



Consolidated Financial Statements

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Consolidated Balance Sheet as at 31st March, 2016

	Note	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	804.72		801.55	
Reserves and surplus	2	33159.69	33964.41	30933.94	31735.49
Minority interests			262.33		225.11
Non-current liabilities					
Long-term borrowings	3	42.81		60.68	
Deferred tax liabilities (Net)	4A	1862.21		1642.77	
Other Long term liabilities	5	50.92		42.67	
Long-term provisions	6	136.01	2091.95	124.16	1870.28
Current liabilities					
Short-term borrowings	7	43.95		195.39	
Trade payables [Includes share of Joint Ventures ₹ 31.08 Crores (2015 - ₹ 14.18 Crores)]					
Total outstanding dues of micro enterprises and small enterprises		33.48		22.37	
Total outstanding dues of creditors other than micro enterprises and small enterprises		2370.72	2404.20	1998.10	2020.47
Other current liabilities	8	4108.09		3782.04	
Short-term provisions	9	8388.85	14945.09	6162.01	12159.91
TOTAL			51263.78		45990.79
ASSETS					
Non-current assets					
Fixed assets	10				
Tangible assets		14756.72		14648.38	
Intangible assets		413.51		423.98	
Capital work-in-progress - Tangible assets		3084.37		2671.55	
Intangible assets under development		30.75		28.65	
		18285.35		17772.56	
Less: Provision for assets given on lease		–		1.05	
		18285.35		17771.51	
Goodwill on consolidation		226.51		231.97	
Non-current investments	11	4556.45		807.68	
Deferred tax assets (Net)	4B	41.75		38.57	
Long-term loans and advances	12	2341.28		1565.47	
Other non-current assets	12A	1.24	25452.58	1.24	20416.44
Current assets					
Current investments	13	6605.66		6135.09	
Inventories	14	9156.41		8586.87	
Trade receivables	15	1919.84		1982.07	
Cash and bank balances	16	7012.92		7896.22	
Short-term loans and advances	17	557.46		568.67	
Other current assets	18	558.91	25811.20	405.43	25574.35
TOTAL			51263.78		45990.79

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

R. TANDON

B. B. CHATTERJEE

Chairman

Director & Chief Financial Officer

Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

	Note	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
Gross Income	19	56599.53	54417.09
Gross Revenue from sale of products and services		54690.63	52759.08
Less: Excise Duty		15623.78	14325.77
Net Revenue from sale of products and services		39066.85	38433.31
Other operating revenue		360.17	401.50
Revenue from operations	20	39427.02	38834.81
Other income	21	1548.73	1256.51
Total Revenue		40975.75	40091.32
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

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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
R. TANDON
B. B. CHATTERJEE
Chairman
Director & Chief Financial Officer
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2016

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	15433.18	14362.05
ADJUSTMENTS FOR:		
Depreciation and Amortisation Expense	1113.43	1027.96
Finance costs	58.47	68.12
Interest Income	(881.13)	(619.11)
Dividend Income from Long-Term Investments	(20.40)	(10.34)
Dividend Income from Current Investments	(39.90)	(255.41)
Loss on Sale of Fixed Assets - Net	56.13	27.18
Net gain on sale of Current Investments etc.	(564.23)	(339.95)
Gain on sale of Long-Term Investments	-	(0.64)
Doubtful and Bad Debts	29.36	23.06
Doubtful and Bad Advances, Loans and Deposits	(0.08)	0.62
Provision for standard assets	0.20	-
Excess of Cost of Current Investments etc. over Fair Value, reversed - Net	(84.78)	(29.53)
Foreign Currency translations and transactions - Net	0.21	(8.57)
Impairment of Goodwill on consolidation	25.46	15.13
	(307.26)	(101.48)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	15125.92	14260.57
ADJUSTMENTS FOR:		
Trade Receivables, Loans and Advances and Other Assets	(172.61)	558.50
Inventories	(690.60)	(504.78)
Trade Payables, Other Liabilities and Provisions	696.63	(22.51)
	(166.58)	31.21
CASH GENERATED FROM OPERATIONS	14959.34	14291.78
Income Tax Paid	(5081.15)	(4448.58)
NET CASH FROM OPERATING ACTIVITIES	9878.19	9843.20
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

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	531.70	978.79
Proceeds from Long-term Borrowings	9.59	6.53
Repayments of Long-term Borrowings	(22.25)	(20.21)
Proceeds from issue of shares by a subsidiary to minority shareholders	2.32	11.60
Net increase/(decrease) in Cash/Export Credit Facilities	(151.44)	45.15
Interest Paid	(32.39)	(16.12)
Net increase in Statutory Restricted Accounts Balances	19.10	21.22
Dividends Paid	(5132.65)	(4875.61)
Income Tax on Dividends Paid	(993.15)	(812.38)
NET CASH USED IN FINANCING ACTIVITIES	(5769.17)	(4661.03)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	143.35	(93.26)
OPENING CASH AND CASH EQUIVALENTS	183.22	276.48
CASH AND CASH EQUIVALENTS ON ACCOUNT OF AMALGAMATION	0.08	—
CLOSING CASH AND CASH EQUIVALENTS	326.65	183.22
<i>Notes:</i>		
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	183.22
Other bank balances	6710.73	7735.85
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(24.46)	(22.85)
Cash and bank balances (Note 16)	<u>7012.92</u>	<u>7896.22</u>

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

R. TANDON

B. B. CHATTERJEE

Chairman

Director & Chief Financial Officer

Company Secretary

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 (₹ in Crores)
1. Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	10,00,00,00,000	1000.00	10,00,00,00,000	1000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	8,04,72,06,991	804.72	8,01,55,19,541	801.55
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	8,01,55,19,541	801.55	7,95,31,82,950	795.32
Add: Issue of Shares on exercise of Options	3,16,87,450	3.17	6,22,48,830	6.22
Add: Issue of Shares under the Scheme of Arrangement between Wimco Limited and ITC Limited and their respective shareholders	—	—	87,761	0.01
As at end of the year	8,04,72,06,991	804.72	8,01,55,19,541	801.55
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2016 %	As at 31st March, 2015 (No. of Shares)	As at 31st March, 2015 %
Tobacco Manufacturers (India) Limited	1,98,55,64,880	24.68	1,98,55,64,880	24.77
Life Insurance Corporation of India	1,15,50,35,797	14.35	1,15,50,35,797	14.41
Specified Undertaking of the Unit Trust of India	89,67,42,540	11.14	89,67,24,540	11.19
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				
	2016 (No. of Shares)	2015 (No. of Shares)		
Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited	87,761	87,761		
D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2016 (No. of Shares)	2015 (No. of Shares)		
Bonus Shares issued in 2010-11	3,82,67,01,530	3,82,67,01,530		
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 <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
F) Shares reserved for issue under Options				
	As at 31st March, 2016 (No. of Shares)	As at 31st March, 2015 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	30,12,99,270	26,93,51,410		

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

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
2. Reserves and surplus		
Capital Reserve		
At the beginning of the year	5.46	5.75
Less: Pursuant to the Scheme of Arrangement	—	0.29
At the end of the year	<u>5.46</u>	<u>5.46</u>
Capital Reserve on consolidation		
At the beginning and at the end of the year	74.12	74.12
Capital Redemption Reserve		
At the beginning of the year	0.22	5.13
Less: Pursuant to the Scheme of Arrangement	—	4.91
At the end of the year	<u>0.22</u>	<u>0.22</u>
Securities Premium Account		
At the beginning of the year	5105.92	4133.35
Add: On issue of Shares	528.53	972.57
At the end of the year	<u>5634.45</u>	<u>5105.92</u>
Revaluation Reserve		
At the beginning of the year	56.93	99.31
Less: Pursuant to the Scheme of Arrangement	—	42.38
At the end of the year	<u>56.93</u>	<u>56.93</u>
Contingency Reserve		
At the beginning and at the end of the year	363.05	363.05
Foreign Currency Translation Reserve		
At the beginning of the year	147.82	165.09
Add/(Less): Adjustment for translation of Non Integral Foreign Operations	(4.34)	(17.27)
At the end of the year	<u>143.48</u>	<u>147.82</u>
Special Reserve under Section 45-IC of the RBI Act, 1934		
At the beginning of the year	99.08	87.80
Add: Transfer from Surplus in Statement of Profit and Loss	9.00	11.28
At the end of the year	<u>108.08</u>	<u>99.08</u>
Employees Housing Reserve under Nepal labour laws		
At the beginning of the year	63.33	50.28
Add: Transfer from Surplus in Statement of Profit and Loss	18.24	13.05
At the end of the year	<u>81.57</u>	<u>63.33</u>
Subsidy Reserve		
At the beginning and at the end of the year	0.23	0.23
General Reserve		
At the beginning of the year	15702.24	14823.01
Add: Transfer from Surplus in Statement of Profit and Loss	990.00	970.67
Less: Adjustment pursuant to the Scheme of Amalgamation	52.85	—
Less: Pursuant to the Scheme of Arrangement	—	91.44
At the end of the year	<u>16639.39</u>	<u>15702.24</u>
Hedging Reserve		
At the beginning of the year	7.94	20.33
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	(2.32)	(18.66)
(Less)/Add: Deferred Tax	0.80	6.27
At the end of the year	<u>6.42</u>	<u>7.94</u>
Surplus in Statement of Profit and Loss		
At the beginning of the year	9273.18	6583.57
Add: Unrecognised Net Deferred Tax assets as on 1st April, 2013 adjusted pursuant to the Scheme of Arrangement	—	45.84
Unrecognised Net Deferred Tax assets for the period from 1st April, 2013 to 31st March, 2014 adjusted pursuant to the Scheme of Arrangement	—	4.13
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)] [Refer Note 28(xii)]	—	61.71
Add: Surplus brought forward for Joint Ventures	30.16	26.95
Profit for the year	9911.61	9663.17
Adjustment pursuant to the Scheme of Amalgamation Pursuant to the Scheme of Arrangement	50.18	—
Less: Transfer to General Reserve	990.00	68.25
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	9.00	970.67
Employees Housing Reserve under Nepal labour laws	18.24	11.28
Income Tax for Wimco Limited for the year 2013-14	—	13.05
Proposed Dividend	—	0.37
— Ordinary Dividend [₹ 6.50 (2015 - ₹ 6.25) per share]	5230.68	5009.70
— Special Dividend [₹ 2.00 (2015 - Nil) per share]	1609.44	—
Income Tax on Dividend Proposed/Paid	—	—
— Current Year	1416.79	1051.76
— Earlier year's provision no longer required	(51.02)	(30.58)
Share of Revenue reserves of Joint Ventures carried forward	30.38	30.77
At the end of the year	<u>10011.62</u>	<u>9273.18</u>
TOTAL	33125.02	30899.52
Share of Joint Ventures - Note 28(ii)(b)	34.67	34.42
GRAND TOTAL	33159.69	30933.94

