td>
<td>16.00</td>
<td>4.50</td>
<td>0.05</td>
<td>73.00</td>
<td>12.80</td>
<td>5.51</td>
<td></td>
</tr>
<tr>
<td>Reserves &amp; Surplus</td>
<td>(16.57)</td>
<td>7.02</td>
<td>0.84</td>
<td>(0.04)</td>
<td>(12.45)</td>
<td>(11.66)</td>
<td>(3.84)</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>8.27</td>
<td>23.02</td>
<td>5.35</td>
<td>0.02</td>
<td>146.84</td>
<td>1.24</td>
<td>1.98</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>8.27</td>
<td>23.02</td>
<td>5.35</td>
<td>0.02</td>
<td>146.84</td>
<td>1.24</td>
<td>1.98</td>
<td></td>
</tr>
<tr>
<td>Investments (excluding Investments made in subsidiaries)</td>
<td>–</td>
<td>6.01</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>13.91</td>
<td>3.42</td>
<td>0.07</td>
<td>0.07</td>
<td>28.85</td>
<td>0.07</td>
<td>0.07</td>
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</tr>
<tr>
<td>Profit/(Loss) before tax</td>
<td>(0.21)</td>
<td>2.93</td>
<td>0.05</td>
<td>…</td>
<td>(11.98)</td>
<td>(0.17)</td>
<td>(0.44)</td>
<td></td>
</tr>
<tr>
<td>Provision for tax</td>
<td>–</td>
<td>(0.29)</td>
<td>(0.01)</td>
<td>…</td>
<td>–</td>
<td>…</td>
<td>…</td>
<td></td>
</tr>
<tr>
<td>Profit/(Loss) after tax</td>
<td>(0.21)</td>
<td>2.64</td>
<td>0.04</td>
<td>…</td>
<td>(11.98)</td>
<td>(0.17)</td>
<td>(0.44)</td>
<td></td>
</tr>
<tr>
<td>Proposed Dividend</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>% of shareholding</td>
<td>98.21</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>76.00</td>
<td>100.00</td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

i) Pyxis Solutions, LLC is a New York Limited Liability Company and does not have any share capital. ITC Infotech (USA), Inc., holds 100% membership interest of Pyxis Solutions, LLC.

ii) The Subsidiary not considered in the preparation of the above statement is ITC Global Holdings Pte. Limited, Singapore, (‘Global’) a wholly owned subsidiary of ITC Limited, which is under liquidation vide Singapore High Court’s Order dated 30th November, 2007. Prior to this, Global was under Judicial Management in terms of an Interim Order passed by the Singapore High Court on 8th November, 1996, and confirmed by the Singapore High Court on 6th December, 1996.

iii) WelcomHotels Lanka (Private) Limited is yet to commence commercial operations.

iv) Turnover includes Other income and Other operating revenue.

v) Other than the above, there are no subsidiaries which have been liquidated or sold during the year.
Part “B” : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

|-------------------------------------|-------------------------------|----------------------------------|----------------------|----------------------------------|-------------------------------|----------------------------|-----------------------|-----------------------|-------------|-----------------------|

2. Shares of Associates / Joint Ventures held by the company on the year end

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,65,09,200</td>
<td>77,66,913</td>
<td>22,50,000</td>
<td>90,000</td>
<td>39,14,233</td>
<td>42,75,435</td>
<td>17,33,907</td>
<td>41,82,915</td>
<td>1,94,775*</td>
<td>43,24,634</td>
</tr>
</tbody>
</table>

3. Description of how there is significant influence

4. Reason why the associate/joint venture is not consolidated

5. Net worth attributable to Shareholding as per latest audited Balance Sheet (` in Crores)

6. Profit/(Loss) for the year (` in Crores)

i. Considered in Consolidation (` in Crores)

ii. Not considered in Consolidation (` in Crores)

---

Notes:
1. Espirit Hotels Private Limited and Logix Developers Private Limited are yet to commence commercial operations.
2. Other than the above, there are no Associates or Joint Ventures which have been liquidated or sold during the year.
## Consolidated Financial Statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet</td>
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<tr>
<td>Statement of Profit and Loss</td>
<td>179</td>
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<tr>
<td>Cash Flow Statement</td>
<td>180</td>
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<tr>
<td>Notes</td>
<td>182</td>
</tr>
<tr>
<td>Auditor’s Report</td>
<td>224</td>
</tr>
</tbody>
</table>
## Consolidated Balance Sheet as at 31st March, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>EQUITY AND LIABILITIES</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td><strong>Shareholders’ funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Share capital</td>
<td>804.72</td>
<td>801.55</td>
</tr>
<tr>
<td>2</td>
<td>Reserves and surplus</td>
<td>33159.69</td>
<td>33964.41</td>
</tr>
<tr>
<td>3</td>
<td>Minority interests</td>
<td>262.33</td>
<td>225.11</td>
</tr>
<tr>
<td></td>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Long-term borrowings</td>
<td>42.81</td>
<td>60.68</td>
</tr>
<tr>
<td>4A</td>
<td>Deferred tax liabilities (Net)</td>
<td>1862.21</td>
<td>1642.77</td>
</tr>
<tr>
<td>5</td>
<td>Other Long term liabilities</td>
<td>50.92</td>
<td>42.67</td>
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<tr>
<td>6</td>
<td>Long-term provisions</td>
<td>136.01</td>
<td>2091.95</td>
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<tr>
<td></td>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Short-term borrowings</td>
<td>43.95</td>
<td>195.39</td>
</tr>
<tr>
<td>8</td>
<td>Trade payables [Includes share of Joint Ventures ₹ 31.08 Crores (2015 - ₹ 14.18 Crores)]</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total outstanding dues of micro enterprises and small enterprises</td>
<td>33.48</td>
<td>22.37</td>
</tr>
<tr>
<td></td>
<td>Total outstanding dues of creditors other than micro enterprises and small enterprises</td>
<td>2370.72</td>
<td>2404.20</td>
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<tr>
<td>8</td>
<td>Other current liabilities</td>
<td>4108.09</td>
<td>3782.04</td>
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<tr>
<td>9</td>
<td>Short-term provisions</td>
<td>8388.85</td>
<td>6162.01</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td>51263.78</td>
<td>45990.79</td>
</tr>
<tr>
<td></td>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Fixed assets</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Tangible assets</td>
<td>14756.72</td>
<td>14648.38</td>
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<tr>
<td></td>
<td>Intangible assets</td>
<td>413.51</td>
<td>423.98</td>
</tr>
<tr>
<td></td>
<td>Capital work-in-progress - Tangible assets</td>
<td>3084.37</td>
<td>2671.55</td>
</tr>
<tr>
<td></td>
<td>Intangible assets under development</td>
<td>30.75</td>
<td>28.65</td>
</tr>
<tr>
<td></td>
<td>Less: Provision for assets given on lease</td>
<td>-</td>
<td>1.05</td>
</tr>
<tr>
<td></td>
<td>Goodwill on consolidation</td>
<td>226.51</td>
<td>231.97</td>
</tr>
<tr>
<td></td>
<td>Non-current investments</td>
<td>4556.45</td>
<td>807.68</td>
</tr>
<tr>
<td></td>
<td>Deferred tax assets (Net)</td>
<td>41.75</td>
<td>38.57</td>
</tr>
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<td>Long-term loans and advances</td>
<td>2341.28</td>
<td>1565.47</td>
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<td></td>
<td>Other non-current assets</td>
<td>1.24</td>
<td>25452.58</td>
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<tr>
<td></td>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Current investments</td>
<td>6605.66</td>
<td>6135.09</td>
</tr>
<tr>
<td></td>
<td>Inventories</td>
<td>9156.41</td>
<td>8586.87</td>
</tr>
<tr>
<td></td>
<td>Trade receivables</td>
<td>1919.84</td>
<td>1982.07</td>
</tr>
<tr>
<td></td>
<td>Cash and bank balances</td>
<td>7012.92</td>
<td>7896.22</td>
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<tr>
<td></td>
<td>Short-term loans and advances</td>
<td>557.46</td>
<td>568.67</td>
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<tr>
<td></td>
<td>Other current assets</td>
<td>558.91</td>
<td>25811.20</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td>51263.78</td>
<td>45990.79</td>
</tr>
</tbody>
</table>

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
SHYAMAK R TATA
Partner
Kolkata, 20th May, 2016

On behalf of the Board
Y. C. DEVESHWAR
Chairman
R. TANDON
Director & Chief Financial Officer
B. B. CHATTERJEE
Company Secretary
Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>19 56599.53</td>
<td>54417.09</td>
</tr>
<tr>
<td>Gross Revenue from sale of products and services</td>
<td>54690.63</td>
<td>52759.08</td>
</tr>
<tr>
<td>Less: Excise Duty</td>
<td>15623.78</td>
<td>14325.77</td>
</tr>
<tr>
<td>Net Revenue from sale of products and services</td>
<td>39066.85</td>
<td>38433.31</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>360.17</td>
<td>401.50</td>
</tr>
<tr>
<td>Revenue from operations</td>
<td>20 39427.02</td>
<td>38834.81</td>
</tr>
<tr>
<td>Other income</td>
<td>21 1548.73</td>
<td>1256.51</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>40975.75</td>
<td>40091.32</td>
</tr>
</tbody>
</table>

Expenses

- Cost of materials consumed [Includes share of Joint Ventures ₹ 152.51 Crores (2015 - ₹ 123.16 Crores)] 11160.78 11089.10
- Purchases of Stock-in-Trade 2593.48 3918.80
- Changes in inventories of finished goods, Work-in-progress, Stock-in-Trade and Intermediates 22 51.22 (235.72)
- Employee benefits expense 23 2946.57 2772.28
- Finance costs 24 58.47 68.12
- Depreciation and amortisation expense [Includes share of Joint Ventures ₹ 2.20 Crores (2015 - ₹ 1.71 Crores)] 1113.43 1027.96
- Other expenses 25 7618.62 7088.73
| Total Expenses | 25542.57 | 25729.27 |

Profit before tax 15433.18 14362.05

Tax expense:
- Current tax 26 5153.96 4228.21
- Deferred tax 27 218.00 368.21

Profit after tax before share of results of associates and minority interests 10061.22 9765.63

Share of net profit of associates 8.23 12.89

Profit after tax before minority interests 10069.45 9778.52

Less: Minority interests 157.84 115.35

Profit for the year 9911.61 9663.17

Earnings per share (Face Value ₹ 1.00 each) 28 (i)
- Basic ₹ 12.35 ₹ 12.11
- Diluted ₹ 12.28 ₹ 12.00

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached For Deloitte Haskins & Sells
Chartered Accountants

SHYAMAK R TATA
Partner
Kolkata, 20th May, 2016

On behalf of the Board

Y. C. DEVESHWAR Chairman
R. TANDON Director & Chief Financial Officer
B. B. CHATTERJEE Company Secretary
Consolidated Cash Flow Statement for the year ended 31st March, 2016

<table>
<thead>
<tr>
<th>A. Cash Flow from Operating Activities</th>
<th>For the year ended 31st March, 2016 (‘ in Crores)</th>
<th>For the year ended 31st March, 2015 (‘ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT BEFORE TAX ADJUSTMENTS FOR:</td>
<td>15433.18</td>
<td>14362.05</td>
</tr>
<tr>
<td>Depreciation and Amortisation Expense</td>
<td>1113.43</td>
<td>1027.96</td>
</tr>
<tr>
<td>Finance costs</td>
<td>58.47</td>
<td>68.12</td>
</tr>
<tr>
<td>Interest Income</td>
<td>(881.13)</td>
<td>(619.11)</td>
</tr>
<tr>
<td>Dividend Income from Long-Term Investments</td>
<td>(20.40)</td>
<td>(10.34)</td>
</tr>
<tr>
<td>Dividend Income from Current Investments</td>
<td>(39.90)</td>
<td>(255.41)</td>
</tr>
<tr>
<td>Loss on Sale of Fixed Assets - Net</td>
<td>56.13</td>
<td>27.18</td>
</tr>
<tr>
<td>Net gain on sale of Current Investments etc.</td>
<td>(564.23)</td>
<td>(339.95)</td>
</tr>
<tr>
<td>Gain on sale of Long-Term Investments</td>
<td>-</td>
<td>(0.64)</td>
</tr>
<tr>
<td>Doubtful and Bad Debts</td>
<td>29.36</td>
<td>23.06</td>
</tr>
<tr>
<td>Doubtful and Bad Advances, Loans and Deposits</td>
<td>(0.08)</td>
<td>0.62</td>
</tr>
<tr>
<td>Provision for standard assets</td>
<td>0.20</td>
<td>-</td>
</tr>
<tr>
<td>Excess of Cost of Current Investments etc. over Fair Value, reversed - Net</td>
<td>(84.78)</td>
<td>(29.53)</td>
</tr>
<tr>
<td>Foreign Currency translations and transactions - Net</td>
<td>0.21</td>
<td>(8.57)</td>
</tr>
<tr>
<td>Impairment of Goodwill on consolidation</td>
<td>25.46 (307.26)</td>
<td>15.13 (101.48)</td>
</tr>
<tr>
<td>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</td>
<td>15125.92</td>
<td>14260.57</td>
</tr>
<tr>
<td>ADJUSTMENTS FOR:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Receivables, Loans and Advances and Other Assets</td>
<td>(172.61)</td>
<td>558.50</td>
</tr>
<tr>
<td>Inventories</td>
<td>(690.60)</td>
<td>(504.78)</td>
</tr>
<tr>
<td>Trade Payables, Other Liabilities and Provisions</td>
<td>696.63 (166.58)</td>
<td>(22.51)</td>
</tr>
<tr>
<td>CASH GENERATED FROM OPERATIONS</td>
<td>14959.34</td>
<td>14291.78</td>
</tr>
<tr>
<td>Income Tax Paid</td>
<td>(5081.15)</td>
<td>(4448.58)</td>
</tr>
<tr>
<td>NET CASH FROM OPERATING ACTIVITIES</td>
<td>9878.19</td>
<td>9843.20</td>
</tr>
</tbody>
</table>

B. Cash Flow from Investing Activities

| Purchase of Fixed Assets               | (2390.87)                                        | (3300.06)                                        |
| Sale of Fixed Assets                   | 7.34                                             | 8.73                                             |
| Purchase of Current Investments etc.   | 149155.19                                        | 98741.55                                         |
| Sale/Redemption of Current Investments etc. | 150651.05                                        | 99655.95                                         |
| Purchase of Long-Term Investments      | (4926.25)                                        | -                                                |
| Purchase of Long-Term Investments in subsidiary (Refer Note 28(x)(c)) | (7.54)                                           | -                                                |
| Sale of Long-Term Investments          | 2.10                                             | -                                                |
| Dividend Income from Long-Term Investments Received | 20.40                                             | 10.34                                            |
| Dividend Income from Current Investments etc. Received | 39.90                                             | 255.41                                           |
| Dividend from Associates               | 2.27                                             | 2.27                                             |
| Interest Received                      | 741.17                                           | 559.09                                           |
| Purchase of interest in Joint Venture  | -                                                | (1.63)                                           |
| Investment in bank deposits            |                                                  |                                                  |
| (original maturity more than 3 months) | (5581.42)                                        | (7395.17)                                        |
| Redemption/Maturity of bank deposits   |                                                  |                                                  |
| (original maturity more than 3 months) | 6631.50                                          | 2914.15                                          |
| Redemption/Maturity of deposits with financial institutions | -                                              | 750.00                                           |
| Loans Given                            | (3.00)                                           | -                                                |
| Loans Realised from Associates         | 1.40                                             | 1.40                                             |
| Loans Realised                         | 3.57                                             | 3.54                                             |
| NET CASH USED IN INVESTING ACTIVITIES  | (3965.67)                                        | (5275.43)                                        |
## Consolidated Cash Flow Statement for the year ended 31st March, 2016

### C. Cash Flow from Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016</th>
<th>For the year ended 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issue of Share Capital</td>
<td>531.70</td>
<td>978.79</td>
</tr>
<tr>
<td>Proceeds from Long-term Borrowings</td>
<td>9.59</td>
<td>6.53</td>
</tr>
<tr>
<td>Repayments of Long-term Borrowings</td>
<td>(22.25)</td>
<td>(20.21)</td>
</tr>
<tr>
<td>Proceeds from issue of shares by a subsidiary to minority shareholders</td>
<td>2.32</td>
<td>11.60</td>
</tr>
<tr>
<td>Net increase/(decrease) in Cash/Export Credit Facilities</td>
<td>(151.44)</td>
<td>45.15</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>(32.39)</td>
<td>(16.12)</td>
</tr>
<tr>
<td>Net increase in Statutory Restricted Accounts Balances</td>
<td>19.10</td>
<td>21.22</td>
</tr>
<tr>
<td>Dividends Paid</td>
<td>(5132.65)</td>
<td>(4875.61)</td>
</tr>
<tr>
<td>Income Tax on Dividends Paid</td>
<td>(993.15)</td>
<td>(812.38)</td>
</tr>
<tr>
<td><strong>NET CASH USED IN FINANCING ACTIVITIES</strong></td>
<td>(5769.17)</td>
<td>(4661.03)</td>
</tr>
<tr>
<td><strong>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td>143.35</td>
<td>(93.26)</td>
</tr>
<tr>
<td><strong>OPENING CASH AND CASH EQUIVALENTS</strong></td>
<td>183.22</td>
<td>276.48</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS ON ACCOUNT OF AMALGAMATION</strong></td>
<td>0.08</td>
<td>–</td>
</tr>
<tr>
<td><strong>CLOSING CASH AND CASH EQUIVALENTS</strong></td>
<td>326.65</td>
<td>183.22</td>
</tr>
</tbody>
</table>

### Notes:

1. The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in Accounting Standard - 3 "Cash Flow Statements".
2. Issue of Shares during the year 2014 -15 of ₹ 0.01 Crore pursuant to the Scheme of Arrangement is a non-cash transaction [Refer Note 28 (xi)].
3. During the year Classic Infrastructure & Development Limited, an associate of the Group, became a wholly owned subsidiary of Greenacre Holdings Limited, a step down wholly owned subsidiary of the Company, on further acquisition of its shares. Subsequently, in accordance with the Scheme of Amalgamation [Refer Note 28 (x)(c)], the assets and liabilities of Classic Infrastructure & Development Limited were transferred to the Group with effect from 1st October, 2015, the Appointed Date, at the values stated below:
   - (i) Other liabilities: 0.14
   - (ii) Fixed Assets: –
   - (iii) Cash and bank balances: 0.08
   - (iv) Deposit Accounts: 5.10
   - (v) Other assets: 3.61
4. **CASH AND CASH EQUIVALENTS:**
   - Cash and cash equivalents as above: 326.65
   - Other bank balances: 6710.73
   - Unrealised gain/(loss) on foreign currency cash and cash equivalents: (24.46)
   - Cash and bank balances (Note 16): 7012.92

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

SHYAMAK R TATA
Partner
Kolkata, 20th May, 2016

On behalf of the Board
Y. C. DEVESHWAR
Chairman
R. TANDON
Director & Chief Financial Officer
B. B. CHATTERJEE
Company Secretary
Notes to the Consolidated Financial Statements

<table>
<thead>
<tr>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2016 (’ in Crores)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
<th>As at 31st March, 2015 (’ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Shares of ₹ 1.00 each</td>
<td>10,00,00,00,000</td>
<td>1000.00</td>
<td>10,00,00,00,000</td>
</tr>
<tr>
<td>Issued and Subscribed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Shares of ₹ 1.00 each, fully paid</td>
<td>8,04,72,06,991</td>
<td>804.72</td>
<td>8,01,55,19,541</td>
</tr>
</tbody>
</table>

A) Reconciliation of number of Ordinary Shares outstanding

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2016 (’ in Crores)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
<th>As at 31st March, 2015 (’ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares outstanding</td>
<td>8,01,55,19,541</td>
<td>801.55</td>
<td>7,95,31,82,950</td>
<td>795.32</td>
</tr>
<tr>
<td>Add: Issue of Shares on exercise of Options</td>
<td>3,16,87,450</td>
<td>3.17</td>
<td>6,22,48,830</td>
<td>6.22</td>
</tr>
<tr>
<td>Add: Issue of Shares under the Scheme of Arrangement between Wimco Limited and ITC Limited and their respective shareholders</td>
<td>–</td>
<td>–</td>
<td>87,761</td>
<td>0.01</td>
</tr>
<tr>
<td>As at end of the year</td>
<td>8,04,72,06,991</td>
<td>804.72</td>
<td>8,01,55,19,541</td>
<td>801.55</td>
</tr>
</tbody>
</table>

B) Shareholders holding more than 5% of the Ordinary Shares in the Company

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2016 (% of Shares)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
<th>As at 31st March, 2015 (% of Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco Manufacturers (India) Limited</td>
<td>1,98,55,64,880</td>
<td>24.68</td>
<td>1,98,55,64,880</td>
<td>24.77</td>
</tr>
<tr>
<td>Life Insurance Corporation of India Specified Undertaking of the Unit Trust of India</td>
<td>1,15,50,35,797</td>
<td>14.35</td>
<td>1,15,50,35,797</td>
<td>14.41</td>
</tr>
</tbody>
</table>

C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March

<table>
<thead>
<tr>
<th></th>
<th>2016 (No. of Shares)</th>
<th>2015 (No. of Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited</td>
<td>87,761</td>
<td>87,761</td>
</tr>
</tbody>
</table>

D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March

<table>
<thead>
<tr>
<th></th>
<th>2016 (No. of Shares)</th>
<th>2015 (No. of Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonus Shares issued in 2010-11</td>
<td>3,82,67,01,530</td>
<td>3,82,67,01,530</td>
</tr>
</tbody>
</table>

E) Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

F) Shares reserved for issue under Options

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (No. of Shares)</th>
<th>As at 31st March, 2015 (No. of Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares of ₹ 1.00 each</td>
<td>30,12,99,270</td>
<td>26,93,51,410</td>
</tr>
</tbody>
</table>

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010. The vesting period for conversion of Options is as follows: On completion of 12 months from the date of grant of the Options: 30% vests On completion of 24 months from the date of grant of the Options: 30% vests On completion of 36 months from the date of grant of the Options: 40% vests The Options have been granted at the ‘market price’ as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
## Notes to the Consolidated Financial Statements

### 2. Reserves and surplus

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>5.46</td>
<td>5.75</td>
</tr>
<tr>
<td>Less: Pursuant to the Scheme of Arrangement</td>
<td>-</td>
<td>0.29</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>5.46</td>
<td>5.46</td>
</tr>
<tr>
<td><strong>Capital Reserve on consolidation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning and at the end of the year</td>
<td>74.12</td>
<td>74.12</td>
</tr>
<tr>
<td><strong>Capital Redemption Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>0.22</td>
<td>5.13</td>
</tr>
<tr>
<td>Less: Pursuant to the Scheme of Arrangement</td>
<td>-</td>
<td>4.91</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>0.22</td>
<td>0.22</td>
</tr>
<tr>
<td><strong>Securities Premium Account</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>5105.92</td>
<td>4133.35</td>
</tr>
<tr>
<td>Add: On issue of Shares</td>
<td>528.53</td>
<td>972.57</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>5634.45</td>
<td>5105.92</td>
</tr>
<tr>
<td><strong>Revaluation Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>56.93</td>
<td>99.31</td>
</tr>
<tr>
<td>Less: Pursuant to the Scheme of Arrangement</td>
<td>-</td>
<td>42.38</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>56.93</td>
<td>56.93</td>
</tr>
<tr>
<td><strong>Contingency Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning and at the end of the year</td>
<td>363.05</td>
<td>363.05</td>
</tr>
<tr>
<td><strong>Foreign Currency Translation Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>147.82</td>
<td>165.09</td>
</tr>
<tr>
<td>Add/(Less): Adjustment for translation of Non Integral Foreign Operations</td>
<td>(4.34)</td>
<td>(17.27)</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>143.48</td>
<td>147.82</td>
</tr>
<tr>
<td><strong>Special Reserve under Section 45-IC of the RBI Act, 1934</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>99.08</td>
<td>87.80</td>
</tr>
<tr>
<td>Add: Transfer from Surplus in Statement of Profit and Loss</td>
<td>9.00</td>
<td>11.28</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>108.08</td>
<td>99.08</td>
</tr>
<tr>
<td><strong>Employees Housing Reserve under Nepal labour laws</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>63.33</td>
<td>50.28</td>
</tr>
<tr>
<td>Add: Transfer from Surplus in Statement of Profit and Loss</td>
<td>18.24</td>
<td>13.05</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>81.57</td>
<td>63.33</td>
</tr>
<tr>
<td><strong>Subsidy Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning and at the end of the year</td>
<td>0.23</td>
<td>0.23</td>
</tr>
<tr>
<td><strong>General Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>15702.24</td>
<td>14823.01</td>
</tr>
<tr>
<td>Add: Transfer from Surplus in Statement of Profit and Loss</td>
<td>990.00</td>
<td>970.67</td>
</tr>
<tr>
<td>Less: Adjustment pursuant to the Scheme of Amalgamation</td>
<td>52.85</td>
<td>91.44</td>
</tr>
<tr>
<td>Less: Pursuant to the Scheme of Arrangement</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>At the end of the year</td>
<td>16639.39</td>
<td>15702.24</td>
</tr>
<tr>
<td><strong>Hedging Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>7.94</td>
<td>20.33</td>
</tr>
<tr>
<td>Add/(Less): Net movement, on hedging instruments, designated and effective as hedges and transfers to Statement of Profit and Loss on occurrence of forecasted hedge transactions</td>
<td>(2.32)</td>
<td>(18.66)</td>
</tr>
<tr>
<td>(Less)/Add: Deferred Tax</td>
<td>0.80</td>
<td>6.27</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>6.42</td>
<td>7.94</td>
</tr>
<tr>
<td><strong>Surplus in Statement of Profit and Loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>9273.18</td>
<td>6583.57</td>
</tr>
<tr>
<td>Add: Unrecognised Net Deferred Tax assets as on 1st April, 2013</td>
<td>-</td>
<td>45.84</td>
</tr>
<tr>
<td>Unrecognised Net Deferred Tax assets for the period from 1st April, 2013</td>
<td>-</td>
<td>4.13</td>
</tr>
<tr>
<td>to 31st March, 2014 adjusted pursuant to the Scheme of Arrangement</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets [Net of Deferred Tax - Nil (2015 - ₹ 25.64 Crores)]</td>
<td>(Refer Note 28(xii))</td>
<td>61.71</td>
</tr>
<tr>
<td>Add: Surplus brought forward for J oint Ventures</td>
<td>30.16</td>
<td>26.95</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>9911.61</td>
<td>9663.17</td>
</tr>
<tr>
<td>Adjustment pursuant to the Scheme of Amalgamation</td>
<td>50.18</td>
<td></td>
</tr>
<tr>
<td>Pursuant to the Scheme of Arrangement</td>
<td>-</td>
<td>68.25</td>
</tr>
<tr>
<td>Less: Transfer to General Reserve</td>
<td>990.00</td>
<td>970.67</td>
</tr>
<tr>
<td>Transfer to Special Reserve under Section 45-IC of the RBI Act,1934</td>
<td>9.00</td>
<td>11.28</td>
</tr>
<tr>
<td>Employees Housing Reserve under Nepal labour laws</td>
<td>18.24</td>
<td>13.05</td>
</tr>
<tr>
<td>Income Tax for Wimco Limited for the year 2013-14</td>
<td>-</td>
<td>0.37</td>
</tr>
<tr>
<td>Proposed Dividend</td>
<td>5230.68</td>
<td>5009.70</td>
</tr>
<tr>
<td>- Ordinary Dividend (₹ 6.50 (2015 - ₹ 6.25) per share)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>- Special Dividend (₹ 2.00 (2015 - ₹Nil) per share)</td>
<td>1609.44</td>
<td>-</td>
</tr>
<tr>
<td>Income Tax on Dividend Proposed/Paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current Year</td>
<td>1416.79</td>
<td>1051.76</td>
</tr>
<tr>
<td>- Earlier year’s provision no longer required</td>
<td>(51.02)</td>
<td>(30.58)</td>
</tr>
<tr>
<td>Share of Revenue reserves of J oint Ventures carried forward</td>
<td>30.38</td>
<td>30.77</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>10011.62</td>
<td>9273.18</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>33125.02</td>
<td>30899.52</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>33159.69</td>
<td>30933.94</td>
</tr>
</tbody>
</table>
Notes to the Consolidated Financial Statements

3. Long-term borrowings

<table>
<thead>
<tr>
<th>Unsecured</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loans</td>
<td>0.83</td>
<td>1.08</td>
</tr>
<tr>
<td>- From Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred payment liabilities</td>
<td>25.83</td>
<td>38.69</td>
</tr>
<tr>
<td>Sales tax deferment loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>26.66</td>
<td>39.77</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)*</td>
<td>16.15</td>
<td>20.91</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>42.81</td>
<td>60.68</td>
</tr>
</tbody>
</table>

* secured by hypothecation of certain fixed assets and current assets.

