



**ITC Limited**

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REPORT

AND

ACCOUNTS

2016

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# In Pursuit of the Make in India Vision. For ITC, a credo of Country before Corporation.

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

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

ITC is inspired by the clarion call to Make in India, given the enormous promise it holds to transform the Indian economy. Make in India can ensure a significantly higher order value capture in the Indian economy, fuelling jobs, maximising revenue and enabling sustainable development.

In ITC, this Vision is manifest in many ways:

### Creating a Multi-business Enterprise

The Company has transformed itself into a multi-business enterprise with a diversified business portfolio of FMCG, Paperboards & Packaging, Agri Business, Hotels and Information Technology. This provides ITC a substantial opportunity to contribute meaningfully to the growth and development of the country by creating vibrant businesses of tomorrow. Over 6 million sustainable livelihoods have been created by ITC's businesses and through the empowerment of associated value chains.

### Building World-class Indian Brands

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

and Superia in the Personal Care Products segment; Wills Lifestyle and John Players in the Lifestyle Retailing Business; Mangaldeep in Agarbattis and Aim in Matches.

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

### Creating National Assets

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

### Investing in Game-changing R&D

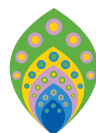
ITC has invested in cutting edge R&D to foster breakthrough innovation and create powerful sources of sustainable competitive advantage for the country. With a team of nearly 350 world-class scientists, the state-of-the-art ITC Life Sciences & Technology Centre in Bengaluru is engaged in building future readiness by harnessing contemporary advances in science and technology, applying them in product development and



Creating 6 million sustainable livelihoods



Generating Value across all three sectors of the economy – Agriculture, Industry & Services



Propelled by multiple drivers of growth – FMCG, Paperboards & Packaging, Agri Business, Hotels and Information Technology



The only company in the world to be Carbon Positive, Water Positive, Solid Waste Recycling Positive

leveraging cross-business synergies. ITC's R&D capabilities are utilised to develop future products in nutrition, health and well-being. In agri-sciences, its efforts are aimed at developing new crop varieties with higher yields and better quality. In a short span of time, ITC has applied for over 480 patents. The intellectual property residing in these filings belongs to India as the country of origin, creating enduring value for the nation.

## Social and Environmental Contribution

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

The celebrated ITC e-Choupal initiative has empowered 4 million Indian farmers. Integrated Watershed Development programmes bring soil and moisture conservation to nearly 2,60,000 hectares. Afforestation initiatives have greened over 2,25,000 hectares, providing more than 100 million person-days of employment. The Women Empowerment programme

provides livelihood opportunities to over 50,000 women, which includes a holistic intervention currently supporting over 10,000 ultra-poor and marginalised women towards their socio-economic mainstreaming. The Primary Education programme has reached out to over 4,60,000 children. The Livestock Development programme has covered over 13,00,000 milch animals. ITC's Skilling & Vocational Training Programme has, so far, trained over 31,000 youths and plans to cover 10,000 youths annually. Under ITC's Health & Sanitation programme, over 15,400 individual household toilets have been constructed across the country. In addition, the Company's Wellbeing Out of Waste (WOW) initiative inculcates the habit of source segregation and waste paper recycling among communities.

ITC is the only enterprise in the world of comparable dimensions to be carbon positive (11 years in a row), sequestering more than twice the amount of carbon it emits; water positive (14 consecutive years), creating water harvesting potential that is thrice the water it consumes; and solid waste recycling positive (for the last 9 years). Over 47% of the total energy requirement of the Company is met from renewable sources, a testimony to its commitment to a low carbon growth path. All ITC's premium luxury hotels have the unique distinction of being LEED® Platinum certified.





# Creating Multiple Drivers of Growth. Contributing to all Three Sectors of the Economy

Over the past two decades, ITC has built a robust portfolio of businesses, spanning FMCG, Paperboards & Packaging, Agri Business, Hotels and Information Technology, leveraging synergies from the Company's enterprise strengths. These encompass deep consumer insight, cutting-edge Research & Development, strong rural linkages, superior agri-sourcing, world-class manufacturing, brand-building skills, culinary expertise, innovative consumer packaging, digital technology and an effective trade marketing, distribution and logistics network.

Today, ITC has an impressive presence in all the three sectors of the economy, namely, agriculture, industry and services, providing unique sources of competitive advantage by harnessing the

diversity resident in different businesses. All this has enlarged the Company's capacity to contribute to national priorities and create sustainable livelihoods on a much larger scale.



Portfolio of  
**13**  
Businesses



**2.5 lakh crs**  
of value addition in  
the last 10 years of  
which 73% accrued  
to the exchequer



**250**  
owned and  
outsourced  
manufacturing  
units



**102**  
hotels in 73  
locations



**\$6.8 Billion**  
Foreign Exchange  
earnings of the  
ITC Group  
over 10 years



**90**  
countries  
where ITC  
products are  
exported



**6100**  
e-Choupal  
locations



**4 Million**  
farmers  
empowered



Fast Moving Consumer Goods  
India's Leading Marketer





## Creating Multiple Drivers of Growth



ITC Hotels  
World's Greenest Luxury Hotel Chain



Paperboards & Packaging  
India's Market Leader

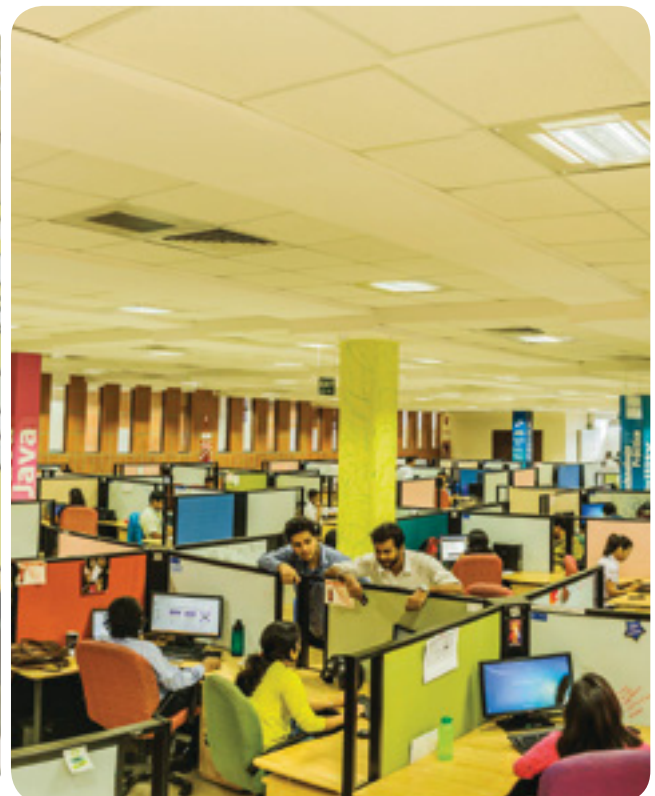




 Agri Business  
Pioneer in Rural Transformation



 Information Technology  
Amongst the fastest growing in the mid-tier segment





# Building World-class Indian Brands that Create, Capture and Retain Value in the Country

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

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

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

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



**60**  
vibrant  
ITC brands



ITC's products  
reach every  
**2nd**  
household  
in India



**2 million**  
retail outlets  
reached directly by  
ITC's distribution  
network



**1,500 SKUs**  
across FMCG  
categories



## Branded Packaged Foods



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



Premium Cookies,  
Biscuits, Cakes





## Branded Packaged Foods



Juices



Potato Chips,  
Indian Finger Snacks





## Branded Packaged Foods



Instant Noodles,  
Instant Pasta



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



Confectionery





## Personal Care Products



  
**ESSENZA DI WILLS**  
YOUR ESSENCE. YOUR SOUL.

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



  
**fiama**  
DI WILLS

Shower Gels, Bathing  
Bars, Face Washes





## Personal Care Products

# ENGAGE

Colognes, Deodorants  
Perfume Sprays



# Vivel

Soaps



# Savlon

Antiseptic Liquid, Soaps &  
Handwash, Prickly Heat Talc



# Vivel Cell renew

Face Washes,  
Moisturisers,  
Body Lotions,  
Creams,  
Cleanser, Toner



## Lifestyle Retailing



Premium Range of Formal, Casual, Evening & Designer Wear

JOHN PLAYERS

johnplayers jeans

Casuals, Denim & Formals







## Education & Stationery Products



### classmate

Notebooks, Writing Instruments, Art Stationery, Scholastic Products



### Paperkraft

Premium Notebooks, Pens



## Incense Sticks



## Safety Matches





# Going Beyond Economic Contribution. Generating livelihoods and Enriching the Environment

**ITC's** vision to contribute to a sustainable, secure and inclusive future has brought about transformational change, particularly in areas of its engagement in rural India. Apart from ITC's e-Choupal that has helped raise farm productivity and incomes, the Company's social investment programmes have created large-scale sustainable livelihoods along with environmental replenishment that promotes climate change resilience.



These widely acknowledged initiatives include Afforestation, Watershed Development, Livestock Development, Women Empowerment, Primary Education, Vocational Training and Health & Sanitation.

**Highlights of ITC's sustainability initiatives:**

- ◆ ITC is carbon positive (for 11 consecutive years), water positive (for 14 years in a row) and solid waste recycling positive (for 9 years in succession).
- ◆ The Company meets over 47% of its total energy requirement from renewable sources, a testimony to its commitment to adopting a low carbon growth path.

- ◆ The ITC Sankhya Data Centre in Bengaluru is the first data centre in the world which has obtained LEED® certification with Platinum rating in the 'Data Centre Category' from the US Green Building Council.
- ◆ All ITC's premium luxury hotels are LEED® Platinum certified, making it the greenest luxury hotel chain in the world. ITC Grand Chola is the world's largest LEED® Platinum certified green hotel. The ITC Green Centre is the highest rated green building in the world. The ITC Green Centre at Manesar has also received the LEED® Platinum certification. Several of ITC's factories are LEED® certified.





## Generating Livelihoods and Enriching the Environment

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

*For more details, refer to the section, Sustainability - Contribution to the 'Triple Bottom Line', in the Report of the Board of Directors, and the ITC Sustainability Report.*





# Investing in India's Future Building National Assets

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

These include state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities, luxury hotels, R&D facilities, office and residential complexes that are being set up across regions,

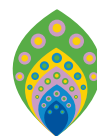
contributing to balanced economic development. These investments will not only add substantially to ITC's competitive ability but also spur livelihood creation along the entire value chain.



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



**Rs 25000  
crores**  
investment



**65  
projects**  
on the anvil



**28 million**  
sq ft built up area  
under development



## Investing in India's Future



Food Processing Unit, Haridwar, Uttarakhand



Dairy Plant, Munger, Bihar



Paperboards Manufacturing Plant, Bhadrachalam, Telangana



Integrated Food Processing & Logistics Facility, Malur, Karnataka

## Building National Assets



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



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



Foods Factory, Mysuru, Karnataka (under construction)



## Investing in India's Future. Building National Assets



ITC Grand Bharat, Gurgaon



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



ITC Gardenia, Bengaluru





# Creating Intellectual Property for the Nation through cutting-edge R&D

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

In a short period of time, ITC has filed more than 480 patent applications. The distinction does not lie as much in the number of patents filed, as in the fact that the intellectual property resident in these filings belongs also to the country of origin, that is India.