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
3. Long-term borrowings		
Unsecured		
Term loans		
– From Others	0.83	1.08
Deferred payment liabilities		
Sales tax deferment loans	25.83	38.69
TOTAL	26.66	39.77
Share of Joint Ventures - Note 28(ii)(b)*	16.15	20.91
GRAND TOTAL	42.81	60.68

* 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:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Note 8)	0.31	27.15	0.42	21.83
Current maturities of long-term debt	0.31	27.15	0.42	21.83
In the second year	0.67	12.60	0.52	17.62
In the third to fifth year	0.16	23.75	0.56	32.23
After five years	–	5.63	–	9.75
Long-term borrowings	0.83	41.98	1.08	59.60

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
4A. Deferred tax liabilities (Net)		
Deferred tax liabilities		
On fiscal allowances on fixed assets	1749.66	1583.10
On excise duty on closing stock	600.92	513.00
Other timing differences	36.74	17.17
	2387.32	2113.27
Share of Joint Ventures - Note 28(ii)(b)	1.44	1.20
Total Deferred tax liabilities	2388.76	2114.47
Deferred tax assets		
On employees' separation and retirement etc.	83.44	85.79
On provision for doubtful debts/advances	27.32	24.35
On State and Central taxes etc.	322.60	312.54
Other timing differences	92.97	48.79
	526.33	471.47
Share of Joint Ventures - Note 28(ii)(b)	0.22	0.23
Total Deferred tax assets	526.55	471.70
TOTAL	1862.21	1642.77

4B. Deferred tax assets (Net)		
Deferred tax assets		
On fiscal allowances on fixed assets	12.93	4.88
On employees' separation and retirement etc.	15.80	19.24
On provision for doubtful debts/advances	5.71	4.35
On unabsorbed tax losses and depreciation*	0.63	2.42
Other timing differences	6.60	7.48
	41.67	38.37
Share of Joint Ventures - Note 28(ii)(b)*	0.56	0.58
Total Deferred tax assets	42.23	38.95
Deferred tax liabilities		
On fiscal allowances on fixed assets	0.04	0.37
Other timing differences	0.43	-
	0.47	0.37
Share of Joint Ventures - Note 28(ii)(b)	0.01	0.01
Total Deferred tax liabilities	0.48	0.38
TOTAL	41.75	38.57

* Set up based on virtual certainty of future taxable income available to realise such assets.

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
5. Other Long term liabilities		
Sundry deposits	33.23	33.03
Others (Includes retention monies payable towards fixed assets etc.)	17.69	9.64
TOTAL	50.92	42.67
6. Long-term provisions		
Provision for employee benefits		
Retirement benefits	87.07	77.94
Other benefits	48.06	45.64
Provision for standard assets	0.29	0.09
TOTAL	135.42	123.67
Share of Joint Ventures - Note 28(ii)(b)	0.59	0.49
GRAND TOTAL	136.01	124.16
7. Short-term borrowings		
Secured		
Loans from Banks		
Cash credit facilities	43.95	184.95
TOTAL	43.95	184.95
Share of Joint Ventures - Note 28(ii)(b)	-	10.44
GRAND TOTAL	43.95	195.39

Cash credit facilities are secured by hypothecation of certain fixed assets, investments and current assets, both present and future.

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
8. Other current liabilities		
Current maturities of long-term debt (Note 3)	13.17	12.73
Interest accrued but not due on borrowings	0.51	2.55
Unpaid dividend*	153.56	134.50
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures/bonds and interest accrued thereon**	0.32	0.33
Sundry deposits	48.10	46.22
Other payables (includes payables for fixed assets, statutory liabilities, advances from customers etc.)	3866.71	3568.68
TOTAL	4082.37	3765.01
Share of Joint Ventures - Note 28(ii)(b)#	25.72	17.03
GRAND TOTAL	4108.09	3782.04

* 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.

Includes Current maturities of long-term debt ₹ 14.29 Crores (2015 - ₹ 9.52 Crores).

9. Short-term provisions		
Current portion of long-term employee benefits		
Retirement benefits	40.44	58.32
Other benefits	30.96	31.41
Current taxation (net of advance payment)	84.80	41.13
Fringe benefit tax (net of advance payment)	-	1.55
Proposed dividend	6840.12	5009.70
Income tax on proposed dividend	1392.48	1019.86
TOTAL	8388.80	6161.97
Share of Joint Ventures - Note 28(ii)(b)	0.05	0.04
GRAND TOTAL	8388.85	6162.01

Notes to the Consolidated Financial Statements

(₹ in Crores)

10. Fixed assets

Gross Block

Particulars	As at 31st March, 2014 ¹	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2015 ¹	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2016 ¹
Tangible assets									
Land									
Freehold ²	1299.90	151.16	43.20	(0.02)	1407.84	137.59	0.01	0.01	1545.43
Leasehold ³	263.81	49.25	3.72	0.09	309.43	22.96	–	0.04	332.43
Buildings									
Freehold ⁴	4014.99	755.96	10.29	0.18	4760.84	210.89	10.00	0.19	4961.92
Licensed Properties - Building Improvement	94.92	9.21	5.33	(0.03)	98.77	3.67	9.07	0.03	93.40
Plant and Equipment ⁸	12632.72	2146.10	112.22	0.15	14666.75	756.92	161.06	0.41	15263.02
Furniture and Fixtures	728.95	93.73	17.58	0.04	805.14	44.60	15.51	0.13	834.36
Vehicles	120.49	20.35	12.34	(0.01)	128.49	27.45	12.63	0.01	143.32
Office Equipment	33.81	7.67	(4.95)	(0.01)	46.42	5.30	4.90	0.01	46.83
Railway Sidings etc.	1.97	–	–	–	1.97	–	–	–	1.97
	19191.56	3233.43	199.73	0.39	22225.65	1209.38	213.18	0.83	23222.68
Share of Joint Ventures - Note 28(ii)(b)	74.09	11.11	0.12	–	85.08	0.80	0.24	–	85.64
TOTAL (A)	19265.65	3244.54	199.85	0.39	22310.73	1210.18	213.42	0.83	23308.32
Capital work-in-progress ⁷	3031.96	2707.61	3131.56	9.80	2617.81	2170.60	1737.52	(20.27)	3030.62
Share of Joint Ventures - Note 28(ii)(b)	49.33	4.22	(0.19)	–	53.74	0.01	–	–	53.75
TOTAL (B)	3081.29	2711.83	3131.37	9.80	2671.55	2170.61	1737.52	(20.27)	3084.37
Tangible assets (A+B)	22346.94	5956.37	3331.22	10.19	24982.28	3380.79	1950.94	(19.44)	26392.69
Intangible assets (acquired)									
Goodwill	4.90	–	–	–	4.90	–	–	–	4.90
Trademarks ⁵	6.46	337.99	–	(0.07)	344.38	0.05	0.05	0.03	344.41
Computer Software	336.55	48.64	12.55	0.02	372.66	43.62	0.09	0.04	416.23
Know-how, Business and Commercial Rights ⁶	89.33	9.75	–	(2.58)	96.50	10.59	–	1.14	108.23
	437.24	396.38	12.55	(2.63)	818.44	54.26	0.14	1.21	873.77
Share of Joint Ventures - Note 28(ii)(b)	0.31	0.02	–	–	0.33	–	–	–	0.33
TOTAL (C)	437.55	396.40	12.55	(2.63)	818.77	54.26	0.14	1.21	874.10
Intangible assets under development	36.08	373.98	381.41	–	28.65	44.54	42.44	–	30.75
Share of Joint Ventures - Note 28(ii)(b)	–	–	–	–	–	–	–	–	–
TOTAL (D)	36.08	373.98	381.41	–	28.65	44.54	42.44	–	30.75
Intangible assets (C+D)	473.63	770.38	393.96	(2.63)	847.42	98.80	42.58	1.21	904.85
Provision for assets given on lease									
GRAND TOTAL	22820.57	6726.75	3725.18	7.56	25829.70	3479.59	1993.52	(18.23)	27297.54

The above includes following assets given on operating lease:

Particulars	As at 31st March, 2016			2016	As at 31st March, 2015			2015
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings	1.90	0.63	1.27	0.02	1.33	0.44	0.89	0.03
Plant and Equipment	483.63	305.80	177.83	20.32	377.70	233.45	144.25	16.49
TOTAL	485.53	306.43	179.10	20.34	379.03	233.89	145.14	16.52

Notes to the Consolidated Financial Statements

(₹ in Crores)