Terms of borrowings are as under:

Term loans from Others:
Comprise two interest free loans. One of the loans is repayable by 2017-18 in annual instalments and the other loan stipulates repayment on the basis of 50% of the net profits earned by a subsidiary or the residual balance, whichever is less.

Sales tax deferment loans:
Repayable after a period of 10 to 14 years from the end of the month of respective loans. These are repayable by 2025-26 and are interest free.

Share of Joint Ventures:
Represents deferred payment liabilities which are repayable in 13 and 12 equal half yearly instalments alongwith interest. These are repayable by 2020-21 and carry an interest of 11.00% p.a. and 14.00% p.a. respectively.

The scheduled maturity of the Long-term borrowings are summarised as under:

<table>
<thead>
<tr>
<th>Borrowings repayable</th>
<th>Term Loans</th>
<th>Deferred Payment Liabilities</th>
<th>Term Loans</th>
<th>Deferred Payment Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the first year (Note 8)</td>
<td>0.31</td>
<td>27.15</td>
<td>0.42</td>
<td>21.83</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>0.31</td>
<td>27.15</td>
<td>0.42</td>
<td>21.83</td>
</tr>
<tr>
<td>In the second year</td>
<td>0.67</td>
<td>12.60</td>
<td>0.52</td>
<td>17.62</td>
</tr>
<tr>
<td>In the third to fifth year</td>
<td>0.16</td>
<td>23.75</td>
<td>0.56</td>
<td>32.23</td>
</tr>
<tr>
<td>After five years</td>
<td>-</td>
<td>5.63</td>
<td>-</td>
<td>9.75</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>0.83</td>
<td>41.98</td>
<td>1.08</td>
<td>59.60</td>
</tr>
</tbody>
</table>
## Notes to the Consolidated Financial Statements

### 4A. Deferred tax liabilities (Net)

<table>
<thead>
<tr>
<th>Details</th>
<th>As at 31st March, 2016 (¥ in Crores)</th>
<th>As at 31st March, 2015 (¥ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On fiscal allowances on fixed assets</td>
<td>1749.66</td>
<td>1583.10</td>
</tr>
<tr>
<td>On excise duty on closing stock</td>
<td>600.92</td>
<td>513.00</td>
</tr>
<tr>
<td>Other timing differences</td>
<td>36.74</td>
<td>17.17</td>
</tr>
<tr>
<td></td>
<td>2387.32</td>
<td>2113.27</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>1.44</td>
<td>1.20</td>
</tr>
<tr>
<td><strong>Total Deferred tax liabilities</strong></td>
<td><strong>2388.76</strong></td>
<td><strong>2114.47</strong></td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On employees’ separation and retirement etc.</td>
<td>83.44</td>
<td>85.79</td>
</tr>
<tr>
<td>On provision for doubtful debts/advances</td>
<td>27.32</td>
<td>24.35</td>
</tr>
<tr>
<td>On State and Central taxes etc.</td>
<td>322.60</td>
<td>312.54</td>
</tr>
<tr>
<td>Other timing differences</td>
<td>92.97</td>
<td>48.79</td>
</tr>
<tr>
<td></td>
<td>526.33</td>
<td>471.47</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.22</td>
<td>0.23</td>
</tr>
<tr>
<td><strong>Total Deferred tax assets</strong></td>
<td><strong>526.55</strong></td>
<td><strong>471.70</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1862.21</strong></td>
<td><strong>1642.77</strong></td>
</tr>
</tbody>
</table>

*Set up based on virtual certainty of future taxable income available to realise such assets.*

### 4B. Deferred tax assets (Net)

<table>
<thead>
<tr>
<th>Details</th>
<th>As at 31st March, 2016 (¥ in Crores)</th>
<th>As at 31st March, 2015 (¥ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On fiscal allowances on fixed assets</td>
<td>12.93</td>
<td>4.88</td>
</tr>
<tr>
<td>On employees’ separation and retirement etc.</td>
<td>15.80</td>
<td>19.24</td>
</tr>
<tr>
<td>On provision for doubtful debts/advances</td>
<td>5.71</td>
<td>4.35</td>
</tr>
<tr>
<td>On unabsorbed tax losses and depreciation*</td>
<td>0.63</td>
<td>2.42</td>
</tr>
<tr>
<td>Other timing differences</td>
<td>6.60</td>
<td>7.48</td>
</tr>
<tr>
<td></td>
<td><strong>41.67</strong></td>
<td><strong>38.37</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)*</td>
<td>0.56</td>
<td>0.58</td>
</tr>
<tr>
<td><strong>Total Deferred tax assets</strong></td>
<td><strong>42.23</strong></td>
<td><strong>38.95</strong></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On fiscal allowances on fixed assets</td>
<td>0.04</td>
<td>0.37</td>
</tr>
<tr>
<td>Other timing differences</td>
<td>0.43</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>0.47</strong></td>
<td><strong>0.37</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Total Deferred tax liabilities</strong></td>
<td><strong>0.48</strong></td>
<td><strong>0.38</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>41.75</strong></td>
<td><strong>38.57</strong></td>
</tr>
</tbody>
</table>
### Notes to the Consolidated Financial Statements

#### 5. Other Long term liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundry deposits</td>
<td>33.23</td>
<td>33.03</td>
</tr>
<tr>
<td>Others (Includes retention monies payable towards fixed assets etc.)</td>
<td>17.69</td>
<td>9.64</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>50.92</strong></td>
<td><strong>42.67</strong></td>
</tr>
</tbody>
</table>

#### 6. Long-term provisions

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for employee benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>87.07</td>
<td>77.94</td>
</tr>
<tr>
<td>Other benefits</td>
<td>48.06</td>
<td>45.64</td>
</tr>
<tr>
<td><strong>Provision for standard assets</strong></td>
<td>0.29</td>
<td>0.09</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>135.42</strong></td>
<td><strong>123.67</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.59</td>
<td>0.49</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>136.01</strong></td>
<td><strong>124.16</strong></td>
</tr>
</tbody>
</table>

#### 7. Short-term borrowings

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans from Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash credit facilities</td>
<td>43.95</td>
<td>184.95</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>43.95</strong></td>
<td><strong>184.95</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>-</td>
<td>10.44</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>43.95</strong></td>
<td><strong>195.39</strong></td>
</tr>
</tbody>
</table>

Cash credit facilities are secured by hypothecation of certain fixed assets, investments and current assets, both present and future.
8. Other current liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current maturities of long-term debt (Note 3)</td>
<td>13.17</td>
<td>12.73</td>
</tr>
<tr>
<td>Interest accrued but not due on borrowings</td>
<td>0.51</td>
<td>2.55</td>
</tr>
<tr>
<td>Unpaid dividend*</td>
<td>153.56</td>
<td>134.50</td>
</tr>
<tr>
<td>Unpaid matured deposits and interest accrued thereon</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Unpaid matured debentures/bonds and interest accrued thereon**</td>
<td>0.32</td>
<td>0.33</td>
</tr>
<tr>
<td>Sundry deposits</td>
<td>48.10</td>
<td>46.22</td>
</tr>
<tr>
<td>Other payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(includes payables for fixed assets, statutory liabilities, advances from customers etc.)</td>
<td>3866.71</td>
<td>3568.68</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4082.37</td>
<td>3765.01</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)#</td>
<td>25.72</td>
<td>17.03</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>4108.09</td>
<td>3782.04</td>
</tr>
</tbody>
</table>

* Represents dividend amounts either not claimed or kept in abeyance in terms of Section 126 of the Companies Act, 2013 / Section 206A of the Companies Act, 1956, or such amounts in respect of which Prohibitory/Attachment Orders are on record with the Company.

** Represents amounts which are subject matter of pending legal disputes, details in respect of which are on record with the Company, including an amount of ₹ 0.30 Crore (2015 - ₹ 0.30 Crore) maintained with a bank for which the Company has filed a suit.


9. Short-term provisions

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefits</td>
<td>40.44</td>
<td>58.32</td>
</tr>
<tr>
<td>Other benefits</td>
<td>30.96</td>
<td>31.41</td>
</tr>
<tr>
<td>Current taxation (net of advance payment)</td>
<td>84.80</td>
<td>41.13</td>
</tr>
<tr>
<td>Fringe benefit tax (net of advance payment)</td>
<td>-</td>
<td>1.55</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>6840.12</td>
<td>5009.70</td>
</tr>
<tr>
<td>Income tax on proposed dividend</td>
<td>1392.48</td>
<td>1019.86</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8388.80</td>
<td>6161.97</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.05</td>
<td>0.04</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>8388.85</td>
<td>6162.01</td>
</tr>
</tbody>
</table>
# Notes to the Consolidated Financial Statements

## 10. Fixed assets

### Gross Block

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31st March, 2014¹</th>
<th>Additions</th>
<th>Withdrawals and adjustments</th>
<th>Foreign Currency Translation Reserve adjustments</th>
<th>As at 31st March, 2015²</th>
<th>Additions</th>
<th>Withdrawals and adjustments</th>
<th>Foreign Currency Translation Reserve adjustments</th>
<th>As at 31st March, 2016³</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Freehold²</td>
<td>1299.90</td>
<td>151.16</td>
<td>43.20</td>
<td>(0.02)</td>
<td>1407.84</td>
<td>137.59</td>
<td>0.01</td>
<td>0.01</td>
<td>1545.43</td>
</tr>
<tr>
<td>Leasehold¹</td>
<td>263.81</td>
<td>42.25</td>
<td>3.72</td>
<td>0.09</td>
<td>309.43</td>
<td>22.96</td>
<td>-</td>
<td>0.04</td>
<td>332.43</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold</td>
<td>4014.99</td>
<td>755.96</td>
<td>10.29</td>
<td>0.18</td>
<td>4760.84</td>
<td>210.89</td>
<td>10.00</td>
<td>0.19</td>
<td>4961.92</td>
</tr>
<tr>
<td><strong>Licensed Properties - Building Improvement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>12632.72</td>
<td>2146.10</td>
<td>122.22</td>
<td>0.15</td>
<td>14666.75</td>
<td>756.92</td>
<td>161.06</td>
<td>0.81</td>
<td>15263.02</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>728.95</td>
<td>92.73</td>
<td>17.58</td>
<td>0.04</td>
<td>802.14</td>
<td>44.60</td>
<td>15.51</td>
<td>0.13</td>
<td>834.36</td>
</tr>
<tr>
<td>Vehicles</td>
<td>120.49</td>
<td>20.35</td>
<td>12.34</td>
<td>0.01</td>
<td>128.49</td>
<td>27.45</td>
<td>12.63</td>
<td>0.01</td>
<td>143.32</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>33.81</td>
<td>7.87</td>
<td>4.95</td>
<td>(0.01)</td>
<td>46.42</td>
<td>5.39</td>
<td>4.90</td>
<td>0.01</td>
<td>50.83</td>
</tr>
<tr>
<td>Railway Sidings etc.</td>
<td>1.97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19191.56</td>
<td>3233.43</td>
<td>199.73</td>
<td>0.39</td>
<td>22225.65</td>
<td>1209.38</td>
<td>213.18</td>
<td>0.83</td>
<td>23222.68</td>
</tr>
<tr>
<td><strong>Share of Joint Ventures - Note 28(ii)(b)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital work-in-progress⁷</strong></td>
<td>3031.96</td>
<td>2707.61</td>
<td>3131.56</td>
<td>9.80</td>
<td>2617.81</td>
<td>2170.60</td>
<td>1737.52</td>
<td>20.27</td>
<td>3030.62</td>
</tr>
<tr>
<td><strong>Total (A)</strong></td>
<td>19265.65</td>
<td>3244.54</td>
<td>199.85</td>
<td>0.39</td>
<td>22310.73</td>
<td>1210.18</td>
<td>213.42</td>
<td>0.83</td>
<td>23308.32</td>
</tr>
<tr>
<td><strong>Intangible assets (acquired)</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>4.90</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.90</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.90</td>
</tr>
<tr>
<td>Trademarks⁵</td>
<td>6.46</td>
<td>337.99</td>
<td>-</td>
<td>(0.07)</td>
<td>344.38</td>
<td>0.05</td>
<td>0.05</td>
<td>0.03</td>
<td>344.41</td>
</tr>
<tr>
<td>computer Software</td>
<td>336.55</td>
<td>48.64</td>
<td>12.55</td>
<td>0.02</td>
<td>372.66</td>
<td>43.62</td>
<td>0.09</td>
<td>0.04</td>
<td>416.23</td>
</tr>
<tr>
<td>Know-how, Business and Commercial Rights⁶</td>
<td>89.33</td>
<td>9.75</td>
<td>-</td>
<td>(2.58)</td>
<td>96.50</td>
<td>10.59</td>
<td>-</td>
<td>1.14</td>
<td>108.23</td>
</tr>
<tr>
<td><strong>Total (C)</strong></td>
<td>437.24</td>
<td>396.38</td>
<td>12.55</td>
<td>(2.63)</td>
<td>818.44</td>
<td>54.26</td>
<td>0.14</td>
<td>1.21</td>
<td>873.77</td>
</tr>
<tr>
<td><strong>Share of Joint Ventures - Note 28(ii)(b)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total (D)</strong></td>
<td>36.08</td>
<td>373.98</td>
<td>381.41</td>
<td>-</td>
<td>28.65</td>
<td>44.54</td>
<td>42.44</td>
<td>-</td>
<td>30.75</td>
</tr>
<tr>
<td><strong>Intangible assets under development</strong></td>
<td>36.08</td>
<td>373.98</td>
<td>381.41</td>
<td>-</td>
<td>28.65</td>
<td>44.54</td>
<td>42.44</td>
<td>-</td>
<td>30.75</td>
</tr>
<tr>
<td><strong>Total (D)</strong></td>
<td>473.63</td>
<td>770.38</td>
<td>393.96</td>
<td>(2.63)</td>
<td>847.42</td>
<td>98.80</td>
<td>42.58</td>
<td>1.21</td>
<td>904.85</td>
</tr>
<tr>
<td><strong>Provision for assets given on lease</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>22620.57</td>
<td>6726.75</td>
<td>3725.18</td>
<td>7.56</td>
<td>25829.70</td>
<td>3479.59</td>
<td>1993.52</td>
<td>(18.23)</td>
<td>27297.54</td>
</tr>
</tbody>
</table>

The above includes following assets given on operating lease:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As at 31st March, 2016</th>
<th>2016</th>
<th>As at 31st March, 2015</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Block</td>
<td>Accumulated Depreciation</td>
<td>Net Block</td>
<td>Depreciation Change for the year</td>
</tr>
<tr>
<td>Buildings</td>
<td>1.90</td>
<td>0.63</td>
<td>1.27</td>
<td>0.02</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>483.63</td>
<td>305.80</td>
<td>177.83</td>
<td>20.32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>485.53</td>
<td>306.43</td>
<td>179.10</td>
<td>20.34</td>
</tr>
</tbody>
</table>
### Notes to the Consolidated Financial Statements

#### 10. Fixed assets (contd.)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31st March, 2016</th>
<th>Depreciation and Amortisation ((\text{\textdollar}) in Crores)</th>
<th>Net Book Value ((\text{\textdollar}) in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freehold</td>
<td>29.89</td>
<td>2.27</td>
<td>17.47</td>
</tr>
<tr>
<td>Leasehold</td>
<td>643.27</td>
<td>33.58</td>
<td>108.78</td>
</tr>
<tr>
<td>Buildings</td>
<td>Freehold</td>
<td>58.07</td>
<td>8.99</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>5551.09</td>
<td>43.24</td>
<td>764.72</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>367.86</td>
<td>7.39</td>
<td>72.79</td>
</tr>
<tr>
<td>Vehicles</td>
<td>36.75</td>
<td>0.74</td>
<td>15.55</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>10.27</td>
<td>2.59</td>
<td>7.39</td>
</tr>
<tr>
<td>Railway Sidings etc.</td>
<td>0.11</td>
<td>0.13</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total (A)</strong></td>
<td>6697.23</td>
<td>87.54</td>
<td>980.62</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(b)(ii)(b)</td>
<td>12.42</td>
<td>1.67</td>
<td>0.08</td>
</tr>
<tr>
<td><strong>Capital work-in-progress</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total (B)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total (A+B)</strong></td>
<td>6709.65</td>
<td>87.54</td>
<td>982.29</td>
</tr>
<tr>
<td><strong>Share of Joint Ventures - Note 28(b)(ii)(b)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total (A)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intangible assets (A+B)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trademarks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Computer Software</strong></td>
<td>271.94</td>
<td>-</td>
<td>38.81</td>
</tr>
<tr>
<td><strong>Know-how, Business and Commercial Rights</strong></td>
<td>80.29</td>
<td>-</td>
<td>2.02</td>
</tr>
<tr>
<td><strong>Total (C)</strong></td>
<td>363.48</td>
<td>-</td>
<td>45.63</td>
</tr>
<tr>
<td><strong>Share of Joint Ventures - Note 28(b)(ii)(b)</strong></td>
<td>0.24</td>
<td>-</td>
<td>0.04</td>
</tr>
<tr>
<td><strong>Total (D)</strong></td>
<td>363.72</td>
<td>-</td>
<td>45.67</td>
</tr>
<tr>
<td><strong>Intangible assets (C+D)</strong></td>
<td>363.72</td>
<td>-</td>
<td>45.67</td>
</tr>
<tr>
<td><strong>Provision for assets given on lease</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>7073.37</td>
<td>87.54</td>
<td>1027.96</td>
</tr>
</tbody>
</table>

2. Land Freehold includes certain lands at Munger with Gross Block - \(\text{\textdollar}1.16\) Crores (2015 - \(\text{\textdollar}1.16\) Crores) which stood vested with the State of Bihar under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.
3. Litigation relating to the ITC Windsor land is pending. In the opinion of the management based upon legal advice, the Company’s title to the property is tenable.
4. Buildings Freehold includes \(\text{\textdollar}1173.27\) Crores (2015 - \(\text{\textdollar}1062.72\) Crores), aggregate cost of building on leasehold land situated at various locations.
5. Trademarks are being amortised over 10 years.
6. Out of the total amount of “Know-how, Business and Commercial Rights” aggregating \(\text{\textdollar}108.23\) Crores (2015 - \(\text{\textdollar}96.50\) Crores):-
   - \(\text{\textdollar}80.31\) Crores (2015 - \(\text{\textdollar}69.72\) Crores) acquired during the year and in earlier years are amortised over 10 years.
   - \(\text{\textdollar}29.25\) Crores (2015 - \(\text{\textdollar}21.81\) Crores) acquired during the year and in earlier years and have been amortised over 5 years.
7. On being the successful bidder under the SARFAESI Act, the Company paid an amount of \(\text{\textdollar}515.44\) Crores in 2014-15 to IFCI Limited as consideration for the purchase of a 5 star hotel resort in Goa operating under the name Park Hyatt Goa Resort & spa and IFCI Limited issued requisite Sale certificate in favour of the Company. The erstwhile owners of the property thereafter challenged the sale. By its judgement dated 23.03.2016, the Bombay High Court set aside the sale and directed IFCI Limited to refund the sale consideration to the Company. The Company and IFCI Limited have approached the Hon'ble Supreme Court against the High Court judgment. The Hon'ble Supreme Court by its interim order dated 22.04.2016 has issued notice in the matter, ordered status quo and directed that the sale consideration shall remain with IFCI Limited.
8. In respect of assets aggregating \(\text{\textdollar}5\) Crores (2015 - \(\text{\textdollar}2.82\) Crores), the primary lease period has expired and balances reflected on this account have been fully realised or provided for.
### Notes to the Consolidated Financial Statements

#### 11. Non-current investments (at cost unless stated otherwise)

**Long Term**

**A. TRADE INVESTMENTS**

**INVESTMENT IN EQUITY INSTRUMENTS**

**In Subsidiaries**

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Number of Shares</th>
<th>Share Price (₹)</th>
<th>Add / (Less): Group Share of Profits / (Losses) up to 31.03.2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITC Global Holdings Pte. Limited (in liquidation)</td>
<td>89,99,645 Ordinary Shares</td>
<td>₹1.00 each, fully paid</td>
<td>₹25.58 (cost ₹25.58 Crores, fully provided)</td>
</tr>
<tr>
<td>International Travel House Limited</td>
<td>39,14,233 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹21.87 (cost ₹21.87 Crores)</td>
</tr>
<tr>
<td>Gujarat Hotels Limited</td>
<td>17,33,907 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹1.94 (cost ₹1.94 Crores)</td>
</tr>
<tr>
<td>ATC Limited</td>
<td>55,650 Equity Shares</td>
<td>₹100.00 each, fully paid</td>
<td>₹0.83 (cost ₹0.83 Crores)</td>
</tr>
<tr>
<td>Russell Investments Limited</td>
<td>42,75,435 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹4.27 (cost ₹4.27 Crores)</td>
</tr>
<tr>
<td>Classic Infrastructure &amp; Development Limited</td>
<td>54,00,000 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹7.78 (cost ₹7.78 Crores)</td>
</tr>
<tr>
<td>Divya Management Limited</td>
<td>41,82,915 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹6.93 (cost ₹6.93 Crores)</td>
</tr>
<tr>
<td>Antrang Finance Limited</td>
<td>43,24,634 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹4.40 (cost ₹4.40 Crores)</td>
</tr>
<tr>
<td>VST Industries Limited</td>
<td>476 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹0.01</td>
</tr>
<tr>
<td>Hotel Leelaventure Limited</td>
<td>5,49,80,620 Equity Shares</td>
<td>₹2.00 each, fully paid</td>
<td>₹200.17</td>
</tr>
<tr>
<td>EIH Limited</td>
<td>9,21,78,024 Equity Shares</td>
<td>₹2.00 each, fully paid</td>
<td>₹440.67</td>
</tr>
<tr>
<td>Punjab Anand Batteries Limited (in liquidation)</td>
<td>11,86,157 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹11.35 (cost ₹11.35 Crores, fully provided)</td>
</tr>
</tbody>
</table>