## Creating Intellectual Property for the Nation through Cutting-edge R&D



Nearly **350**  
world-class  
scientists



Over  
**480** patent  
applications for  
intellectual property



ITC Life Sciences &  
Technology Centre  
spread across  
**3.5 lakh sq ft**

## Board of Directors

### Chairman

Yogesh Chander Deveshwar

### Executive Directors

Nakul Anand

Sanjiv Puri

Rajiv Tandon

(also Chief Financial Officer)

### Non-Executive Directors

Anil Bajjal

Shilabhadra Banerjee

Arun Duggal

Angara Venkata Girija Kumar

Robert Earl Lerwill

Suryakant Balkrishna Mainak

Sunil Behari Mathur

Pillappakkam Bahukutumbi Ramanujam

Nirupama Rao

Sahibzada Syed Habib-ur-Rehman

Meera Shankar

Krishnamoorthy Vaidyanath

## Board Committees

### Audit Committee

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

### CSR and Sustainability Committee

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

### Nomination & Compensation Committee

S Banerjee	Member
Y C Deveshwar	Member
S S H Rehman	Member
M Shankar	Member
K Vaidyanath	Member
B B Chatterjee	Secretary

### Securityholders Relationship Committee

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

### Independent Directors Committee

A Bajjal	Chairman
S Banerjee	Member
A Duggal	Member
S B Mathur	Member
P B Ramanujam	Member
N Rao	Member
S S H Rehman	Member
M Shankar	Member

## Corporate Management Committee

### Executive Directors

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

### Executives

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

### Executive Vice President & Company Secretary

Biswa Behari Chatterjee

### General Counsel

Kannadiputhur Sundararaman Suresh

### Investor Service Centre

37 Jawaharlal Nehru Road, Kolkata 700 071, India

Phone : 033-2288 6426/0034

Fax : 033-2288 2358

e-mail : [isc@itc.in](mailto:isc@itc.in)

### Auditors

Deloitte Haskins & Sells

Chartered Accountants, Kolkata

### Registered Office

Virginia House

37 Jawaharlal Nehru Road, Kolkata 700 071, India

Phone : 033-2288 9371

CIN : L16005WB1910PLC001985

ITC Corporate Website : [www.itcportal.com](http://www.itcportal.com)

# Your Directors

## Y. C. Deveshwar

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

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

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

Today, ITC is a global exemplar in sustainability and is the only Company in the world of comparable dimensions

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

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

Deveshwar is a past President of CII.

In 2011, Deveshwar was conferred the Padma Bhushan, one of the highest civilian awards in the country, by the Government of India. Amongst several other awards and recognitions during his distinguished career, Deveshwar has been honoured with the Global Leadership Award by the US-India Business Council of the US Chamber of Commerce in 2010, the Business Leader of the Year Award from the All India Management Association in 2012, Business Person of the Year Award 2006 by the UK Trade & Investment, and the Sustainability Leadership Award 2007 conferred at Zurich at the International Sustainability Leadership Symposium. He was inducted to the prestigious

Hall of Pride at the Indian Science Congress in 2006. Earlier, he was also named Manager Entrepreneur of the Year 2001 by Ernst & Young. The Economic Times has conferred on Deveshwar, the Indian Visionary Business Leader Award and the Smart Green Leader Lifetime Achievement Award, the Bombay Management Association has honoured him with the Management Man of the Year Award, and the Calcutta Management Association has inducted him as the first leader on the Management Hall of Fame.

### Other Directorships

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

**Committee Membership of other Companies:** Nil

### N. Anand

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

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

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

### Other Directorships

Name of the Company	Position
International Travel House Limited	Chairman & Non-Executive Director
Gujarat Hotels Limited	Chairman & Non-Executive Director
Landbase India Limited	Chairman & Non-Executive Director
Fortune Park Hotels Limited	Chairman & Non-Executive Director
WelcomHotels Lanka (Private) Limited*	Chairman & Non-Executive Director
Srinivasa Resorts Limited	Vice-Chairman & Non-Executive Director
Bay Islands Hotels Limited	Non-Executive Director
Maharaja Heritage Resorts Limited	Non-Executive Director

## Your Directors

### Committee Membership of other Companies

Name of the Company	Committee	Position
International Travel House Limited	Nominations & Remuneration Committee	Member
Gujarat Hotels Limited	Nominations & Remuneration Committee	Member
Landbase India Limited	Nominations & Remuneration Committee	Member
Fortune Park Hotels Limited	CSR Committee	Chairman
Srinivasa Resorts Limited	Nominations & Remuneration Committee	Chairman

### S. Puri

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

Prior to his appointment as Director, Puri was President, FMCG Businesses - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis, since December 2014. He has handled a wide range of responsibilities including business leadership positions, manufacturing, operations as well as in information & digital technology. Puri became Divisional Chief Executive of the Tobacco Division in 2009, handling additionally the charge of the Company's Trade Marketing & Distribution function. He has led ITC Infotech India Limited (ITC Infotech), a wholly-owned subsidiary of ITC, as its Managing

Director from May 2006 to August 2009. He has also been on the Boards of ITC Infotech's wholly-owned subsidiaries in the UK and USA. Puri also served between 2001 and 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal. He has also been a Director on the Board of The Tobacco Institute of India and past member of the Board of Governors of Media Research Users Council.

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

### Other Directorships

Name of the Company	Position
King Maker Marketing, Inc., USA*	Non-Executive Director
Surya Nepal Private Limited*	Non-Executive Director
The Indian Society of Advertisers	Member, Executive Council

### Committee Membership of other Companies: Nil

### R. Tandon

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

Finance Advisor and member of the Management Committee of Agri Business and Tobacco Divisions.

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

### Other Directorships

Name of the Company	Position
Russell Credit Limited	Chairman & Non-Executive Director
Greenacre Holdings Limited	Chairman & Non-Executive Director
Gold Flake Corporation Limited	Chairman & Non-Executive Director
ITC Investments & Holdings Limited	Chairman & Non-Executive Director
Wimco Limited	Chairman & Non-Executive Director
Wills Corporation Limited	Chairman & Non-Executive Director
Landbase India Limited	Non-Executive Director
ITC Infotech India Limited	Non-Executive Director
ITC Infotech Limited, UK*	Non-Executive Director
ITC Infotech (USA), Inc.*	Non-Executive Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
Russell Credit Limited	Audit Committee	Chairman
	CSR Committee	Chairman
	Nomination and Remuneration Committee	Member

Name of the Company	Committee	Position
Greenacre Holdings Limited	Audit Committee	Chairman
	Nomination and Remuneration Committee	Member
Gold Flake Corporation Limited	Audit Committee	Chairman
	Nomination and Remuneration Committee	Member
Wimco Limited	Securityholders Relationship Committee	Member
	Nomination and Remuneration Committee	Member
Landbase India Limited	Audit Committee	Chairman
ITC Infotech India Limited	Audit Committee	Chairman

### A. Baijal

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

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

## Your Directors

### Other Directorships

Name of the Company	Position
IDFC Bank Limited	Chairman & Non-Executive Director
IDFC Foundation	Chairman & Non-Executive Director
Terra Firma Designs Private Limited	Managing Director
International Travel House Limited	Non-Executive Director
DHFL Pramerica Life Insurance Company Limited	Non-Executive Director
New Delhi Centre for Sight Limited	Non-Executive Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
IDFC Bank Limited	Stakeholders Welfare Committee	Member
	Nomination & Remuneration Committee	Member
	CSR Committee	Member
IDFC Foundation	Audit Committee	Chairman
	Nomination & Remuneration Committee	Member
International Travel House Limited	Nominations & Remuneration Committee	Member
	CSR Committee	Member
DHFL Pramerica Life Insurance Company Limited	Audit & Compliance Committee	Chairman
	Nomination & Remuneration Committee	Member
	CSR Committee	Member

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

### S. Banerjee

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

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

Banerjee does not hold directorship of any other company.

### A. Duggal

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

Duggal, a Mechanical Engineer from the Indian Institute of Technology, Delhi, and an MBA from



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

### Other Directorships

Name of the Company	Position
ICRA Limited	Chairman & Non-Executive Director
Mangalore Chemicals and Fertilisers Limited	Chairman & Non-Executive Director
International Asset Reconstruction Company Private Limited	Chairman & Non-Executive Director
Info Edge (India) Limited	Non-Executive Director
Dish TV India Limited	Non-Executive Director
Dr. Lal Pathlabs Limited	Non-Executive Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
ICRA Limited	Audit Committee	Member
Mangalore Chemicals and Fertilisers Limited	Audit Committee	Member
International Asset Reconstruction Company Private Limited	Nomination & Remuneration Committee	Member

Name of the Company	Committee	Position
Info Edge (India) Limited	Audit Committee	Chairman
Dish TV India Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
Dr. Lal Pathlabs Limited	Audit Committee	Member
	Remuneration & Nomination Committee	Chairman

### A. V. Girija Kumar

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

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

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

## Your Directors

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

### R. E. Lerwill

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

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

### Other Directorships

Name of the Company	Position
DJI (Holdings) plc., UK*	Non-Executive Director
Spire Healthcare Group plc., UK*	Non-Executive Director
Impello plc., UK*	Non-Executive Director
Reynolds American Inc., USA*	Non-Executive Director

**Committee Membership of other Companies:** Nil

### S. B. Mainak

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

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

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

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

### Other Directorships

Name of the Company	Position
Credit Analysis and Research Limited	Chairman & Non-Executive Director
Mahindra and Mahindra Limited	Non-Executive Director

**Committee Membership of other Companies:** Nil

**S. B. Mathur**

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

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

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

**Other Directorships**

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

**Committee Membership of other Companies**

Name of the Company	Committee	Position
Hindustan Oil Exploration Company Limited	Audit Committee	Member
National Collateral Management Services Limited	Nomination & Remuneration Committee	Member
Havells India Limited	Audit Committee	Chairman
	Stakeholders Relations Committee	Member
	CSR Committee	Member
DCM Shriram Industries Limited	Audit Committee	Member
	Stakeholders Relations Committee	Member
Infrastructure Leasing and Financial Services Limited	Nominations & Remuneration Committee	Chairman
Minda Corporation Limited	Audit Committee	Member
India Mortgage Guarantee Corporation Private Limited	Audit Committee	Member

**P. B. Ramanujam**

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

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

## Your Directors

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

Ramanujam does not hold directorship of any other company.

### Nirupama Rao

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

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

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

retirement, she was appointed Ambassador of India to the United States for a tenure of two years.

### Other Directorships

Name of the Company	Position
KEC International Limited	Non-Executive Director
Network18 Media & Investments Limited	Non-Executive Director
TV18 Broadcast Limited	Non-Executive Director
Viacom 18 Media Private Limited	Non-Executive Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
Viacom 18 Media Private Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member

### S. S. H. Rehman

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

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

Rehman was the founder President of the Hotel Association of India, and a founder member of the World Travel &

Tourism Council, Experience India / Incredible India and has headed several industry associations including tourism committees of FICCI, ASSOCHAM and CII. Rehman has been a recipient of several awards and honours, recognising his vast contribution to Indian hospitality industry.

Rehman does not hold directorship of any other company.

### Meera Shankar

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

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

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

### Other Directorships

Name of the Company	Position
Pidilite Industries Limited	Non-Executive Director
Adani Transmission Limited	Non-Executive Director
Hexaware Technologies Limited	Non-Executive Director

### Committee Membership of other Companies

Name of the Company	Committee	Position
Pidilite Industries Limited	CSR Committee	Member
Adani Transmission Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member

### K. Vaidyanath

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

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

Vaidyanath does not hold directorship of any other company.

#### Notes:

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

# Report on Corporate Governance

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

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

## THE COMPANY'S GOVERNANCE PHILOSOPHY

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

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

- (i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- (ii) This freedom of management should be exercised within a framework of effective accountability.