10. Fixed assets (contd.)

Particulars	Depreciation and Amortisation									Net Book Value			
	Upto 31st March, 2014	Transition adjustment recorded against surplus balance in Statement of Profit and Loss	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2015	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
Tangible assets													
Land													
Freehold ²	–	–	–	–	–	–	–	–	–	1545.43	1407.84	1299.90	
Leasehold ³	29.89	–	2.27	0.17	0.09	32.08	2.58	–	0.04	34.70	297.73	277.35	233.92
Buildings													
Freehold ⁴	643.27	33.58	108.78	3.70	0.18	782.11	117.57	4.42	0.19	895.45	4066.47	3978.73	3371.72
Licensed Properties - Building Improvement	58.07	–	8.99	4.55	(0.03)	62.48	9.01	5.36	0.04	66.17	27.23	36.29	36.85
Plant and Equipment ⁸	5551.09	43.24	764.72	89.78	0.12	6269.39	825.21	123.71	0.31	6971.20	8291.82	8397.36	7081.63
Furniture and Fixtures	367.78	7.39	72.79	13.32	0.03	434.67	68.85	13.30	0.10	490.32	344.04	370.47	361.17
Vehicles	36.75	0.74	15.55	7.11	–	45.93	16.30	11.22	–	51.01	92.31	82.56	83.74
Office Equipment	10.27	2.59	7.39	(1.20)	(0.01)	21.44	6.92	2.08	–	26.28	20.55	24.98	23.54
Railway Sidings etc.	0.11	–	0.13	–	–	0.24	0.13	–	–	0.37	1.60	1.73	1.86
	6697.23	87.54	980.62	117.43	0.38	7648.34	1046.57	160.09	0.68	8535.50	14687.18	14577.31	12494.33
Share of Joint Ventures - Note 28(ii)(b)	12.42	–	1.67	0.08	–	14.01	2.17	0.08	–	16.10	69.54	71.07	61.67
TOTAL (A)	6709.65	87.54	982.29	117.51	0.38	7662.35	1048.74	160.17	0.68	8551.60	14756.72	14648.38	12556.00
Capital work-in-progress ⁷	–	–	–	–	–	–	–	–	–	–	3030.62	2617.81	3031.96
Share of Joint Ventures - Note 28(ii)(b)	–	–	–	–	–	–	–	–	–	–	53.75	53.74	49.33
TOTAL (B)	–	–	–	–	–	–	–	–	–	–	3084.37	2671.55	3081.29
Tangible assets (A+B)	6709.65	87.54	982.29	117.51	0.38	7662.35	1048.74	160.17	0.68	8551.60	17841.09	17319.93	15637.29
Intangible assets (acquired)													
Goodwill	4.90	–	–	–	–	4.90	–	–	–	4.90	–	–	–
Trademarks ⁵	6.35	–	4.80	–	(0.06)	11.09	33.72	0.05	0.02	44.78	299.63	333.29	0.11
Computer Software	271.94	–	38.81	11.98	0.02	298.79	28.32	0.04	0.02	327.09	89.14	73.87	64.61
Know-how, Business and Commercial Rights ⁶	80.29	–	2.02	–	(2.58)	79.73	2.62	–	1.17	83.52	24.71	16.77	9.04
	363.48	–	45.63	11.98	(2.62)	394.51	64.66	0.09	1.21	460.29	413.48	423.93	73.76
Share of Joint Ventures - Note 28(ii)(b)	0.24	–	0.04	–	–	0.28	0.03	0.01	–	0.30	0.03	0.05	0.07
TOTAL (C)	363.72	–	45.67	11.98	(2.62)	394.79	64.69	0.10	1.21	460.59	413.51	423.98	73.83
Intangible assets under development	–	–	–	–	–	–	–	–	–	–	30.75	28.65	36.08
Share of Joint Ventures - Note 28(ii)(b)	–	–	–	–	–	–	–	–	–	–	–	–	–
TOTAL (D)	–	–	–	–	–	–	–	–	–	–	30.75	28.65	36.08
Intangible assets (C+D)	363.72	–	45.67	11.98	(2.62)	394.79	64.69	0.10	1.21	460.59	444.26	452.63	109.91
Provision for assets given on lease	–	–	–	–	–	–	–	–	–	–	–	1.05	5.67
GRAND TOTAL	7073.37	87.54	1027.96	129.49	(2.24)	8057.14	1113.43	160.27	1.89	9012.19	18285.35	17771.51	15741.53

- Original Cost / Professional Valuation as at 30th June, 1986 in respect of assets of ITC Limited, as at 31st March, 1987 in respect of Surya Nepal Private Limited and as at 31st March, 1999 in respect of Bay Islands Hotels Limited.
- 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.
- 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.
- Buildings Freehold include ₹ 1173.27 Crores (2015 - ₹ 1062.72 Crores), aggregate cost of building on leasehold land situated at various locations.
- Trademarks are being amortised over 10 years.
- Out of the total amount of "Know-how, Business and Commercial Rights" aggregating ₹ 108.23 Crores (2015 - ₹ 96.50 Crores):-
 - ₹ 80.31 Crores (2015 - ₹ 69.72 Crores) acquired during the year and in earlier years are being amortised over 10 years.
 - ₹ 22.95 Crores (2015 - ₹ 21.81 Crores) acquired during the year and 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.
- 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).
- In respect of assets aggregating Nil (2015 - ₹ 5.82 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

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise)				
Long Term				
A. TRADE INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries				
ITC Global Holdings Pte. Limited (in liquidation) 89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully provided)		–		–
In Associates				
International Travel House Limited 39,14,233 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 11.89 Crores) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2016	21.87 67.80	89.67	21.87 63.49	85.36
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 1.16 Crores) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2016	1.94 9.61	11.55	1.94 9.22	11.16
ATC Limited 55,650 Equity Shares of ₹ 100.00 each, fully paid Cost of acquisition (net of capital reserve of ₹ 0.16 Crore) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2016 1,39,125 Equity Shares of ₹ 100.00 each, partly paid Cost of acquisition (including goodwill of ₹ 0.30 Crore) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2016		0.83 1.38	2.21	0.83 1.21
				2.04
		2.92		2.92
		1.53	4.45	1.24
				4.16
Russell Investments Limited 42,75,435 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (net of capital reserve of ₹ 0.30 Crore) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2016		4.27 7.78	12.05	4.27 7.06
				11.33
Classic Infrastructure & Development Limited 54,00,000 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 7.78 Crores) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2015 (Amalgamated with Greenacre Holdings Limited, a wholly owned step down subsidiary of the Company w.e.f. 01.10.2015)		– –	–	10.40 0.95
				11.35
Divya Management Limited 41,82,915 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 1.09 Crores) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2016		6.93 0.22	7.15	6.93 0.17
				7.10
Antrang Finance Limited 43,24,634 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 0.10 Crore) Add / (Less): Group Share of Profits / (Losses) upto 31.03.2016		4.40 0.40	4.80	4.40 0.37
				4.77
In Others				
VST Industries Limited 476 Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
Hotel Leelaventure Limited 5,49,80,620 Equity Shares of ₹ 2.00 each, fully paid		200.17		200.17
EIH Limited 9,21,78,024 Equity Shares of ₹ 2.00 each, fully paid		440.67		440.67
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of ₹ 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.04.1989 (cost ₹ 1.19 Crores, fully provided)			–	–
Carried over	742.07	30.66	737.37	40.75

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise) (Contd.)				
Brought forward	742.07	30.66	737.37	40.75
TRADE INVESTMENTS (Contd.)				
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
B. OTHER INVESTMENTS				
INVESTMENT IN EQUITY INSTRUMENTS				
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.05		0.05	
Lotus Court Private Limited 2 Class G Shares of ₹ 48000.00 each, fully paid		2.34		2.34
Adyar Property Holding Company Limited 311 Equity Shares of ₹ 100.00 each, partly paid (cost ₹ 43.86 Crores, provided for ₹ 20.67 Crores)		23.19		23.19
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 0.01 Crore, fully provided)		—		—
Bilaspur Cane Development Corporation Limited 100 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)		...		...
Prime Golf Ranking Private Limited 150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)		...		...
Woodlands Multispeciality Hospital Limited 13,072 Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
Government Securities (cost ₹ 74000.00)		0.01		0.01
Government Securities - National Savings Certificates (cost ₹ 10000.00)		—		...
National Savings Certificate, fully paid (Deposited with Government Authorities) (cost ₹ 5000.00, fully provided)		—		...
Kisan Vikas Patra, fully Paid (Deposited with Government Authorities) (cost ₹ 5000.00, fully provided)		—		...
National Saving Certificate pledged at Mandi Samiti (cost ₹ 16000.00)		...		...
Government Securities 6.5% Bikash Rinpatra, 2075 (Vikram Samvat Calendar Year)		1.60		1.60
INVESTMENT IN BONDS/DEBENTURES				
Housing and Urban Development Corporation Limited 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		200.00		—
7,00,696 (2015 - Nil) 7.39% (For category I, II & III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid		70.07		—
IDFC Bank Limited 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		325.74		—
Carried over	742.12	655.98	737.42	70.26

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise) (Contd.)				
Brought forward	742.12	655.98	737.42	70.26
OTHER INVESTMENTS (Contd.)				
India Infrastructure Finance Company Limited				
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	106.82		–	
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	86.88		–	
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	177.23		–	
Indian Railway Finance Corporation Limited				
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	200.00		–	
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	135.85		–	
130 (2015 - Nil) 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	14.21		–	
LIC Housing Finance Limited				
250 (2015 - Nil) 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid		24.81		–
30 (2015 - Nil) 8.50% Secured Redeemable Non-Convertible Debentures Tranche 187 (13 April 2017) of ₹ 1000000.00 each, fully paid		3.00		–
3,000 (2015 - Nil) 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of ₹ 1000000.00 each, fully paid		300.00		–
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		–
1,000 (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 1 (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 Highways Authority of India				
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		–	
Carried over	2005.95	1156.00	737.42	70.26

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise) (Contd.)				
Brought forward	2005.95	1156.00	737.42	70.26
OTHER INVESTMENTS (Contd.)				
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		—	
National Housing Bank 800 (2015 - Nil) 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid		86.73		—
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) 9.11% 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-Convertible 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-Convertible 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		—
PNB Housing Finance Limited 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		49.99		—
Rural Electrification Corporation Limited 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	86.73		—	
50 (2015 - Nil) 8.54% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2028) of ₹ 1000000.00 each, fully paid	5.45		—	
250 (2015 - Nil) 8.87% Unsecured 7 Year Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2020 (113th Series) (08 March 2020) of ₹ 1000000.00 each, fully paid	25.44		—	
1,000 (2015 - Nil) 9.40% Unsecured Non-Convertible Non-Cumulative Redeemable Taxable Bonds-2017 Series-108 (Option I) (20 July 2017) of ₹ 1000000.00 each, fully paid		101.33		—
Small Industries Development Bank of India 1,000 (2015 - Nil) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2015-16 (26 February 2019 with Put Option on 27 February 2017) of ₹ 1000000.00 each, fully paid		100.00		—
Carried over	2556.82	1586.63	737.42	70.26