**In Associates**

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Number of Shares</th>
<th>Share Price (₹)</th>
<th>Add / (Less): Group Share of Profits / (Losses) up to 31.03.2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Travel House Limited</td>
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</tr>
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<td>₹0.83 (cost ₹0.83 Crores)</td>
</tr>
<tr>
<td>Russell Investments Limited</td>
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<td>₹10.00 each, fully paid</td>
<td>₹4.27 (cost ₹4.27 Crores)</td>
</tr>
<tr>
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<td>₹10.00 each, fully paid</td>
<td>₹7.78 (cost ₹7.78 Crores)</td>
</tr>
<tr>
<td>Divya Management Limited</td>
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<td>₹10.00 each, fully paid</td>
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</tr>
<tr>
<td>Antrang Finance Limited</td>
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<td>₹4.40 (cost ₹4.40 Crores)</td>
</tr>
<tr>
<td>VST Industries Limited</td>
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<td>₹10.00 each, fully paid</td>
<td>₹0.01</td>
</tr>
<tr>
<td>Hotel Leelaventure Limited</td>
<td>5,49,80,620 Equity Shares</td>
<td>₹2.00 each, fully paid</td>
<td>₹200.17</td>
</tr>
<tr>
<td>EIH Limited</td>
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<td>₹2.00 each, fully paid</td>
<td>₹440.67</td>
</tr>
<tr>
<td>Punjab Anand Batteries Limited (in liquidation)</td>
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<td>₹10.00 each, fully paid</td>
<td>₹11.35 (cost ₹11.35 Crores, fully provided)</td>
</tr>
</tbody>
</table>

**In Others**

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Number of Shares</th>
<th>Share Price (₹)</th>
<th>Add / (Less): Group Share of Profits / (Losses) up to 31.03.2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITC Limited</td>
<td>476 Equity Shares</td>
<td>₹10.00 each, fully paid</td>
<td>₹0.01</td>
</tr>
<tr>
<td>Hotel Leelaventure Limited</td>
<td>5,49,80,620 Equity Shares</td>
<td>₹2.00 each, fully paid</td>
<td>₹200.17</td>
</tr>
<tr>
<td>EIH Limited</td>
<td>9,21,78,024 Equity Shares</td>
<td>₹2.00 each, fully paid</td>
<td>₹440.67</td>
</tr>
</tbody>
</table>

**Carried over**

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (in Crores)</th>
<th>As at 31st March, 2015 (in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted</td>
<td>742.07</td>
<td>737.37</td>
</tr>
<tr>
<td>Unquoted</td>
<td>30.66</td>
<td>40.75</td>
</tr>
</tbody>
</table>
### Notes to the Consolidated Financial Statements

#### Non-current investments (at cost unless stated otherwise) (Contd.)

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td><strong>TRADE INVESTMENTS (Contd.)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid</td>
<td>0.04</td>
<td>0.04</td>
</tr>
<tr>
<td><strong>B. OTHER INVESTMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INVESTMENT IN EQUITY INSTRUMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>Lotus Court Private Limited 2 Class G Shares of ₹ 48000.00 each, fully paid</td>
<td>2.34</td>
<td>2.34</td>
</tr>
<tr>
<td>Adyar Property Holding Company Limited 311 Equity Shares of ₹ 100.00 each, partly paid (cost ₹ 43.86 Crores, provided for ₹ 20.67 Crores)</td>
<td>23.19</td>
<td>23.19</td>
</tr>
<tr>
<td>Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid</td>
<td>2.32</td>
<td>2.32</td>
</tr>
<tr>
<td>Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 0.01 Crore, fully provided)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bilaspur Cane Development Corporation Limited 100 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prime Golf Ranking Private Limited 150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Woodlands Multispecialty Hospital Limited 13,072 Equity Shares of ₹ 10.00 each, fully paid</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Securities (cost ₹ 74000.00)</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>National Savings Certificate, fully paid (Deposited with Government Authorities) (cost ₹ 5000.00, fully provided)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Kisan Vikas Patra, fully Paid (Deposited with Government Authorities) (cost ₹ 5000.00, fully provided)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>National Saving Certificate pledged at Mandi Samiti (cost ₹ 16000.00)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>INVESTMENT IN BONDS/DEBENTURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing and Urban Development Corporation Limited 2,00 (2015 - Nil) 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid</td>
<td>200.00</td>
<td>-</td>
</tr>
<tr>
<td>7,00,696 (2015 - Nil) 7.39% (For category I, II &amp; III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid</td>
<td>70.07</td>
<td>-</td>
</tr>
<tr>
<td>IDFC Bank Limited 3,00 (2015 - Nil) Zero Coupon Unsecured Redeemable Non-Convertible Debentures Series IDFC Bank OBB 20/2015 (27 November 2017) of ₹ 1000000.00 each, fully paid</td>
<td>325.74</td>
<td>-</td>
</tr>
<tr>
<td><strong>Carried over</strong></td>
<td>742.12</td>
<td>655.98</td>
</tr>
</tbody>
</table>
### 11. Non-current investments (at cost unless stated otherwise) (Contd.)

#### OTHER INVESTMENTS (Contd.)

<table>
<thead>
<tr>
<th>Investment Description</th>
<th>As at 31st March, 2016 ((\₹\ in Crores))</th>
<th>As at 31st March, 2015 ((\₹\ in Crores))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td><strong>Brought forward</strong></td>
<td><strong>742.12</strong></td>
<td><strong>655.98</strong></td>
</tr>
<tr>
<td><strong>India Infrastructure Finance Company Limited</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000 (2015 - Nil) 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of (\₹\ 1000000.00) each, fully paid</td>
<td>106.82</td>
<td></td>
</tr>
<tr>
<td>800 (2015 - Nil) 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2026) of (\₹\ 1000000.00) each, fully paid</td>
<td>86.88</td>
<td></td>
</tr>
<tr>
<td>1,630 (2015 - Nil) 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of (\₹\ 1000000.00) each, fully paid</td>
<td>177.23</td>
<td></td>
</tr>
<tr>
<td><strong>Indian Railway Finance Corporation Limited</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,000 (2015 - Nil) 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of (\₹\ 1000000.00) each, fully paid</td>
<td><strong>200.00</strong></td>
<td></td>
</tr>
<tr>
<td>1,250 (2015 - Nil) 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of (\₹\ 1000000.00) each, fully paid</td>
<td>135.85</td>
<td></td>
</tr>
<tr>
<td>130 (2015 - Nil) 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of (\₹\ 1000000.00) each, fully paid</td>
<td>14.21</td>
<td></td>
</tr>
<tr>
<td><strong>LIC Housing Finance Limited</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>250 (2015 - Nil) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of (\₹\ 1000000.00) each, fully paid</td>
<td>24.81</td>
<td></td>
</tr>
<tr>
<td>30 (2015 - Nil) 8.50% Secured Redeemable Non-Convertible Debentures Tranche 187 (13 April 2017) of (\₹\ 1000000.00) each, fully paid</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>3,000 (2015 - Nil) 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of (\₹\ 1000000.00) each, fully paid</td>
<td>300.00</td>
<td></td>
</tr>
<tr>
<td>239 (2015 - Nil) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of (\₹\ 1000000.00) each, fully paid</td>
<td>24.04</td>
<td></td>
</tr>
<tr>
<td>1,000 (2015 - Nil) 9.18% Secured Redeemable Non-Convertible Debentures Tranche 219 (03 July 2017) of (\₹\ 1000000.00) each, fully paid</td>
<td>100.60</td>
<td></td>
</tr>
<tr>
<td>300 (2015 - Nil) 9.29% Secured Redeemable Non-Convertible Debentures Tranche 230 Option 1 (16 October 2017) of (\₹\ 1000000.00) each, fully paid</td>
<td>30.29</td>
<td></td>
</tr>
<tr>
<td>170 (2015 - Nil) 9.80% Secured Redeemable Non-Convertible Debentures Tranche XXVI (22 October 2017) of (\₹\ 1000000.00) each, fully paid</td>
<td>17.28</td>
<td></td>
</tr>
<tr>
<td><strong>National Highways Authority of India</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,500 (2015 - Nil) 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-I (18 September 2025) of (\₹\ 1000000.00) each, fully paid</td>
<td>249.99</td>
<td></td>
</tr>
<tr>
<td>2,500 (2015 - Nil) 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-I (18 September 2030) of (\₹\ 1000000.00) each, fully paid</td>
<td>250.00</td>
<td></td>
</tr>
<tr>
<td>4,28,547 (2015 - Nil) 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (31 January 2026) of (\₹\ 1000.00) each, fully paid</td>
<td>42.85</td>
<td></td>
</tr>
<tr>
<td><strong>Carried over</strong></td>
<td><strong>2005.95</strong></td>
<td><strong>1156.00</strong></td>
</tr>
<tr>
<td>Other Investments (Contd.)</td>
<td>As at 31st March, 2016</td>
<td>As at 31st March, 2015</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td>Brought forward</td>
<td>2005.95</td>
<td>1156.00</td>
</tr>
<tr>
<td>9.99,943 (2015 - Nil) 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031) of ₹ 1000.00 each, fully paid</td>
<td>99.99</td>
<td>-</td>
</tr>
<tr>
<td>National Housing Bank</td>
<td>800 (2015 - Nil) 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid</td>
<td>86.73</td>
</tr>
<tr>
<td>Power Finance Corporation Limited</td>
<td>1,000 (2015 - Nil) 8.12% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 139-B (22 May 2017) of ₹ 1000000.00 each, fully paid</td>
<td>99.88</td>
</tr>
<tr>
<td></td>
<td>170 (2015 - Nil) 8.29% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 129-B (13 June 2018) of ₹ 1000000.00 each, fully paid</td>
<td>17.04</td>
</tr>
<tr>
<td></td>
<td>500 (2015 - Nil) 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid</td>
<td>50.11</td>
</tr>
<tr>
<td></td>
<td>1,500 (2015 - Nil) 9.11% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 115-I (07 July 2017) of ₹ 1000000.00 each, fully paid</td>
<td>151.04</td>
</tr>
<tr>
<td></td>
<td>379 (2015 - Nil) 9.27% Unsecured Redeemable Non-Cumulative Taxable Bonds Series-92-B (21 August 2017) of ₹ 1000000.00 each, fully paid</td>
<td>38.37</td>
</tr>
<tr>
<td></td>
<td>150 (2015 - Nil) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 117-A (19 August 2017) of ₹ 1000000.00 each, fully paid</td>
<td>15.19</td>
</tr>
<tr>
<td></td>
<td>500 (2015 - Nil) 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028) of ₹ 1000000.00 each, fully paid</td>
<td>54.21</td>
</tr>
<tr>
<td>PNB Housing Finance Limited</td>
<td>500 (2015 - Nil) 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid</td>
<td>49.99</td>
</tr>
<tr>
<td>Rural Electrification Corporation Limited</td>
<td>800 (2015 - Nil) 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3B (29 August 2028) of ₹ 1000000.00 each, fully paid</td>
<td>86.73</td>
</tr>
<tr>
<td></td>
<td>50 (2015 - Nil) 8.54% Secured Redeemable Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2026) of ₹ 1000000.00 each, fully paid</td>
<td>5.45</td>
</tr>
<tr>
<td></td>
<td>250 (2015 - Nil) 8.87% Unsecured 7 Year Non-Cumulative Redeemable Taxable Bonds - 2020 (113th Series) (08 March 2020) of ₹ 1000000.00 each, fully paid</td>
<td>25.44</td>
</tr>
<tr>
<td></td>
<td>1,000 (2015 - Nil) 9.40% Unsecured Non-Cumulative Redeemable Taxable Bonds-2017 Series-108 (Option I) (20 July 2017) of ₹ 1000000.00 each, fully paid</td>
<td>101.33</td>
</tr>
<tr>
<td>Small Industries Development Bank of India</td>
<td>1,000 (2015 - Nil) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2013-16 (26 February 2019 with Put Option on 27 February 2017) of ₹ 1000000.00 each, fully paid</td>
<td>100.00</td>
</tr>
<tr>
<td>Carried over</td>
<td>2556.82</td>
<td>1586.63</td>
</tr>
</tbody>
</table>
## Notes to the Consolidated Financial Statements

### 11. Non-current investments (at cost unless stated otherwise) (Contd.)

#### INVESTMENT IN MUTUAL FUNDS

- **Birla Sun Life Fixed Term Plan - Series LQ (1113 D)**
  - 50,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 5.00

- **HDFC Fixed Maturity Plan 1114D March 2016 (I) - Series-35**
  - 12,80,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 128.00

- **HDFC Fixed Maturity Plan 1132D February 2016 (I) - Series-36**
  - 4,30,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 43.00

- **HDFC Fixed Maturity Plan 1107D March 2016 (I) - Series-36**
  - 4,00,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 40.00

- **ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days**
  - 1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 15.00

- **ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days**
  - 1,00,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 10.00

- **ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days**
  - 1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 15.00

- **ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days**
  - 1,00,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 10.00

- **ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days**
  - 1,20,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 12.00

- **Kotak Fixed Maturity Plan Series 190**
  - 50,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 5.00

- **Reliance Fixed Horizon Fund - XXVI - Series 31**
  - 50,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 5.00

- **Reliance Fixed Horizon Fund - XXX - Series 5**
  - 1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 15.00

- **Reliance Fixed Horizon Fund - XXX - Series 12**
  - 1,00,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 10.00

- **Reliance Fixed Horizon Fund - XXX - Series 13**
  - 3,50,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 35.00

- **Reliance Fixed Horizon Fund - XXX - Series 6**
  - 1,00,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 10.00

- **UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days**
  - 1,20,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 12.00

- **UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days**
  - 80,00,000 (2015 - Nil) Units of ₹ 10.00 each
  - 8.00

### Aggregate amount of quoted and unquoted investments

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (in Crores)</th>
<th>As at 31st March, 2015 (in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td>Brought forward</td>
<td>2556.82</td>
<td>1586.63</td>
</tr>
</tbody>
</table>

### Aggregate market value of quoted investments
- ₹ 3403.49 Crores (2015 - ₹ 1045.15 Crores)

### Aggregate provision for diminution in value
- ₹ 47.45 Crores (2015 - ₹ 47.45 Crores)
# Notes to the Consolidated Financial Statements

## 12. Long-term loans and advances

<table>
<thead>
<tr>
<th>Category</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital advances</td>
<td>1046.91</td>
<td>411.36</td>
</tr>
<tr>
<td>Security deposits</td>
<td>898.71</td>
<td>737.73</td>
</tr>
<tr>
<td>Doubtful</td>
<td>2.96</td>
<td>2.96</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful deposits</strong></td>
<td>2.96</td>
<td>2.96</td>
</tr>
<tr>
<td>Loans and advances to related parties</td>
<td>0.37</td>
<td>0.30</td>
</tr>
<tr>
<td>Loans and advances - secured, considered good</td>
<td>1.40</td>
<td>1.77</td>
</tr>
<tr>
<td>Advance tax (net of provisions) - unsecured, considered good</td>
<td>27.56</td>
<td>59.48</td>
</tr>
<tr>
<td>Fringe benefit tax (net of provisions) - unsecured, considered good</td>
<td>0.02</td>
<td>...</td>
</tr>
<tr>
<td>MAT credit Entitlement</td>
<td>2.09</td>
<td>0.85</td>
</tr>
<tr>
<td>Other loans and advances (Comprise loans to employees, prepaid expenses, advances with statutory authorities etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>363.15</td>
<td>351.64</td>
</tr>
<tr>
<td>Doubtful</td>
<td>17.50</td>
<td>17.81</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful loans and advances</strong></td>
<td>17.50</td>
<td>17.81</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2340.21</strong></td>
<td><strong>1564.16</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>1.07</td>
<td>1.31</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>2341.28</strong></td>
<td><strong>1565.47</strong></td>
</tr>
</tbody>
</table>

## 12A. Other non-current assets

<table>
<thead>
<tr>
<th>Category</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments towards land/project development - unsecured, considered good*</td>
<td>1.24</td>
<td>1.24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1.24</strong></td>
<td><strong>1.24</strong></td>
</tr>
</tbody>
</table>

* Suit for partition of land is pending
### Notes to the Consolidated Financial Statements

#### 13. Current investments (at lower of cost and fair value)

<table>
<thead>
<tr>
<th>INVESTMENT IN PREFERENCE SHARES</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICICI Bank Limited</td>
<td>310 Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018) of ₹ 10000000.00 each, fully paid</td>
<td>248.76</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INVESTMENT IN BONDS/DEBENTURES</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Import Bank of India</td>
<td>300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 10000000.00 each, fully paid</td>
<td>31.12</td>
</tr>
<tr>
<td>Indian Railway Finance Corporation Limited</td>
<td>10,00,000 6.30% Secured Non-Convertible Tax Free Bonds in the form of Promissory Notes 68th ‘A’ Series (08 March 2017) of ₹ 1000000.00 each, fully paid</td>
<td>98.91</td>
</tr>
<tr>
<td>Indian Railway Finance Corporation Limited</td>
<td>10,00,000 7.18% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1000.00 each, fully paid</td>
<td>100.00</td>
</tr>
<tr>
<td>Indian Railway Finance Corporation Limited</td>
<td>20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid</td>
<td>200.00</td>
</tr>
<tr>
<td>Indian Railway Finance Corporation Limited</td>
<td>4,35,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid</td>
<td>43.50</td>
</tr>
<tr>
<td>LIC Housing Finance Limited</td>
<td>2,000 (2015 - Nil) Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 242 Option 2 (24 February 2017) of ₹ 1000000.00 each, fully paid</td>
<td>219.06</td>
</tr>
<tr>
<td>National Bank for Agriculture and Rural Development</td>
<td>4,100 Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 August 2017) of ₹ 200000.00 each, fully paid</td>
<td>7.35</td>
</tr>
<tr>
<td>National Bank for Agriculture and Rural Development</td>
<td>1,41,270 Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 January 2019) of ₹ 200000.00 each, fully paid</td>
<td>226.26</td>
</tr>
<tr>
<td>National Highways Authority of India</td>
<td>4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid</td>
<td>49.45</td>
</tr>
<tr>
<td>National Housing Bank</td>
<td>1,03,785 Zero Coupon Unsecured Non-Convertible Taxable Bonds in the form of Promissory Notes (24 December 2018) of ₹ 10000.00 each, fully paid</td>
<td>83.30</td>
</tr>
<tr>
<td>Power Finance Corporation Limited</td>
<td>95 (2015 - 450) 9.69% Secured Non-Convertible Non-Cumulative Taxable Bonds Series 113 (02 March 2019) of ₹ 1000000.00 each, fully paid</td>
<td>-</td>
</tr>
<tr>
<td>Power Finance Corporation Limited</td>
<td>1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series-80-A (25 November 2021) of ₹ 1000000.00 each, fully paid</td>
<td>15.49</td>
</tr>
<tr>
<td>Power Finance Corporation Limited</td>
<td>1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 10000000.00 each, fully paid</td>
<td>99.95</td>
</tr>
<tr>
<td>Power Finance Corporation Limited</td>
<td>450 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 319 B (17 September 2019) of ₹ 1000000.00 each, fully paid</td>
<td>46.18</td>
</tr>
</tbody>
</table>

Carried over | 538.04 | 931.29 | 527.01 | 682.34
Notes to the Consolidated Financial Statements

As at 31st March, 2016

<table>
<thead>
<tr>
<th>Quoted</th>
<th>Unquoted</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31st March, 2015</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>13. Current investments (at lower of cost and fair value) (Contd.)</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Carried over</td>
<td>538.04</td>
<td>931.29</td>
</tr>
<tr>
<td>2. Brought forward</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INVESTMENT IN BONDS/DEBENTURES (Contd.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 500) 8.36% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 127 (26 February 2020) of ₹ 1000000.00 each, fully paid</td>
<td>-</td>
<td>49.98</td>
</tr>
<tr>
<td>1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series-I (01 February 2022) of ₹ 1000.00 each, fully paid</td>
<td>10.39</td>
<td>9.95</td>
</tr>
<tr>
<td>12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid</td>
<td>129.56</td>
<td>128.60</td>
</tr>
<tr>
<td>Rural Electrification Corporation Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 750) 9.38% Secured Redeemable Non-Cumulative Taxable Bonds Series 117th (06 November 2018) of ₹ 1000000.00 each, fully paid</td>
<td>-</td>
<td>77.35</td>
</tr>
<tr>
<td>Nil (2015 - 400) 8.44% Unsecured Redeemable Non-Cumulative Taxable Bonds in the nature of Debentures Series 127th (04 December 2021) of ₹ 1000000.00 each, fully paid</td>
<td>-</td>
<td>40.24</td>
</tr>
<tr>
<td>30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1(19 December 2022) of ₹ 1000.00 each, fully paid</td>
<td>299.99</td>
<td>282.01</td>
</tr>
<tr>
<td>1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid</td>
<td>99.96</td>
<td>98.27</td>
</tr>
<tr>
<td>INVESTMENT IN CERTIFICATE OF DEPOSITS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,000 (2015 - Nil) 8.17% Export Import Bank of India Certificate of Deposit (10 February 2017) of ₹ 1000000.00 each, fully paid</td>
<td>140.12</td>
<td>-</td>
</tr>
<tr>
<td>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Saving Certificate pledged at Mandi Samiti (cost ₹ 13000.00)</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>National Savings Certificates (cost ₹ 10000.00)</td>
<td>...</td>
<td>-</td>
</tr>
<tr>
<td>Kisan Vikas Patra (cost ₹ 1000.00)</td>
<td>...</td>
<td>-</td>
</tr>
<tr>
<td>INVESTMENT IN MUTUAL FUNDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Axis Liquid Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 32,301) Units of ₹ 1000.00 each</td>
<td>-</td>
<td>5.00</td>
</tr>
<tr>
<td>Birla Sun Life Cash Manager</td>
<td>4,60,214 (2015 - 1,26,84,353) Units of ₹ 100.00 each</td>
<td>15.31</td>
</tr>
<tr>
<td>Birla Sun Life Fixed Term Plan - Series LQ (368 Days)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 50,00,000) Units of ₹ 10.00 each</td>
<td>-</td>
<td>5.00</td>
</tr>
<tr>
<td>Birla Sun Life Floating Rate Fund - Long Term</td>
<td>2,01,946 (2015 - 55,45,297) Units of ₹ 100.00 each</td>
<td>3.67</td>
</tr>
<tr>
<td>Birla Sun Life Short Term Fund</td>
<td>1,07,82,737 (2015 - 5,18,77,366) Units of ₹ 10.00 each</td>
<td>60.69</td>
</tr>
<tr>
<td>Birla Sun Life Treasury Optimizer Plan</td>
<td>15,45,665 (2015 - 15,45,666) Units of ₹ 100.00 each</td>
<td>29.37</td>
</tr>
<tr>
<td>Birla Sun Life Savings Fund</td>
<td>23,45,649 (2015 - 23,45,048) Units of ₹ 100.00 each</td>
<td>68.68</td>
</tr>
<tr>
<td>DSP BlackRock Liquidity Fund - Institutional Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 1,00,106) Units of ₹ 1000.00 each</td>
<td>-</td>
<td>20.00</td>
</tr>
<tr>
<td>DWS Fixed Maturity Plan - Series 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 1,00,00,000) Units of ₹ 10.00 each</td>
<td>-</td>
<td>10.00</td>
</tr>
<tr>
<td>Carried over</td>
<td>1077.94</td>
<td>1249.13</td>
</tr>
</tbody>
</table>

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### Notes to the Consolidated Financial Statements

#### 13. Current investments (at lower of cost and fair value) (Contd.)

<table>
<thead>
<tr>
<th>Investment</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(` in Crores)</td>
<td>(` in Crores)</td>
</tr>
<tr>
<td></td>
<td>Quoted</td>
<td>Unquoted</td>
</tr>
<tr>
<td>Brought forward</td>
<td>1077.94</td>
<td>1249.13</td>
</tr>
<tr>
<td><strong>INVESTMENT IN MUTUAL FUNDS (Contd.)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DHFL Pramerica Fixed Maturity Plan Series 62 (formerly known as DWS FMP Series 62)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>916 (2015 - 916) Units of `10.00 each</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>DWS Treasury Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 8,24,18,752) Units of `10.00 each</td>
<td>49.74</td>
<td>76.74</td>
</tr>
<tr>
<td>DHFL Pramerica Ultra Short Term Fund (formerly known as DWS Ultra Short Term Fund)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,09,80,716 (2015 - 6,74,76,680) Units of `10.00 each</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Franklin India Treasury Management Account - Super Institutional Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 18,996) Units of `1000.00 each</td>
<td>3.96</td>
<td></td>
</tr>
<tr>
<td>Franklin India Ultra Short Bond Fund Super Institutional Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 8,10,224) Units of `10.00 each</td>
<td>1.50</td>
<td></td>
</tr>
<tr>
<td>HDFC Cash Management Fund - Treasury Advantage Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 2,34,21,163) Units of `10.00 each</td>
<td></td>
<td>67.38</td>
</tr>
<tr>
<td>HDFC Floating Rate Income Fund - Short Term Plan</td>
<td>10,23,22,267 (2015 - Nil) Units of `10.00 each</td>
<td>267.06</td>
</tr>
<tr>
<td>HDFC High Interest Fund - Short Term Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 5,58,29,541) Units of `10.00 each</td>
<td>151.00</td>
<td></td>
</tr>
<tr>
<td>HDFC High Interest Fund - Dynamic Plan</td>
<td>1,06,18,432 (2015 - 1,06,18,417) Units of `10.00 each</td>
<td>55.64</td>
</tr>
<tr>
<td>HDFC Liquid Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 1,43,72,056) Units of `10.00 each</td>
<td>39.59</td>
<td></td>
</tr>
<tr>
<td>HDFC Medium Term Opportunities Fund</td>
<td>13,70,31,285 (2015 - 13,70,33,144) Units of `10.00 each</td>
<td>226.61</td>
</tr>
<tr>
<td>HDFC Short Term Opportunities Fund</td>
<td>14,94,65,786 (2015 - 14,94,65,765) Units of `10.00 each</td>
<td>246.13</td>
</tr>
<tr>
<td>ICICI Prudential Banking &amp; PSU Debt Fund</td>
<td>5,39,16,760 Units of `10.00 each</td>
<td>57.00</td>
</tr>
<tr>
<td>ICICI Prudential - Flexible Income Plan</td>
<td>53,44,324 (2015 - Nil) Units of `100.00 each</td>
<td>153.38</td>
</tr>
<tr>
<td>ICICI Prudential Blended Plan B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 3,86,97,174) Units of `10.00 each</td>
<td>40.30</td>
<td></td>
</tr>
<tr>
<td>ICICI Prudential Dynamic Bond Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 3,59,60,193) Units of `10.00 each</td>
<td>53.08</td>
<td></td>
</tr>
<tr>
<td>ICICI Prudential Fixed Maturity Plan Series 72 - 370 Days Plan G</td>
<td>10,00,00,000 Units of `10.00 each</td>
<td>1.00</td>
</tr>
<tr>
<td>ICICI Prudential Income Opportunities Fund</td>
<td>7,98,55,052 (2015 - 7,98,54,771) Units of `10.00 each</td>
<td>168.21</td>
</tr>
<tr>
<td>ICICI Prudential Liquid Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 6,53,865) Units of `100.00 each</td>
<td>-</td>
<td>13.50</td>
</tr>
<tr>
<td>ICICI Prudential Money Market Fund</td>
<td>15,646 (2015 - Nil) Units of `100.00 each</td>
<td>0.32</td>
</tr>
<tr>
<td>ICICI Prudential Savings Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 50,35,980) Units of `100.00 each</td>
<td>-</td>
<td>103.20</td>
</tr>
<tr>
<td>ICICI Prudential Short Term</td>
<td>7,64,50,849 (2015 - 7,68,00,364) Units of `10.00 each</td>
<td>241.15</td>
</tr>
<tr>
<td>Carried over</td>
<td>1078.94</td>
<td>2714.37</td>
</tr>
</tbody>
</table>
Notes to the Consolidated Financial Statements