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

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC's governance philosophy, namely trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability.

empowerment, control and accountability. ITC believes that the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

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

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

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

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

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

The cornerstones of ITC's governance philosophy are trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability.

and is designed to prevent misuse of power, facilitate timely management of change and ensure effective management of risks. ITC believes that control is a necessary concomitant of its second core principle of governance that the freedom of management should be exercised within a framework of appropriate checks and balances.

## THE GOVERNANCE STRUCTURE

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

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee
Executive management	by the Divisional / Strategic Business Unit (SBU) Chief Executive assisted by the respective Divisional / SBU Management Committee

The three-tier governance structure ensures that:

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

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

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

The Governance Document that sets out the structure, policies and practices of governance within the organisation is available on the Company's corporate website [www.itcportal.com](http://www.itcportal.com) for general information.

## ROLES OF VARIOUS ENTITIES

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

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

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

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

**Executive Director:** The Executive Directors, as members of the CMC, contribute to the strategic management of the Company's businesses within Board approved direction / framework. Executive Directors assume overall responsibility for the strategic management including governance processes and top management effectiveness for businesses / functions

## Report on Corporate Governance

reporting to them. In the context of the multi-business character of the Company, an Executive Director is in the nature of a Managing Director for those businesses and functions reporting to him. As an Executive Director accountable to the Board for a wholly owned subsidiary or its wholly owned subsidiary, he acts as the custodian of ITC's interests and is responsible for its governance in accordance with the charter approved by the Board.

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

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

### BOARD OF DIRECTORS

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

#### Composition

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

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

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

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	27
Non-Executive Independent Directors*	7	46
Other Non-Executive Directors	4	27
<b>Total</b>	<b>15</b>	<b>100</b>

Director	Category	No. of other Directorship(s)	No. of Membership(s)/ Chairmanship(s) of Audit Committee / Stakeholders Relationship Committee of other companies
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#### Executive Directors

Y. C. Deveshwar	Chairman	6	Nil
N. Anand		7	Nil
S. Puri		3	Nil
R. Tandon		10	6 [including 5 as Chairman]

#### Non-Executive Directors

A. Bajjal	Independent Director	6	3 [including 2 as Chairman]
S. Banerjee	Independent Director	Nil	Nil
A. Duggal	Independent Director	6	5 [including 1 as Chairman]
S. B. Mathur	Independent Director	10	6 [including 1 as Chairman]
P. B. Ramanujam	Independent Director	Nil	Nil
S. S. H. Rehman	Independent Director	Nil	Nil
M. Shankar	Independent Director	2	1
A. V. Girija Kumar	Representative of General Insurers' (Public Sector) Association of India as Investor	1	Nil
R. E. Lervill	Representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c., the ultimate holding company	4	Nil
S. B. Mainak	Representative of Life Insurance Corporation of India as Investor	2	Nil
K. Vaidyanath		Nil	Nil

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



## Meetings and Attendance

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

### Board Agenda

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

### Information placed before the Board

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

- Internal Audit findings and External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Risk management processes.
- Succession to senior management (through the Nomination & Compensation Committee).
- Show Cause, demand, prosecution and adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company's net worth, and their outcome.
- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary

of the Company or any employee, which could negatively impact the Company's image.

- Product liability claims of a substantial nature, if any.
- Default, if any, in payment of dues to any major creditor.
- Write-offs / disposals (fixed assets, inventories, receivables, advances etc.) on a half-yearly basis.
- Half-yearly summary of bank guarantees issued.
- All other matters required to be placed before the Board for its review / information / approval under the Listing Regulations and other statutes.

### Post-meeting follow-up system

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

### Details of Board Meetings during the financial year

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

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

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

## Report on Corporate Governance

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

Director	No. of Board meetings attended	Attendance at last AGM
Y. C. Deveshwar	6	Yes
N. Anand	6	Yes
S. Puri <sup>1</sup>	1	NA
R. Tandon <sup>2</sup>	1	NA
A. Bajjal	6	Yes
S. Banerjee	6	Yes
A. Duggal	6	Yes
A. V. Girija Kumar <sup>3</sup>	4	NA
R. E. Lerwill	5	Yes
S. B. Mainak	6	Yes
S. B. Mathur	6	Yes
P. B. Ramanujam	4	No
S. S. H. Rehman	6	Yes
M. Shankar	6	Yes
K. Vaidyanath	5	Yes
P. V. Dhobale <sup>4</sup>	5	Yes
K. N. Grant <sup>5</sup>	6	Yes
S. H. Khan <sup>6</sup>	5	Yes

1. Appointed Executive Director w.e.f. 6th December, 2015.

2. Appointed Executive Director w.e.f. 22nd January, 2016.

3. Ceased to be Non-Executive Director from 23rd July, 2015 on completion of term; thereafter appointed Additional Non-Executive Director w.e.f. 31st July, 2015.

4. Retired as Executive Director on 6th December, 2015.

5. Retired as Executive Director on 22nd January, 2016.

6. Expired on 12th January, 2016.

### COMMITTEES OF THE BOARD

Currently, there are five Board Committees – the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee, the CSR and Sustainability Committee and the Independent

Directors Committee. The terms of reference of the Board Committees are determined by the Board from time to time. The terms of reference of the Independent Directors Committee have been adopted as provided in the statute. Meetings of each Board Committee are convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee meetings, are placed before the Board by the respective Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

#### I. AUDIT COMMITTEE

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

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

The role of the Committee includes the following:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To recommend the appointment, remuneration, terms of appointment, and removal of Statutory Auditors, and to review the manner of rotation of Statutory Auditors;
- To recommend the appointment, remuneration and removal of Cost Auditors, where necessary;
- To approve transactions of the Company with related parties, including modifications thereto;
- To review and monitor the Statutory Auditors' independence and performance, and effectiveness of the audit process;
- To evaluate the Company's internal financial controls and risk management systems;

(g) To review with the management the following:

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

(h) To review the following:

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

### Composition

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

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

### Meetings and Attendance

#### Details of Audit Committee Meetings during the financial year

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

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

#### Attendance at Audit Committee Meetings during the financial year

Director	No. of meetings attended
S. B. Mathur	10
A. Baijal	9
A. Duggal	10
P. B. Ramanujam	9
K. Vaidyanath	9

### II. NOMINATION & COMPENSATION COMMITTEE

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

## Report on Corporate Governance

### Composition

The Nomination & Compensation Committee presently comprises four Non-Executive Directors, three of whom are Independent Directors, and the Chairman of the Company. Mr. S. H. Khan, who was the Chairman of the Committee, expired on 12th January, 2016.

The names of the members of the Nomination & Compensation Committee are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

### Meetings and Attendance

#### Details of Nomination & Compensation Committee Meetings during the financial year

During the financial year ended 31st March, 2016, six meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	22nd May, 2015	6	6
2	30th July, 2015	6	6
3	31st July, 2015	6	6
4	12th August, 2015	6	5
5	30th October, 2015	6	6
6	22nd January, 2016	5	5

#### Attendance at Nomination & Compensation Committee Meetings during the financial year

Director	No. of meetings attended
S. Banerjee	6
Y. C. Deveshwar	6
S. S. H. Rehman	6
M. Shankar	6
K. Vaidyanath	5
S. H. Khan	5

### Remuneration Policy

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

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

### Remuneration of Directors

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

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

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

### Performance Evaluation of Directors

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

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

(₹ in Lakhs)

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

\* Paid to the Public Financial Institution the Director represents.

1. Appointed Executive Director w.e.f. 6th December, 2015.
2. Appointed Executive Director w.e.f. 22nd January, 2016.
3. Appointed Non-Executive Director w.e.f. 24th July, 2014.
4. Appointed Non-Executive Director w.e.f. 15th September, 2014.
5. Ceased to be Non-Executive Director from 23rd July, 2015 on completion of term; thereafter appointed Additional Non-Executive Director w.e.f. 31st July, 2015.
6. Appointed Non-Executive Director w.e.f. 25th April, 2014.
7. Retired as Executive Director on 6th December, 2015.
8. Retired as Executive Director on 22nd January, 2016.
9. Expired on 12th January, 2016.
10. Ceased to be Non-Executive Director w.e.f. 24th July, 2014.

Note: Disclosure with respect to Non-Executive Directors - Pecuniary relationship or transaction: None.

### Employee Stock Option Schemes

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

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

The vesting period for conversion of Options is as follows:

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

### Shares and Options of Directors

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

1. Options granted prior to appointment as Executive Director.

Note: Options were granted at 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

## Report on Corporate Governance

### Service Contracts, Severance Fee and Notice Period

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

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

### III. SECURITYHOLDERS RELATIONSHIP COMMITTEE

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

#### Composition

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

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

#### Meetings and Attendance

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

During the financial year ended 31st March, 2016, eleven meetings of the Securityholders Relationship

Committee were held, as follows:

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

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

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

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

### IV. CSR AND SUSTAINABILITY COMMITTEE

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

## Composition

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five Non-Executive Directors, two of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee.

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

## Meetings and Attendance

### Details of CSR and Sustainability Committee Meetings during the financial year

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

Sl. No.	Date	Committee Strength	No. of Members present
1	22nd May, 2015	5	5
2	22nd January, 2016	5	5

### Attendance at CSR and Sustainability Committee Meetings during the financial year

Director	No. of meetings attended
Y. C. Deveshwar	2
A. V. Girija Kumar <sup>1</sup>	2
R. E. Lerwill	2
S. B. Mainak	2
M. Shankar	2

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

## V. INDEPENDENT DIRECTORS COMMITTEE

The statutory role of the Independent Directors Committee of the Board is to review the performance of non-Independent Directors, the Board and the Chairman of the Company and also to assess the quality, quantity

and timeliness of flow of information between the Company management and the Board.

## Composition

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

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

## Meetings and Attendance

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

## CORPORATE MANAGEMENT COMMITTEE

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

## Composition

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

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

## Meetings and Attendance

Matters requiring the Board's attention / approval are placed in the form of notes from the relevant Executive Director / Corporate Management Committee Member, backed by comprehensive background information, alongwith Divisional / SBU Management Committee's recommendation / approval, where applicable. Agenda papers are generally circulated at least three days prior to the meeting. Minutes of Corporate Management Committee meetings are placed before the Board for its information.

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

## Report on Corporate Governance

### Details of Corporate Management Committee Meetings during the financial year

During the financial year ended 31st March, 2016, thirty nine meetings of the Corporate Management Committee were held, as follows:

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

### Attendance at Corporate Management Committee Meetings during the financial year

Member	No. of meetings attended
Y. C. Deveshwar	39
N. Anand	38
S. Puri	39
R. Tandon	39
B. B. Chatterjee	39
C. Dar <sup>1</sup>	36
S. Sivakumar	37
K. S. Suresh	34
P. V. Dhobale <sup>2</sup>	9
K. N. Grant <sup>3</sup>	12
A. Nayak <sup>4</sup>	9
T. V. Ramaswamy <sup>5</sup>	2

1. Appointed Member w.e.f. 7th June, 2015.
2. Ceased to be Member on retirement w.e.f. 7th December, 2015.
3. Ceased to be Member on retirement w.e.f. 23rd January, 2016.
4. Ceased to be Member on retirement w.e.f. 1st January, 2016.
5. Ceased to be Member on retirement w.e.f. 7th June, 2015.