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Non-current investments (at cost unless stated otherwise) (Contd.)				
Brought forward	2556.82	1586.63	737.42	70.26
OTHER INVESTMENTS (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 (1) - Series-35 12,80,00,000 (2015 - Nil) Units of ₹ 10.00 each	128.00		–	
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35 4,30,00,000 (2015 - Nil) Units of ₹ 10.00 each	43.00		–	
HDFC Fixed Maturity Plan 1107D March 2016 (1) - 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		–	
Kotak Fixed Maturity Plan Series 191 1,50,00,000 (2015 - Nil) Units of ₹ 10.00 each	15.00		–	
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 2,00,00,000 (2015 - Nil) Units of ₹ 10.00 each	20.00		–	
Reliance Fixed Horizon Fund - XXX - Series 17 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	2969.82	1586.63	737.42	70.26
TOTAL		4556.45		807.68

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

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
12. Long-term loans and advances		
Capital advances		
Unsecured, considered good	1046.91	411.36
Security deposits		
Unsecured, considered good	898.71	737.73
Doubtful	2.96	2.96
	<u>901.67</u>	<u>740.69</u>
Less: Provision for doubtful deposits	<u>2.96</u>	<u>2.96</u>
	898.71	737.73
Loans and advances to related parties		
Security deposits - unsecured, considered good	0.37	0.30
Loans and advances - secured, considered good	1.40	2.80
	<u>1.77</u>	<u>3.10</u>
Advance tax (net of provisions) - unsecured, considered good	27.56	59.48
Fringe benefit tax (net of provisions) - unsecured, considered good	0.02	...
MAT credit Entitlement	2.09	0.85
Other loans and advances (Comprise loans to employees, prepaid expenses, advances with statutory authorities etc.)		
Unsecured, considered good	363.15	351.64
Doubtful	17.50	17.81
	<u>380.65</u>	<u>369.45</u>
Less: Provision for doubtful loans and advances	<u>17.50</u>	<u>17.81</u>
	363.15	351.64
TOTAL	2340.21	1564.16
Share of Joint Ventures - Note 28(ii)(b)	1.07	1.31
GRAND TOTAL	2341.28	1565.47

12A. Other non-current assets

Payments towards land/project development - unsecured,
considered good*

TOTAL

1.24

1.24

1.24

1.24

* Suit for partition of land is pending

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value)				
INVESTMENT IN PREFERENCE SHARES				
ICICI Bank Limited 310 Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018) of ₹ 10000000.00 each, fully paid		248.76		214.85
INVESTMENT IN BONDS/DEBENTURES				
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid		31.12		31.43
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 ₹ 1000000.00 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 ₹ 20000.00 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 ₹ 20000.00 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 ₹ 10000.00 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 ₹ 100000.00 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
Carried over	538.04	931.29	527.01	682.34

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	538.04	931.29	527.01	682.34
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
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	
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series-I (01 February 2022) of ₹ 1000.00 each, fully paid	10.39		9.95	
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid	129.56		128.60	
Rural Electrification Corporation Limited				
Nil (2015 - 750) 9.38% Secured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 117th (06 November 2018) of ₹ 1000000.00 each, fully paid	–		77.35	
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	–		40.24	
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	299.99		282.01	
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	99.96		98.27	
INVESTMENT IN CERTIFICATE OF DEPOSITS				
15,000 (2015 - Nil) 8.17% Export Import Bank of India Certificate of Deposit (10 February 2017) of ₹ 100000.00 each, fully paid		140.12		–
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
National Saving Certificate pledged at Mandi Samiti (cost ₹ 13000.00)		...		...
National Savings Certificates (cost ₹ 10000.00)		...		–
Kisan Vikas Patra (cost ₹ 1000.00)		...		–
INVESTMENT IN MUTUAL FUNDS				
Axis Liquid Fund				
Nil (2015 - 32,301) Units of ₹ 1000.00 each		–		5.00
Birla Sun Life Cash Manager				
4,60,214 (2015 - 1,26,84,353) Units of ₹ 100.00 each		15.31		425.05
Birla Sun Life Fixed Term Plan - Series LQ (368 Days)				
Nil (2015 - 50,00,000) Units of ₹ 10.00 each	–		5.00	
Birla Sun Life Floating Rate Fund - Long Term				
2,01,946 (2015 - 55,45,297) Units of ₹ 100.00 each		3.67		89.21
Birla Sun Life Short Term Fund				
1,07,82,737 (2015 - 5,18,77,366) Units of ₹ 10.00 each		60.69		57.50
Birla Sun Life Treasury Optimizer Plan				
15,45,665 (2015 - 15,45,666) Units of ₹ 100.00 each		29.37		25.39
Birla Sun Life Savings Fund				
23,45,049 (2015 - 23,45,048) Units of ₹ 100.00 each		68.68		55.30
DSP BlackRock Liquidity Fund - Institutional Plan				
Nil (2015 - 1,00,106) Units of ₹ 1000.00 each		–		20.00
DWS Fixed Maturity Plan - Series 31				
Nil (2015 - 1,00,00,000) Units of ₹ 10.00 each	–		10.00	
Carried over	1077.94	1249.13	1228.41	1359.79

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1077.94	1249.13	1228.41	1359.79
INVESTMENT IN MUTUAL FUNDS (Contd.)				
DHFL Pramerica Fixed Maturity Plan Series 62 (Formerly known as DWS FMP Series 62) 916 (2015 - 916) Units of ₹ 10.00 each	...	...	...	...
DWS Treasury Fund Nil (2015 - 8,24,18,752) Units of ₹ 10.00 each		–		86.77
DHFL Pramerica Ultra Short Term Fund (Formerly known as DWS Ultra Short Term Fund) 5,09,80,716 (2015 - 6,74,76,680) Units of ₹ 10.00 each		49.74		76.74
Franklin India Treasury Management Account - Super Institutional Plan Nil (2015 - 18,996) Units of ₹ 1000.00 each		–		3.96
Franklin India Ultra Short Bond Fund Super Institutional Plan Nil (2015 - 8,10,224) Units of ₹ 10.00 each		–		1.50
HDFC Cash Management Fund - Treasury Advantage Plan Nil (2015 - 2,34,21,163) Units of ₹ 10.00 each		–		67.38
HDFC Floating Rate Income Fund - Short Term Plan 10,23,22,267 (2015 - Nil) Units of ₹ 10.00 each		267.06		–
HDFC High Interest Fund - Short Term Plan Nil (2015 - 5,58,29,541) Units of ₹ 10.00 each		–		151.00
HDFC High Interest Fund - Dynamic Plan 1,06,18,432 (2015 - 1,06,18,417) Units of ₹ 10.00 each		55.64		50.00
HDFC Liquid Fund Nil (2015 - 1,43,72,056) Units of ₹ 10.00 each		–		39.59
HDFC Medium Term Opportunities Fund 13,70,31,285 (2015 - 13,70,33,144) Units of ₹ 10.00 each		226.61		201.11
HDFC Short Term Opportunities Fund 14,94,65,786 (2015 - 14,94,65,765) Units of ₹ 10.00 each		246.13		218.06
ICICI Prudential Banking & PSU Debt Fund 5,39,16,760 Units of ₹ 10.00 each		57.00		57.00
ICICI Prudential - Flexible Income Plan 53,44,324 (2015 - Nil) Units of ₹ 100.00 each		153.38		–
ICICI Prudential Blended Plan B Nil (2015 - 3,86,97,174) Units of ₹ 10.00 each		–		40.30
ICICI Prudential Dynamic Bond Fund Nil (2015 - 3,59,60,193) Units of ₹ 10.00 each		–		53.08
ICICI Prudential Fixed Maturity Plan Series 72 - 370 Days Plan G 10,00,000 Units of ₹ 10.00 each	1.00		1.00	
ICICI Prudential Income Opportunities Fund 7,98,55,052 (2015 - 7,98,54,771) Units of ₹ 10.00 each		168.21		150.00
ICICI Prudential Liquid Plan Nil (2015 - 6,53,865) Units of ₹ 100.00 each		–		13.50
ICICI Prudential Money Market Fund 15,646 (2015 - Nil) Units of ₹ 100.00 each		0.32		–
ICICI Prudential Savings Fund Nil (2015 - 50,35,980) Units of ₹ 100.00 each		–		103.20
ICICI Prudential Short Term 7,64,50,849 (2015 - 7,68,00,364) Units of ₹ 10.00 each		241.15		214.10
Carried over	1078.94	2714.37	1229.41	2887.08

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1078.94	2714.37	1229.41	2887.08
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Ultra Short Term 22,53,87,574 (2015 - 16,18,17,990) Units of ₹ 10.00 each		325.99		211.70
IDFC Cash Fund Nil (2015 - 4,531) Units of ₹ 1000.00 each		–		0.77
IDFC Dynamic Bond Fund 4,64,29,475 Units of ₹ 10.00 each		50.06		50.06
IDFC Money Manager Fund - Investment Plan 1,22,42,641 (2015 - 1,12,84,393) Units of ₹ 10.00 each		12.30		11.34
IDFC Money Manager Fund - Treasury Plan 4,22,87,680 (2015 - Nil) Units of ₹ 10.00 each		102.19		–
JPMorgan India Active Bond Fund Nil (2015 - 9,68,66,060) Units of ₹ 10.00 each		–		150.00
JPMorgan India Liquid Fund Nil (2015 - 20,35,37,192) Units of ₹ 10.00 each		–		208.74
JPMorgan India Treasury Fund Nil (2015 - 5,78,55,112) Units of ₹ 10.00 each		–		102.28
Kotak Bond Short Term 2,49,65,867 Units of ₹ 10.00 each		24.98		24.98
Kotak Floater Short Term 9,167 (2015 - 4,303) Units of ₹ 1000.00 each		2.27		0.82
Kotak Liquid Scheme Plan A Nil (2015 - 17,641) Units of ₹ 1000.00 each		–		5.00
Kotak Treasury Advantage Fund 13,17,66,857 (2015 - 4,76,54,096) Units of ₹ 10.00 each		320.94		102.24
L&T Short Term Opportunities Fund Nil (2015 - 3,00,07,277) Units of ₹ 10.00 each		–		40.00
L&T Triple Ace Bond Fund Nil (2015 - 1,62,81,386) Units of ₹ 10.00 each		–		60.00
Reliance Fixed Horizon Fund - XXVI - Series 31 (366 Days) Nil (2015 - 50,00,000) Units of ₹ 10.00 each		–		5.00
Reliance Floating Rate Fund - Short Term Plan 38,18,89,185 (2015 - 19,74,70,372) Units of ₹ 10.00 each		410.75		252.57
Reliance Liquidity Fund 8,986 (2015 - Nil) Units of ₹ 1000.00 each		2.05		–
Reliance Liquid Fund - Treasury Plan 2,73,025 (2015 - Nil) Units of ₹ 1000.00 each		100.52		–
Reliance Medium Term Fund 10,67,50,776 (2015 - 12,80,94,023) Units of ₹ 10.00 each		216.61		262.81
Reliance Short Term Fund 2,07,06,236 (2015 - 20,42,82,694) Units of ₹ 10.00 each		59.68		451.45
SBI Premier Liquid Fund Nil (2015 - 1,13,914) Units of ₹ 1000.00 each		–		25.00
TATA Money Market Fund Nil (2015 - 13,616) Units of ₹ 1000.00 each		–		3.00
Carried over	1078.94	4342.71	1229.41	4854.84