13. Current investments (at lower of cost and fair value) (Contd.)

<table>
<thead>
<tr>
<th>Investment in Mutual Funds (Contd.)</th>
<th>Quoted</th>
<th>Unquoted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brought forward</td>
<td>1078.94</td>
<td>2714.37</td>
</tr>
<tr>
<td>ICICI Prudential Ultra Short Term</td>
<td>325.99</td>
<td>211.70</td>
</tr>
<tr>
<td>IDFC Cash Fund</td>
<td></td>
<td>0.77</td>
</tr>
<tr>
<td>IDFC Dynamic Bond Fund</td>
<td>50.06</td>
<td>50.06</td>
</tr>
<tr>
<td>IDFC Money Manager Fund - Investment Plan</td>
<td></td>
<td>11.34</td>
</tr>
<tr>
<td>IDFC Money Manager Fund - Treasury Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPMorgan India Active Bond Fund</td>
<td></td>
<td>150.00</td>
</tr>
<tr>
<td>JPMorgan India Liquid Fund</td>
<td></td>
<td>208.74</td>
</tr>
<tr>
<td>JPMorgan India Treasury Fund</td>
<td></td>
<td>102.28</td>
</tr>
<tr>
<td>Kotak Bond Short Term</td>
<td>24.98</td>
<td>24.98</td>
</tr>
<tr>
<td>Kotak Floater Short Term</td>
<td>2.27</td>
<td>0.82</td>
</tr>
<tr>
<td>Kotak Liquid Scheme Plan A</td>
<td></td>
<td>5.00</td>
</tr>
<tr>
<td>Kotak Treasury Advantage Fund</td>
<td>320.94</td>
<td>102.24</td>
</tr>
<tr>
<td>L&amp;T Short Term Opportunities Fund</td>
<td></td>
<td>40.00</td>
</tr>
<tr>
<td>L&amp;T Triple Ace Bond Fund</td>
<td></td>
<td>60.00</td>
</tr>
<tr>
<td>Reliance Fixed Horizon Fund - XXVI - Series 31 (366 Days)</td>
<td></td>
<td>5.00</td>
</tr>
<tr>
<td>Reliance Floating Rate Fund - Short Term Plan</td>
<td>410.75</td>
<td>252.57</td>
</tr>
<tr>
<td>Reliance Liquidity Fund</td>
<td>2.05</td>
<td>-</td>
</tr>
<tr>
<td>Reliance Liquid Fund - Treasury Plan</td>
<td>100.52</td>
<td>-</td>
</tr>
<tr>
<td>Reliance Medium Term Fund</td>
<td>216.61</td>
<td>262.81</td>
</tr>
<tr>
<td>Reliance Short Term Fund</td>
<td>59.68</td>
<td>451.45</td>
</tr>
<tr>
<td>SBI Premier Liquid Fund</td>
<td>25.00</td>
<td></td>
</tr>
<tr>
<td>TATA Money Market Fund</td>
<td>3.00</td>
<td></td>
</tr>
</tbody>
</table>

Carried over                         | 1078.94| 4342.71 |

As at 31st March, 2016

As at 31st March, 2015

(\( \text{in Crores} \))

(\( \text{in Crores} \))
### Notes to the Consolidated Financial Statements

#### 13. Current investments (at lower of cost and fair value) (Contd.)

<table>
<thead>
<tr>
<th>Brought forward</th>
<th>Quoted</th>
<th>Unquoted</th>
<th>Quoted</th>
<th>Unquoted</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 31st March, 2016</td>
<td>1078.94</td>
<td>4342.71</td>
<td>1229.41</td>
<td>4854.84</td>
</tr>
<tr>
<td>As at 31st March, 2015</td>
<td>1229.41</td>
<td>4854.84</td>
<td>1229.41</td>
<td>4854.84</td>
</tr>
</tbody>
</table>

**INVESTMENT IN MUTUAL FUNDS (Contd.)**

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTI - Short Term Income Fund - Institutional Option</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nil (2015 - 5,06,50,712) Units of ₹ 10.00 each</td>
<td>-</td>
<td>50.65</td>
</tr>
<tr>
<td>UTI - Money Market Fund - Institutional Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22,804 (2015 - Nil) Units of ₹ 10.00 each</td>
<td>3.82</td>
<td>-</td>
</tr>
</tbody>
</table>

**Current Portion of Non Current Investments (at cost)**

**INVESTMENT IN BONDS / DEBENTURES**

- **Export Import Bank of India**
  - 450 (2015 - Nil) 8.20% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-10-2019 (18 February 2019 with Call/Put Option on 18 February 2017) of ₹ 100,00,000.00 each, fully paid 45.00 -
  - 1,000 (2015 - Nil) 8.33% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-12-2019 (20 March 2019 with Call/Put Option on 20 March 2017) of ₹ 10,00,00,000.00 each, fully paid 100.00 -
  - 500 (2015 - Nil) 7.825% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-07-2018 (30 November 2018 with Call/Put Option on 15 March 2017) of ₹ 10,00,00,000.00 each, fully paid 49.83 -
  - 500 (2015 - Nil) 8.20% Unsecured Redeemable Non-Convertible Bonds 2015-16 Series S-14-2019 (15 March 2019 with Call/Put Option on 16 March 2017) of ₹ 10,00,00,000.00 each, fully paid 50.00 -

- **National Bank for Agriculture and Rural Development**
  - 4,000 (2015 - Nil) 8.05% Unsecured Redeemable Non-Convertible Taxable Bonds Series 16 H (04 January 2019 with Call/Put Option on 14 March 2017) of ₹ 10,00,00,000.00 each, fully paid 400.00 -

- **Rural Electrification Corporation Limited**
  - 2,850 (2015 - Nil) 8.28% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bond Series 138 (04 March 2017) of ₹ 10,00,00,000.00 each, fully paid 285.00 -

- **Small Industries Development Bank of India**
  - 2,500 (2015 - Nil) 8.05% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 1 of 2015-16 (28 January 2019 with Call/Put Option on 14 March 2017) of ₹ 10,00,00,000.00 each, fully paid 250.00 -

**Aggregate amount of quoted and unquoted investments**

<table>
<thead>
<tr>
<th></th>
<th>1363.94</th>
<th>5241.36</th>
<th>1229.41</th>
<th>4905.49</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>6605.30</td>
<td>6134.90</td>
<td>6605.66</td>
<td>6135.09</td>
</tr>
</tbody>
</table>

**Share of Joint Ventures - Note 28 (ii) (b)**

<table>
<thead>
<tr>
<th></th>
<th>0.19</th>
<th>0.17</th>
<th>0.19</th>
<th>0.19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.36</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Aggregate market value of quoted investments ₹1364.83 Crores (2015 - ₹1230.72 Crores)  
Aggregate excess of cost over fair value ₹ 63.65 Crores (2015 - ₹ 148.43 Crores)
### Notes to the Consolidated Financial Statements

#### 14. Inventories

(At lower of cost and net realisable value)

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks and shares</td>
<td>337.18</td>
<td>458.24</td>
</tr>
<tr>
<td>Raw materials (including packing materials)</td>
<td>4989.23</td>
<td>4494.17</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td>183.01</td>
<td>186.92</td>
</tr>
<tr>
<td>Finished goods (manufactured)</td>
<td>2891.04</td>
<td>2687.28</td>
</tr>
<tr>
<td>Stock-in-trade (goods purchased for resale)</td>
<td>353.69</td>
<td>357.91</td>
</tr>
<tr>
<td>Stores and Spares</td>
<td>308.21</td>
<td>306.12</td>
</tr>
<tr>
<td>Intermediates - Tissue paper and Paperboards</td>
<td>66.99</td>
<td>67.24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9129.35</strong></td>
<td><strong>8557.88</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>27.06</td>
<td>28.99</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>9156.41</strong></td>
<td><strong>8586.87</strong></td>
</tr>
</tbody>
</table>

#### 15. Trade receivables

Outstanding for a period exceeding six months from the date they are due for payment

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured, considered good</td>
<td>1.16</td>
<td>0.59</td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>62.03</td>
<td>44.56</td>
</tr>
<tr>
<td>Doubtful</td>
<td>93.59</td>
<td>72.85</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful receivables</strong></td>
<td><strong>93.59</strong></td>
<td><strong>72.85</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>156.78</strong></td>
<td><strong>118.00</strong></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured, considered good</td>
<td>26.34</td>
<td>24.84</td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>1827.57</td>
<td>1908.18</td>
</tr>
<tr>
<td>Doubtful</td>
<td>2.31</td>
<td>0.88</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful receivables</strong></td>
<td><strong>2.31</strong></td>
<td><strong>0.88</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1917.10</strong></td>
<td><strong>1978.17</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>2.74</td>
<td>3.90</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>1919.84</strong></td>
<td><strong>1982.07</strong></td>
</tr>
</tbody>
</table>
### Notes to the Consolidated Financial Statements

#### 16. Cash and bank balances

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances with Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current accounts</td>
<td>135.63</td>
<td>139.76</td>
</tr>
<tr>
<td>Deposit accounts</td>
<td>134.96</td>
<td>7.16</td>
</tr>
<tr>
<td>Cheques, drafts on hand</td>
<td>9.98</td>
<td>5.60</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>3.02</td>
<td>283.59</td>
</tr>
<tr>
<td>Other bank balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earmarked balances</td>
<td>153.99</td>
<td>134.89</td>
</tr>
<tr>
<td>In deposit accounts*</td>
<td>6556.74</td>
<td>7600.96</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6994.32</strong></td>
<td><strong>7891.54</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.01</td>
<td>18.60</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>7012.92</strong></td>
<td><strong>7896.22</strong></td>
</tr>
</tbody>
</table>

* Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

#### 17. Short-term loans and advances

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsecured, considered good unless otherwise stated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to related parties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits</td>
<td>-</td>
<td>0.17</td>
</tr>
<tr>
<td>Loans and advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured, considered good</td>
<td>1.40</td>
<td>1.40</td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>13.50</td>
<td>48.48</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With Statutory authorities</td>
<td>251.59</td>
<td>230.64</td>
</tr>
<tr>
<td>Commercial advances and deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secured, considered good</td>
<td>4.50</td>
<td>7.19</td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>161.96</td>
<td>178.64</td>
</tr>
<tr>
<td>Other loans and advances (Employees, unexpired expenses etc.)</td>
<td>121.61</td>
<td>100.10</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>554.56</strong></td>
<td><strong>566.62</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>2.90</td>
<td>2.05</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>557.46</strong></td>
<td><strong>568.67</strong></td>
</tr>
</tbody>
</table>

#### 18. Other current assets

<table>
<thead>
<tr>
<th>Description</th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest accrued on loans, deposits etc.</td>
<td>67.55</td>
<td>88.16</td>
</tr>
<tr>
<td>Interest accrued on investments</td>
<td>192.12</td>
<td>55.48</td>
</tr>
<tr>
<td>Others*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured, considered good</td>
<td>299.23</td>
<td>261.79</td>
</tr>
<tr>
<td>Doubtful</td>
<td>4.73</td>
<td>3.84</td>
</tr>
<tr>
<td><strong>Less: Provision for doubtful assets</strong></td>
<td><strong>303.96</strong></td>
<td><strong>265.63</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>558.90</strong></td>
<td><strong>405.43</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.01</td>
<td>...</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>558.91</strong></td>
<td><strong>405.43</strong></td>
</tr>
</tbody>
</table>

* Others comprise receivables on account of export incentives, claims, interest, rentals etc.
## Notes to the Consolidated Financial Statements

### 19. Gross income

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue from sale of products and services*</td>
<td>54668.50</td>
<td>52741.54</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>359.58</td>
<td>400.73</td>
</tr>
<tr>
<td>Other income</td>
<td>1547.80</td>
<td>1255.85</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>56575.88</strong></td>
<td><strong>54398.12</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>23.65</td>
<td>18.97</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>56599.53</strong></td>
<td><strong>54417.09</strong></td>
</tr>
</tbody>
</table>

* Net of sales returns and damaged stocks.

### 20. Revenue from operations

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Includes share of Joint Ventures ₹ 20.55 Crores (2015 - ₹ 16.04 Crores)]</td>
<td>51975.53</td>
<td>50193.40</td>
</tr>
<tr>
<td>Sale of services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Includes share of Joint Ventures ₹ 1.58 Crores (2015 - ₹ 1.50 Crores)]</td>
<td>2715.10</td>
<td>2565.68</td>
</tr>
<tr>
<td>Gross Revenue from sale of products and services*</td>
<td>54690.63</td>
<td>52759.08</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[Includes share of Joint Ventures ₹ 0.59 Crore (2015 - ₹ 0.77 Crore)]</td>
<td>360.17</td>
<td>401.50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>55050.80</strong></td>
<td><strong>53160.58</strong></td>
</tr>
<tr>
<td>Less: Excise duty attributable to products sold [Includes share of Joint Ventures ₹ 1.82 Crores (2015 - ₹ 1.37 Crores)]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>39427.02</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Net of sales returns and damaged stocks.

### 21. Other income

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>881.02</td>
<td>618.98</td>
</tr>
<tr>
<td>Dividend income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Long-term investments</td>
<td>20.40</td>
<td>10.34</td>
</tr>
<tr>
<td>- Current investments</td>
<td>39.47</td>
<td>59.87</td>
</tr>
<tr>
<td>Gain on sale of long-term investments</td>
<td>-</td>
<td>0.64</td>
</tr>
<tr>
<td>Net gain on sale of current investments</td>
<td>564.23</td>
<td>339.95</td>
</tr>
<tr>
<td>Other non-operating income</td>
<td>42.68</td>
<td>30.75</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1547.80</strong></td>
<td><strong>1255.85</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.93</td>
<td>0.66</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>1548.73</strong></td>
<td><strong>1256.51</strong></td>
</tr>
</tbody>
</table>

Interest income comprises interest from:

- a) Deposits with Banks/Financial Institutions
  - 574.23
  - 464.32
- b) Current investments
  - 144.89
  - 122.93
- c) Long-term investments
  - 123.26
  - 0
- d) Others (from customers, statutory authorities etc.)
  - 38.64
  - 31.73

**TOTAL**

881.02

618.98
## Notes to the Consolidated Financial Statements


<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods (manufactured)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>2687.28</td>
<td>2130.74</td>
</tr>
<tr>
<td>Closing stock</td>
<td>2891.04 (203.76)</td>
<td>2687.28 (556.54)</td>
</tr>
<tr>
<td>Work-in-progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>186.92</td>
<td>147.71</td>
</tr>
<tr>
<td>Closing stock</td>
<td>183.01 3.91</td>
<td>186.92 (39.21)</td>
</tr>
<tr>
<td>Intermediates - Tissue paper and Paperboards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>67.24</td>
<td>75.29</td>
</tr>
<tr>
<td>Closing stock</td>
<td>66.99 0.25</td>
<td>67.24 8.05</td>
</tr>
<tr>
<td>Stock-in-Trade (goods purchased for resale)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening stock</td>
<td>357.91</td>
<td>301.48</td>
</tr>
<tr>
<td>Closing stock</td>
<td>353.69 4.22 (195.38)</td>
<td>357.91 (56.43)</td>
</tr>
<tr>
<td>Excise duties on increase/(decrease) of finished goods</td>
<td>246.52</td>
<td>408.28</td>
</tr>
<tr>
<td>TOTAL</td>
<td>51.14</td>
<td>(235.85)</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.08</td>
<td>0.13</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>51.22</td>
<td>(235.72)</td>
</tr>
</tbody>
</table>

### 23. Employee benefits expense

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>2548.40</td>
<td>2456.47</td>
</tr>
<tr>
<td>Contribution to Provident and other funds</td>
<td>225.26</td>
<td>163.12</td>
</tr>
<tr>
<td>Staff welfare expenses</td>
<td>194.46</td>
<td>180.63</td>
</tr>
<tr>
<td></td>
<td>2968.12</td>
<td>2800.22</td>
</tr>
<tr>
<td>Less: Recoveries made/reimbursements received</td>
<td>25.79</td>
<td>31.24</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2942.33</td>
<td>2768.98</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>4.24</td>
<td>3.30</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>2946.57</td>
<td>2772.28</td>
</tr>
</tbody>
</table>

### 24. Finance costs

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>53.60</td>
<td>45.47</td>
</tr>
<tr>
<td>Applicable net loss on foreign currency transactions and translations</td>
<td>-</td>
<td>22.01</td>
</tr>
<tr>
<td>TOTAL</td>
<td>53.60</td>
<td>67.48</td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>4.87</td>
<td>0.64</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>58.47</td>
<td>68.12</td>
</tr>
</tbody>
</table>
25. Other expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power and fuel</td>
<td>571.88</td>
<td>610.67</td>
</tr>
<tr>
<td>Consumption of stores and spare parts</td>
<td>254.14</td>
<td>237.09</td>
</tr>
<tr>
<td>Contract processing charges</td>
<td>846.07</td>
<td>853.70</td>
</tr>
<tr>
<td>Rent [Refer Note 28(vi)]</td>
<td>305.85</td>
<td>284.13</td>
</tr>
<tr>
<td>Rates and taxes</td>
<td>642.54</td>
<td>496.22</td>
</tr>
<tr>
<td>Insurance</td>
<td>86.45</td>
<td>84.32</td>
</tr>
<tr>
<td>Repairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Buildings</td>
<td>65.76</td>
<td>59.25</td>
</tr>
<tr>
<td>- Machinery</td>
<td>197.99</td>
<td>179.40</td>
</tr>
<tr>
<td>- Others</td>
<td>54.54</td>
<td>54.55</td>
</tr>
<tr>
<td>Maintenance and upkeep</td>
<td>169.41</td>
<td>149.26</td>
</tr>
<tr>
<td>Outward freight and handling charges</td>
<td>852.77</td>
<td>904.98</td>
</tr>
<tr>
<td>Warehousing charges</td>
<td>142.72</td>
<td>120.32</td>
</tr>
<tr>
<td>Advertising/Sales promotion</td>
<td>894.93</td>
<td>741.53</td>
</tr>
<tr>
<td>Market research</td>
<td>93.78</td>
<td>96.97</td>
</tr>
<tr>
<td>Design and product development</td>
<td>47.04</td>
<td>39.02</td>
</tr>
<tr>
<td>Hotel reservation/Marketing expenses</td>
<td>33.02</td>
<td>30.30</td>
</tr>
<tr>
<td>Retail accessories</td>
<td>191.08</td>
<td>186.13</td>
</tr>
<tr>
<td>Brokerage and discount - sales</td>
<td>8.74</td>
<td>17.66</td>
</tr>
<tr>
<td>Commission to selling agents</td>
<td>46.81</td>
<td>37.59</td>
</tr>
<tr>
<td>Doubtful and bad debts</td>
<td>29.33</td>
<td>23.03</td>
</tr>
<tr>
<td>Doubtful and bad advances, loans and deposits</td>
<td>0.03</td>
<td>0.62</td>
</tr>
<tr>
<td>Provision for standard assets</td>
<td>0.20</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of Goodwill on consolidation</td>
<td>25.46</td>
<td>15.13</td>
</tr>
<tr>
<td>Bank and credit card charges</td>
<td>24.53</td>
<td>22.84</td>
</tr>
<tr>
<td>Information technology services</td>
<td>148.35</td>
<td>125.69</td>
</tr>
<tr>
<td>Travelling and conveyance</td>
<td>357.13</td>
<td>343.12</td>
</tr>
<tr>
<td>Training and development</td>
<td>24.75</td>
<td>24.60</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>37.89</td>
<td>26.98</td>
</tr>
<tr>
<td>Consultancy/Professional fees</td>
<td>280.58</td>
<td>259.68</td>
</tr>
<tr>
<td>Postage, telephone etc.</td>
<td>39.94</td>
<td>37.78</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>18.21</td>
<td>19.17</td>
</tr>
<tr>
<td>Net loss/(gain) on foreign currency transactions and translations</td>
<td>(4.38)</td>
<td>(52.41)</td>
</tr>
<tr>
<td>Excess of cost of current investments over fair value, reversed - Net</td>
<td>(84.78)</td>
<td>(29.53)</td>
</tr>
<tr>
<td>Loss on sale of fixed assets - Net</td>
<td>56.11</td>
<td>27.16</td>
</tr>
<tr>
<td>Loss on sale of stores and spare parts - Net</td>
<td>2.41</td>
<td>2.38</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>1150.26</td>
<td>1053.34</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7611.54</strong></td>
<td><strong>7082.67</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>7.08</td>
<td>6.06</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>7618.62</strong></td>
<td><strong>7088.73</strong></td>
</tr>
</tbody>
</table>
Notes to the Consolidated Financial Statements

26. Current tax

<table>
<thead>
<tr>
<th>Description</th>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax for the year</td>
<td>5204.36</td>
<td>4248.56</td>
</tr>
<tr>
<td>Adjustments/(credits) related to previous years - Net Current Tax</td>
<td>(51.20)</td>
<td>(22.30)</td>
</tr>
<tr>
<td>Fringe benefit tax</td>
<td>1.55</td>
<td>-</td>
</tr>
<tr>
<td>MAT credit entitlement</td>
<td>1.24</td>
<td>(0.83)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5150.37</strong></td>
<td><strong>4225.43</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>3.59</td>
<td>2.78</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>5153.96</strong></td>
<td><strong>4228.21</strong></td>
</tr>
</tbody>
</table>

27. Deferred tax

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax for the year</td>
<td>166.57</td>
<td>352.18</td>
</tr>
<tr>
<td>Adjustments/(credits) related to previous years - Net</td>
<td>51.15</td>
<td>15.65</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>217.72</strong></td>
<td><strong>367.83</strong></td>
</tr>
<tr>
<td>Share of Joint Ventures - Note 28(ii)(b)</td>
<td>0.28</td>
<td>0.38</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>218.00</strong></td>
<td><strong>368.21</strong></td>
</tr>
</tbody>
</table>

28. Additional Notes to the Consolidated Financial Statements

(i) Earnings per share:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share has been computed as under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Profit for the year (₹ in Crores)</td>
<td>9911.61</td>
<td>9663.17</td>
</tr>
<tr>
<td>(b) Weighted average number of Ordinary shares outstanding</td>
<td>8,02,69,56,418</td>
<td>7,97,62,97,104</td>
</tr>
<tr>
<td>(c) Effect of potential Ordinary shares on Employee Stock Options outstanding</td>
<td>4,51,49,611</td>
<td>7,54,08,227</td>
</tr>
<tr>
<td>(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]</td>
<td>8,07,21,06,029</td>
<td>8,05,17,05,331</td>
</tr>
<tr>
<td>(e) Earnings per share on profit for the year (Face Value ₹1.00 per share)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Basic [(a)/(b)]</td>
<td>₹ 12.35</td>
<td>₹ 12.11</td>
</tr>
<tr>
<td>- Diluted [(a)/(d)]</td>
<td>₹ 12.28</td>
<td>₹ 12.00</td>
</tr>
</tbody>
</table>

(ii) (a) The subsidiaries (which along with ITC Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Incorporation</th>
<th>Percentage of ownership interest as at 31st March, 2016</th>
<th>Percentage of ownership interest as at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Srinivasa Resorts Limited</td>
<td>India</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Fortune Park Hotels Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Bay Islands Hotels Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Surya Nepal Private Limited</td>
<td>Nepal</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>Landbase India Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>BFIL Finance Limited*</td>
<td>India</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>MRR Trading &amp; Investment Company Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

(a100% subsidiary of ITC Investments & Holdings Limited w.e.f. 30th March, 2015)
## Notes to the Consolidated Financial Statements

### 28. Additional Notes to the Consolidated Financial Statements (Contd.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Incorporation</th>
<th>Percentage of ownership interest as at 31st March, 2016</th>
<th>Percentage of ownership interest as at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell Credit Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Greenacre Holdings Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of Russell Credit Limited)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wimco Limited</td>
<td>India</td>
<td>98.21</td>
<td>98.21</td>
</tr>
<tr>
<td>Prag Agro Farm Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of ITC Limited, pursuant to the Scheme of Arrangement [Refer Note 28(xi)])</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavan Poplar Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of ITC Limited, pursuant to the Scheme of Arrangement [Refer Note 28(xi)])</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technico Agri Sciences Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of ITC Limited w.e.f. 22nd March, 2016) (previously, a 100% subsidiary of Technico Pty Limited)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technico Pty Limited</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Technico Technologies Inc.</td>
<td>Canada</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of Technico Pty Limited)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technico Asia Holdings Pty Limited</td>
<td>Australia</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of Technico Pty Limited)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technico Horticultural (Kunming) Co. Limited</td>
<td>China</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of Technico Asia Holdings Pty Limited)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITC Infotech India Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>ITC Infotech Limited</td>
<td>UK</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>ITC Infotech (USA), Inc.</td>
<td>USA</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of ITC Infotech India Limited)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pyxis Solutions, LLC</td>
<td>USA</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(a 100% subsidiary of ITC Infotech (USA), Inc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wills Corporation Limited</td>
<td>India</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Gold Flake Corporation Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>King Maker Marketing, Inc.</td>
<td>USA</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>WelcomHotels Lanka (Private) Limited</td>
<td>Sri Lanka</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>ITC Investments &amp; Holdings Limited</td>
<td>India</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>North East Nutrients Private Limited</td>
<td>India</td>
<td>76</td>
<td>76</td>
</tr>
</tbody>
</table>

*Amalgamated with Russell Credit Limited (a wholly owned subsidiary of ITC Limited) with effect from 1st April, 2015.