### FAMILIARISATION PROGRAMME FOR DIRECTORS

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

### DISCLOSURES

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

None



- Inter-se relationships between Directors and Key Managerial Personnel of the Company:

**None**

- Materially significant related party transactions which may have potential conflict with the interests of the Company at large:

**None**

- Material financial and commercial transactions of senior management, where they may have had personal interest, and which had potential conflict with the interests of the Company at large:

**None**

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

## MEANS OF COMMUNICATION

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

- The quarterly results of the Company were announced within a month from the end of the quarter. Audited annual results alongwith the results for the fourth quarter were announced within sixty days from the end of the financial year. These results were published, inter alia, in 'The Times of India' and 'Bartaman' / 'Aajkaal' from Kolkata, and on an all India basis in major newspapers, and also in 'Luxemburger Wort', Luxembourg. As in the past, the Company will publish its quarterly, half-yearly and annual financial results and also post such results on the Company's corporate website [www.itcportal.com](http://www.itcportal.com). The Company's presentations on the results, quarterly results updates alongwith FAQs are made available on the Company's corporate website.
- The Company's corporate website provides comprehensive information on ITC's portfolio of businesses, CSR and Sustainability initiatives, EHS performance, shareholding pattern and contact details of Company's employees responsible for assisting investors & handling investor grievances. The website has entire sections dedicated to ITC's profile, history

and evolution, its core values, corporate governance and leadership. An exclusive section on 'Shareholder Value' serves to inform and service Shareholders, enabling them to access information at their convenience. The entire Report and Accounts as well as quarterly, half-yearly and annual financial results are available in downloadable formats under the section 'Shareholder Value' on the Company's website as a measure of added convenience to investors. The 'Media Centre' section includes all major media releases from the Company and relevant media reports.

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

## ITC CODE OF CONDUCT

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

### Declaration as required under the Listing Regulations

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

Kolkata, 20th May, 2016.

Y. C. Deveshwar  
Chairman

## WHISTLEBLOWER POLICY

Synopsis of the Whistleblower Policy of the Company is provided in the 'Report of the Board of Directors & Management Discussion and Analysis' in the Report

## Report on Corporate Governance

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

### POLICY FOR DETERMINATION OF A MATERIAL SUBSIDIARY

The Policy may be accessed on the Company's website at <http://www.itcportal.com/about-itc/policies/policy-on-material-subsidiaries.aspx>.

### POLICY ON RELATED PARTY TRANSACTIONS

The Policy may be accessed on the Company's website at <http://www.itcportal.com/about-itc/policies/policy-on-rpt.aspx>.

### ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2015

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

### DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS

The status of compliance with the discretionary requirements under the Listing Regulations is provided below:

1. **Chairman's Office:** The Chairman of the Company is the Executive Chairman.

The Company has a diversified business portfolio, which demands that the senior leadership has in-depth knowledge and understanding of the functioning of the Company, so as to enhance the value-generating capacity of the organisation and contribute significantly to stakeholders' aspirations and societal expectations. The Chief Executive Officer of the Company is therefore

generally chosen from amongst the executive management of the Company. The current Chief Executive Officer of the Company is also the Chairman of the Board.

2. **Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's corporate website. Significant events are also posted on this website under the 'Media Centre' section. The complete Annual Report is sent to every Shareholder of the Company.
3. **Audit Opinion:** It has always been the Company's endeavour to present financial statements with unmodified audit opinion. The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31st March, 2016.

### GENERAL SHAREHOLDER INFORMATION

Provided in the 'Shareholder Information' section of the Report and Accounts.

### CONFIRMATION OF COMPLIANCE

As required under the Listing Regulations -

- It is confirmed that the Company has complied with the requirements under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance is annexed to the 'Report of the Board of Directors & Management Discussion and Analysis' and will be forwarded to the Stock Exchanges alongwith the Annual Report of the Company.

The ITC Code of Conduct is derived from three interlinked fundamental principles – good corporate governance, good corporate citizenship and exemplary personal conduct.

**ANNEXURE TO THE REPORT ON CORPORATE GOVERNANCE**

**Remuneration Policy**

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

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

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

**Policy**

It is ITC's policy:

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

**Remuneration of Executive Directors, Key Managerial Personnel and Senior Management**

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

priorities of Executive Directors, Key Managerial Personnel and Senior Management with the long-term interests of stakeholders.

**Remuneration of Non-Executive Directors**

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

**Remuneration of Management Staff**

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

**Remuneration of Non-Management Employees**

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

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# Shareholder Information

## AGM Details

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

## Registrar & Share Transfer Agents

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

## Share and Debenture Transfer Committee

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

The Committee presently comprises the following:

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

## Shareholder / Investor Complaints

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

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

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

## Dematerialisation of Shares and Liquidity

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

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

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

**Distribution of Shareholding as on 31st March, 2016**

No. of Shares Slab	No. of Shareholders				No. of Shares					
	Physical	Demat	Total	%	Physical	%	Demat	%	Total	%
1 – 5000	35,123	4,54,861	4,89,984	93.40	2,72,54,059	0.34	15,55,40,893	1.93	18,27,94,952	2.27
5001 – 10000	3,869	12,504	16,373	3.12	2,69,38,975	0.34	8,94,65,216	1.11	11,64,04,191	1.45
10001 – 20000	1,701	7,400	9,101	1.73	2,49,09,665	0.31	10,72,02,164	1.33	13,21,11,829	1.64
20001 – 30000	474	2,701	3,175	0.61	1,14,90,835	0.14	6,66,79,494	0.83	7,81,70,329	0.97
30001 – 40000	218	1,346	1,564	0.30	76,14,305	0.09	4,68,68,643	0.59	5,44,82,948	0.68
40001 – 50000	191	829	1,020	0.19	88,13,796	0.11	3,76,17,222	0.47	4,64,31,018	0.58
50001 – 100000	211	1,526	1,737	0.33	1,44,16,025	0.18	10,64,51,593	1.32	12,08,67,618	1.50
100001 and above	79	1,601	1,680	0.32	2,42,81,16,690	30.17	4,88,78,27,416	60.74	7,31,59,44,106	90.91
<b>Total</b>	<b>41,866</b>	<b>4,82,768</b>	<b>5,24,634</b>	<b>100.00</b>	<b>2,54,95,54,350</b>	<b>31.68</b>	<b>5,49,76,52,641</b>	<b>68.32</b>	<b>8,04,72,06,991</b>	<b>100.00</b>

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

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

**Global Depository Receipts**

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

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

## Shareholder Information

### Listing of Shares on Stock Exchanges with Stock Code

Stock Exchange	Stock Code
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100-14 Facsimile no. : 022-2659 8120 e-mail : ignse@nse.co.in website : www.nseindia.com	ITC
BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Telephone nos. : 022-2272 1233/34 Facsimile no. : 022-2272 1919 e-mail : is@bseindia.com website : www.bseindia.com	500875
The Calcutta Stock Exchange Ltd. (CSE) 7, Lyons Range Kolkata 700 001 Telephone no. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : cseisc@cse-india.com website : www.cse-india.com	10000018

The Listing Fees for the financial year 2016-17 have been paid to the Stock Exchanges.

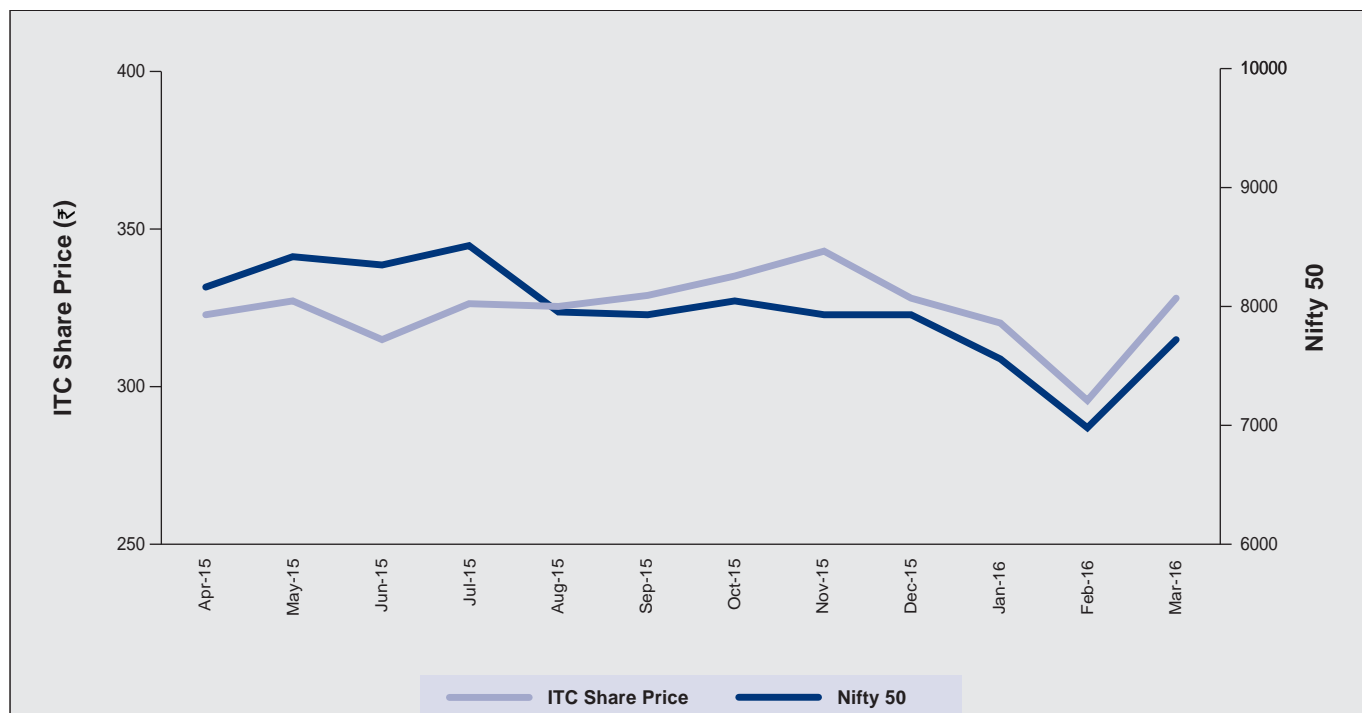
Stock Exchange	Reuters Code	Bloomberg
NSE	ITC.NS	ITC IS
BSE	ITC.BO	ITC IB

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

Year & Month	NSE			BSE			LSE		
	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (US\$)	Low (US\$)	Volume in 000's (Nos.)
2015 APRIL	358.60	321.20	147180	357.95	321.35	7304	5.68	5.07	12
MAY	335.90	312.75	156357	334.95	312.95	10242	5.50	4.91	35
JUNE	333.75	294.00	148281	333.45	294.50	10015	5.22	4.63	43
JULY	327.40	300.00	113975	327.20	300.60	8660	5.11	4.76	210
AUGUST	333.50	303.00	153250	333.20	308.70	10769	5.35	4.79	50
SEPTEMBER	329.85	307.00	129432	330.00	308.00	13833	5.02	4.69	11
OCTOBER	359.80	326.80	129252	359.75	327.00	7532	5.52	4.76	12
NOVEMBER	353.00	327.10	119503	353.00	327.10	4417	5.33	4.98	...
DECEMBER	349.75	310.55	155850	350.80	310.70	8431	5.26	4.70	15
2016 JANUARY	329.00	302.60	127060	328.50	302.90	4865	N.A.	N.A.	Nil
FEBRUARY	325.95	268.00	182883	325.75	268.00	13290	4.78	4.16	228
MARCH	336.20	305.00	235332	336.10	302.00	17951	N.A.	N.A.	Nil

There was no trading in the Company's shares on CSE during the financial year 2015-16.