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
13. Current investments (at lower of cost and fair value) (Contd.)				
Brought forward	1078.94	4342.71	1229.41	4854.84
INVESTMENT IN MUTUAL FUNDS (Contd.)				
UTI - Short Term Income Fund - Institutional Option Nil (2015 - 5,06,50,712) Units of ₹ 10.00 each		–		50.65
UTI - Money Market Fund - Institutional Plan 22,804 (2015 - Nil) Units of ₹ 10.00 each		3.82		–
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 ₹ 1000000.00 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 ₹ 1000000.00 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 ₹ 1000000.00 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 ₹ 1000000.00 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 ₹ 1000000.00 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 ₹ 1000000.00 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 ₹ 1000000.00 each, fully paid		250.00		–
Aggregate amount of quoted and unquoted investments	1363.94	5241.36	1229.41	4905.49
TOTAL		6605.30		6134.90
Share of Joint Ventures - Note 28 (ii) (b)	0.19	0.17	0.19	–
		0.36		0.19
GRAND TOTAL		6605.66		6135.09

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

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
14. Inventories		
(At lower of cost and net realisable value)		
Stocks and shares	337.18	458.24
Raw materials (including packing materials)	4989.23	4494.17
Work-in-progress	183.01	186.92
Finished goods (manufactured)	2891.04	2687.28
Stock-in-trade (goods purchased for resale)	353.69	357.91
Stores and Spares	308.21	306.12
Intermediates - Tissue paper and Paperboards	66.99	67.24
TOTAL	9129.35	8557.88
Share of Joint Ventures - Note 28(ii)(b)	27.06	28.99
GRAND TOTAL	9156.41	8586.87

15. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	1.16	0.59
Unsecured, considered good	62.03	44.56
Doubtful	93.59	72.85
	<u>156.78</u>	<u>118.00</u>
Less: Provision for doubtful receivables	93.59	72.85
	<u>63.19</u>	<u>45.15</u>
Others		
Secured, considered good	26.34	24.84
Unsecured, considered good	1827.57	1908.18
Doubtful	2.31	0.88
	<u>1856.22</u>	<u>1933.90</u>
Less: Provision for doubtful receivables	2.31	0.88
	<u>1853.91</u>	<u>1933.02</u>
TOTAL	1917.10	1978.17
Share of Joint Ventures - Note 28(ii)(b)	2.74	3.90
GRAND TOTAL	1919.84	1982.07

Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
16. Cash and bank balances				
Cash and cash equivalents [@]				
Balances with Banks				
Current accounts	135.63		139.76	
Deposit accounts	134.96		7.16	
Cheques, drafts on hand	9.98		5.60	
Cash on hand	3.02	283.59	3.17	155.69
Other bank balances				
Earmarked balances	153.99		134.89	
In deposit accounts*	6556.74	6710.73	7600.96	7735.85
TOTAL		6994.32		7891.54
Share of Joint Ventures - Note 28(ii)(b) [@]		18.60		4.68
GRAND TOTAL		7012.92		7896.22

[@] 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.

* Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of more than 12 months from the balance sheet date ₹ 906.27 Crores (2015 - ₹ 1304.50 Crores).

17. Short-term loans and advances				
Unsecured, considered good unless otherwise stated				
Loans and advances to related parties				
Security deposits	—		0.17	
Loans and advances				
Secured, considered good	1.40		1.40	
Unsecured, considered good	13.50	14.90	48.48	50.05
Others				
With Statutory authorities		251.59		230.64
Commercial advances and deposits				
Secured, considered good	4.50		7.19	
Unsecured, considered good	161.96	166.46	178.64	185.83
Other loans and advances (Employees, unexpired expenses etc.)		121.61		100.10
TOTAL		554.56		566.62
Share of Joint Ventures - Note 28(ii)(b)		2.90		2.05
GRAND TOTAL		557.46		568.67

18. Other current assets				
Interest accrued on loans, deposits etc.		67.55		88.16
Interest accrued on investments		192.12		55.48
Others*				
Unsecured, considered good	299.23		261.79	
Doubtful	4.73		3.84	
	303.96		265.63	
Less: Provision for doubtful assets	4.73	299.23	3.84	261.79
TOTAL		558.90		405.43
Share of Joint Ventures - Note 28(ii)(b)		0.01		...
GRAND TOTAL		558.91		405.43

* Others comprise receivables on account of export incentives, claims, interest, rentals etc.

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
19. Gross income		
Gross Revenue from sale of products and services*	54668.50	52741.54
Other operating revenue	359.58	400.73
Other income	1547.80	1255.85
TOTAL	56575.88	54398.12
Share of Joint Ventures - Note 28(ii)(b)	23.65	18.97
GRAND TOTAL	56599.53	54417.09
* Net of sales returns and damaged stocks.		
20. Revenue from operations		
Sale of products [Includes share of Joint Ventures ₹ 20.55 Crores (2015 - ₹ 16.04 Crores)]	51975.53	50193.40
Sale of services [Includes share of Joint Ventures ₹ 1.58 Crores (2015 - ₹ 1.50 Crores)]	2715.10	2565.68
Gross Revenue from sale of products and services*	54690.63	52759.08
Other operating revenue [Includes share of Joint Ventures ₹ 0.59 Crore (2015 - ₹ 0.77 Crore)]	360.17	401.50
	55050.80	53160.58
Less: Excise duty attributable to products sold [Includes share of Joint Ventures ₹ 1.82 Crores (2015 - ₹ 1.37 Crores)]	15623.78	14325.77
TOTAL	39427.02	38834.81
* Net of sales returns and damaged stocks.		
21. Other income		
Interest income	881.02	618.98
Dividend income		
– Long-term investments	20.40	10.34
– Current investments	39.47	255.19
	59.87	265.53
Gain on sale of long-term investments	–	0.64
Net gain on sale of current investments	564.23	339.95
Other non-operating income	42.68	30.75
TOTAL	1547.80	1255.85
Share of Joint Ventures - Note 28(ii)(b)	0.93	0.66
GRAND TOTAL	1548.73	1256.51
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	–
d) Others (from customers, statutory authorities etc.)	38.64	31.73
TOTAL	881.02	618.98

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)			For the year ended 31st March, 2015 (₹ in Crores)		
22. Changes in inventories of finished goods, Work-in-progress, Stock-in-Trade and Intermediates						
Finished goods (manufactured)						
Opening stock	2687.28			2130.74		
Closing stock	<u>2891.04</u>	(203.76)		<u>2687.28</u>	(556.54)	
Work-in-progress						
Opening stock	186.92			147.71		
Closing stock	<u>183.01</u>	3.91		<u>186.92</u>	(39.21)	
Intermediates - Tissue paper and Paperboards						
Opening stock	67.24			75.29		
Closing stock	<u>66.99</u>	0.25		<u>67.24</u>	8.05	
Stock-in-Trade (goods purchased for resale)						
Opening stock	357.91			301.48		
Closing stock	<u>353.69</u>	4.22	(195.38)	<u>357.91</u>	(56.43)	(644.13)
Excise duties on increase/(decrease) of finished goods			<u>246.52</u>			<u>408.28</u>
TOTAL			51.14			(235.85)
Share of Joint Ventures - Note 28(ii)(b)			<u>0.08</u>			<u>0.13</u>
GRAND TOTAL			51.22			(235.72)
23. Employee benefits expense						
Salaries and wages			2548.40			2456.47
Contribution to Provident and other funds			225.26			163.12
Staff welfare expenses			194.46			180.63
			<u>2968.12</u>			<u>2800.22</u>
Less: Recoveries made/reimbursements received			25.79			31.24
TOTAL			2942.33			2768.98
Share of Joint Ventures - Note 28(ii)(b)			4.24			3.30
GRAND TOTAL			2946.57			2772.28
24. Finance costs						
Interest expense			53.60			45.47
Applicable net loss on foreign currency transactions and translations			—			22.01
TOTAL			53.60			67.48
Share of Joint Ventures - Note 28(ii)(b)			4.87			0.64
GRAND TOTAL			58.47			68.12

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
25. Other expenses		
Power and fuel	571.88	610.67
Consumption of stores and spare parts	254.14	237.09
Contract processing charges	846.07	853.70
Rent [Refer Note 28(vi)]	305.85	284.13
Rates and taxes	642.54	496.22
Insurance	86.45	84.32
Repairs		
– Buildings	65.76	59.25
– Machinery	197.99	179.40
– Others	54.54	54.55
Maintenance and upkeep	169.41	149.26
Outward freight and handling charges	852.77	904.98
Warehousing charges	142.72	120.32
Advertising/ Sales promotion	894.93	741.53
Market research	93.78	96.97
Design and product development	47.04	39.02
Hotel reservation/Marketing expenses	33.02	30.30
Retail accessories	191.08	186.13
Brokerage and discount - sales	8.74	17.66
Commission to selling agents	46.81	37.59
Doubtful and bad debts	29.33	23.03
Doubtful and bad advances, loans and deposits	0.03	0.62
Provision for standard assets	0.20	–
Impairment of Goodwill on consolidation	25.46	15.13
Bank and credit card charges	24.53	22.84
Information technology services	148.35	125.69
Travelling and conveyance	357.13	343.12
Training and development	24.75	24.60
Legal expenses	37.89	26.98
Consultancy/Professional fees	280.58	259.68
Postage, telephone etc.	39.94	37.78
Printing and stationery	18.21	19.17
Net loss/(gain) on foreign currency transactions and translations	(4.38)	(52.41)
Excess of cost of current investments over fair value, reversed - Net	(84.78)	(29.53)
Loss on sale of fixed assets - Net	56.11	27.16
Loss on sale of stores and spare parts - Net	2.41	2.38
Miscellaneous expenses	1150.26	1053.34
TOTAL	7611.54	7082.67
Share of Joint Ventures - Note 28(ii)(b)	7.08	6.06
GRAND TOTAL	7618.62	7088.73