ITC Global Holdings Pte. Limited, Singapore (a wholly owned subsidiary of ITC Limited), in liquidation, has not been considered in the preparation of these Consolidated Financial Statements.

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 13th March.
Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(b) Interests in Joint Ventures:

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Incorporation</th>
<th>Percentage of ownership interest as at 31st March, 2016</th>
<th>Percentage of ownership interest as at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maharaja Heritage Resorts Limited</td>
<td>India</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Espirit Hotels Private Limited</td>
<td>India</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Logix Developers Private Limited</td>
<td>India</td>
<td>27.90</td>
<td>27.90</td>
</tr>
<tr>
<td>ITC Essentra Limited</td>
<td>India</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

The Group’s interests in jointly controlled operations:

Technico Technologies Inc., Canada has entered into a farming arrangement with Shamrock Seed Potato Farm Limited, Canada for production and sale of Early Generation seed potatoes. The participating share of Technico Technologies Inc., Canada is 35% (2015 - 35%).

ITC Essentra Limited has aligned its financial year to 31st day of March in accordance with Section 2(41) of the Companies Act, 2013 with effect from financial year 2015-16. Consequently, the financial statements of all the Joint Ventures, considered in the Consolidated Accounts, are drawn upto 31st March.

(c) Investments in Associates:

The Group’s Associates are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Incorporation</th>
<th>Percentage of ownership interest as at 31st March, 2016</th>
<th>Percentage of ownership interest as at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat Hotels Limited</td>
<td>India</td>
<td>45.78</td>
<td>45.78</td>
</tr>
<tr>
<td>International Travel House Limited</td>
<td>India</td>
<td>48.96</td>
<td>48.96</td>
</tr>
<tr>
<td>Russell Investments Limited</td>
<td>India</td>
<td>25.43</td>
<td>25.43</td>
</tr>
<tr>
<td>Divya Management Limited</td>
<td>India</td>
<td>33.33</td>
<td>33.33</td>
</tr>
<tr>
<td>Antrang Finance Limited</td>
<td>India</td>
<td>33.33</td>
<td>33.33</td>
</tr>
<tr>
<td>ATC Limited</td>
<td>India</td>
<td>47.50</td>
<td>47.50</td>
</tr>
<tr>
<td>Classic Infrastructure and Development Limited*</td>
<td>India</td>
<td>-</td>
<td>42.35</td>
</tr>
</tbody>
</table>

*Amalgamated with Greenacre Holdings Limited (a wholly owned step down subsidiary of ITC Limited) with effect from 1st October, 2015.

The financial statements of all Associates, considered in the Consolidated Accounts, are drawn upto 31st March.

During the year, the Group has received dividends aggregating ₹ 2.27 Crores (2015 - ₹ 2.27 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 Accounting Standard - 21 (AS 21) on “Consolidated Financial Statements”, Accounting Standard - 23 (AS 23) on “Accounting for Investments in Associates in Consolidated Financial Statements” and Accounting Standard - 27 (AS 27) on “Financial Reporting of Interests in Joint Ventures” by each of the included entities other than in respect of a joint venture Logix Developers Private Limited which has been considered on the basis of financial statements as certified by Logix Developers Private Limited’s management and provided to the Company.
Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(iii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 252.37 Crores (2015 - ₹ 217.41 Crores) comprising employee benefits expenses of ₹ 7.01 Crores (2015 - ₹ 7.61 Crores) and other expenses of ₹ 245.36 Crores (2015 - ₹ 209.80 Crores) of which ₹ 17.04 Crores (2015 - ₹ 12.67 Crores) is accrued for payment as on 31st March, 2016. Such CSR expenditure of ₹ 252.37 Crores (2015 - ₹ 217.41 Crores) excludes ₹ 11.43 Crores (2015 - ₹ 4.97 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit imposed of 5% of total CSR expenditure laid down under Rule 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as applicable to individual entities.

(iv) Contingent Liabilities and commitments:

(a) Contingent liabilities:

Claims against the Group not acknowledged as debts, are ₹ 665.42 Crores (2015 - ₹ 636.38 Crores), including interest on claims, where applicable, estimated to be ₹ 180.57 Crores (2015 - ₹ 153.37 Crores). These comprise:

- Excise duty, VAT/Sales taxes and other Indirect taxes claims disputed by the Group relating to issues of applicability and classification aggregating ₹ 481.57 Crores (2015 - ₹ 458.47 Crores), including interest on claims, where applicable, estimated to be ₹ 161.25 Crores (2015 - ₹ 135.58 Crores).

- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Group relating to issues of applicability and determination aggregating ₹ 75.17 Crores (2015 - ₹ 68.86 Crores), including interest on claims, where applicable, estimated to be ₹ 14.46 Crores (2015 - ₹ 13.47 Crores).

- Third party claims arising from disputes relating to contracts aggregating ₹ 29.16 Crores (2015 - ₹ 29.23 Crores), including interest on claims, where applicable, estimated to be ₹ 0.25 Crore (2015 - ₹ 0.14 Crore).

- Other matters aggregating ₹ 79.52 Crores (2015 - ₹ 79.82 Crores), including interest on other matters, where applicable, estimated to be ₹ 4.61 Crores (2015 - ₹ 4.18 Crores).

In respect of Surya Nepal Private Limited (SNPL), Excise, Income Tax and VAT authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that SNPL could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by SNPL in the year 1990-91 and, that, SNPL is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that SNPL’s cigarette factory was under ‘physical control’ of the Revenue Authorities and cigarettes produced are duly accounted for and certified as such by the Revenue Authorities.

The above basis of theoretical production has been rejected by the Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010. In the said order of the Supreme Court of Nepal dated 1st April, 2010, the Excise demands (for the financial years 1998-99 to 2002-03) and Income Tax demands (for the financial year 2001-02) were set aside. Citing the aforesaid decisions of the Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 and 12th August, 2013 decided the following administrative review petitions in favour of SNPL relating to theoretical production:

(i) Value Added Tax - ₹ 11.88 Crores [Nepalese Rupee (NRs.) 19.01 Crores] for the financial years 2001-02 and 2007-08.

(ii) Income Tax - ₹ 3.07 Crores (NRs. 4.91 Crores) for the financial year 2005-06.

SNPL’s counsel appearing in the matter has opined that the verdict of the Supreme Court of Nepal dated 29th October, 2009, which was delivered by a Full Bench of the Supreme Court of Nepal, will add substantial strength to SNPL’s case in all the other matters relating to the issue of theoretical production.

Following is the status of pending demands and Show Cause Notices received from the Revenue Authorities based on similar untenable contention:

(i) Excise Demands and Show Cause Notices

1. Excise demand letter dated 22nd February, 2008 for ₹ 9.34 Crores (NRs. 14.95 Crores) relating to the financial years 2003-04 to 2005-06. SNPL’s writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 2nd April, 2008 and it has issued Show Cause Notices to the respondents.
2. Excise demand letter dated 30th November, 2008 for ₹ 8.03 Crores (NRs. 12.85 Crores) relating to the financial year 2006-07. SNPL’s writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 6th January, 2009 and it has issued Show Cause Notices to the respondents.

3. Show Cause Notice dated 19th January, 2010 seeking to demand ₹ 12.28 Crores (NRs. 19.65 Crores) by way of Excise Duty for the financial year 2007-08. SNPL’s writ petition challenging the Notice was admitted by the Supreme Court of Nepal. On 7th March, 2010, Supreme Court of Nepal issued interim order directing Inland Revenue Department not to raise demand, pending final disposal of the writ petition.

(ii) Value Added Tax (VAT) Demands

1. VAT demand letter dated 8th August, 2007 for ₹ 3.58 Crores (NRs. 5.72 Crores) relating to the financial year 2002-03. SNPL’s writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.

2. VAT demand letter dated 5th August, 2008 for ₹ 0.67 Crore (NRs. 1.07 Crores) relating to the financial year 2003-04. SNPL’s writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 5th September, 2008 and it has issued Show Cause Notices to the respondents.

3. VAT demand letter dated 10th July, 2009, for ₹ 6.69 Crores (NRs. 10.70 Crores) relating to the financial years 2004-05 to 2006-07. SNPL’s writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 9th August, 2009 and it has issued Show Cause Notices to the respondents.

(iii) Income Tax Demands

1. Income Tax demand letter dated 12th August, 2007 for ₹ 12.26 Crores (NRs. 19.61 Crores) relating to the financial year 2002-03. SNPL’s writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.

2. Income Tax demand letter dated 15th September, 2008 for the financial year 2003-04. Out of total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of the demand for ₹ 1.19 Crores (NRs. 1.91 Crores) is on theoretical production. SNPL’s writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 8th December, 2008 and it has issued Show Cause Notices to the respondents.

3. Income Tax demand letter dated 16th October, 2009 for the financial year 2004-05. Out of a total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of the demand for ₹ 1.35 Crores (NRs. 2.16 Crores) is on theoretical production. SNPL has filed an administrative review petition before the Director General, Inland Revenue Department on 18th December, 2009. The Director General without dealing with the issues raised by SNPL, summarily dismissed the petition by an order dated 2nd March, 2010. SNPL thereafter filed an appeal before the Revenue Tribunal, on 17th June, 2010. The Revenue Tribunal, vide its order dated 9th July, 2012 (received by SNPL on 2nd November, 2012), has directed Director General, Inland Revenue Department to reassess the case. The Director General appealed to the Supreme Court of Nepal for admission of the case against the decision of the Revenue Tribunal. The Supreme Court has admitted the case on 11th March, 2016 and issued notice to SNPL for hearing, which is pending.

SNPL considers that all the demands and show cause notice listed above have no legal or factual basis. Accordingly, SNPL is of the view that there is no liability that is likely to arise, particularly in the light of the decisions in favour of SNPL by the Supreme Court of Nepal and the Inland Revenue Department.

It is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

(b) Uncalled liability on shares partly paid ₹ 1.25 Crores (2015 - ₹ 1.25 Crores).

(c) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding - ₹ 1.30 Crores (2015 - ₹ 1.30 Crores).

(d) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint ventures ₹ 9.49 Crores (2015 - ₹ 9.30 Crores), are ₹ 2150.26 Crores (2015 - ₹ 1626.69 Crores).

(v) Research and Development expenses for the year amount to ₹ 122.02 Crores (2015 - ₹ 105.92 Crores).
Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(vi) 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 Note 25.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at 31st March, 2016 (₹ in Crores)</th>
<th>As at 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>16.97</td>
<td>23.03</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>21.71</td>
<td>16.51</td>
</tr>
<tr>
<td>Later than five years</td>
<td>0.43</td>
<td>3.18</td>
</tr>
</tbody>
</table>

(vii) The Group has adopted Accounting Standard 15 (AS 15) 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.

Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on 31st March, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

<table>
<thead>
<tr>
<th>For the year ended 31st March, 2016 (₹ in Crores)</th>
<th>For the year ended 31st March, 2015 (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Funded</td>
<td>Gratuity Funded</td>
</tr>
<tr>
<td>46.62</td>
<td>22.38</td>
</tr>
<tr>
<td>44.44</td>
<td>21.35</td>
</tr>
<tr>
<td>(52.60)</td>
<td>(22.14)</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>25.19</td>
<td>14.19</td>
</tr>
<tr>
<td>63.65</td>
<td>35.78</td>
</tr>
</tbody>
</table>

The Pension and Gratuity Expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 23.
Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

<table>
<thead>
<tr>
<th>II</th>
<th>Actual Returns</th>
<th>Funded</th>
<th>Unfunded</th>
<th>Funded</th>
<th>Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.1</td>
<td>Pension Gratuity Leave Encashment</td>
<td>51.11</td>
<td>24.31</td>
<td>–</td>
<td>90.40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III</th>
<th>Net Asset/(Liability) recognised in Balance Sheet</th>
<th>Funded</th>
<th>Unfunded</th>
<th>Funded</th>
<th>Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.2</td>
<td>Present Value of Defined Benefit Obligation</td>
<td>656.69</td>
<td>320.08</td>
<td>104.30</td>
<td>643.34</td>
</tr>
<tr>
<td>28.3</td>
<td>Fair Value of Plan Assets</td>
<td>667.76</td>
<td>299.08</td>
<td>–</td>
<td>689.67</td>
</tr>
<tr>
<td>28.4</td>
<td>Status [Surplus/(Deficit)]</td>
<td>11.07</td>
<td>(21.00)</td>
<td>(104.30)</td>
<td>46.33</td>
</tr>
<tr>
<td>28.5</td>
<td>Unrecognised Past Service Cost</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28.6</td>
<td>Net Asset/(Liability) recognised in Balance Sheet</td>
<td>11.07</td>
<td>(21.00)</td>
<td>(104.30)</td>
<td>46.33</td>
</tr>
<tr>
<td></td>
<td>Current</td>
<td>12.98</td>
<td>(20.87)</td>
<td>(19.27)</td>
<td>48.43</td>
</tr>
<tr>
<td></td>
<td>Non-Current</td>
<td>(1.91)</td>
<td>(0.13)</td>
<td>(85.03)</td>
<td>(2.10)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IV</th>
<th>Change in Defined Benefit Obligations (DBO)</th>
<th>Funded</th>
<th>Unfunded</th>
<th>Funded</th>
<th>Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.7</td>
<td>Present Value of DBO at the beginning of the year</td>
<td>643.34</td>
<td>309.48</td>
<td>95.56</td>
<td>600.02</td>
</tr>
<tr>
<td>28.8</td>
<td>Current Service Cost</td>
<td>46.62</td>
<td>22.38</td>
<td>7.21</td>
<td>45.19</td>
</tr>
<tr>
<td>28.9</td>
<td>Interest Cost</td>
<td>44.44</td>
<td>21.35</td>
<td>7.57</td>
<td>44.69</td>
</tr>
<tr>
<td>28.10</td>
<td>Curtailment Cost/(Credit)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28.11</td>
<td>Settlement Cost/(Credit)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28.12</td>
<td>Past Service Cost</td>
<td>–</td>
<td>–</td>
<td>(2.07)</td>
<td>–</td>
</tr>
<tr>
<td>28.13</td>
<td>Plan Amendments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28.14</td>
<td>Acquisitions</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28.15</td>
<td>Actuarial (Gains)/Losses</td>
<td>23.70</td>
<td>16.36</td>
<td>11.25</td>
<td>0.17</td>
</tr>
<tr>
<td>28.16</td>
<td>Benefits Paid</td>
<td>(101.41)</td>
<td>(49.49)</td>
<td>(15.22)</td>
<td>(46.73)</td>
</tr>
<tr>
<td>28.17</td>
<td>Present Value of DBO at the end of the year</td>
<td>656.69</td>
<td>320.08</td>
<td>104.30</td>
<td>643.34</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>V</th>
<th>Best Estimate of Employer’s Expected Contribution for the next year</th>
<th>Funded</th>
<th>Unfunded</th>
<th>Funded</th>
<th>Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.18</td>
<td></td>
<td>56.73</td>
<td>22.79</td>
<td>–</td>
<td>73.52</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VI</th>
<th>Change in Fair Value of Assets</th>
<th>Funded</th>
<th>Unfunded</th>
<th>Funded</th>
<th>Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.19</td>
<td>Plan Assets at the Beginning of the year</td>
<td>689.67</td>
<td>270.93</td>
<td>–</td>
<td>601.39</td>
</tr>
<tr>
<td>28.20</td>
<td>Acquisition Adjustment</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28.21</td>
<td>Expected Return on Plan Assets</td>
<td>52.60</td>
<td>22.14</td>
<td>–</td>
<td>50.03</td>
</tr>
<tr>
<td>28.22</td>
<td>Actuarial Gains/(Losses)</td>
<td>(1.49)</td>
<td>2.17</td>
<td>–</td>
<td>40.37</td>
</tr>
<tr>
<td>28.23</td>
<td>Actual Company Contributions</td>
<td>28.39</td>
<td>53.33</td>
<td>–</td>
<td>44.61</td>
</tr>
<tr>
<td>28.24</td>
<td>Benefits Paid</td>
<td>(101.41)</td>
<td>(49.49)</td>
<td>(15.22)</td>
<td>(46.73)</td>
</tr>
<tr>
<td>28.25</td>
<td>Plan Assets at the end of the year</td>
<td>667.76</td>
<td>299.08</td>
<td>–</td>
<td>689.67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VII</th>
<th>Actuarial Assumptions</th>
<th>Funded</th>
<th>Unfunded</th>
<th>Funded</th>
<th>Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.26</td>
<td>Discount Rate (%)</td>
<td>7.50</td>
<td>7.50</td>
<td>7.50</td>
<td>7.50</td>
</tr>
<tr>
<td>28.27</td>
<td>Expected Return on Plan Assets (%)</td>
<td>7.75</td>
<td>6.15 - 9.00</td>
<td>–</td>
<td>7.75</td>
</tr>
</tbody>
</table>

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.
Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

<table>
<thead>
<tr>
<th>VIII</th>
<th>Major Category of Plan Assets as a % of the Total Plan Assets</th>
<th>As at 31st March, 2016</th>
<th>As at 31st March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Government Securities/Special Deposit with RBI</td>
<td>33.75%</td>
<td>34.70%</td>
</tr>
<tr>
<td>2</td>
<td>High Quality Corporate Bonds</td>
<td>25.40%</td>
<td>28.27%</td>
</tr>
<tr>
<td>3</td>
<td>Insurer Managed Funds*</td>
<td>31.63%</td>
<td>26.61%</td>
</tr>
<tr>
<td>4</td>
<td>Mutual Funds</td>
<td>2.27%</td>
<td>2.73%</td>
</tr>
<tr>
<td>5</td>
<td>Cash and Cash Equivalents</td>
<td>3.94%</td>
<td>4.65%</td>
</tr>
<tr>
<td>6</td>
<td>Term Deposits</td>
<td>3.01%</td>
<td>3.04%</td>
</tr>
</tbody>
</table>

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

<table>
<thead>
<tr>
<th>IX</th>
<th>Net Asset (Liability) recognised in Balance Sheet (including experience adjustment impact)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Present Value of Defined Benefit Obligation</td>
</tr>
<tr>
<td>2</td>
<td>Fair Value of Plan Assets</td>
</tr>
<tr>
<td>3</td>
<td>Status [Surplus/(Deficit)]</td>
</tr>
<tr>
<td>4</td>
<td>Experience Adjustment of Plan-Assets (Gain)/(Loss)</td>
</tr>
<tr>
<td>5</td>
<td>Experience Adjustment of Obligation [Gain]/(Loss)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Pension</th>
<th>Gratuity</th>
<th>Leave</th>
<th>Encashment</th>
<th>Pension</th>
<th>Gratuity</th>
<th>Leave</th>
<th>Encashment</th>
<th>Pension</th>
<th>Gratuity</th>
<th>Leave</th>
<th>Encashment</th>
<th>Pension</th>
<th>Gratuity</th>
<th>Leave</th>
<th>Encashment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>556.69</td>
<td>320.08</td>
<td>104.30</td>
<td>33.75%</td>
<td>653.44</td>
<td>309.48</td>
<td>95.56</td>
<td>25.40%</td>
<td>600.02</td>
<td>276.08</td>
<td>90.66</td>
<td>25.40%</td>
<td>600.02</td>
<td>276.08</td>
<td>90.66</td>
<td>25.40%</td>
</tr>
<tr>
<td>2</td>
<td>667.76</td>
<td>299.08</td>
<td>-</td>
<td>25.40%</td>
<td>688.67</td>
<td>270.93</td>
<td>-</td>
<td>25.40%</td>
<td>601.39</td>
<td>243.75</td>
<td>-</td>
<td>25.40%</td>
<td>601.39</td>
<td>243.75</td>
<td>-</td>
<td>25.40%</td>
</tr>
<tr>
<td>3</td>
<td>11.07</td>
<td>21.10</td>
<td>104.30</td>
<td>33.75%</td>
<td>46.33</td>
<td>38.55</td>
<td>95.56</td>
<td>25.40%</td>
<td>1.37</td>
<td>32.03</td>
<td>90.66</td>
<td>25.40%</td>
<td>1.37</td>
<td>32.03</td>
<td>90.66</td>
<td>25.40%</td>
</tr>
<tr>
<td>4</td>
<td>(1.42)</td>
<td>1.92</td>
<td>3.94%</td>
<td>104.30</td>
<td>(4.59)</td>
<td>(6.12)</td>
<td>7.75</td>
<td>3.94%</td>
<td>(4.59)</td>
<td>(6.12)</td>
<td>7.75</td>
<td>3.94%</td>
<td>(4.59)</td>
<td>(6.12)</td>
<td>7.75</td>
<td>3.94%</td>
</tr>
<tr>
<td>5</td>
<td>32.02</td>
<td>18.08</td>
<td>13.72</td>
<td>3.94%</td>
<td>(56.02)</td>
<td>14.86</td>
<td>(6.12)</td>
<td>3.94%</td>
<td>(56.02)</td>
<td>14.86</td>
<td>(6.12)</td>
<td>3.94%</td>
<td>(56.02)</td>
<td>14.86</td>
<td>(6.12)</td>
<td>3.94%</td>
</tr>
</tbody>
</table>

Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 23.
Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(viii) Derivative Instruments:

The Group uses forward exchange contracts and currency options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

a) Forward exchange contracts outstanding as at year end:

<table>
<thead>
<tr>
<th>Currency</th>
<th>Cross Currency</th>
<th>Buy</th>
<th>Sell</th>
<th>Net*</th>
<th>Buy</th>
<th>Sell</th>
<th>Net*</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
<td>Indian Rupee</td>
<td>70.68</td>
<td>189</td>
<td>19.09</td>
<td>178.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td>US Dollar</td>
<td>53.26</td>
<td>2.65</td>
<td>14.95</td>
<td>13.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHF</td>
<td>US Dollar</td>
<td>2.70</td>
<td>-</td>
<td>3.41</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td>US Dollar</td>
<td>-</td>
<td>1.70</td>
<td>0.25</td>
<td>-</td>
<td>2.68</td>
<td></td>
</tr>
<tr>
<td>SEK</td>
<td>US Dollar</td>
<td>6.93</td>
<td>-</td>
<td>1.21</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JPY</td>
<td>US Dollar</td>
<td>699.90</td>
<td>-</td>
<td>172.33</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td>Indian Rupee</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUD</td>
<td>US Dollar</td>
<td>1.20</td>
<td>0.38</td>
<td>0.55</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAD</td>
<td>US Dollar</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DKK</td>
<td>US Dollar</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NOK</td>
<td>US Dollar</td>
<td>0.90</td>
<td>-</td>
<td>2.80</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ZAR</td>
<td>US Dollar</td>
<td>-</td>
<td>8.13</td>
<td>-</td>
<td>1.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGD</td>
<td>US Dollar</td>
<td>1.78</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KWD</td>
<td>US Dollar</td>
<td>0.04</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>Nepalese Rupee</td>
<td>1.38</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td>Nepalese Rupee</td>
<td>0.30</td>
<td>-</td>
<td>3.86</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GBP</td>
<td>Nepalese Rupee</td>
<td>-</td>
<td>-</td>
<td>0.22</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As at 31st March, 2016 | As at 31st March, 2015