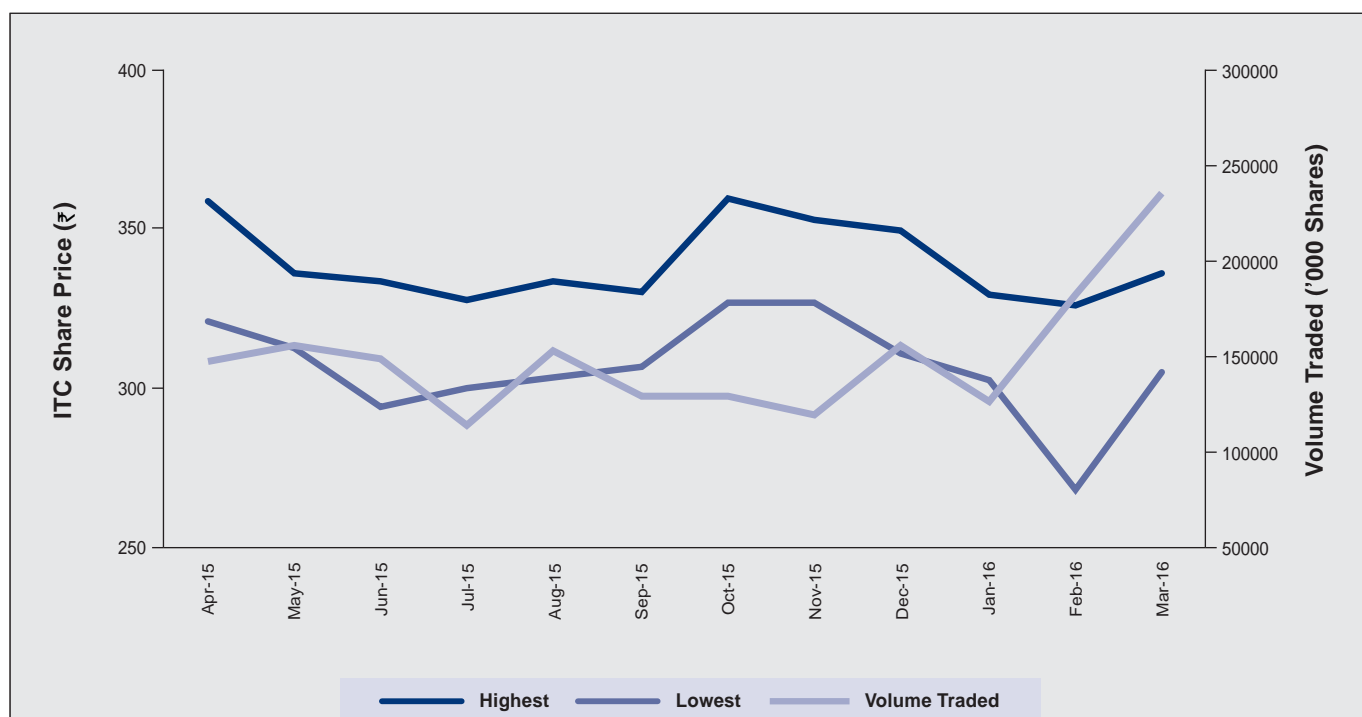
### ITC Share Price vis-à-vis Nifty 50



Note – Indicates monthly closing positions.

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

### ITC Share Price & Volume traded on NSE



Note – Indicates monthly high & low price and monthly volume.

## Shareholder Information

### Dividend History (Last 10 Years)

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

Financial Year	Dividend per Share (₹)	Dividend (₹ in Crores)	Dividend Distribution Tax (₹ in Crores)	Total Dividend including Dividend Distribution Tax (₹ in Crores)
2015-16	8.50 *	6840.12	1392.48	8232.60
2014-15	6.25	5009.70	1019.86	6029.56
2013-14	6.00	4771.91	810.99	5582.90
2012-13	5.25	4148.46	705.03	4853.49
2011-12	4.50	3518.29	570.75	4089.04
2010-11	4.45 @	3443.48	558.62	4002.10
2009-10	10.00 \$	3818.18	634.15	4452.33
2008-09	3.70	1396.53	237.34	1633.87
2007-08	3.50	1319.02	224.17	1543.19
2006-07	3.10	1166.29	198.21	1364.50

\* Subject to approval of Shareholders and includes special dividend of ₹ 2.00 per share.

@ On expanded Share Capital arising out of Bonus shares issued in the ratio of 1:1 and includes special dividend of ₹ 1.65 per share.

\$ Includes special Centenary dividend of ₹ 5.50 per share.

### Financial Calendar

Financial Year 2016-17		
1	First Quarter Results	July 2016
2	Second Quarter and Half-Year Results	October 2016
3	Third Quarter Results	January 2017
4	Fourth Quarter and Annual Results	May 2017

### Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
104th	2014-15	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046	31/07/2015	10.00 a.m.	—
103rd	2013-14		30/07/2014		<ul style="list-style-type: none"> <li>Approval to retain the number of Directors on the Board of Directors at eighteen, in line with the Articles of Association of the Company.</li> <li>Amendment to the Articles of Association of the Company for incorporation of Article 10A with respect to charging of fees for copies of documents / registers / records.</li> </ul>
102nd	2012-13		26/07/2013		<ul style="list-style-type: none"> <li>Appointment of Auditors.</li> <li>Payment of commission to Non-Executive Directors.</li> </ul>



## Postal Ballot and E-Voting

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

## Plant Locations

### CIGARETTE FACTORIES

#### Bengaluru

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

#### Kolkata

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

#### Munger

3. Basdeopur P.O.  
District Munger  
Bihar 811 202

#### Pune

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

#### Saharanpur

5. Sardar Patel Marg  
Saharanpur  
Uttar Pradesh 247 001

### GREEN LEAF THRESHING PLANTS

#### Anaparti

1. Anaparti  
East Godavari District  
Andhra Pradesh 533 342

#### Chirala

2. Chirala  
Prakasam District  
Andhra Pradesh 523 157

#### Nanjangud

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

### PACKAGING & PRINTING FACTORIES

#### Chennai

1. Tiruvottiyur  
Chennai  
Tamil Nadu 600 019

#### Haridwar

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

#### Munger

3. Basdeopur P.O.  
District Munger  
Bihar 811 202

### PAPER & PAPERBOARD MILLS

#### Bollaram

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

#### Sarapaka

2. Sarapaka Village  
District Khammam  
Telangana 507 128

#### Thekkampatty

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

#### Tribeni

4. Village & Post Chandrahati  
District Hooghly  
West Bengal 712 504

### FOODS FACTORIES

#### Dhulagarh

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

#### Haridwar

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

#### Malur

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

#### Munger

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

#### Pune

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

### PERSONAL CARE PRODUCTS FACTORIES

#### Haridwar

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

#### Manpura

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

### LIFESTYLE RETAILING

#### Design & Technology Centre

#### Manesar

- Plot No. 3, Sector - 5  
IMT Manesar, Gurgaon  
Haryana 122 050

### PLANTS UNDER CONSTRUCTION

#### Ambarnath

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

#### Haridwar

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

#### Kamrup

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

## Shareholder Information

### Kapurthala

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

### Khordha

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

### Medak

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

### Nanjangud

- Integrated Consumer Goods Manufacturing Facility  
Thandya Industrial Area  
Immavu & Adakanahalli Village  
Nanjangud Taluk  
District Mysuru  
Karnataka 571 302

### Panchla

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

### Pudukkottai

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

### Pune

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

### Sehore

- Integrated Consumer Goods Manufacturing and Logistics Facility  
Village Lasudia Khaas  
Tehsil Ashta  
District Sehore  
Madhya Pradesh 466 113

### Uluberia

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

## HOTELS

### Owned Hotels

#### Agra

- ITC Mughal\*  
Taj Ganj  
Agra 282 001

#### Bengaluru

- ITC Gardenia\*  
1, Residency Road  
Bengaluru 560 025

- ITC Windsor\*  
25, Windsor Square  
Golf Course Road  
Bengaluru 560 052

- My Fortune, Bengaluru  
46, Richmond Road  
Bengaluru 560 025

#### Chennai

- ITC Grand Chola\*  
63, Mount Road, Guindy  
Chennai 600 032

- My Fortune, Chennai  
Cathedral Road  
Chennai 600 086

#### Jaipur

- ITC Rajputana\*  
Palace Road  
Jaipur 302 006

#### Kolkata

- ITC Sonar\*  
1, JBS Haldane Avenue  
Kolkata 700 046

#### Mumbai

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

#### New Delhi

- ITC Maurya\*  
Sardar Patel Marg  
Diplomatic Enclave  
New Delhi 110 021

- Sheraton New Delhi Hotel  
District Centre, Saket  
New Delhi 110 017

### Licensed Hotels

#### Ahmedabad

- Fortune Park, Ahmedabad  
Ellis Bridge  
Ahmedabad 380 006

#### Gurgaon

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

#### Kota

- WelcomHeritage Umed Bhawan  
Palace  
Palace Road  
Kota 324 001

#### Port Blair

- Fortune Resort Bay Island  
Marine Hill  
Port Blair 744 101

#### Vadodara

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

### Hotels Under Operating Services

#### Aurangabad

- WelcomHotel Rama International  
R-3, Chikalthana  
Aurangabad 431 210

#### Hyderabad

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

#### Jodhpur

- WelcomHotel Jodhpur  
Khasra No. 53  
Village - Uchiyada  
Jodhpur 342 027

#### Khimsar

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

#### New Delhi

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

#### Panchkula

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

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

### Visakhapatnam

24. WelcomHotel Grand Bay  
Beach Road  
Visakhapatnam 530 002

### CHOUPAL SAAGARS – RURAL SERVICES CENTRES

#### Amravati

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

#### Badaun

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

#### Bahraich

3. Khasra No. 475-476, 477 (Part),  
496-kha (Part), 497, 498 (Part),  
500-Mi, 501-505, 507 & 509  
Village Mohammad Nagar  
Tehsil, Pargana & District Bahraich  
Uttar Pradesh 271 801

#### Chandouli

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

#### Chindwara

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

#### Dewas

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

#### Dhar

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

#### Gonda

8. Arazi No. 420 (Part), 421-424,  
427-428, 431, 433-434, 442-446,  
447 (Part), 448 (Part), 450-456,  
456 (kha) & 457 (Part)  
Village Haripur  
Tehsil & District Gonda  
Uttar Pradesh 271 001

#### Hardoi

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

#### Hathras

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

#### Itarsi

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

#### Jagdishpur

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

#### Mandsaur

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

#### Mhow

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

#### Nagda

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

#### Parbhani

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

#### Pilibhit

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

#### Ratlam

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

#### Sehore

19. Khasra No. 208-209  
Patwari Halka No. 36  
Village Rafiqganj  
Tehsil & District Sehore  
Madhya Pradesh 466 001

#### Ujjain

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

#### Vidisha

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

#### Wardha

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

#### Washim

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

#### Yavatmal

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

## Shareholder Referencer

### Unclaimed Dividend

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

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

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

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

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

### Unclaimed Shares

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

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

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

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

### Service of documents through Electronic Mode

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

### Remittance of Dividend through Electronic Mode

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

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

### Bank Details

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

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

### Permanent Account Number (PAN)

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

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

### Nomination Facility

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

### Depository Services

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

### Address for Correspondence with Depositories

National Securities Depository Limited  
Trade World, 'A' Wing, 4th & 5th Floors  
Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai 400 013

Telephone no. : 022-2499 4200  
Facsimile no. : 022-2497 6351  
e-mail : info@nsdl.co.in  
website : www.nsdl.co.in

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 17th Floor  
Dalal Street  
Fort  
Mumbai 400 001

Telephone no. : 022-2272 3333  
Facsimile no. : 022-2272 3199  
e-mail : helpdesk@cdslindia.com  
website : www.cdslindia.com

### Address for Correspondence with ISC

Investor Service Centre  
ITC Limited  
37 Jawaharlal Nehru Road  
Kolkata 700 071  
India

Telephone nos. : 033-2288 6426 / 0034  
Facsimile no. : 033-2288 2358  
e-mail : isc@itc.in  
website : www.itcportal.com

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

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

# Report of the Board of Directors

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## Management Discussion and Analysis

For the Financial Year Ended 31st March, 2016

### SOCIO-ECONOMIC ENVIRONMENT

The global economy remained lacklustre in 2015 with growth slowing down to just 3.1% compared to 3.4% in 2014 (as per latest IMF estimates). This marks the slowest pace of expansion since the global financial crisis in 2009 and the fourth successive year that the global economy has grown at a rate lower than its long-term average of 3.6% p.a. The Emerging Market & Developing Economies witnessed further deceleration in growth from 4.6% in 2014 to 4.0% in 2015 with the Chinese economy slowing down from 7.3% in 2014 to 6.9% in 2015 and other major constituent economies like Brazil and Russia witnessing contraction.