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
26. Current tax		
Income tax for the year	5204.36	4248.56
Adjustments/(credits) related to previous years - Net		
Current Tax	(51.20)	(22.30)
Fringe benefit tax	(1.55)	-
MAT credit entitlement	(1.24)	(0.83)
TOTAL	5150.37	4225.43
Share of Joint Ventures - Note 28(ii)(b)	3.59	2.78
GRAND TOTAL	5153.96	4228.21
27. Deferred tax		
Deferred tax for the year	166.57	352.18
Adjustments/(credits) related to previous years - Net	51.15	15.65
TOTAL	217.72	367.83
Share of Joint Ventures - Note 28(ii)(b)	0.28	0.38
GRAND TOTAL	218.00	368.21

28. Additional Notes to the Consolidated Financial Statements

(i) Earnings per share:

Earnings per share has been computed as under:

	2016	2015
(a) Profit for the year (₹ in Crores)	9911.61	9663.17
(b) Weighted average number of Ordinary shares outstanding	8,02,69,56,418	7,97,62,97,104
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	4,51,49,611	7,54,08,227
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	8,07,21,06,029	8,05,17,05,331
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 12.35	₹ 12.11
– Diluted [(a)/(d)]	₹ 12.28	₹ 12.00

(ii) (a) The subsidiaries (which along with ITC Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2016	Percentage of ownership interest as at 31st March, 2015
Srinivasa Resorts Limited	India	68	68
Fortune Park Hotels Limited	India	100	100
Bay Islands Hotels Limited	India	100	100
Surya Nepal Private Limited	Nepal	59	59
Landbase India Limited	India	100	100
BFIL Finance Limited*	India	-	100
MRR Trading & Investment Company Limited (a 100% subsidiary of ITC Investments & Holdings Limited w.e.f. 30th March, 2015)	India	100	100

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2016	Percentage of ownership interest as at 31st March, 2015
Russell Credit Limited	India	100	100
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	India	100	100
Wimco Limited	India	98.21	98.21
Prag Agro Farm Limited (a 100% subsidiary of ITC Limited, pursuant to the Scheme of Arrangement [Refer Note 28(xi)])	India	100	100
Pavan Poplar Limited (a 100% subsidiary of ITC Limited, pursuant to the Scheme of Arrangement [Refer Note 28(xi)])	India	100	100
Technico Agri Sciences Limited (a 100% subsidiary of ITC Limited w.e.f. 22nd March, 2016) (previously, a 100% subsidiary of Technico Pty Limited)	India	100	100
Technico Pty Limited	Australia	100	100
Technico Technologies Inc. (a 100% subsidiary of Technico Pty Limited)	Canada	100	100
Technico Asia Holdings Pty Limited (a 100% subsidiary of Technico Pty Limited)	Australia	100	100
Technico Horticultural (Kunming) Co. Limited (a 100% subsidiary of Technico Asia Holdings Pty Limited)	China	100	100
ITC Infotech India Limited	India	100	100
ITC Infotech Limited (a 100% subsidiary of ITC Infotech India Limited)	UK	100	100
ITC Infotech (USA), Inc. (a 100% subsidiary of ITC Infotech India Limited)	USA	100	100
Pyxis Solutions, LLC [a 100% subsidiary of ITC Infotech (USA), Inc.]	USA	100	100
Wills Corporation Limited*	India	-	100
Gold Flake Corporation Limited	India	100	100
King Maker Marketing, Inc.	USA	100	100
WelcomHotels Lanka (Private) Limited	Sri Lanka	100	100
ITC Investments & Holdings Limited	India	100	100
North East Nutrients Private Limited	India	76	76

*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:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2016	Percentage of ownership interest as at 31st March, 2015
Maharaja Heritage Resorts Limited	India	50	50
Espirit Hotels Private Limited	India	26	26
Logix Developers Private Limited	India	27.90	27.90
ITC Essentra Limited (a joint venture of Gold Flake Corporation Limited)	India	50	50

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:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2016	Percentage of ownership interest as at 31st March, 2015
Gujarat Hotels Limited	India	45.78	45.78
International Travel House Limited	India	48.96	48.96
Russell Investments Limited	India	25.43	25.43
Divya Management Limited	India	33.33	33.33
Antrang Finance Limited	India	33.33	33.33
ATC Limited	India	47.50	47.50
Classic Infrastructure and Development Limited*	India	-	42.35

*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.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

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:

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
Not later than one year	16.97	23.03
Later than one year and not later than five years	21.71	16.51
Later than five years	0.43	3.18

- (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:

I	Components of Employer Expense	For the year ended 31st March, 2016 (₹ in Crores)			For the year ended 31st March, 2015 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
1	Current Service Cost	46.62	22.38	7.21	45.19	27.82	7.08
2	Interest Cost	44.44	21.35	7.57	44.69	19.82	7.14
3	Expected Return on Plan Assets	(52.60)	(22.14)	–	(50.03)	(19.84)	–
4	Curtailment Cost/(Credit)	–	–	–	–	–	–
5	Settlement Cost/(Credit)	–	–	–	–	–	–
6	Past Service Cost	–	–	(2.07)	–	–	–
7	Actuarial Losses/(Gains)	25.19	14.19	11.25	(40.20)	12.66	1.30
8	Total expense recognised in the Statement of Profit and Loss	63.65	35.78	23.96	(0.35)	40.46	15.52

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.)

		For the year ended 31st March, 2016 (₹ in Crores)			For the year ended 31st March, 2015 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
II	Actual Returns	51.11	24.31	–	90.40	30.16	–
III	Net Asset/ (Liability) recognised in Balance Sheet						
	1 Present Value of Defined Benefit Obligation	656.69	320.08	104.30	643.34	309.48	95.56
	2 Fair Value of Plan Assets	667.76	299.08	–	689.67	270.93	–
	3 Status [Surplus/(Deficit)]	11.07	(21.00)	(104.30)	46.33	(38.55)	(95.56)
	4 Unrecognised Past Service Cost	–	–	–	–	–	–
	5 Net Asset/(Liability) recognised in Balance Sheet	11.07	(21.00)	(104.30)	46.33	(38.55)	(95.56)
	– Current	12.98	(20.87)	(19.27)	48.43	(38.42)	(19.85)
	– Non-Current	(1.91)	(0.13)	(85.03)	(2.10)	(0.13)	(75.71)
IV	Change in Defined Benefit Obligations (DBO)						
	1 Present Value of DBO at the beginning of the year	643.34	309.48	95.56	600.02	276.08	90.66
	2 Current Service Cost	46.62	22.38	7.21	45.19	27.82	7.08
	3 Interest Cost	44.44	21.35	7.57	44.69	19.82	7.14
	4 Curtailment Cost/(Credit)	–	–	–	–	–	–
	5 Settlement Cost/(Credit)	–	–	–	–	–	–
	6 Past Service Cost	–	–	(2.07)	–	–	–
	7 Plan Amendments	–	–	–	–	–	–
	8 Acquisitions	–	–	–	–	–	–
	9 Actuarial (Gains)/Losses	23.70	16.36	11.25	0.17	22.98	1.30
	10 Benefits Paid	(101.41)	(49.49)	(15.22)	(46.73)	(37.22)	(10.62)
	11 Present Value of DBO at the end of the year	656.69	320.08	104.30	643.34	309.48	95.56
V	Best Estimate of Employer's Expected Contribution for the next year	56.73	22.79	–	73.52	38.29	–
VI	Change in Fair Value of Assets						
	1 Plan Assets at the Beginning of the year	689.67	270.93	–	601.39	243.75	–
	2 Acquisition Adjustment	–	–	–	–	–	–
	3 Expected Return on Plan Assets	52.60	22.14	–	50.03	19.84	–
	4 Actuarial Gains/(Losses)	(1.49)	2.17	–	40.37	10.32	–
	5 Actual Company Contributions	28.39	53.33	–	44.61	34.24	–
	6 Benefits Paid	(101.41)	(49.49)	–	(46.73)	(37.22)	–
	7 Plan Assets at the end of the year	667.76	299.08	–	689.67	270.93	–
VII	Actuarial Assumptions						
	1 Discount Rate (%)	7.50	7.50	7.50	7.75	7.75	7.75
	2 Expected Return on Plan Assets (%)	7.75	6.15 - 9.00	–	7.75	5.78 - 9.00	–

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.)

VIII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2016	As at 31st March, 2015
1	Government Securities/Special Deposit with RBI	33.75%	34.70%
2	High Quality Corporate Bonds	25.40%	28.27%
3	Insurer Managed Funds*	31.63%	26.61%
4	Mutual Funds	2.27%	2.73%
5	Cash and Cash Equivalents	3.94%	4.65%
6	Term Deposits	3.01%	3.04%

* 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.

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.