As at 31st March, 2016 | As at 31st March, 2015

<table>
<thead>
<tr>
<th>Currency</th>
<th>Cross Currency</th>
<th>Buy</th>
<th>Sell</th>
<th>Net*</th>
<th>Buy</th>
<th>Sell</th>
<th>Net*</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
<td>Indian Rupee</td>
<td>42.26</td>
<td>36.36</td>
<td>5.90</td>
<td>46.79</td>
<td>49.58</td>
<td>(2.79)</td>
</tr>
<tr>
<td>Euro</td>
<td>Indian Rupee</td>
<td>...</td>
<td>1.09</td>
<td>(1.09)</td>
<td>-</td>
<td>0.59</td>
<td>(0.59)</td>
</tr>
<tr>
<td>Euro</td>
<td>US Dollar</td>
<td>1.80</td>
<td>1.23</td>
<td>0.57</td>
<td>1.72</td>
<td>0.84</td>
<td>0.88</td>
</tr>
<tr>
<td>GBP</td>
<td>US Dollar</td>
<td>0.97</td>
<td>2.85</td>
<td>(1.88)</td>
<td>4.53</td>
<td>4.23</td>
<td>0.30</td>
</tr>
<tr>
<td>SEK</td>
<td>US Dollar</td>
<td>0.54</td>
<td>-</td>
<td>0.54</td>
<td>0.74</td>
<td>-</td>
<td>0.74</td>
</tr>
<tr>
<td>CHF</td>
<td>US Dollar</td>
<td>0.08</td>
<td>-</td>
<td>0.08</td>
<td>0.02</td>
<td>-</td>
<td>0.02</td>
</tr>
<tr>
<td>SGD</td>
<td>US Dollar</td>
<td>0.34</td>
<td>-</td>
<td>0.34</td>
<td>0.18</td>
<td>-</td>
<td>0.18</td>
</tr>
<tr>
<td>CAD</td>
<td>US Dollar</td>
<td>0.01</td>
<td>0.02</td>
<td>(0.01)</td>
<td>-</td>
<td>0.06</td>
<td>(0.06)</td>
</tr>
<tr>
<td>AUD</td>
<td>US Dollar</td>
<td>0.61</td>
<td>0.63</td>
<td>(0.02)</td>
<td>0.52</td>
<td>-</td>
<td>0.52</td>
</tr>
<tr>
<td>DKK</td>
<td>US Dollar</td>
<td>33.49</td>
<td>0.11</td>
<td>33.38</td>
<td>18.22</td>
<td>-</td>
<td>18.22</td>
</tr>
<tr>
<td>HKD</td>
<td>US Dollar</td>
<td>1.81</td>
<td>-</td>
<td>1.81</td>
<td>1.29</td>
<td>-</td>
<td>1.29</td>
</tr>
<tr>
<td>ZAR</td>
<td>US Dollar</td>
<td>0.51</td>
<td>0.26</td>
<td>0.25</td>
<td>0.47</td>
<td>-</td>
<td>0.47</td>
</tr>
<tr>
<td>NOK</td>
<td>US Dollar</td>
<td>4.23</td>
<td>-</td>
<td>4.23</td>
<td>1.86</td>
<td>-</td>
<td>1.86</td>
</tr>
<tr>
<td>JPY</td>
<td>US Dollar</td>
<td>3.65</td>
<td>-</td>
<td>3.65</td>
<td>3.50</td>
<td>-</td>
<td>3.50</td>
</tr>
<tr>
<td>AED</td>
<td>US Dollar</td>
<td>1.07</td>
<td>0.16</td>
<td>0.91</td>
<td>0.32</td>
<td>-</td>
<td>0.32</td>
</tr>
<tr>
<td>SAR</td>
<td>US Dollar</td>
<td>0.01</td>
<td>-</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MXN</td>
<td>US Dollar</td>
<td>0.01</td>
<td>-</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>KWD</td>
<td>US Dollar</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>USD</td>
<td>Nepalese Rupee</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.04</td>
<td>-</td>
<td>0.04</td>
</tr>
<tr>
<td>Euro</td>
<td>Nepalese Rupee</td>
<td>0.04</td>
<td>-</td>
<td>0.04</td>
<td>0.01</td>
<td>-</td>
<td>0.01</td>
</tr>
<tr>
<td>GBP</td>
<td>Nepalese Rupee</td>
<td>0.01</td>
<td>-</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Figures in brackets indicate open exports. Figures without brackets indicate open imports.
Notes to the Consolided Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

(ix) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

<table>
<thead>
<tr>
<th>Name of the Entity</th>
<th>As % of Consolidated Net Assets</th>
<th>Amount (₹ in Crores)</th>
<th>As % of Consolidated Profit or (Loss)</th>
<th>Amount (₹ in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent ITC Limited</td>
<td>90.80%</td>
<td>31076.97</td>
<td>96.10%</td>
<td>9525.80</td>
</tr>
<tr>
<td>Subsidiaries Indian</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Russell Credit Limited</td>
<td>1.83%</td>
<td>625.05</td>
<td>0.43%</td>
<td>43.40</td>
</tr>
<tr>
<td>2 Greenacre Holdings Limited</td>
<td>0.14%</td>
<td>49.23</td>
<td>0.02%</td>
<td>1.70</td>
</tr>
<tr>
<td>3 Wimco Limited</td>
<td>0.01%</td>
<td>2.10</td>
<td>...</td>
<td>(0.21)</td>
</tr>
<tr>
<td>4 Prag Agro Farm Limited</td>
<td>...</td>
<td>1.14</td>
<td>...</td>
<td>(0.17)</td>
</tr>
<tr>
<td>5 Pavan Poplar Limited</td>
<td>...</td>
<td>1.67</td>
<td>...</td>
<td>(0.44)</td>
</tr>
<tr>
<td>6 Technico Agri Sciences Limited</td>
<td>0.39%</td>
<td>134.69</td>
<td>0.16%</td>
<td>15.76</td>
</tr>
<tr>
<td>7 Srinivasa Resorts Limited</td>
<td>0.20%</td>
<td>68.10</td>
<td>(0.02%)</td>
<td>(1.66)</td>
</tr>
<tr>
<td>8 Fortune Park Hotels Limited</td>
<td>0.08%</td>
<td>26.63</td>
<td>0.06%</td>
<td>6.23</td>
</tr>
<tr>
<td>9 Bay Islands Hotels Limited</td>
<td>0.04%</td>
<td>14.03</td>
<td>0.01%</td>
<td>1.04</td>
</tr>
<tr>
<td>10 ITC Infotech India Limited</td>
<td>0.68%</td>
<td>233.79</td>
<td>0.74%</td>
<td>72.98</td>
</tr>
<tr>
<td>11 Gold Flake Corporation Limited</td>
<td>0.05%</td>
<td>17.02</td>
<td>0.01%</td>
<td>0.61</td>
</tr>
<tr>
<td>12 ITC Investments &amp; Holdings Limited</td>
<td>0.01%</td>
<td>5.04</td>
<td>...</td>
<td>0.04</td>
</tr>
<tr>
<td>13 MRR Trading &amp; Investment Company Limited</td>
<td>...</td>
<td>0.01</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>14 Landbase India Limited</td>
<td>0.65%</td>
<td>219.65</td>
<td>0.01%</td>
<td>1.36</td>
</tr>
<tr>
<td>15 North East Nutrients Private Limited</td>
<td>0.36%</td>
<td>122.30</td>
<td>(0.12%)</td>
<td>(11.98)</td>
</tr>
<tr>
<td>Foreign</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Technico Pty Limited</td>
<td>0.40%</td>
<td>136.51</td>
<td>0.02%</td>
<td>2.02</td>
</tr>
<tr>
<td>2 Technico Technologies Inc.</td>
<td>...</td>
<td>0.77</td>
<td>...</td>
<td>0.22</td>
</tr>
<tr>
<td>3 Technico Asia Holdings Pty Limited</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>4 Technico Horticultural (Kunming) Co. Limited</td>
<td>0.02%</td>
<td>6.35</td>
<td>...</td>
<td>(0.10)</td>
</tr>
<tr>
<td>5 WelcomHotels Lanka (Private) Limited</td>
<td>1.58%</td>
<td>539.48</td>
<td>...</td>
<td>0.26</td>
</tr>
<tr>
<td>6 ITC Infotech Limited</td>
<td>0.16%</td>
<td>53.34</td>
<td>0.06%</td>
<td>5.99</td>
</tr>
<tr>
<td>7 ITC Infotech (USA), Inc.</td>
<td>0.40%</td>
<td>137.20</td>
<td>(0.02%)</td>
<td>(2.38)</td>
</tr>
<tr>
<td>8 Pyxis Solutions, LLC</td>
<td>0.02%</td>
<td>7.51</td>
<td>0.01%</td>
<td>0.62</td>
</tr>
<tr>
<td>9 Surya Nepal Private Limited</td>
<td>0.69%</td>
<td>235.89</td>
<td>3.97%</td>
<td>393.30</td>
</tr>
<tr>
<td>10 King Maker Marketing, Inc.</td>
<td>0.05%</td>
<td>16.25</td>
<td>0.04%</td>
<td>4.16</td>
</tr>
<tr>
<td>Minority Interest in all subsidiaries</td>
<td>0.77%</td>
<td>262.33</td>
<td>(1.59%)</td>
<td>(157.84)</td>
</tr>
</tbody>
</table>
### 28. Additional Notes to the Consolidated Financial Statements (Contd.)

<table>
<thead>
<tr>
<th>Associates</th>
<th>Name of the Entity</th>
<th>As % of Consolidated Net Assets</th>
<th>Amount ((\text{₹} \text{ in Crores}))</th>
<th>As % of Consolidated Profit or (Loss)</th>
<th>Amount ((\text{₹} \text{ in Crores}))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>International Travel House Limited</td>
<td>0.26%</td>
<td>89.67</td>
<td>0.06%</td>
<td>5.97</td>
</tr>
<tr>
<td>2</td>
<td>Gujarat Hotels Limited</td>
<td>0.03%</td>
<td>11.55</td>
<td>0.01%</td>
<td>1.00</td>
</tr>
<tr>
<td>3</td>
<td>Russell Investments Limited</td>
<td>0.04%</td>
<td>12.05</td>
<td>0.01%</td>
<td>0.72</td>
</tr>
<tr>
<td>4</td>
<td>Divya Management Limited</td>
<td>0.02%</td>
<td>7.15</td>
<td>...</td>
<td>0.05</td>
</tr>
<tr>
<td>5</td>
<td>Antrang Finance Limited</td>
<td>0.01%</td>
<td>4.80</td>
<td>...</td>
<td>0.03</td>
</tr>
<tr>
<td>6</td>
<td>ATC Limited</td>
<td>0.02%</td>
<td>6.66</td>
<td>...</td>
<td>0.46</td>
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<tr>
<td>Indian</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

The Subsidiary not considered in the preparation of the above statement is ITC Global Holdings Pte. Limited, Singapore, (‘Global’) a wholly owned subsidiary of ITC Limited, which is under liquidation vide Singapore High Court’s Order dated 30th November, 2007. Prior to this, Global was under Judicial Management in terms of an Interim Order passed by the Singapore High Court on 9th November, 1996, and confirmed by the Singapore High Court on 6th December, 1996.

(x) Changes in Group Structure:
During the year ended 31st March, 2016, the following changes in Group Structure have taken place and the same have been appropriately dealt with in the Consolidated Financial Statements.

(a) During the year, the shares of Wills Corporation Limited, a wholly owned subsidiary of the Company were sold to Russell Credit Limited, a wholly owned subsidiary of the Company. Subsequently, in accordance with the Scheme of Amalgamation as sanctioned by the Hon’ble High Court at Calcutta on 16th February, 2016, the assets and liabilities of Wills Corporation Limited were transferred to Russell Credit Limited with effect from 1st April, 2015, the Appointed Date. The Scheme became effective on 22nd March, 2016 upon filing of the Order of the Hon’ble High Court with the Registrar of Companies, West Bengal. Consequent to such filing, the Scheme has been given effect to in these Financial Statements.

(b) During the year, the shares of BFIL Finance Limited, a wholly owned subsidiary of the Company were sold to Russell Credit Limited, a wholly owned subsidiary of the Company. Subsequently, in accordance with the Scheme of Amalgamation as sanctioned by the Hon’ble High Court at Calcutta and Bombay on 27th November, 2015 and on 4th May, 2016 respectively, the assets and liabilities of BFIL Finance Limited were transferred to Russell Credit Limited with effect from 1st April, 2015, the Appointed Date. The Scheme became effective on 23rd March, 2016 upon filing of the Order of the Hon’ble High Court with the Registrar of Companies, West Bengal. Consequent to such filing, the Scheme has been given effect to in these Financial Statements.

(c) During the year, Classic Infrastructure & Development Limited, an associate of the Group, became a wholly owned subsidiary of Greenacres Holdings Limited, a step down wholly owned subsidiary of the Company, on further acquisition of its shares. Subsequently, in accordance with the Scheme of Amalgamation as sanctioned by the Hon’ble High Court at Calcutta on 17th March, 2016, the assets and liabilities of Classic Infrastructure & Development Limited were transferred to Greenacres Holdings Limited with effect from 1st October, 2015, the Appointed Date. The Scheme became effective on 5th April, 2016 upon filing of the Order of the Honor’ble High Court with the Registrar of Companies, West Bengal. Consequent to such filing, the Scheme has been given effect to in these Financial Statements.

(xi) In accordance with the Scheme of Arrangement as sanctioned by Hon’ble High Courts at Bombay and Calcutta on 10th April, 2014 and 14th May, 2014, respectively, the assets and liabilities of the Non-Engineering business of Wimco Limited [which include Safety Matches and Agri (Forestry) Business] as at 1st April, 2013 had been taken over at their book values subject to adjustments as specified in the Scheme. The Scheme became effective on 27th June, 2014 on filing of the Order of the Honor’ble High Court with the respective Registrars of Companies. Pavan Poplar Limited and Prag Agro Farm Limited engaged in the business of agro-forestry and other related activities, had become direct subsidiaries of ITC Limited with effect from 27th June, 2014, consequent upon the above Scheme becoming effective.

(xii) Pursuant to the notification of Schedule II of the Companies Act 2013, with effect from 1st April, 2014, the Group had reviewed and revised the estimated useful lives of its fixed assets. In respect of assets, whose useful life was exhausted as at 1st April, 2014, the related carrying amount aggregating to ₹ 61.71 Crores (net of deferred tax of ₹ 25.64 Crores) had been adjusted against opening balance of Surplus in the Statement of Profit and Loss during 2014-15.

(xiii) Previous year’s figures have been regrouped/reclassified wherever necessary to correspond with the current year’s classification/disclosure.
Notes to the Consolidated Financial Statements

29. Segment Reporting

### PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

<table>
<thead>
<tr>
<th>Segment Reporting</th>
<th>2016</th>
<th>2015</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>External</td>
<td>Inter Segment</td>
<td>Total</td>
<td>External</td>
</tr>
<tr>
<td>1. Segment Revenue - Gross</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>FMCG – Cigarettes</td>
<td>34062.67</td>
<td>-</td>
<td>34062.67</td>
<td>31855.85</td>
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<tr>
<td>FMCG – Others</td>
<td>9738.57</td>
<td>12.07</td>
<td>9750.64</td>
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<tr>
<td>FMCG – Total</td>
<td>43801.24</td>
<td>12.07</td>
<td>43813.31</td>
<td>40899.77</td>
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<tr>
<td>Hotels</td>
<td>1345.03</td>
<td>13.94</td>
<td>1358.97</td>
<td>1241.06</td>
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<tr>
<td>Agri Business</td>
<td>4257.26</td>
<td>3199.62</td>
<td>7456.88</td>
<td>5566.08</td>
</tr>
<tr>
<td>Others</td>
<td>3753.24</td>
<td>1574.46</td>
<td>5327.70</td>
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<td>Segment Total</td>
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<td>5114.75</td>
<td>59805.38</td>
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<td>Eliminations</td>
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<td>(4835.35)</td>
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<td>Gross Revenue from sale of products and services</td>
<td>54690.63</td>
<td>4835.35</td>
<td>59805.38</td>
<td>52759.08</td>
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<tr>
<td>Segment Revenue - Net</td>
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<td></td>
<td></td>
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<tr>
<td>FMCG – Cigarettes</td>
<td>18685.98</td>
<td>-</td>
<td>18685.98</td>
<td>17765.99</td>
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<tr>
<td>FMCG – Others</td>
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<td>12.07</td>
<td>9723.85</td>
<td>9017.18</td>
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<tr>
<td>FMCG – Total</td>
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<td>12.07</td>
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<tr>
<td>Hotels</td>
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<td>13.94</td>
<td>1358.92</td>
<td>1241.00</td>
</tr>
<tr>
<td>Agri Business</td>
<td>4257.26</td>
<td>3199.62</td>
<td>7456.88</td>
<td>5566.08</td>
</tr>
<tr>
<td>Paperboards, Paper and Packaging</td>
<td>3535.85</td>
<td>1481.54</td>
<td>5017.39</td>
<td>3351.06</td>
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<td>Others</td>
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<td>294.59</td>
<td>1825.59</td>
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<tr>
<td>Segment Total</td>
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<td>5001.76</td>
<td>44068.61</td>
<td>38433.31</td>
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<tr>
<td>Eliminations</td>
<td>(5001.76)</td>
<td>(4718.46)</td>
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<tr>
<td>Net Revenue from sale of products and services</td>
<td>39066.85</td>
<td>38433.31</td>
<td>44068.61</td>
<td>43151.77</td>
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2. Segment Results

<table>
<thead>
<tr>
<th>Segment Reporting</th>
<th>2016</th>
<th>2015</th>
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<th>2015</th>
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<td>12348.08</td>
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<td></td>
<td>12405.54</td>
<td>11668.07</td>
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<td>9017.18</td>
<td>10.05</td>
<td>9027.23</td>
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<td>10.05</td>
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<td>1241.00</td>
<td>15.15</td>
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<td>1531.00</td>
<td>1492.00</td>
<td>256.02</td>
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<td>14473.87</td>
<td>13777.56</td>
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<tr>
<td></td>
<td>(51.13)</td>
<td>(60.12)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14422.74</td>
<td>13717.44</td>
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<tr>
<td></td>
<td>436.74</td>
<td>512.72</td>
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<tr>
<td></td>
<td>13986.00</td>
<td>13204.72</td>
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<td></td>
<td>58.47</td>
<td>68.12</td>
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<td></td>
<td>1505.65</td>
<td>1225.45</td>
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<td>5371.96</td>
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<td>10061.22</td>
<td>9765.63</td>
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<td></td>
<td>8.23</td>
<td>12.89</td>
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<td></td>
<td>10069.45</td>
<td>9778.52</td>
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</table>

3. Other Information

<table>
<thead>
<tr>
<th>Segment Reporting</th>
<th>Segment Assets</th>
<th>Segment Liabilities*</th>
<th>Segment Assets</th>
<th>Segment Liabilities*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMCG – Cigarettes</td>
<td>8478.44</td>
<td>2751.63</td>
<td>8647.38</td>
<td>2299.09</td>
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<td>FMCG – Others</td>
<td>6179.14</td>
<td>1186.91</td>
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<td>FMCG – Total</td>
<td>14657.58</td>
<td>3938.54</td>
<td>13587.76</td>
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<tr>
<td>Hotels (Refer Note 10(71])</td>
<td>5558.10</td>
<td>365.07</td>
<td>5314.24</td>
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<tr>
<td>Agri Business</td>
<td>2970.11</td>
<td>490.51</td>
<td>2650.59</td>
<td>553.17</td>
</tr>
<tr>
<td>Paperboards, Paper and Packaging</td>
<td>6020.32</td>
<td>510.39</td>
<td>5919.38</td>
<td>495.68</td>
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<tr>
<td>Others</td>
<td>959.21</td>
<td>280.39</td>
<td>999.02</td>
<td>290.04</td>
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<tr>
<td>Segment Total</td>
<td>30165.32</td>
<td>5584.90</td>
<td>28452.99</td>
<td>4879.11</td>
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<tr>
<td>Unallocated Corporate Assets/Liabilities</td>
<td>21625.49</td>
<td>11979.17</td>
<td>18009.88</td>
<td>9623.16</td>
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<tr>
<td>Total</td>
<td>51790.81</td>
<td>17564.07</td>
<td>46462.87</td>
<td>14502.27</td>
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</tbody>
</table>

* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 651.54 Crores (2015 - ₹ 629.98 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States' appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'.

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Notes to the Consolidated Financial Statements

29. Segment Reporting (Contd.)

### 2016 vs 2015 ($ in Crores)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital expenditure</td>
<td>Depreciation and amortisation</td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>256.05</td>
<td>281.45</td>
</tr>
<tr>
<td>FMCG - Others</td>
<td>837.67</td>
<td>240.26</td>
</tr>
<tr>
<td><strong>FMCG - Total</strong></td>
<td><strong>1093.72</strong></td>
<td><strong>521.71</strong></td>
</tr>
<tr>
<td>Hotels [Refer Note 10(7)]</td>
<td>383.44</td>
<td>190.51</td>
</tr>
<tr>
<td>Agri Business</td>
<td>128.46</td>
<td>50.63</td>
</tr>
<tr>
<td>Paperboards, Paper and Packaging</td>
<td>349.76</td>
<td>242.52</td>
</tr>
<tr>
<td>Others</td>
<td>30.87</td>
<td>31.99</td>
</tr>
<tr>
<td><strong>Segment Total</strong></td>
<td><strong>1986.25</strong></td>
<td><strong>1037.36</strong></td>
</tr>
</tbody>
</table>

### SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital expenditure</td>
<td>Depreciation and amortisation</td>
</tr>
<tr>
<td>FMCG - Cigarettes</td>
<td>256.05</td>
<td>281.45</td>
</tr>
<tr>
<td>FMCG - Others</td>
<td>837.67</td>
<td>240.26</td>
</tr>
<tr>
<td><strong>FMCG - Total</strong></td>
<td><strong>1093.72</strong></td>
<td><strong>521.71</strong></td>
</tr>
<tr>
<td>Hotels [Refer Note 10(7)]</td>
<td>383.44</td>
<td>190.51</td>
</tr>
<tr>
<td>Agri Business</td>
<td>128.46</td>
<td>50.63</td>
</tr>
<tr>
<td>Paperboards, Paper and Packaging</td>
<td>349.76</td>
<td>242.52</td>
</tr>
<tr>
<td>Others</td>
<td>30.87</td>
<td>31.99</td>
</tr>
<tr>
<td><strong>Segment Total</strong></td>
<td><strong>1986.25</strong></td>
<td><strong>1037.36</strong></td>
</tr>
</tbody>
</table>

### 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 and 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 - Surya Nepal Private Limited and King Maker Marketing, Inc.
     - Others - Surya Nepal Private Limited and North East Nutrients Private Limited.
   - **Hotels**
   - **Agri Business**
   - **Others**
     - Information Technology services, Filter Rods, 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 and North East Nutrients Private Limited.
   - **Hotels**
   - **Agri Business**
   - **Others**
     - Information Technology services, Filter Rods, etc.

4. The geographical segments considered for disclosure are:

   - **Sales within India**
   - **Sales outside India**

5. Segment results of ‘FMCG: Others’ are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.

6. The Group's Agri Business markets agri commodities in the export and domestic markets; supplies agri raw materials to the Branded Packaged Foods businesses and sources leaf tobacco for the Cigarettes business.
Notes to the Consolidated Financial Statements

30. 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

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY AND ITS SUBSIDIARIES HAD TRANSACTIONS:

i) Associates & Joint Ventures:
   Associates
   a) Gujarat Hotels Limited
   b) Russell Investments Limited
   c) ATC Limited
   d) Classic Infrastructure & Development Limited
   e) International Travel House Limited
   f) Divya Management Limited
   g) Antrang Finance Limited
      - being associates of the Group
   h) Tobacco Manufacturers (India) Limited, UK
      - of which the Company is an associate

Note: Classic Infrastructure & Development Limited, an associate of the Group, during the year became a wholly owned subsidiary of Greenacre Holdings Limited, a wholly owned step down subsidiary of the Company, w.e.f. 07.12.2015; the company amalgamated with Greenacre Holdings Limited w.e.f. 01.10.2015, with the effective date of the amalgamation being 05.04.2016.

Joint Ventures
   a) Maharaja Heritage Resorts Limited
   b) ITC Essentra Limited
   c) Espirit Hotels Private Limited
   d) Logix Developers Private Limited

ii) a) Key Management Personnel (KMP):
    Y. C. Deveshwar  Executive Chairman
    N. Anand  Executive Director
    P. V. Dhole  Executive Director (ceased w.e.f. 07.12.2015)
    K. N. Grant  Executive Director (ceased w.e.f. 23.01.2016)
    R. Tandon  Executive Director (w.e.f. 22.01.2016)
    S. Puri  Executive Director (w.e.f. 06.12.2015)
    A. Baijal  Non-Executive Director
    S. Banerjee  Non-Executive Director
    A. Duggal  Non-Executive Director
    S. H. Khan  Non-Executive Director (expired on 12.01.2016)
    A. V. Girija Kumar  Non-Executive Director
    R. E. Lerwill  Non-Executive Director
    S. B. Mainak  Non-Executive Director
    S. B. Mathur*  Non-Executive Director
    P. S. Ramanujam*  Non-Executive Director
    S. S. H. Rehman  Non-Executive Director
    M. Shankar  Non-Executive Director
    K. Vaidyanath  Non-Executive Director

* Independent Director
# Ceased to be Non-Executive Director from 23.07.2015. Appointed Additional Non-Executive Director w.e.f. 31.07.2015.