The Advanced Economies, on the other hand, recorded a marginal uptick in growth - from 1.8% in 2014 to 1.9% in 2015. The US economy posted a muted growth of 2.4% for the second year in a row due to weak exports and decline in investments. The pace of economic activity improved in the Euro Area which grew by 1.6% during the year compared to 0.9% in 2014, aided by strengthening domestic demand and supportive financial conditions.

Recovery in global economic activity is expected to remain subdued over the near / medium term with only a modest cyclical uptick to 3.2% in 2016 and 3.5% in 2017 as per IMF estimates. Such sub-par growth outlook is largely attributable to the structural '3D Challenge' facing the global economy - high levels of Debt, weakening Demographic trends with rising age dependency ratios even in emerging economies (excluding India and Africa) and persistent Deflationary pressures. The Emerging Market & Developing Economies are likely to witness another year of muted growth at 4.0% before improving to 4.6% in 2017, aided by Brazil and Russia coming out of deep recession. Growth in China is projected to slow down further to

6.5% in 2016 and 6.2% in 2017, reflecting the ongoing rebalancing of the economy towards a more sustainable and broad-based consumption and services led growth. The outlook for the Advanced Economies point to the absence of any material pick-up in economic activity over the next two years, with GDP growth projected at 1.9% in 2016 (in line with 2015) and 2.0% in 2017.

Within Advanced Economies, growth in the United States is projected to remain subdued around the 2.5% mark over the next two years due to strengthening of the dollar, weak manufacturing activity and decline in energy investments due to lower oil prices. The modest recovery in the Euro Area is likely to continue in 2016-17, with low energy prices, moderate fiscal expansion and supportive financial conditions outweighing weakening external demand.

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

The Indian economy witnessed another challenging year growing by 7.5% in real terms during the first nine months of 2015-16 representing a marginal improvement over 2014-15 (7.2%). However, there was a marked decline in Nominal GDP growth which stood at 8.1% for the period April 2015 to December 2015 compared to 11.4% for the corresponding period in the previous year.

Looking beyond the GDP numbers, a wide range of economic indicators suggest tepid performance across consumption, private investments and exports which have contracted significantly against the backdrop of a

Despite prospects of modest improvement in certain sections of the world economy, global recovery remains fragile. The Indian economy witnessed another challenging year growing by 7.5% in real terms during the first nine months of 2015-16 representing a marginal improvement over 2014-15 (7.2%).

soft global demand environment. While growth in Private Final Consumption Expenditure (PFCE) is estimated at 7.6% for 2015-16 (compared to 6.2% in 2014-15), lower rural demand on the back of two consecutive years of sub-par monsoons, muted sales of tractors and two wheelers, and a marked deceleration in corporate sales growth point to a persistent weakness in Private Consumption. The performance of the Industry sector also remained subdued as reflected by the Index of Industrial Production (IIP) which grew by just 2.6% during the period April 2015 to February 2016. It was a challenging year for the capital markets as well, with the Sensex declining by 9% during the year (after rising 25% in 2014-15), reflecting the sluggish business environment, slower than expected progress on the reforms agenda and muted growth in corporate earnings.

On the positive side, Inflation remained well within the comfort zone aided by low global crude oil and commodity prices. While Wholesale Price Index (WPI) for 2015-16 has remained in the negative zone for 16 consecutive months, Core CPI inflation also eased to 4.6% in 2015-16 as compared to 5.5% in 2014-15.

The subdued inflation levels provided the much needed space for monetary accommodation, with the RBI reducing policy rates by a cumulative 75 basis points during the year. There was significant improvement on the 'twin deficit' front as well. Fiscal Deficit was contained within target at 3.9% of GDP in 2015-16 aided by buoyant indirect tax collections, decline in oil subsidies and compression in Government expenditure. Despite a significant decline in exports, the Current Account Deficit stood at a comfortable level of 1.4% of GDP, primarily due to a lower import bill on account of the steep fall in crude oil prices and lower gold imports.

As per median estimates, based on the Survey of Professional Forecasters conducted by RBI, the Indian economy is likely to grow by 7.7% in 2016-17. The pace of growth is unlikely to witness significant acceleration in the short term in view of a weak global economic environment and muted growth in private investments given the relatively low levels of capacity utilisation and stretched corporate balance sheets. The proposed

implementation of the recommendations of the 7th Pay Commission, 'One Rank One Pension' (OROP) scheme, low inflation and expectations of normal monsoons in the ensuing year represent some of the key factors that are likely to positively influence Private Consumption going forward.

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

The 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely ensuring uni-dimensional 'shareholder value', is the driving force that defines ITC's sustainability vision and its growth path into the future.

## Report of the Board of Directors

would go a long way in creating sustainable livelihoods while simultaneously augmenting the nation's environmental capital.

For a country like India which has a disproportionately low share of global natural resources relative to its large population, where millions continue to live in abject poverty, and a young demographic profile which entails 12 million people entering the job market every year, the focus both at the national and corporate level should be on fashioning strategies that foster sustainable, equitable and inclusive growth. Policies and regulations must be aligned towards encouraging businesses to adopt a low-carbon growth path and support the creation of sustainable livelihoods and societal capital.

Differentiated and preferential incentives, in the form of fiscal or financial benefits to companies that adopt sustainable business practices would act as a force multiplier towards achieving this critical national goal. It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital with enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely ensuring uni-dimensional 'shareholder value', is the driving force that defines your Company's sustainability vision and its growth path into the future.

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

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

### FINANCIAL PERFORMANCE

The business landscape in your Company's operating segments was rendered extremely challenging during the year in the wake of unprecedented pressure on the

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

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

Your Directors are pleased to recommend a Special Dividend of ₹ 2.00 per share in addition to the Ordinary Dividend of ₹ 6.50 per share (previous year ₹ 6.25 per share) for the year ended 31st March, 2016. Total cash outflow in this regard will be ₹ 8232.60 crores including Dividend Distribution Tax of ₹ 1392.48 crores.

Your Directors also recommend issuance of 1 Bonus Share of ₹ 1/- each, for every 2 existing Ordinary Shares of ₹ 1/- each held by Members on the record date.

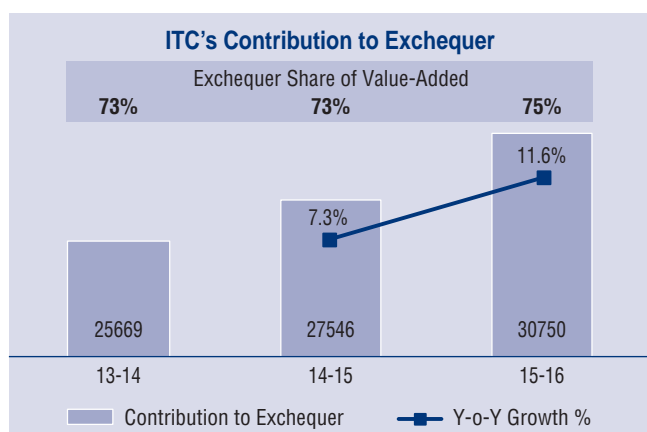
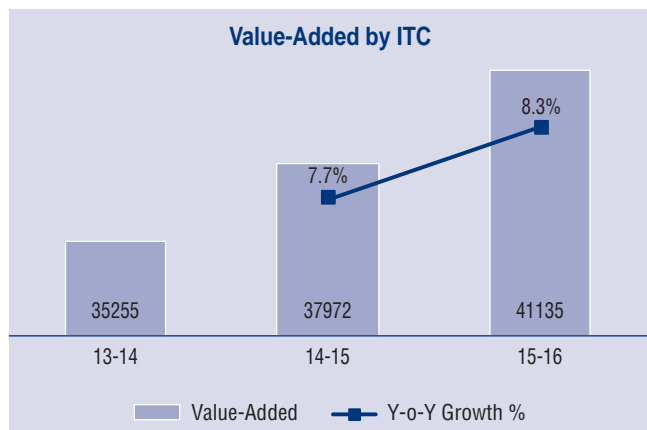
Your Directors further recommend a transfer to General Reserve of ₹ 990.00 crores (previous year ₹ 970.00 crores). Consequently, the Surplus in Statement of Profit and Loss as at 31st March, 2016 would stand at ₹ 9440.48 crores (previous year ₹ 8767.35 crores).

The Company's business landscape was rendered extremely challenging by unprecedented pressure on the legal cigarette industry; sluggish demand and price deflationary conditions in FMCG; excess room inventory in the Hotels industry; higher crop output and steeper currency depreciation in competing origins impacting agri exports and weak demand in the Paperboards, Paper & Packaging segment.



## VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

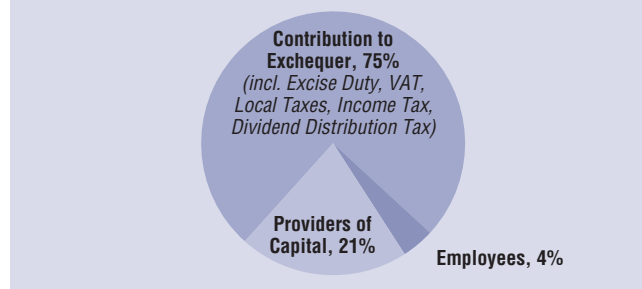
(₹ in Crores)



While profit growth moderated during the year especially in comparison with your Company's own track record, it is pertinent to note that Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, grew by 8.3% over last year to ₹ 41135 crores. Your Company's Contribution to Exchequer during the year stood at ₹ 30750 crores representing a growth of 11.6% over last year.

It is pertinent to note that the incremental Value-Added during the year by your Company accrued entirely to the Exchequer. Consequently, the share of Contribution to Exchequer in total Value-Added by your Company increased further - from 73% in 2014-15 to 75% in 2015-16.

### Share of Value-Added – 2015-16



Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represents 81% of its Value-Added during the year.

Your Company remains amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

### FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All Businesses in the ITC portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. Foreign exchange earnings of the ITC Group over the last ten years aggregated nearly US\$ 6.8 billion, of which agri exports constituted 57%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

During the financial year 2015-16, your Company and its subsidiaries earned ₹ 4367 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 3644 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1672 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1461 crores and import of capital goods at ₹ 211 crores. Details of foreign exchange earnings and outgo are provided in Note 31 to the Financial Statements.

Your Company's contribution to the Central and State Governments represents 81% of its Value-Added during the year, including the share of dividends paid and retained earnings attributable to government owned institutions.