X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2016 (₹ in Crores)			For the year ended 31st March, 2015 (₹ in Crores)			For the year ended 31st March, 2014 (₹ in Crores)			For the year ended 31st March, 2013 (₹ in Crores)			For the year ended 31st March, 2012 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		1	Present Value of Defined Benefit Obligation	656.69	320.08	104.30	643.34	309.48	95.56	600.02	276.08	90.66	638.09	258.32	82.10	552.53	229.80	70.06
2	Fair Value of Plan Assets	667.76	299.08	-	689.67	270.93	-	601.39	243.75	-	618.55	242.07	-	533.14	233.63	-
3	Status [Surplus/(Deficit)]	11.07	(21.00)	(104.30)	46.33	(38.55)	(95.56)	1.37	(32.33)	(90.66)	(19.54)	(16.25)	(82.10)	(19.39)	3.83	(70.06)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	(1.42)	1.92	-	20.85	6.71	-	(4.59)	(0.32)	-	13.24	3.35	-	(4.25)	(0.61)	-
5	Experience Adjustment of Obligation [(Gain)/Loss]	32.02	18.08	13.72	(56.02)	14.86	(6.13)	(21.02)	7.75	4.34	(29.41)	2.52	3.27	(18.01)	6.96	0.40

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:

(in Million)

Currency	Cross Currency	As at 31st March, 2016		As at 31st March, 2015	
		Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	70.68	189	19.09	178.70
Euro	US Dollar	53.26	2.65	14.95	13.70
CHF	US Dollar	2.70	–	3.41	–
GBP	US Dollar	–	1.70	0.25	2.68
SEK	US Dollar	6.93	–	1.21	–
JPY	US Dollar	699.90	–	172.33	–
Euro	Indian Rupee	–	–	0.05	–
AUD	US Dollar	1.20	0.38	0.55	0.50
CAD	US Dollar	–	0.20	–	1.07
DKK	US Dollar	–	–	12.50	–
NOK	US Dollar	0.90	–	2.80	–
ZAR	US Dollar	–	8.13	–	1.86
SGD	US Dollar	1.78	–	–	–
KWD	US Dollar	0.04	–	–	–
USD	Nepalese Rupee	1.38	–	–	–
Euro	Nepalese Rupee	0.30	–	3.86	–
GBP	Nepalese Rupee	–	–	0.22	–

b) Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise as at year end:

(in Million)

Currency	Cross Currency	As at 31st March, 2016			As at 31st March, 2015		
		Buy	Sell	Net*	Buy	Sell	Net*
US Dollar	Indian Rupee	42.26	36.36	5.90	46.79	49.58	(2.79)
Euro	Indian Rupee	...	1.09	(1.09)	–	0.59	(0.59)
Euro	US Dollar	1.80	1.23	0.57	1.72	0.84	0.88
GBP	US Dollar	0.97	2.85	(1.88)	4.53	4.23	0.30
SEK	US Dollar	0.54	–	0.54	0.74	–	0.74
CHF	US Dollar	0.08	–	0.08	0.02	–	0.02
SGD	US Dollar	0.34	–	0.34	0.18	–	0.18
CAD	US Dollar	0.01	0.02	(0.01)	–	0.06	(0.06)
AUD	US Dollar	0.61	0.63	(0.02)	0.52	–	0.52
DKK	US Dollar	33.49	0.11	33.38	18.22	–	18.22
HKD	US Dollar	1.81	–	1.81	1.29	–	1.29
ZAR	US Dollar	0.51	0.26	0.25	0.47	–	0.47
NOK	US Dollar	4.23	–	4.23	1.86	–	1.86
JPY	US Dollar	3.65	–	3.65	3.50	–	3.50
AED	US Dollar	1.07	0.16	0.91	0.32	–	0.32
SAR	US Dollar	0.01	–	0.01	–	–	–
MYR	US Dollar	0.01	–	0.01	–	–	–
KWD	US Dollar	...	–	...	–	–	–
US Dollar	Nepalese Rupee	–	–	–	0.04	–	0.04
Euro	Nepalese Rupee	0.04	–	0.04	0.01	–	0.01
GBP	Nepalese Rupee	0.01	–	0.01	–	–	–

* Figures in brackets indicate open exports. Figures without brackets indicate open imports.

Notes to the Consolidated 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:

	Name of the Entity	Net Assets		Share in Profit or (Loss)	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)
Parent	ITC Limited	90.80%	31076.97	96.10%	9525.80
Subsidiaries	Indian				
1	Russell Credit Limited	1.83%	625.05	0.43%	43.40
2	Greenacre Holdings Limited	0.14%	49.23	0.02%	1.70
3	Wimco Limited	0.01%	2.10	...	(0.21)
4	Prag Agro Farm Limited	...	1.14	...	(0.17)
5	Pavan Poplar Limited	...	1.67	...	(0.44)
6	Technico Agri Sciences Limited	0.39%	134.69	0.16%	15.76
7	Srinivasa Resorts Limited	0.20%	68.10	(0.02%)	(1.66)
8	Fortune Park Hotels Limited	0.08%	26.63	0.06%	6.23
9	Bay Islands Hotels Limited	0.04%	14.03	0.01%	1.04
10	ITC Infotech India Limited	0.68%	233.79	0.74%	72.98
11	Gold Flake Corporation Limited	0.05%	17.02	0.01%	0.61
12	ITC Investments & Holdings Limited	0.01%	5.04	...	0.04
13	MRR Trading & Investment Company Limited	...	0.01	...	...
14	Landbase India Limited	0.65%	219.65	0.01%	1.36
15	North East Nutrients Private Limited	0.36%	122.30	(0.12%)	(11.98)
	Foreign				
1	Technico Pty Limited	0.40%	136.51	0.02%	2.02
2	Technico Technologies Inc.	...	0.77	...	0.22
3	Technico Asia Holdings Pty Limited	–	–	–	–
4	Technico Horticultural (Kunming) Co. Limited	0.02%	6.35	...	(0.10)
5	WelcomHotels Lanka (Private) Limited	1.58%	539.48	...	0.26
6	ITC Infotech Limited	0.16%	53.34	0.06%	5.99
7	ITC Infotech (USA), Inc.	0.40%	137.20	(0.02%)	(2.38)
8	Pyxis Solutions, LLC	0.02%	7.51	0.01%	0.62
9	Surya Nepal Private Limited	0.69%	235.89	3.97%	393.30
10	King Maker Marketing, Inc.	0.05%	16.25	0.04%	4.16
	Minority Interest in all subsidiaries	0.77%	262.33	(1.59%)	(157.84)

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements (Contd.)

	Name of the Entity	Net Assets		Share in Profit or (Loss)	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)
Associates	Indian				
1	International Travel House Limited	0.26%	89.67	0.06%	5.97
2	Gujarat Hotels Limited	0.03%	11.55	0.01%	1.00
3	Russell Investments Limited	0.04%	12.05	0.01%	0.72
4	Divya Management Limited	0.02%	7.15	...	0.05
5	Antrang Finance Limited	0.01%	4.80	...	0.03
6	ATC Limited	0.02%	6.66	...	0.46
Jointly controlled Entities	Indian				
1	ITC Essentra Limited	0.12%	41.25	0.08%	7.68
2	Maharaja Heritage Resorts Limited	...	1.21	...	0.04
3	Espirit Hotels Private Limited	0.13%	46.17	...	...
4	Logix Developers Private Limited	0.04%	13.18	(0.05%)	(5.05)
	Total	100.00%	34226.74	100.00%	9911.61

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 8th 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 16th May, 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 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 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 Greenacre 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 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.
- (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 Hon'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)

(₹ in Crores)

	2016			2015		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG – Cigarettes	34062.67	–	34062.67	31855.85	–	31855.85
FMCG – Others	9738.57	12.07	9750.64	9043.92	10.05	9053.97
FMCG – Total	43801.24	12.07	43813.31	40899.77	10.05	40909.82
Hotels	1345.03	13.94	1358.97	1241.06	15.15	1256.21
Agri Business	4257.26	3199.62	7456.88	5566.08	2814.40	8380.48
Paperboards, Paper and Packaging	3753.24	1574.46	5327.70	3558.05	1723.52	5281.57
Others	1533.86	314.66	1848.52	1494.12	272.23	1766.35
Segment Total	54690.63	5114.75	59805.38	52759.08	4835.35	57594.43
Eliminations			(5114.75)			(4835.35)
Gross Revenue from sale of products and services			54690.63			52759.08
Segment Revenue - Net						
FMCG – Cigarettes	18685.98	–	18685.98	17765.99	–	17765.99
FMCG – Others	9711.78	12.07	9723.85	9017.18	10.05	9027.23
FMCG – Total	28397.76	12.07	28409.83	26783.17	10.05	26793.22
Hotels	1344.98	13.94	1358.92	1241.00	15.15	1256.15
Agri Business	4257.26	3199.62	7456.88	5566.08	2814.40	8380.48
Paperboards, Paper and Packaging	3535.85	1481.54	5017.39	3351.06	1622.84	4973.90
Others	1531.00	294.59	1825.59	1492.00	256.02	1748.02
Segment Total	39066.85	5001.76	44068.61	38433.31	4718.46	43151.77
Eliminations			(5001.76)			(4718.46)
Net Revenue from sale of products and services			39066.85			38433.31
2. Segment Results						
FMCG – Cigarettes			12348.08			11636.85
FMCG – Others			57.46			31.22
FMCG – Total			12405.54			11668.07
Hotels			60.89			52.44
Agri Business			933.72			903.97
Paperboards, Paper and Packaging			907.62			921.48
Others			166.10			231.60
Segment Total			14473.87			13777.56
Eliminations			(51.13)			(60.12)
Consolidated Total			14422.74			13717.44
Unallocated corporate expenses net of unallocated income			436.74			512.72
Profit before Interest etc. and taxation			13986.00			13204.72
Finance costs			58.47			68.12
Interest earned on loans and deposits, income from current and long-term investments, profit and loss on sale of investments etc. - Net			1505.65			1225.45
Profit before tax			15433.18			14362.05
Tax expense			5371.96			4596.42
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
3. Other Information						
	Segment Assets	Segment Liabilities*		Segment Assets	Segment Liabilities*	
FMCG - Cigarettes	8478.44	2751.63		8647.38	2299.09	
FMCG - Others	6179.14	1186.91		4922.38	870.90	
FMCG - Total	14657.58	3938.54		13569.76	3169.99	
Hotels [Refer Note 10(7)]	5558.10	365.07		5314.24	370.23	
Agri Business	2970.11	490.51		2650.59	553.17	
Paperboards, Paper and Packaging	6020.32	510.39		5919.38	495.68	
Others	959.21	280.39		999.02	290.04	
Segment Total	30165.32	5584.90		28452.99	4879.11	
Unallocated Corporate Assets/Liabilities	21625.49	11979.17		18009.88	9623.16	
Total	51790.81	17564.07		46462.87	14502.27	

* 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'.