Members - Corporate Management Committee
Y. C. Deveshwar
N. Anand
P. V. Dhole (ceased w.e.f. 07.12.2015)
K. N. Grant (ceased w.e.f. 23.01.2016)
R. Tandon
S. Puri
B. B. Chatterjee
A. Nayak (ceased w.e.f. 01.01.2016)
T.V. Ramaswamy (ceased w.e.f. 07.06.2015)
S. Sivakumar
K. S. Suresh
C. Dar (w.e.f. 07.06.2015)

b) Relatives of Key Management Personnel:
   Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
   Mrs. R. Tandon (wife of Mr. R. Tandon)

iii) Employee Trusts where there is significant influence:
   a) IATC Provident Fund
   b) ITC Defined Contribution Pension 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 Gratuity Fund
   j) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
   k) ITC Bhadrachalam Paperboards Limited Gratuity Fund ‘A’
   l) ITC Bhadrachalam Paperboards Limited Gratuity Fund ‘C’
   m) ITC Hotels Limited Employees Superannuation Scheme
   n) Greenacre Holdings Limited Provident Fund
   o) Greenacre Holdings Limited Gratuity Fund

#### RELATED PARTY TRANSACTIONS SUMMARY

<table>
<thead>
<tr>
<th>Enterprises where control exists</th>
<th>Associates</th>
<th>Joint Ventures</th>
<th>Key Management Personnel</th>
<th>Relatives of Key Management Personnel</th>
<th>Employee Trusts</th>
<th>Total</th>
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<td>2. Purchase of Goods/Services</td>
<td>111.79</td>
<td>117.24</td>
<td>291.67</td>
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<td>4. Sale of Fixed Assets/Scaps</td>
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<td>5. Investment in Joint Ventures</td>
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<td>3.87</td>
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<td>6. Interest Income</td>
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<td>7. Remuneration to Key Management Personnel</td>
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<tr>
<td>- Directors¹</td>
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<td></td>
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<td>–</td>
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<td>- Others</td>
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<td>11.43</td>
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</tr>
<tr>
<td>8. Rent Received</td>
<td>1.17</td>
<td>1.41</td>
<td></td>
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<td>1.17</td>
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<tr>
<td>9. Rent Paid</td>
<td>3.49</td>
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<td>0.14</td>
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<td>12. Expenditure towards Corporate Social Responsibility</td>
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<td>4.29</td>
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<td>15. Dividend Payments</td>
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<td>–</td>
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<td>16. Expenses Recovered</td>
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<td>0.02</td>
<td>0.19</td>
<td>0.74</td>
<td>0.39</td>
<td>0.43</td>
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<tr>
<td>17. Expenses Reimbursed</td>
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<td>0.61</td>
<td>0.54</td>
<td>0.03</td>
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<td>18. Receipt towards Loan Repayment</td>
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<td>20. Adjustment/Receipt towards Refund of Advances</td>
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<tr>
<td>22. Deposit Received during the year</td>
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<td>23. Balances as at 31st March</td>
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<tr>
<td>i) Receivables</td>
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<td>ii) Advances Given</td>
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<td>48.48</td>
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<td>iii) Loans Given</td>
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<td>iv) Deposits Given²</td>
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<td>0.07</td>
<td>0.30</td>
<td>0.30</td>
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<tr>
<td>v) Deposits Taken</td>
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<td>0.87</td>
<td></td>
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<td>–</td>
<td>0.67</td>
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<tr>
<td>vi) Payables</td>
<td>9.87</td>
<td>13.74</td>
<td>5.92</td>
<td>4.75</td>
<td>–</td>
<td>22.50</td>
</tr>
</tbody>
</table>

¹ includes ₹ 1.22 Crores (2015- Nil) attributable to remuneration of Directors which is subject to approval by the Company in General Meeting;

² includes transfer of deposit of ₹ 0.10 Crore, with an associate in 2015, to a subsidiary during the year pursuant to amalgamation of the Associate with a subsidiary. Refer Note 28 (x) (c)
### Related Party Transactions Summary 2016

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sale of Goods/Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Travel House Limited</td>
<td>2.47</td>
<td>1.77</td>
</tr>
<tr>
<td>ITC Essentra Limited</td>
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<tr>
<td>2. Purchase of Goods/Services</td>
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<td>93.22</td>
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<td>ITC Essentra Limited</td>
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<td>302.84</td>
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<td>3. Acquisition of Fixed Assets</td>
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<td>Classic Infrastructure &amp; Development</td>
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<td>4. Sale of Fixed Assets/Scraps</td>
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<tr>
<td>ATC Limited</td>
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<td>0.53</td>
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<tr>
<td>5. Investment in Joint Ventures</td>
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<td></td>
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<tr>
<td>Logix Developers Private Limited</td>
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<td>3.87</td>
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<tr>
<td>6. Interest Income</td>
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<td></td>
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<tr>
<td>ATC Limited</td>
<td>0.42</td>
<td>0.59</td>
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<tr>
<td>7. Remuneration to Key Management</td>
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<td></td>
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<tr>
<td>Personnel- Directors &amp; Others</td>
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</tr>
<tr>
<td>Mr. Y. C. Deveshwar</td>
<td>13.73</td>
<td>13.85</td>
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<tr>
<td>8. Rent Received</td>
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<tr>
<td>International Travel House Limited</td>
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<td>1.41</td>
</tr>
<tr>
<td>9. Rent Paid</td>
<td></td>
<td></td>
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<tr>
<td>Gujarat Hotels Limited</td>
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<td>3.20</td>
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<tr>
<td>Mrs. B. Deveshwar</td>
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<td>0.66</td>
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<tr>
<td>10. Remuneration of Managers on</td>
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<tr>
<td>Deputation Reimbursed</td>
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<td>Gujarat Hotels Limited</td>
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<td>11. Remuneration of Managers on</td>
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<tr>
<td>Deputation Recovered</td>
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<td>14. Dividend Income</td>
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<td>ITC Essentra Limited</td>
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<td>15. Dividend Payments</td>
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<td>Tobacco Manufacturers (India) Limited,</td>
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<td>UK</td>
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<td>0.36</td>
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<td>17. Expenses Reimbursed</td>
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<td>0.08</td>
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<td>18. Receipt towards Loan Repayment</td>
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<tr>
<td>ATC Limited</td>
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### Related Party Transactions Summary 2015

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<tr>
<th>Transaction Type</th>
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<tbody>
<tr>
<td>19. Advances Given during the year</td>
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</tr>
<tr>
<td>ITC Sangeet Research Academy</td>
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<td>20. Adjustment/Receipt towards Refund of</td>
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<td>Advances</td>
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<td>ITC Sangeet Research Academy</td>
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<tr>
<td>International Travel House Limited</td>
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<tr>
<td>21. Deposits Given during the year</td>
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</tr>
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<td>Mr. R. Tandon</td>
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<td>22. Deposits Received during the year</td>
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</tr>
<tr>
<td>International Travel House Limited</td>
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<td>–</td>
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<tr>
<td>23. Balances as at 31st March</td>
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<tr>
<td>i) Receivables</td>
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<td>ii) Advances Given</td>
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<td>Employees Trust - Pension Funds</td>
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<td>Classic Infrastructure &amp; Development</td>
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<td>Limited</td>
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<td></td>
</tr>
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<td>v) Deposits Taken</td>
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<tr>
<td>International Travel House Limited</td>
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<td>0.67</td>
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<td>25. Deposits Taken</td>
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<tr>
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<td>26. Payables</td>
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<td>Employee Trust - Gratuity Funds</td>
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<tr>
<td>International Travel House Limited</td>
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</tr>
<tr>
<td>ITC Essentra Limited</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
31. Significant Accounting Policies

IT IS GROUP CORPORATE POLICY

Conventional
To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

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.

All assets and liabilities have been classified as current or non-current as per the Group’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Basis of Consolidation

In case of subsidiaries, line by line consolidation of the Statement of Profit and Loss and Balance Sheet is done by aggregating like items of assets, liabilities, income and expenses. The excess/deficit of the cost of its investments in its subsidiaries over its share of net worth 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 and Loss and Balance Sheet items) are eliminated for arriving at the CFS of the Group.

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 Statement of Profit and Loss. The carrying amount of the investment in associates is adjusted by the share of net profits/losses in the Consolidated Balance Sheet.

Interests in jointly controlled entities (incorporated Joint Ventures) are reported using proportionate consolidation method in the CFS.

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, if any.

To capitalize software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation/enhancements unless they bring similar significant additional benefits.

Depreciation
To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 other than Intangible (Know how, Business and Commercial Rights, Trademarks), which are amortised over the estimated period of benefit or contractual terms, as applicable. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

Revaluation of Assets
As and when Fixed Assets are revalued, to transfer to Revaluation Reserve the increase in the net book value of such Fixed Assets arising on revaluation. To account for the depreciation on such revalued Fixed Assets over the unexpired useful life of such Fixed Assets; to transfer to General Reserve the amount standing to the credit of Revaluation Reserve on account of a revalued asset that is retired/derecognised.

Impairment of Assets
To provide for impairment loss, if any, to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

Investments
To state Current Investments at lower of cost and fair value; and Long Term Investments, other than associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

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 lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

Revenue from sale of products and services
To recognize Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales Tax/Value Added Tax recovered from customers but including excise duty on goods payable by the Group. Net Revenue is stated after deducting such excise duty.
Notes to the Consolidated Financial Statements

31. Significant Accounting Policies (Contd.)

Investment Income
To account for Income from investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

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.

Employee Benefits
To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India. 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/contribution schemes. To determine the liabilities towards such schemes, as applicable, and towards employee leave encashment by an independent actuarial valuation as per the requirements of Accounting Standard - 15 on “Employee Benefits”. To determine actuarial gains or losses and to recognise such gains or losses immediately in the Statement of Profit and Loss as income or expense.

To charge against revenue, actual disbursements made, when due, under the Workers’ Voluntary Retirement Scheme.

Lease Rentals
To charge Rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

To recognise rental income on assets given on operating lease on an accrual basis over the lease term in the Statement of Profit and Loss.

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 Tangible Assets.

Taxes on Income
To provide Current tax as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws.

To provide Deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

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 Transactions
To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains/Losses arising on settlement of such transactions as also the translation of monetary items at period ends due to fluctuations in the exchange rates are recognised in the Statement of Profit and Loss.

To account for differences between the forward exchange rates and the exchange rates at the inception of forward exchange contracts (other than those designated as cash flow hedges), as income or expense over the life of the contracts.

To account for gains/losses arising on cancellation or renewal of forward exchange contracts (other than those designated as cash flow hedges), as income/expense for the period.

To apply the principles of hedge accounting as set out in Accounting Standard - 30 on “Financial Instruments: Recognition and Measurement” to those forward exchange contracts and currency options that are designated as cash flow hedges and, accordingly, to account for the changes in the fair value of such contracts, to the extent that they are effective, directly in the Hedging Reserve Account, and to take the ineffective portion to the Statement of Profit and Loss. To recognize in the Statement of Profit and Loss the balance in the Hedging Reserve Account when the hedged item affects the profit or loss.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of forward exchange contracts and currency options, other than those designated as cash flow hedges, as at the Balance Sheet date, and to ignore the net gain, if any.

To accumulate exchange differences arising on monetary items that, in substance, form part of the Company’s net investment in a non-integral foreign operation in a foreign currency translation reserve.

To recognise such balances in the Statement of Profit and Loss on disposal of the net investment.

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 exchange 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 initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems
To practice an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, provide financial and cost information appropriate to the businesses and facilitate Internal Control.

On behalf of the Board

Y. C. DEVESHWAR
Chairman
R. TANDON
Director & Chief Financial Officer
B. B. CHATTERJEE
Company Secretary

Kolkata
20th May, 2016
Independent Auditor's Report
to the Members of ITC Limited

Report on the Consolidated Financial Statements
1. We have audited the accompanying consolidated financial statements of ITC LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management’s Responsibility for the Consolidated Financial Statements
2. The Holding Company’s Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor’s Responsibility
3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company’s Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 8(a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion
7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters
8. (a) We did not audit the financial statements of sixteen subsidiaries and one jointly controlled entity, whose financial statements reflect the Group’s share of total assets of ₹ 1681.81 Crores as at 31st March, 2016, and the Group’s share
of total revenues of ₹ 1826.79 Crores and net cash inflows amounting to ₹ 87.94 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group’s share of net profit of ₹ 8.23 Crores for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of six associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associates, is based solely on the reports of the other auditors.

(b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, where applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company’s, subsidiary company’s, associate company’s and jointly controlled company’s (incorporated in India) internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities in accordance with the generally accepted accounting practice – also refer Note 28(iv)(a) to the consolidated financial statements.

ii) The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm’s Registration No. 302009E)
Shyamak R Tata
Partner
Kolkata
20th May, 2016
(Membership No. 38320)
Annexure - A to the Independent Auditor’s Report

(Referred to in paragraph 9(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of ITC Limited (hereinafter referred to as “the Holding Company”) and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Boards of Directors of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint controlled companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to seven subsidiary companies, six associate companies and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India and does not include one jointly controlled company, incorporated in India, whose financial year commenced before 1st April 2015 and, consequently, its auditors were not required to, and have not issued, a report under Section 143(3)(i) of the Act.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm’s Registration No. 302009E)
Shyamak R Tata
Partner
(Membership No. 38320)

Kolkata
20th May, 2016
### Ten Years at a Glance

Standalone Operating Results 2007 - 2016

<table>
<thead>
<tr>
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<td>549</td>
<td>609</td>
<td>699</td>
<td>795</td>
<td>900</td>
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<td>Dividends</td>
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<td>1543</td>
<td>1634</td>
<td>4453</td>
<td>4002</td>
<td>4089</td>
<td>4853</td>
<td>5583</td>
<td>6030</td>
<td>8233</td>
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<td>- Ordinary Dividend</td>
<td>1365</td>
<td>1543</td>
<td>1634</td>
<td>2004</td>
<td>2518</td>
<td>4089</td>
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<td>- Special Dividend</td>
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<td>1387</td>
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### Standalone Equity, Liabilities and Assets 2007 - 2016

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<td>Equity</td>
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<td>377</td>
<td>378</td>
<td>382</td>
<td>774</td>
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<td>Share capital</td>
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<td>382</td>
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<td>790</td>
<td>795</td>
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<td>Reserves and surplus</td>
<td>10081</td>
<td>11881</td>
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<td>Shareholders' funds</td>
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<td>Non-current liabilities</td>
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<td>91</td>
<td>92</td>
<td>87</td>
<td>77</td>
<td>66</td>
<td>51</td>
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<td>Long-term borrowings</td>
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<td>785</td>
<td>802</td>
<td>873</td>
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<td>1297</td>
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<td>Deferred tax liabilities (Net)</td>
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<td>90</td>
<td>95</td>
<td>45</td>
<td>115</td>
<td>120</td>
<td>115</td>
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<tr>
<td>Other Long term liabilities</td>
<td>77</td>
<td>92</td>
<td>62</td>
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<td>Current liabilities</td>
<td>1365</td>
<td>1543</td>
<td>1634</td>
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<td>4089</td>
<td>4853</td>
<td>5583</td>
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<td>Current assets</td>
<td>2436</td>
<td>2830</td>
<td>3000</td>
<td>3566</td>
<td>4413</td>
<td>5035</td>
<td>5477</td>
<td>5921</td>
<td>6561</td>
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<tr>
<td>Total Equity and Liabilities</td>
<td>14068</td>
<td>17249</td>
<td>19484</td>
<td>23005</td>
<td>25434</td>
<td>28988</td>
<td>34017</td>
<td>39229</td>
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</table>

### Notes:

- **Including Dividend Distribution Tax.**
- **Based on number of shares outstanding at the year end; reflects the impact of Corporate Actions.**
- **Based on year end closing prices, quoted on the Bombay Stock Exchange.**
- **To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011.**

* Figures for the periods prior to 2011 have been broadly re-classified/re-arranged/re-grouped, wherever material, as per revised Schedule VI to the erstwhile Companies Act, 1956 in order to facilitate like to like comparison.
These graphs depict the standalone financial position.
The Directors present the Business Responsibility Report of the Company for the financial year ended on 31\textsuperscript{st} March, 2016, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company also publishes annually, a comprehensive Sustainability Report, based on the Global Reporting Initiative (GRI) guidelines.


### General Information

| 1. Corporate Identity Number (CIN) of the Company: | L16005WB1910PLC001985 |
| 2. Name of the Company: | ITC Limited |
| 3. Address of the Registered Office: | Virginia House, 37 Jawahar Lal Nehru Road, Kolkata 700 071 |
| 4. Website: | www.itcportal.com |
| 5. E-mail id: | enduringvalue@itc.in |
| 6. Financial Year reported: | 2015-16 |
| 7. Key products / services: | **Businesses** |
| | **Products / Services** |
| | **FMCG:** Branded Packaged Foods Businesses (Staples, Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Cigarettes, Cigars, etc. |
| | **Hotels:** Hoteliering. |
| | **Paperboards, Paper & Packaging:** Paperboards, Paper including Specialty Paper & Packaging. |
| | **Agri Business:** Agri-commodities such as soya, spices, coffee and leaf tobacco. |
| 8. Locations where business activities are undertaken by the Company: | The Company’s businesses and operations are spread across the country. Details of plant locations, hotels owned / operated by the Company, are provided in the section, ‘Shareholder Information’, in the Report and Accounts. |
| 9. Markets served by the Company: | ITC’s products and services have a national presence and several products are exported. |
| 10. Subsidiary companies and their BR initiatives: | The Company has 25 subsidiaries, including 10 subsidiaries outside India as on 31\textsuperscript{st} March 2016. The subsidiary companies define their own initiatives based on their specific context whilst having access to information and expertise residing with the parent company. |
## Financial Details

| 1. Paid up Capital (As on 31.03.2016): | ₹ 804.72 crores |
| 2. Total Turnover: | ₹ 51,582.45 crores |
| 3. Total Profit after taxes: | ₹ 9,844.71 crores |
| 4. Total Spending on Corporate Social Responsibility (CSR): | ₹ 247.50 crores |
| As percentage of Profit after taxes: | 2.51% |

### List of CSR activities in which expenditure has been incurred:

<table>
<thead>
<tr>
<th>Areas listed under Schedule – VII to the Companies Act, 2013</th>
<th>ITC’s interventions (including through Trusts established by the Company)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.</td>
<td>Health &amp; Sanitation, Drinking Water and Eradicating Poverty</td>
</tr>
<tr>
<td>(ii) Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.</td>
<td>Education, Vocational Training, Livestock Development and generation of Livelihoods</td>
</tr>
<tr>
<td>(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.</td>
<td>Women Empowerment</td>
</tr>
<tr>
<td>(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of River Ganga.</td>
<td>Environmental Sustainability, Soil &amp; Moisture Conservation and Wasteland Development</td>
</tr>
<tr>
<td>(v) Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.</td>
<td>Protection of national heritage, art and culture</td>
</tr>
<tr>
<td>(vi) Rural Development Projects.</td>
<td>Agri Development</td>
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ITC Limited
REPORT AND ACCOUNTS 2016

Commitment to Sustainable and Inclusive Growth

ITC's sustainability initiatives are inspired by the opportunity to serve larger national priorities through a Triple Bottom Line contribution to the economy. It is the Company’s deep conviction that businesses possess the transformative capacity to create far larger societal value by leveraging their entrepreneurial vitality, creativity and innovative capacity. This Vision is manifest in the unique models fashioned by the Company to enable the creation of large scale sustainable livelihoods and the augmentation of natural resources.

This Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has spurred innovation to orchestrate a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. These concerted efforts of the Company over several years have led to the creation of sustainable livelihoods for around 6 million people, many of whom represent the most disadvantaged in society.

While the Company’s pioneering work in empowering rural India is a global exemplar, it has also spearheaded several initiatives to achieve new benchmarks in environmental excellence. Recognising that climate change is a threat that particularly makes rural communities extremely vulnerable, the Company has adopted a low carbon growth strategy. This encompasses large scale afforestation, increasing use of renewable energy and a continuous quest to maximise natural resource efficiencies across all its operations.

ITC is the only company of comparable dimensions in the world to be carbon positive for 11 years, water positive for 14 years and solid waste recycling positive for 9 years. Its environmental stewardship is also reflected in all its luxury hotels being Leadership in Energy and Environmental Design (LEED®) Platinum Certified and the increasing share of renewable energy usage in the Company’s total energy consumption, which presently stands at 47.3%.

Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework on social, environmental and economic responsibilities of business. The context of the BR principles is embodied in the Sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.

Reporting on Sustainability Initiatives

For the past 12 years, the Company has published Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2015 meeting the latest G4 guidelines of the GRI, ‘In Accordance - Comprehensive’ category was also third party assured at the highest criteria of ‘reasonable assurance’ as per the International Standard on Assurance Engagements (ISAE) 3000. The 13th Sustainability Report covering the sustainability performance for the financial year ended on 31st March 2016 and prepared in accordance with the GRI G4 Guidelines, will be available shortly. In addition, the Report and Accounts 2016 of the Company provides a review of the Company’s Triple Bottom Line performance.

Sustainability Policies and ITC Code of Conduct aligned with Business Responsibility Principles

<table>
<thead>
<tr>
<th>ITC Code of Conduct</th>
<th>Freedom of Association</th>
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<tbody>
<tr>
<td>Life-cycle Sustainability</td>
<td>Diversity and Equal Opportunity</td>
</tr>
<tr>
<td>Stakeholder Engagement</td>
<td>Prohibition of Child Labour and Prevention of Forced Labour at the Workplace</td>
</tr>
<tr>
<td>Responsible Advocacy</td>
<td>Human Rights consideration of Stakeholders beyond the Workplace</td>
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<tr>
<td>Product Responsibility</td>
<td>Environment, Health &amp; Safety</td>
</tr>
<tr>
<td>Responsible Sourcing</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>Sl. No.</td>
<td>BRR Principle</td>
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<tr>
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<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1.</td>
<td>Businesses should conduct and govern themselves with Ethics, Transparency and Accountability</td>
</tr>
<tr>
<td>2.</td>
<td>Businesses should provide goods and services that are safe and contribute to sustainability throughout their life-cycle</td>
</tr>
<tr>
<td>3.</td>
<td>Businesses should promote the well-being of all employees</td>
</tr>
<tr>
<td>4.</td>
<td>Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised</td>
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<tr>
<td>5.</td>
<td>Businesses should respect and promote human rights</td>
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<tr>
<td>6.</td>
<td>Businesses should respect, protect, and make efforts to restore the environment</td>
</tr>
<tr>
<td>7.</td>
<td>Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner</td>
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<tr>
<td>8.</td>
<td>Businesses should support inclusive growth and equitable development</td>
</tr>
<tr>
<td>9.</td>
<td>Businesses should engage with and provide value to their customers and consumers in a responsible manner</td>
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</table>
A Board approved policy provides the framework for ITC’s corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders’ aspirations and societal expectations. ITC embeds sustainability principles in its business strategies, and coupled with corporate governance processes, seeks to ensure superior Triple Bottom Line performance.

The practice of Corporate Governance in ITC takes place at three interlinked levels:

<table>
<thead>
<tr>
<th>Strategic supervision</th>
<th>by the Board of Directors</th>
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<tbody>
<tr>
<td>Strategic management</td>
<td>by the Corporate Management Committee</td>
</tr>
<tr>
<td>Executive management</td>
<td>by the Divisional / Strategic Business Unit (SBU) Chief Executive assisted by the respective Divisional / SBU Management Committee</td>
</tr>
</tbody>
</table>

The three-tier governance structure ensures that:

(a) Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors with objectivity, thereby sharpening accountability of management;

(b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and

(c) Executive management of a Division or SBU, free from collective strategic responsibilities for ITC as a whole, focuses on enhancing the quality, efficiency and effectiveness of the business.

ITC’s governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for stakeholders.

For more details on ITC’s governance structure, please refer to the section, ‘Report on Corporate Governance’, in the Report and Accounts.

**Strategic Supervision of Business Responsibility Practices**

The role of the CSR and Sustainability Committee is, inter alia, to review, monitor and provide strategic direction to the Company’s CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five Non-Executive Directors, two of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The names of the members of this Committee and the number of meetings held during the year are provided in the Report and Accounts.

The Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee presently comprises one member of the Corporate Management Committee (as Chairman) and six senior members of management. The role of the Committee, inter alia, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the Corporate Management Committee.

During the year, three meetings of the SCRC were held to review the implementation of Sustainability Policies and the progress towards sustainability targets.
The Company’s strategic intent to create enduring value by investing in new engines of growth is powered by its strong and competitive capabilities in R&D, innovation & technology and an array of institutional strengths including deep consumer insights, brand building capability, trade marketing and distribution infrastructure, focus on quality and world-class manufacturing practices, strong rural linkages and outstanding human resources.

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Policies on ‘Life-cycle Sustainability’ and ‘Responsible Sourcing’ detail the Company’s approach in this respect.

Some of these elements are discussed briefly below:

Maximising Resource Efficiency

The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water and energy. Life-cycle Assessment studies have been carried out for some of the Company’s products for identifying additional opportunities to continuously reduce environmental impacts across the value chain. Resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and waste management.

The Company’s concerted efforts in optimising resource use efficiency, for instance, are evident across businesses including the Company’s most resource-intensive business, the Paperboards and Specialty Papers Division, where continuous improvements in energy and water usage, have made it amongst the most efficient within the sector. Similarly, the Company’s Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® (Leadership in Energy and Environmental Design) certification at the highest Platinum level for all its luxury properties. Several of the Company’s factories and office complexes have also received the LEED® certification and Bureau of Energy Efficiency’s (BEE) star ratings. In order to continually reduce the Company’s environmental footprint, green attributes are integrated in all new constructions and are also being incorporated into existing hotels, manufacturing units, warehouses and office complexes during retrofits.
Sustainable Consumption

The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. Even though the Company’s Paperboards and Specialty Papers Division accounts for nearly 90% of the Company’s total energy consumption and water intake, it is an acknowledged leader in low-carbon operations as well as in water usage efficiency. This has been achieved by continuously reducing specific energy consumption, increasing share of renewable energy sources, afforestation, recycling and reusing internal and post-consumer waste. The Centre for Science and Environment, New Delhi, rated this business as the ‘most energy efficient’ in the Indian Paper and Paperboard sector (Challenge of the New Balance, CSE, 2010). In 2015-16, the specific water intake (water withdrawn per unit of product or service) at the Bhadrachalam unit was 34% below the standard proposed by the National Productivity Council for large-scale integrated pulp and paper mills.

The Hotels Division pioneered the concept of ‘Responsible Luxury’ and created design interventions, which have enabled optimisation in the usage of energy and water. The LEED® Platinum certification for the luxury hotels of the Company makes ‘ITC Hotels’ the greenest luxury hotel chain in the world.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis.

Beyond Boundaries

Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC’s Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. Most of the outsourced manufacturing units of the Foods Business are already HACCP (Hazard Analysis and Critical Control Point) certified and are working towards improvement in energy efficiency. These interventions are some of the examples of the Company’s sustainability practices being adopted by its supply chain network partners.