## Report of the Board of Directors

### PROFITS, DIVIDENDS AND SURPLUS

(₹ in Crores)

PROFITS	2016	2015
a) Profit Before Tax	14958.39	13997.52
b) Tax Expense		
– Current Tax	4896.06	4020.99
– Deferred Tax	217.62	368.80
c) Profit for the year	9844.71	9607.73
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
a) At the beginning of the year	8767.35	6139.09
b) Less: Loss for the period from 1st April, 2013 to 31st March, 2014 adjusted pursuant to the Scheme of Arrangement [Refer Note 31 (x)]	–	8.01
c) Add: Unrecognised Net Deferred Tax assets as on 1st April, 2013 adjusted pursuant to the Scheme of Arrangement [Refer Note 31 (x)]	–	45.84
d) Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets (Net of Deferred Tax ₹ Nil; 2015: ₹ 24.88 crores) [Refer Note 31 (xi)]	–	48.32
e) Add : Profit for the year	9844.71	9607.73
f) Less:		
– Transfer to General Reserve	990.00	970.00
– Proposed Dividend		
• Ordinary Dividend of ₹ 6.50 (2015 - ₹ 6.25) per share	5230.68	5009.70
• Special Dividend of ₹ 2.00 (2015 - ₹ Nil) per share	1609.44	–
– Income Tax on Proposed Dividend		
• Current Year	1392.48	1019.86
• Earlier year's provision no longer required	(51.02)	(30.58)
g) At the end of the year	9440.48	8767.35

### BUSINESS SEGMENTS

#### A. FAST MOVING CONSUMER GOODS

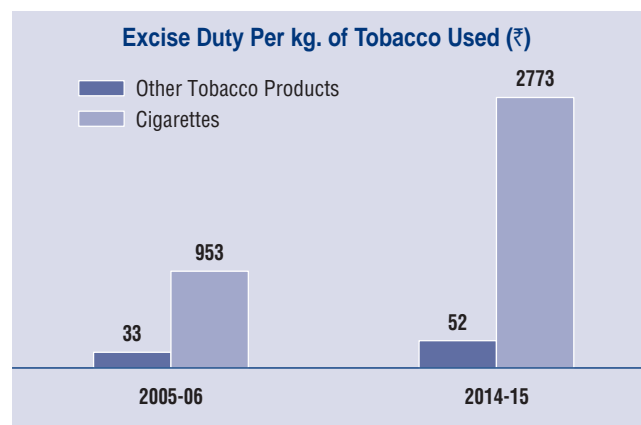
##### FMCG - Cigarettes

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

Over the last 4 years, the incidence of Excise Duty and VAT on cigarettes, at a per unit level, has gone up

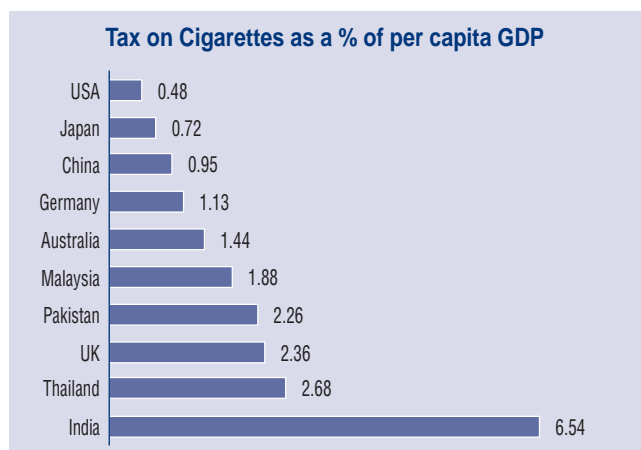
cumulatively by 118% and 142% respectively thereby exerting severe pressure on legal industry volumes even as illegal trade grows unabated.

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



Source: Tobacco Institute of India

An analysis of the WHO Report on Tobacco Taxation, 2015<sup>1</sup> reveals that at 6.5% of per capita GDP, cigarette taxes in India are amongst the highest in the world. In fact, cigarette taxes in India are 14 times higher than USA, 9 times higher than Japan, 7 times higher than China, 5 times higher than Australia and 3 times higher than Malaysia and Pakistan as is evident from the chart given below:



Source: WHO Report on Global Tobacco Taxation, 2015

<sup>1</sup> As per WHO Report on Global Tobacco Taxation, 2015, cigarette taxes (for 2000 cigarettes of the most sold brand covering both Central and State Taxes) in India represent 6.5% of per capita GDP.

High incidence of taxation and a discriminatory regulatory regime on cigarettes in India have over the years led to a significant shift in tobacco consumption to lightly taxed or tax-evaded tobacco products like bidi, khaini, chewing tobacco, gutkha and illegal cigarettes which presently constitute over 89% of total tobacco consumption in the country. Thus, the share of legal cigarettes in overall tobacco consumption has progressively declined from 21% in 1981-82 to 11% in 2014-15 even as overall tobacco consumption has increased in India. About 68% of India's tobacco industry is in the unorganised sector with little or no regulatory oversight. Besides adversely impacting the performance of the legal cigarette industry, this has led to sub-optimisation of the revenue potential from the tobacco sector.

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

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

proactive initiatives have resulted in significant increase in seizure of smuggled cigarettes.

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

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

High incidence of taxation and a discriminatory regulatory regime on cigarettes in India have over the years led to a significant shift in tobacco consumption to lightly taxed and illegal cigarettes which presently constitute over 89% of total tobacco consumption in the country.

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and SEZ units, ban on cigarettes from personal baggage allowance and duty-free trade and exclusion of tobacco and tobacco products from preferential treatment under Free Trade Agreements that India is party to.

Over and above a punitive and discriminatory taxation regime, the legal Cigarette industry continues to be subjected to increasingly stringent regulations. A Government notification, originally proposed to be effective from 1st April, 2015, increased the size of graphic health warnings (GHW) from 40% of the surface area on one side of the cigarette package to 85% of the surface area of both sides of the package, and substituted the previous pictures with even more gruesome and repulsive ones. The implementation of the new GHW was subsequently kept in abeyance by the Central Government pending the recommendations of the Parliamentary Committee on Subordinate Legislation (PCOSL) which was tasked with the responsibility of examining the issue of introduction of larger GHW in India. The decision to defer the notification till completion of PCOSL's review was reiterated by the Government in the Parliament<sup>2</sup>. Nevertheless, whilst the PCOSL was engaged in the matter, on 24th September, 2015, the Central Government notified that the new GHW would come in to effect from 1st April, 2016. On 15th March, 2016, the PCOSL in its Final Report recommended that the size of the GHW should be kept at 50% on both sides of the cigarette package as opposed to 85% proposed by the Government.

The implementation of any change in health warnings on cigarette packages is an elaborate process for manufacturers, entailing months of preparation involving substantial cost and effort. Since the matter of new GHW was under the Parliamentary Committee's consideration, and the Government had itself held out that it would await the Committee's report, the industry was led to believe that the Government would re-notify new health warnings after considering the Committee's recommendations. Further, the question of the legality

<sup>2</sup> Reply to Lok Sabha Unstarred Question No.851 on 24th July, 2015.

of the new warnings was and continues to be pending before the Court. In this situation, your Company, as any prudent person would, did not commit to wasting substantial resources in creating the large number of cylinders and other tools necessary for a changeover of the warnings. As a result, your Company was not in readiness to print the new GHW and was compelled to cease manufacture of cigarettes with effect from 1st April, 2016 pending clarity on the matter.

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

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

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

A Government notification has increased the size of graphic health warnings (GHW) from 40% of the surface area on one side of the cigarette package to 85% of the surface area of both sides of the package. The proposed GHW is excessively large, extremely gruesome and unreasonable.

The proposed GHW is excessively large, extremely gruesome and unreasonable. There is no evidence to suggest that cigarette smoking would cause the diseases depicted in the pictures or that large GHW will lead to reduction in consumption. In fact this inadequacy of evidence prompted the courts in USA to hold that the US FDA's proposal for introduction of similar GHW in that country as unconstitutional. Further, over 100 countries representing 60% of the signatories to the Framework Convention on Tobacco Control have not adopted GHW<sup>3</sup>. It is pertinent to note that other major tobacco producing countries have taken a considered view on the matter and have not adopted over-sized and excessive graphic health warnings, thus striking a balance between the interests of the consumer and of their farmers. It may also be noted that the global average size for GHW is only about 30% coverage of the principal display area. Moreover, the top three cigarette consuming countries - USA, China and Japan - which together account for 51% of global cigarette consumption have only text based warnings and have not adopted pictorial / graphic health warnings.

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

<sup>3</sup> Canadian Cancer Society – Cigarette Package Health Warnings, International Status Report, Fourth Edition, September 2014.

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

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

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

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

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

The Tobacco industry in India supports the livelihood of over 45 million people including vulnerable sections of the society like farmers, farm labour, rural poor, women, tribals etc. and contributes around ₹ 30,000 crores to the national exchequer.

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'EON' which was launched in Hyderabad and Kolkata in the previous year. During the year, your Company extended the brand to target markets and also augmented its product portfolio with the launch of a rechargeable variant - 'EON Charge' - in Bengaluru and Delhi.

Being a nascent category, regulations with respect to EVD continue to evolve globally. European Union has proposed to regulate EVDs under its Tobacco Products Directive, 2014 subject to certain conditions. In the US, the Food and Drug Administration has recently issued deeming regulations that empower it to administer EVDs as Tobacco Products subject to fulfilment of certain conditions. In both EU and US, manufacturers also have the option of applying for medicine / drug licence for EVDs. In India, your Company continues to engage with the Government to evolve appropriate regulations for this novel category.

In the Nicotine Gum category, the presence of your Company's brand, 'Kwiknic', was expanded with the introduction of the product in the chemists channel during the year. The Business also launched a new variant - 'Kwiknic Neo' - in select markets which has received encouraging response from consumers.

During the year, your Company's Bengaluru, Kolkata and Saharanpur cigarette factories were awarded and recognised as 'Future Ready Factory - Platinum Rating: FMCG Sector, Mega Large Business' under the aegis of the Indian Manufacturing Excellence Awards (IMEA) by Frost & Sullivan, a global consulting firm. This highly acclaimed award acknowledges Indian manufacturing capability and its global competitiveness. Concurrently, your Company's cigarette supply-chain was also conferred the IMEA award for 'Supply Chain Leadership' in recognition of consistent achievement of higher levels of recognition (Platinum / Gold) on the Global Supply Chain Excellence model of IMEA. This award acknowledges the strong leadership commitment, excellence in manufacturing plants and at key supply

chain partners and building of reliable and responsive supply chains. Your Company was the only Indian company to be honoured with this distinction during the year under review.

The Business continues to receive industry recognition and accolades for its commitment to and excellence in sustainability. The Bengaluru factory received the 'Overall Leader Award' and the Ranjangaon factory received the 'Leader Award' under the aegis of Green Manufacturing Excellence Awards (GMEA) by Frost & Sullivan. The Bengaluru and Ranjangaon factories also received the 'Excellent Energy Efficiency Unit' award under the Confederation of Indian Industry's National Awards for Excellence in Energy Management. The Munger factory received the first prize in FICCI Water Awards.

The operating environment for the legal cigarette industry is likely to remain extremely challenging in the year ahead in view of the high levels of taxation which was exacerbated by a further increase of 10% in Excise Duty as announced in the Union Budget 2016, rising illegal trade and increasing regulatory pressures including the new graphic health warnings. Despite these challenges, your Company remains confident of sustaining its leadership position in the legal cigarette industry by leveraging its superior strategies, comprehensive product portfolio and world-class execution capabilities.