Notes to the Consolidated Financial Statements

29. Segment Reporting (Contd.)

(₹ in Crores)

	2016			2015		
	Capital expenditure	Depreciation and amortisation	Non Cash expenditure other than depreciation	Capital expenditure	Depreciation and amortisation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	256.05	281.45	6.76	613.96	274.78	5.50
FMCG - Others	837.67	240.26	25.19	718.74	177.64	20.15
FMCG - Total	1093.72	521.71	31.95	1332.70	452.42	25.65
Hotels [Refer Note 10(7)]	383.44	190.51	4.24	984.91	196.19	3.68
Agri Business	128.46	50.63	1.98	214.42	48.75	2.82
Paperboards, Paper and Packaging	349.76	242.52	23.54	154.14	231.95	6.87
Others	30.87	31.99	41.27	93.18	28.90	20.25
Segment Total	1986.25	1037.36	102.98	2779.35	958.21	59.27

SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2016	2015
1. Segment Revenue		
– Within India	48619.36	45732.96
– Outside India	6071.27	7026.12
Total	54690.63	52759.08
2. Segment Assets		
– Within India	28611.92	26930.24
– Outside India	1553.40	1522.75
Total	30165.32	28452.99
3. Capital Expenditure		
– Within India	1871.79	2681.07
– Outside India	114.46	98.28
Total	1986.25	2779.35

NOTES:

- 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.
- The business groups comprise the following :

FMCG	: Cigarettes	– 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.
Others		– Information Technology services, Filter Rods, etc.
- 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		– Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited, WelcomHotels Lanka (Private) Limited and joint ventures Maharaja Heritage Resorts Limited, Esprit Hotels Private Limited and Logix Developers Private Limited.
Others		– ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc. and Pyxis Solutions, LLC, Russell Credit Limited and its subsidiary Greenacre Holdings Limited, Wimco Limited, Pavan Poplar Limited, Prag Agro Farm Limited, Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., along with its jointly controlled operation with Shamrock Seed Potato Farm Limited, Technico Asia Holdings Pty Limited and Technico Horticultural (Kunming) Co. Limited, ITC Investments & Holdings Limited and its subsidiary MRR Trading & Investment Company Limited, Landbase India Limited, Gold Flake Corporation Limited and its joint venture ITC Essentra Limited.
- The geographical segments considered for disclosure are:
 - Sales within India
 - Sales outside India
- 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.
- 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:

- ITC Sangeet Research Academy
- ITC Education Trust
- ITC Rural Development Trust

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY AND ITS SUBSIDIARIES HAD TRANSACTIONS:

i) Associates & Joint Ventures:

Associates

- Gujarat Hotels Limited
- Russell Investments Limited
- ATC Limited
- Classic Infrastructure & Development Limited
- International Travel House Limited
- Divya Management Limited
- Antrang Finance Limited
– being associates of the Group
- 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

- Maharaja Heritage Resorts Limited
- ITC Essentra Limited
- Espirit Hotels Private Limited
- Logix Developers Private Limited

ii) a) Key Management Personnel (KMP):

Y. C. Deveshwar	Executive Chairman
N. Anand	Executive Director
P. V. Dhobale	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. Bajjal*	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. B. 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. Dhobale (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:

- IATC Provident Fund
- ITC Defined Contribution Pension Fund
- ITC Management Staff Gratuity Fund
- ITC Employees Gratuity Fund
- ITC Gratuity Fund 'C'
- ITC Pension Fund
- ILTD Seasonal Employees Pension Fund
- ITC Platinum Jubilee Pension Fund
- Tribeni Tissues Limited Gratuity Fund
- ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- ITC Hotels Limited Employees Superannuation Scheme
- Greenacre Holdings Limited Provident Fund
- Greenacre Holdings Limited Gratuity Fund

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2016

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
1. Sale of Goods/Services	-	0.01	2.57	1.89	9.40	9.84							11.97	11.74
2. Purchase of Goods/Services			111.79	117.24	291.67	303.10							403.46	420.34
3. Acquisition cost of Fixed Assets			0.37	-									0.37	-
4. Sale of Fixed Assets/Scraps			0.27	0.53									0.27	0.53
5. Investment in Joint Ventures					-	3.87							-	3.87
6. Interest Income			0.42	0.59									0.42	0.59
7. Remuneration to Key Management Personnel														
- Directors ¹														
- Others			1.17	1.41			26.17	24.64					26.17	24.64
8. Rent Received			3.49	3.20			11.43	9.83					11.43	9.83
9. Rent Paid			4.17	3.66			0.14	0.14	0.66	0.66			4.29	4.00
10. Remuneration of Managers on Deputation Reimbursed	0.55	0.19	3.85	4.56									4.72	3.85
11. Remuneration of Managers on Deputation Recovered													5.23	5.86
12. Expenditure towards Corporate Social Responsibility	9.46	24.20											9.46	24.20
13. Contribution to Employees' Benefit Plans													113.03	114.87
14. Dividend Income			2.27	2.27	2.02	2.02							4.29	4.29
15. Dividend Payments			1240.98	1191.34			3.33	4.19					1244.31	1195.53
16. Expenses Recovered	0.02	0.02	0.19	0.74	0.39	0.43							0.60	1.19
17. Expenses Reimbursed	-	0.06	0.61	0.54	0.03	0.12							0.64	0.72
18. Receipt towards Loan Repayment			1.40	1.40									1.40	1.40
19. Advances Given during the year	0.93	-											0.93	-
20. Adjustment/Receipt towards Refund of Advances	0.41	-		0.02									0.41	0.02
21. Deposits Given during the year													-	0.02
22. Deposit Received during the year														
23. Balances as at 31st March														
i) Receivables			0.39	1.00	2.86	3.62							3.25	4.62
ii) Advances Given	0.52	-											12.98	48.48
iii) Loans Given			2.80	4.20									2.80	4.20
iv) Deposits Given ²			-	0.10			0.07	0.07	0.30	0.30			0.37	0.47
v) Deposits Taken			0.67	0.67									0.67	0.67
vi) Payables			9.87	13.74	5.92	4.75							22.50	40.28
													38.29	58.77

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)

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES (Generally in excess of 10% of the total transaction value of the same type)

RELATED PARTY TRANSACTIONS SUMMARY		2016	2015	RELATED PARTY TRANSACTIONS SUMMARY		2016	2015	RELATED PARTY TRANSACTIONS SUMMARY		2016	2015
1. Sale of Goods/Services	International Travel House Limited	2.47	1.77	12. Expenditure towards Corporate Social Responsibility	ITC Sangeet Research Academy	0.41	24.20	19. Advances Given during the year	ITC Sangeet Research Academy	0.93	–
	ITC Essentra Limited	9.30	9.84		ITC Education Trust	2.83	–				
2. Purchase of Goods/Services	International Travel House Limited	89.21	93.22		ITC Rural Development Trust	6.22	–	20. Adjustment/Receipt towards Refund of Advances	ITC Sangeet Research Academy	0.41	–
	ITC Essentra Limited	291.32	302.84	13. Contribution to Employees' Benefit Plans	IATC Provident Fund	22.95	23.95		International Travel House Limited	–	0.02
3. Acquisition of Fixed Assets	Classic Infrastructure & Development Limited	0.37	–		ITC Defined Contribution Pension Fund	16.16	15.27	21. Deposits Given during the year	Mr. R. Tandon	–	0.02
4. Sale of Fixed Assets/Scraps	ATC Limited	0.27	0.53		ITC Pension Fund	20.58	40.83	22. Deposits Received during the year	International Travel House Limited	...	–
5. Investment in Joint Ventures	Logix Developers Private Limited	–	3.87	14. Dividend Income	ITC Management Staff Gratuity Fund	16.81	22.92				
6. Interest Income	ATC Limited	0.42	0.59		ITC Employees Gratuity Fund	21.00	3.30	23. Balances as at 31st March			
7. Remuneration to Key Management Personnel- Directors & Others	Mr. Y. C. Deveshwar	13.73	13.85		Gujarat Hotels Limited	0.61	0.61	i) Receivables			
8. Rent Received	International Travel House Limited	1.17	1.41		International Travel House Limited	1.66	1.66		ATC Limited	0.11	0.78
9. Rent Paid	Gujarat Hotels Limited	3.49	3.20	15. Dividend Payments	ITC Essentra Limited	2.02	2.02		Maharaja Heritage Resorts Limited	2.73	3.33
	Mrs. B. Deveshwar	0.66	0.66		Tobacco Manufacturers (India) Limited, UK	1240.98	1191.34		Advances Given	12.98	48.48
10. Remuneration of Managers on Deputation Reimbursed	Gujarat Hotels Limited	3.93	3.44	16. Expenses Recovered	International Travel House Limited	0.18	0.71		Employees Trust - Pension Funds	–	–
	ITC Sangeet Research Academy	0.55	0.19		Maharaja Heritage Resorts Limited	0.35	0.36		Loans Given	2.80	4.20
11. Remuneration of Managers on Deputation Recovered	International Travel House Limited	1.54	1.45	17. Expenses Reimbursed	Gujarat Hotels Limited	0.06	0.08		ATC Limited	–	–
	ATC Limited	1.88	3.12		International Travel House Limited	0.17	0.13		Deposits Given	0.05	0.05
	Maharaja Heritage Resorts Limited	0.95	0.92		ATC Limited	0.38	0.33		Mr. Y. C. Deveshwar	0.30	0.30
					ITC Essentra Limited	–	0.08		Mrs. B. Deveshwar	–	–
				18. Receipt towards Loan Repayment	ITC Essentra Limited	1.40	1.40		Classic Infrastructure & Development Limited	–	–
					ATC Limited	–	–		Development Limited	–	–
									Deposits Taken	0.67	0.67
									International Travel House Limited	–	–
									Payables	20.59	38.12
									Employee Trust - Gratuity Funds	7.14	10.55
									International Travel House Limited	5.78	4.56
									ITC Essentra Limited	–	–

Notes to the Consolidated Financial Statements

31. Significant Accounting Policies

IT IS GROUP CORPORATE POLICY

Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies 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

To prepare Consolidated Financial Statements (CFS) in accordance with 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" as notified.

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 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, 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

Independent Auditor's Report

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:
- 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.
 - 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.
 - 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.
 - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - 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.

- 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.
- 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:
 - 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.
 - The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - 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)

Kolkata
20th May, 2016

Shyamak R Tata
Partner
(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.

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 judgment, 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 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.

Kolkata
20th May, 2016

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)
Shyamak R Tata
Partner
(Membership No. 38320)