In order to strengthen sustainable procurement processes, Policies on ‘Responsible Sourcing’ and ‘Human Rights Consideration of Stakeholders beyond the Workplace’ have been adopted to address issues of labour practices, human rights, bribery, corruption, occupational health, safety and environment.

The Company works in close partnership with small-scale units in businesses such as Safety Matches and Education and Stationery Products. These partnerships have significantly enhanced the competitiveness of a number of units in these sectors.

Responsible Sourcing

The Company endeavours to integrate sustainability in the procurement process for its products and services.
across its diversified business portfolio. The Policy on ‘Responsible Sourcing’ encourages resource efficiency in the supply chain which together with the ‘Code of Conduct for Vendors and Service Providers’ provide guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India also gets accentuated by inadequate access to knowledge, information, price discovery, quality agricultural inputs and markets, the Company has devised unique models for farmer empowerment. These interventions not only support sustainable agriculture and enhance productivity, but also contribute to substantial livelihood creation.

The Company’s globally acknowledged ITC e-Choupal initiative has transformed rural communities into vibrant economic organisations by leveraging information technology to provide real-time information on weather, market prices, agricultural best practices, etc. It also provides customised extension services and training through ‘Choupal Pradarshan Khets’ (demonstration farms). Farmers have been empowered through the establishment of integrated rural services hubs called ‘Choupal Saagars’. The e-Choupal system has enabled efficient sourcing and raised rural incomes. The Company promotes environmentally sustainable farm practices such as zero tilling, micro-irrigation and watershed development. In addition, the Company promotes large-scale afforestation through its Social Forestry programmes. Customised extension services, knowledge of silvicultural practices, and bio-diversity enhancement enrich the farmers’ capacity whilst augmenting natural capital. The farmers are free to transact at will and sell to whoever they choose, though the Company stands as a willing buyer.

A climate of creativity and innovation coupled with a culture of care and concern enables 25,564 employees – including 2,244 female employees – of the Company to enhance value creation for all its stakeholders and address the challenges of tomorrow with conviction and confidence. The superior capability of the Company’s talent pool is premised on a work culture that nurtures quality talent and promotes a conducive work environment that combines the need to focus on performance and results with a caring and compassionate work ethos. Policies on ‘Diversity and Equal Opportunity’, ‘Freedom of Association’ and ‘Environment, Health and Safety’, among others, guide the management approach on specific elements of the Company’s work practices.

**Equal Opportunity**

The Company’s Policy on ‘Diversity and Equal Opportunity’ is anchored in its fundamental belief that employees with diverse cultural backgrounds bring their own unique experiences, perceptions, knowledge and skills, which when harnessed, strengthen the Company’s productivity and ability to proactively respond to changing conditions. Equally, exposure to new ideas, cultures and perspectives encourages the personal growth of employees. The Policy also ensures a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. In 2015-16, there were no cases of discriminatory employment.

**Enabling a Gender Friendly Workplace**

The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed. In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and
Redressal Act, 2013, Internal Complaints Committees have been constituted in all units. These Committees are intended to facilitate open and structured discussions on sexual harassment complaints, and to ensure their resolution in a fair and just manner. In 2015-16, 183 employees and 77 Internal Complaints Committee (ICC) members were trained on prevention of sexual harassment at workplace. During the same period, 7 complaints of sexual harassment were received. Whilst 5 of them have been investigated and resolved, 2 of them are currently in the process of being redressed.

Supporting the Differently Abled
The Hotels Division of the Company has been proactively creating awareness on the opportunities for employing people with disabilities among potential employers. The Division has prepared two handbooks to guide industry action in this endeavour – ‘ITC Hotels Disability Handbook for Industry’ and ‘A Guide to Universal Design in Built Environments: A Guide for Creating Accessible Building Infrastructure for Persons with Disability’. Presently there are 70 differently abled employees working in the Company, the majority of whom are employed by the Hotels Business.

Good Labour Practices
The Company has zero tolerance towards any incident which contradicts its Sustainability Policies. It is ensured that no person below the age of eighteen years is employed in the workplace and forced or compulsory labour is prohibited in all units. The Company does not engage vendors and suppliers who resort to using child and/or forced labour. In 2015-16, on an average, the Company engaged 19,595 employees from 1,776 service providers. Identified service providers have signed the Code of Conduct for Vendors and Service Providers which details labour practices expected of them. Non-compliance with the Code results in termination of contracts. The Company had no cases of child or forced labour in 2015-16.

Ensuring a High Quality Life
The health of its employees is a vital area of care and concern for the Company. Employee well-being is ensured through regular medical check-ups and other benefits provided in accordance with medical needs. In addition, most units have a wellness centre and a resident doctor.

Well-being @ ITC’s Manufacturing Units
Employee Well-being, one of the four constituents of the Company’s overall employee relation framework, ‘Good ER’, is addressed through the following initiatives:

a) Skill Enhancement
The Company is committed to enhancing employability and skill building at the employee level through exhaustive capability building programmes and at the community level through appropriate apprenticeship programmes. Units regularly undertake programmes on technical and other aspects such as behaviour, emotions, cultural appreciation, relaxation, etc.

b) Employee Engagement
To capture ‘employee voice’, a critical component in ensuring employee well-being, most units conduct periodic employee engagement surveys wherein employees share their views on the workplace.

Sports programmes and recreational events that encourage the creative talents of both employees and their families are organised periodically. In some units participation is extended to employees of service providers as well.

c) Enabling Physical and Mental/ Spiritual Well-being
Periodic health/medical camps, awareness programmes on a healthy lifestyle and development of wellness plans are organised across units. Several units hold regular Yoga sessions. Employees also have the opportunity to volunteer for various social programmes.
The Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, customers, employees, farmers, suppliers, communities, civil society, media and the government.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, it anchors its stakeholder engagement on the following principles:

a) Materiality – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.

b) Completeness – Understanding key concerns of stakeholders and their expectations.
Principle 5: Human Rights

The Company has Policies on Human Rights applicable to its employees and its value chains. The Policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). During the year, the Company introduced systems to ensure sound implementation of ITC’s Sustainability Policies specifically with respect to the Human Rights and decent work place.

The Company has in place a Code of Conduct for vendors and service providers which has been signed-off by identified Vendors/ Service Providers across Businesses, and a Grievance Redressal Procedure to address concerns, if any, pertaining to Human Rights and decent labour practices for its employees.

A system for employees to read and sign-off the Sustainability Policies including Policies on Human Rights and ITC’s Code of Conduct was rolled out across Divisions. During the year, 8,587 employees across the Company have been covered, amounting to 94% of the managerial workforce.

Principle 6: Protection and Restoration of the Environment

The Company is a global exemplar in environmental sustainability and takes pride in being carbon positive, water positive and solid waste recycling positive for many years. The Company has contributed to environmental stewardship by not only ensuring efficient use of resources but also by augmenting precious natural resources.

The Policies on ‘Life-cycle Sustainability’, ‘Environment, Health and Safety’ and ‘Responsible Sourcing’ provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. Such efforts include implementation of a low carbon growth strategy across its businesses, integrated soil and water conservation programmes and the creation of large-scale sustainable livelihoods amongst the marginalised sections of society.

The Company has sought to align with the NAPCC (National Action Plan on Climate Change) of the Government of India to respond to the challenges emerging from the threat of climate change. Some of the measures implemented include continual improvement in specific energy consumption (energy consumed per unit of product or service), enhanced use of renewable energy and expansion of forestry projects to improve the Company’s positive carbon footprint.

The Company has also computed its Greenhouse Gas inventory in line with the ISO 14064 standard, which
has been assured at the highest ‘Reasonable Level’ as per the ISAE 3410 standard, by a third-party assurance provider.

Sustainable Solid Waste Management

The Company has initiated measures across business units to ensure waste minimisation, segregation at source and recycling. For the past 9 years, the Company has been recycling over 98% of solid waste generated by its units and during the year, over 99% was recycled.

Water Management Stewardship

The Company has undertaken several water conservation and harvesting initiatives to enhance its positive water footprint. These include continual improvement in specific water intake, adoption of benchmarked practices to achieve zero effluent discharge in the Company’s operating units and the establishment of rainwater harvesting structures both within the Company’s premises and in the catchment areas of its operations. These initiatives not only lower fresh water intake but also maximise groundwater recharge, reduce run-off and provide precious water to farmers. Most of the Company’s units have achieved reduction in their specific water intake and many units have recycled their treated effluents in-house and achieved a zero effluent discharge status.

Carrying forward the Company’s extensive work on integrated watershed management, assessments have been carried out at select manufacturing units to ensure water security for all stakeholders at the local watershed level. These initiatives are intended to improve demand and supply side management at the sub-basin level which include reduction of direct water consumption within the unit, influencing reduced extraction by stakeholders within defined watershed area, augmenting groundwater recharge enhancing surface storage through the rejuvenation and interlinking of existing water bodies, etc. The Company will progressively extend this initiative to other locations.

Cleaner Production Methods, Use of Energy Efficient and Environment-friendly Technologies

The Company is a pioneer in the green buildings movement, which commenced with the establishment of the ITC Green Centre at Gurgaon in 2004, now one of the highest LEED® Platinum certified buildings in the world. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world’s largest LEED® Platinum certified green hotel, has also secured a 5 Star Green Rating for Integrated Habitat Assessment (GRIHA) rating, the highest national rating for green buildings in India. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the upcoming ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate the Company’s commitment to green buildings.
The Company has also pioneered the manufacture of Elemental Chlorine Free (ECF) pulp & paper/paperboards in India and taken further steps towards cleaner production by introducing ‘Ozone bleaching’ technology, another first in the country. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment, such as plasma filters, electrostatic precipitators, etc. Its units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NOx) and Sulphur Dioxide (SO2) to ensure compliance with Company standards that are more stringent than regulatory requirements. The Company has made a commitment to reduce dependence on energy from fossil fuels by progressively moving towards meeting 50% of its total energy requirements from renewable sources by 2020. In order to meet this goal, the Company has developed a strategic approach and plans that focus on both energy conservation and renewable energy investments.

Implementation of Environment, Health & Safety Management Systems

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001. Within the purview of certified management systems, contingency plans are developed and implemented to prevent, mitigate and control environmental disasters. An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability.

Furthermore, the Company has focused on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a safety culture. In line with this, behavioural based safety initiatives and custom-made risk based training programmes have been implemented at several units which has resulted in improved safety performance.

 Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for the necessary interface with Government/Regulatory Authorities on matters concerning the various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and Industry of India and various other forums including regional Chambers of Commerce. The Company’s engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

The Company, for its social development projects, organises meetings with the local administration and state governments to seek their participation and involvement. Their expert advice and counsel are also sought and approvals obtained, where required, for the planned interventions. The Company also engages in public-private-partnerships (PPP) with the state governments for such projects.
ITC’s Strategic Stakeholders

In social sector, the two most important stakeholders of ITC are:

- Rural communities with whom the Company’s agri-businesses have forged long and enduring partnerships through crop development and procurement activities.

- Communities residing in close proximity to our production units, situated in urban and semi-rural locations.

The stakeholder communities face the challenge of securing sustainable livelihoods, which is addressed through the Company’s two-pronged approach:

**Horizon 1**: Making today’s dominant source(s) of livelihoods sustainable; and

**Horizon 2**: Creating capabilities for wealth generation and employment for tomorrow.

The two horizon strategy has necessitated an integrated approach to development involving several interventions which are summarised below. All programmes are implemented through a mix of national and grass-root level Programme Implementation Agencies (PIAs).

Performance 2015-16

**Coverage**

The projects promoted under the Social Investments Programme were spread over 166 districts of 26 states.

**Interventions**

**Horizon 1 - Making Today’s Livelihood Sustainable**

**Social Forestry**: This Programme is designed to provide food, fuel and fodder security through plantations. During 2015-16, the programme greened over 20,138 hectares, taking the cumulative total to 87,674 hectares. Out of this, the area under Agro Forestry during the year was 10,655 hectares, taking the total area under agro forestry to 24,566 hectares.

**Watershed Development**: This Programme facilitates community-based participation in planning and executing watershed projects. During 2015-16, 58,864 hectares was brought under soil and moisture conservation along with the construction of 1,534 water-harvesting structures, which contributed to creation of rainwater harvesting potential of 3.57 million cubic metres. The cumulative area under soil and moisture conservation now stands at 2,59,050 hectares while the total number of structures constructed to date number 7,998.
Animal Husbandry: 238 Cattle development centres were functional during the year for rendering animal husbandry services spread in 7 states. 2.29 lakhs Artificial Inseminations (AI) were conducted during the year leading to live births of 91,850 hybrid progenies. The cumulative total of AIs conducted since inception is 17.91 lakhs while progenies born to date number 5.70 lakhs.

Improved Agricultural Practices: The Programme provides a range of agricultural extension services to farmers to enhance farm productivity. During 2015-16, 764 Farmer Field Schools (FFS) were functional in disseminating knowhow on advanced agri-practices to nearly 17,000 farmers for different crops and 228 Agri-Business Centres rendered extension services.

Women’s Economic Empowerment: This initiative provided a range of gainful employment opportunities to poor women supported with financial assistance by way of loans and grants. During 2015-16, 14,000 poor households, including 10,200 ultra-poor women, in the core catchments had access to sustainable sources of income through non-farm livelihood options, taking the total number of women beneficiaries to date to over 50,000.

Horizon 2- Creating Future Capabilities

Education: The Education Programme provides children from weaker sections access to education with focus on quality and retention. During the year, the programme covered 45,823 children while 164 government primary schools were provided infrastructure support. This takes the total number of children covered under the programme to date to 4.60 lakhs while a cumulative total of primary schools supported stands at 1,322.

Vocational Training: This Programme builds skills of youth to enable them to compete in the job market. 11,872 youth were enrolled for training under different courses during the year of which 36% were female and
As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company’s uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/consumers. The Company’s overall approach on this vital aspect is guided by its Policy on ‘Product Responsibility’.

**Sanitation:** To achieve the objective of zero open defecation, 7,175 Individual Household Toilets were constructed during the year - 5,231 through direct Company contribution and the balance through convergence with government schemes. This takes the total number of toilets constructed to date to 15,429. In addition to construction, equal focus was given to awareness campaigns to create demand and drive behaviour change.

**Solid Waste Management (SWM):** The Company has also been collaborating with local municipal agencies to work on sustainable management of community waste. The Programme’s aim is to promote a clean and green environment and provide a sustainable source of livelihood for rag pickers and waste collectors.

The Well-being out of Waste (WOW) movement today extends to 400 municipal wards of Hyderabad, Chennai, Bengaluru, Coimbatore and some towns of Telangana covering over 5 million citizens. The Programme creates sustainable livelihood for 10,000 rag pickers and waste collectors by propagating source segregation at each of the households. Similar programmes are operational in 9 districts of Saharanpur, Hooghly, Kolkata, Munger, Guntur, Madurai, Pune, Thiruvallur and Haridwar also.

The primary focus is on door-to-door collection of household waste and segregation at site in order to re-cycle so as to minimise the load at municipal landfills.

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**Principle 9: Providing Value to Customers and Consumers**

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company’s uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/consumers. The Company’s overall approach on this vital aspect is guided by its Policy on ‘Product Responsibility’.

**Product Responsibility**

The Company is committed to providing products and services that offer best-in-class quality and user experience. With a continually growing portfolio of businesses that use agri/farm products, the Company endeavours to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on independently validated studies.

**Marketing Communication**

All businesses of the Company comply with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company’s communications are aimed at enabling customers to make informed purchase decisions. The Company also makes efforts to educate customers on responsible usage of its products and services.

In addition, the Company’s businesses have a dedicated consumer response cell to respond to customer queries and feedback on products so as to be able to continuously improve upon its products and services.

**Responsiveness to customers**

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.
The IT services industry is at a historic inflection point – with traditional IT services and products model getting disrupted. Innovative technologies, new buyers of technology and newer ways of deploying them are beginning to have an impact on the way the industry operates. This disruption has unearthed massive growth opportunities and created a level playing field for nimble technology innovators.

In this context, ITC Infotech has embarked on a transformational journey to become a Specialized, Global scale, Full service provider, led by Business and Technology consulting, and creating enduring value for its stakeholders through excellence across:

- **DOMAIN:** ITC Infotech’s solutions & services are powered by deep Domain understanding and practitioner’s expertise in focused supply chain based industries and services industries.

- **DATA:** From Infrastructure to Insights, ITC Infotech enables clients to leverage the power of Data with actionable insights and prescriptive analytics.

- **DIGITAL:** ITC Infotech provides Digital solutions to help clients transform their business and enhance customer engagements.

- **DESIGN:** ITC Infotech provides UI/UX, high-end engineering Design solutions and services to market-leading engineering organizations worldwide.

- **DIFFERENTIATED DELIVERY:** With excellence forming the corner stone of each engagement, ITC Infotech is committed to Differentiated Delivery models like Outcome-based, BOT, JVs, As-a-service and Subscription models.

As part of the transformation efforts, ITC Infotech, during the year, has aligned the organization to identified Go-to-market (GTM) industry verticals and Lines of Business (LoB) that can be offered to these target verticals. During the year, Testing as a Service (TaaS) and Supply Chain Management (SCM) were seeded as new LoBs. In addition, the company has also instituted an “Innoruption” lab to focus on R&D and innovation.
in areas like Digital Supply Chain, Mobility, Internet of Things (IoT), Cognitive Automation and to build an ecosystem of startups.

The company’s strategy is beginning to deliver results. During the year, the company saw good traction for its ADM, Infrastructure, Customer experience and Product engineering services and solutions. Strong wins were seen in the digital space among existing clients and new clients.

During the year, ITC Infotech won the “2015 European Outsourcing Awards” in the category: “Value creation in Outsourcing” for its engagement with a leading UK based health retailer. The company was also featured as a “Major Contender” in the Everest Group IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2015 and continued to be featured in the Leader’s Category for the 2016 Global Outsourcing 100 by the International Association of Outsourcing Professionals. The company’s MD and CEO, Ms. Sushma Rajagopalan was elected as the Chairperson of the IT Services Council of NASSCOM.

In 2015, the company launched ‘iTech’, an annual technology conference platform to foster innovation. As part of the iTech 2015, ITC Infotech organised a two-day IoT hackathon at its campus in Bengaluru. The event saw over 850 registrations, out of which 30 teams were shortlisted to participate. ITC Infotech will increasingly engage with technology innovators by providing mentorship, partnerships, solution development support, market access and joint go-to-market.

ITC Infotech remains committed to creating a truly diverse workforce, and has adopted a ‘source locally, deploy globally’ strategy. One such initiative is ITC Infotech’s Graduate Program in South Africa, which is designed to enable the company offer “Impact sourcing” – a service delivery model that employs high potential but previously disadvantaged individuals.

A unique programme has been initiated to enable employees to be effective Brand Ambassadors for the company. This program is designed to empower InfoTitans with knowledge about the company, it’s growth strategy and it’s differentiators, so as to create a shared strategic vision. With most elements of the company’s strategy already beginning to show green shoots, ITC Infotech is poised to differentiate itself and see strong traction in a dynamic market that is undergoing rapid consolidation.
The CII-ITC Centre of Excellence for Sustainable Development, established by ITC in collaboration with the Confederation of Indian Industry (CII) in 2006, continues its endeavours to promote sustainable business practices among Indian enterprises. The centre is steered by its Advisory Council, headed by Mr Y C Deveshwar, Chairman, ITC Limited, and comprises members from industry, civil society and academia. The Council provides strategic direction to the organisation.

The Centre celebrated its tenth year with its annual Sustainability Summit in September 2015. Experts and participants from across the country deliberated on a wide range of sustainability topics at the two-day summit. The year also marked a decade of the CII-ITC Sustainability Awards, instituted to reward and recognise outstanding contributions made by corporates in the field of sustainability. Over the past 10 years, the Awards have set benchmarks of excellence in sustainable business in India. Mr Suresh Prabhu, Union Minister for Railways, gave away the CII-ITC Sustainability Awards to 26 winners across various categories in 2015.

On the International Day for Biological Diversity on May 22, the India Business & Biodiversity Initiative (IBBI), launched by the Centre in 2014, released the publication, ‘Bridging Business and Biodiversity: Innovative Approaches’. The publication, released in association with the Union Ministry of Environment, Forest and Climate Change (MoEFCC), highlights the concept of natural capital and its relation to biodiversity and ecosystem services.

During the year, the Centre also launched the Annual CSR Tracker, based on an analysis of CSR disclosures of companies. The tracker analysed 1,181 BSE-listed companies with respect to the amount of funds spent, CSR activities, geographical areas targeted and committees & policies instituted. The centre also launched the Siemens Integrity Initiative (SII), a project aimed at creating awareness on responsible business practices.

The Centre continued to work with the MoEFCC on various legislations and policies concerning business and environment. It provided inputs for the draft “Guidelines on private sector participation for afforestation on degraded forests land”, “Use of Multi-layered packaging under Draft Plastic Waste Management Rules 2015”, and the draft Environment Laws Amendment Bill 2015.

The Centre participated in the 21st session of the Conference of Parties (CoP) to the United Nations Framework Convention on Climate Change held in Paris in the winter of 2015. The climate negotiations was of great significance since a legally binding agreement, which will become operational in 2020, was to be finalised at the event. As India prepared for COP21, the Centre engaged with the MOEFCC on drafting India’s Intended National Determined Contributions (INDC). It mobilised inputs from key industry segments, ensuring that industry was fully aligned with the Government on the implementation of the INDCs.

The ITC Sangeet Research Academy (ITC SRA), which was established in 1977, continues to be a true embodiment of ITC’s sustained commitment to a priceless national heritage. The Company’s pledge towards ensuring enduring excellence in Classical Music education has helped ITC SRA adhere to the age-old ‘Guru-Shishya Parampara’. The Academy has eminent musicians imparting quality Hindustani classical music to its scholars. Its list of Gurus includes living legends like Padma Vibhushan Vidushi Girija Devi, Padma Bhushan Buddhadev Dasgupta, Padma Shri Ulhas Kashalkar and Padma Shri Ajoy Chakrabarty. The focus of the Academy is on nurturing exceptionally gifted students, carefully hand-picked across India, who receive full scholarships to reside and pursue music education in the Academy’s campus. This has provided opportunities to young talent to train under the tutelage of the country’s most distinguished stalwarts and has helped create the next generation of musical masters.
Major Awards 2015-16

- ITC Chairman Mr Y C Deveshwar was conferred the ‘Economic Times Smart Green Leader Lifetime Achievement Award’. He was also ranked among the Most Valuable CEOs of India by Businessworld.
- ITC’s Sankhya Data Centre, Bengaluru became the first data centre in the world to get LEED® Platinum Certification from the US Green Building Council.
- ITC Grand Bharat, Gurgaon was ranked Best in Asia and 4th in the world at the Condé Nast Traveller Readers’ Choice Awards, 2015.
- ITC won the Legal Era Award for the ‘Best Compliance In-House Legal Team of the Year’.

- ITC bagged four National Awards from the Public Relations Society of India.
- ITC’s production units at Bengaluru, Kolkata and Saharanpur received the ‘Future Ready Factory’ Platinum Awards at the India Manufacturing Excellence Awards (IMEA) instituted by Frost & Sullivan and The Economic Times. The Pune factory was the Winner in the ‘Information Technology Leadership’ category.
- ITC’s Paperboards Unit in Kovai became the first such unit to receive the CII GreenCo Platinum Rating.
- ITC’s Personal Care factory in Manpura got a ‘Gold rating’ from the Indian Green Building Council in the Green Factory category.
- The ITC factory in Munger received the 1st prize at the FICCI Water Awards (Industrial Water Use Efficiency category) 2014-15.
- ITC’s Agri Business won 2 Gold awards for Best Exporter of Green Coffee and for exports to Europe from the India Coffee Trust.
- Wills Lifestyle was conferred the “Super Brand” status for 2015.

Major Awards Over the Years

- ITC was ranked as ‘India’s Most Admired Company’ in a survey conducted by Fortune India magazine and Hay Group (2014).
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012).
- ITC was presented the AIM Asian CSR Award by the Asian Forum on Corporate Social Responsibility (AFCSR), in recognition of its contribution to the creation of sustainable livelihoods and fostering economic growth in rural communities in India (2012).
- Chairman Mr Y C Deveshwar was conferred the Padma Bhushan by the Government of India (2011).

- All ITC’s super premium luxury hotels were accorded LEED® Platinum certification, making ITC Hotels the ‘Greenest Luxury Hotel Chain in the World’ (2011).
- ITC’s Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni were FSC Chain of Custody certified (2011).
- Chairman Mr Y C Deveshwar was conferred the Global Leadership Award by the US India Business Council of the US Chamber of Commerce in 2010. He was also awarded the SAM/ SPG Sustainability Leadership Award in 2007.
- ITC was conferred the National Award for Excellence in Corporate Governance from the Institute of Company Secretaries of India (2007).
- ITC was the 1st Indian Company and 2nd in the world to win the Development Gateway Award for its trail-blazing e-Choupal initiative (2005).
ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive.

ITC’s e-Choupal
Empowering 4 million farmers

ITC’s Afforestation Programme
Greening more than 2,25,000 hectares

ITC’s Watershed Development Programme
Providing Soil & Moisture conservation to nearly 2,60,000 hectares of drylands

ITC’s Livestock Development Initiative
Providing animal husbandry services for nearly 13,00,000 milch animals

ITC’s Women Empowerment Initiative
Creating over 50,000 sustainable livelihoods for women

ITC’s Primary Education Initiative
Benefitting over 4,60,000 children

ITC’s Skilling & Vocational Training Initiative
Over 31,000 youth trained

ITC’s Health & Sanitation Programme
Over 15,400 low-cost sanitary units constructed

ITC’s businesses and value chains support around 6 million sustainable livelihoods.