### FMCG - Others

The FMCG industry faced another challenging year with demand conditions remaining sluggish for the third year in succession. The slowdown in the broader economy – as reflected by the marked deceleration in Nominal GDP growth, the absence of any material pick-up in consumption expenditure and headwinds in rural demand due to the second successive year of sub-par monsoons - was manifest in your Company's operating segments in the FMCG space. The year also witnessed price deflationary conditions with industry

Your Company remains confident of sustaining its leadership position in the legal cigarette industry by leveraging its superior strategies, comprehensive product portfolio and world-class execution capabilities.

players passing on the benefit of decline in input prices to consumers with a view to bolstering sales volumes. While it is anticipated that the FMCG industry will take a few more quarters for demand revival, the green shoots of economic recovery, expectations of normal monsoons, low inflation, proposed implementation of the recommendations of the 7th Pay Commission and the 'One Rank One Pension' scheme augur well for the industry. The structural drivers of long-term growth such as increasing affluence and consumer awareness, a young and expanding workforce and increasing urbanisation amongst others, remain firmly in place and the FMCG industry is poised for rapid growth in the ensuing years.

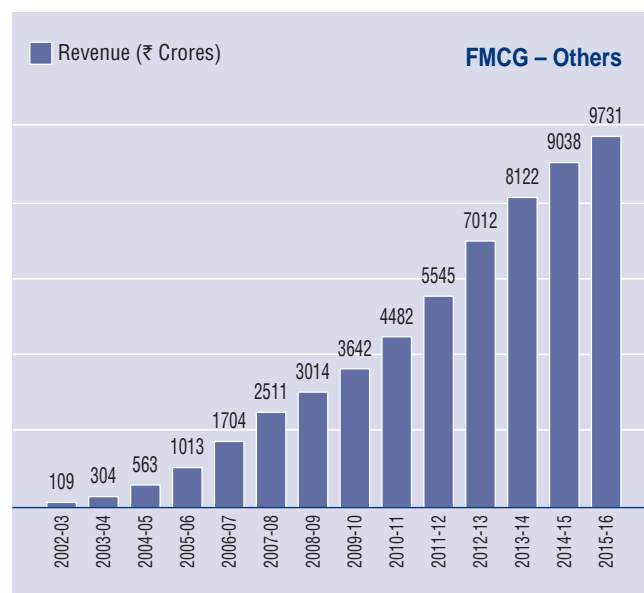
Your Company's FMCG-Others Businesses clocked Segment Revenue of ₹ 9731.17 crores during the year, representing a growth of 7.7% over the previous year. While revenue growth during the year was relatively subdued, it is pertinent to note that apart from the factors as aforesaid, your Company had to contend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

Your Company continued to make investments during the year towards enhancing brand salience and consumer connect while simultaneously focusing on implementing strategic cost management measures across the value chain and adopting a judicious pricing approach.

Several initiatives were also implemented during the year towards leveraging the rapidly growing e-commerce channel for enhanced reach of your Company's products and harnessing digital and social media platforms for deeper consumer engagement.

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

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



The FMCG industry faced another challenging year with demand conditions remaining sluggish for the third year in succession. The slowdown in the broader economy was manifest in your Company's operating segments in the FMCG space.

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Your Company's vibrant portfolio of brands viz., 'Aashirvaad', 'Sunfeast Dark Fantasy', 'Sunfeast Yumfills', 'Sunfeast Delishus', 'Sunfeast Mom's Magic', 'Sunfeast Bounce', 'Bingo! Tedhe Medhe', 'Bingo! Mad Angles', 'Yumitos', 'YiPPee!', 'Candyman', 'mint-o', 'GumOn', 'Kitchens of India', 'Aashirvaad Svasti' in the Branded Packaged Foods space; 'Classmate' and 'Paperkraft' in Education and Stationery products market; 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel', 'Superia' and 'Engage' in the Personal Care products segment; 'Wills Lifestyle' and 'John Players' in the Lifestyle Retailing Business; 'Mangaldeep' in Agarbattis, 'Aim' in Matches, amongst others continue to garner consumer franchise and enhance market standing. These brands, which represent an annual consumer spend of over ₹ 12000 crores in aggregate, have been built organically by your Company over a relatively short period of time - a feat unparalleled in the Indian FMCG industry. In terms of annual consumer spend, Aashirvaad and Sunfeast are today over ₹ 3000 crores and ₹ 2500 crores respectively while Classmate and Bingo! are over ₹ 1000 crores each. These world-class Indian brands support the competitiveness of domestic value chains of which they are a part, ensuring creation and retention of value within the country.

In line with the corporate strategy of creating multiple drivers of growth, your Company seeks to rapidly scale up the FMCG Businesses leveraging its institutional strengths viz. deep consumer insight, proven brand building capability, a deep and wide distribution network, strong rural linkages and agri-commodity sourcing expertise, packaging know-how and cuisine knowledge. In addition, your Company continues to make significant investments in Research & Development to develop and launch disruptive and breakthrough products in the market place.

Highlights of progress in each category are set out below.

### Branded Packaged Foods

Demand conditions in the Branded Packaged Foods industry remained sluggish during the year with

consumers curbing discretionary spending, headwinds in rural demand, heightened competitive intensity against the backdrop of decline in commodity prices and regulatory issues surrounding the Noodles industry which also had an adverse rub-off effect on other categories such as Snack Foods. Despite such a challenging operating environment, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country leveraging a robust portfolio of brands and a range of differentiated products customised to regional tastes and preferences along with enhanced product visibility and availability in key markets.

While the prices of major input commodities declined during the year, the high intensity of consumer promos and trade schemes resorted to by industry players in a bid to garner volumes in a depressed market contained margin expansion. Besides, your Company's Branded Packaged Foods Businesses continued to make significant investments towards brand building and supporting the launch of new variants apart from absorbing the gestation costs of new categories viz. Dairy, Juices and Gums. During the year, the Branded Packaged Foods Businesses remained focused on driving profitability enhancement through product mix enrichment, value engineering, dynamic sourcing based on close monitoring of market trends, structural interventions in manufacturing technology and supply chain optimisation.

Your Company's relentless focus on delivering superior quality products to consumers remains a key source of competitive advantage. In this context, the Branded Packaged Foods Businesses continue to leverage your Company's agri-commodity sourcing expertise to procure high quality raw materials thereby ensuring the highest level of quality and safety of its consumer products. In addition, each of your Company's branded packaged food products is manufactured in state-of-the-art, world-class facilities complying with strict quality and

Despite a challenging operating environment, ITC sustained its position as one of the fastest growing branded packaged foods businesses in the country leveraging a robust portfolio of brands and a range of differentiated products.



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

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

— In the Staples, Snacks and Meals Business, your Company posted a robust performance during the year, growing well ahead of the industry. In the Staples category, 'Aashirvaad' atta consolidated its leadership position across markets aided by robust performance of the value-added portfolio comprising the 'Multigrains', 'Select' and 'Superior MP' variants. Brand salience was strengthened further on the back of impactful communication and marketing investments. In the branded Spices category, Aashirvaad Spices grew at an impressive pace during the year leveraging the sourcing expertise of your Company's Agri Business. The Business recently launched a

range of blended spices in select markets under the 'ITC Master Chef' brand. Plans are on the anvil to roll out these products to select markets in the ensuing year. Your Company also recorded impressive gains in market standing in the Savoury Snacks, Noodles & Pasta categories. Since its launch in 2010, 'YiPPee!' noodles has attained many noteworthy milestones. Within a relatively short period of time, YiPPee! has become the 6th most penetrated food brand in the country. During the year, the Noodles category was impacted by regulatory issues largely pertaining to a competitor's product. However, consumer franchise of YiPPee! noodles grew significantly on the back of a focused and integrated 360 degree communication campaign reassuring consumers on the quality and safety of YiPPee! noodles.

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

— In the Confections Business, your Company increased the scale of operations and improved market standing. The 'Sunfeast Mom's Magic' range of premium cookies, launched in the previous year in two variants - 'Rich Butter' and 'Cashew & Almond' - grew rapidly on the back of a superior value proposition and sustained investments in brand building. Market standing of the 'Sunfeast Bounce' range of cream biscuits improved further during the year thereby sustaining its position as the largest selling cream brand in the country and helped consolidate your Company's leadership in the overall creams segment. The Business augmented its product portfolio during the year with the launch of several

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

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new variants including 'Sunfeast Delishus Gourmet cookies - Chocolate Chip made with Ghana Cocoa', 'Sunfeast Farmlite Oats with Chocolate' and 'Sunfeast Marie Light Rich Taste' with a differentiated taste and flavour profile. These variants have been well received by the markets.

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

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

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

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

### Personal Care Products

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

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

The Personal Care Products Business launched several differentiated product offerings during the year including 'Fiama Di Wills Double Moisturiser Bathing Bar', 'Vivel Neem', 'Superia Silk Cherry' bar soaps and a regimen of skin care products such as 'Makeup Cleanser', 'Clarifying Skin Toner' and 'Night Cream' under the 'Vivel Cell Renew' brand.

short span of time. The Engage portfolio was fortified during the year with the addition of 'Engage Perfume Sprays' in two variants each for men and women.

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

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

With per capita consumption at relatively low levels when compared to other emerging economies, the Indian Personal Care industry is poised for rapid growth driven by increasing urbanisation, rising disposable incomes and increasing consumer preference for enhanced personal grooming. Your Company is well positioned to seize the emerging opportunities in this rapidly evolving industry and continues to invest in creation of vibrant

brands, innovative consumer-centric products and a robust supply chain to emerge as a significant player in this space.

### Education and Stationery Products

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

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

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

In the area of supply chain, the Business rolled out the manufacturing excellence model across vendor locations to achieve superior quality and enhance operational efficiency. The Business also implemented various

The Education and Stationery Business enriched its product portfolio with the launch of several differentiated offerings under the 'Classmate', 'Classmate Pulse', 'Paperkraft' and 'Saathi' brands.

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initiatives during the year towards optimising working capital tie-up. These include further alignment of manufacturing operations with seasonality in demand, building greater flexibility in manufacturing capacity at vendor locations and strengthening systems & processes in the area of demand planning and production. The thrust on expanding distribution continued through a multi-pronged approach of channel proliferation, market penetration and increase in outlet coverage.

The Classmate notebook is a manifestation of the environmental capital built by your Company in its paper business. While the notebook cover is made from recycled board sourced from your Company's Forest Stewardship Council (FSC) certified Kovai mill, the paper used in the notebooks leverages your Company's world-class fibre line at Bhadrachalam which is India's first ozone treated elemental chlorine free facility.

The Indian Education and Stationery Products industry is poised for exponential growth driven by growing literacy, enhanced scale of government & public-private initiatives in the education sector and a favourable demographic profile of the country's population. Your Company, with its collaborative linkages with small & medium enterprises and a strong product portfolio of notebooks & writing instruments, is well poised to strengthen its leadership position in the Indian stationery market.

### Lifestyle Retailing Business

The branded apparel industry witnessed unprecedented pressure during the year in the wake of consumers cutting back on discretionary spends and heavy discounting by industry players including the online channel. This, inter alia, led to slower retail offtake of products in the market. Besides, the entry of several foreign brands backed by high decibel advertising spends resulted in heightened competitive intensity in the industry. Despite these challenging conditions, your Company's Lifestyle Retailing Business clocked healthy growth in revenue led by the 'John Players' brand.

During the year, 'Wills Lifestyle' enhanced its market standing and strong consumer bonding in the highly competitive premium segment. Positioned at the upper end of the market, the brand continues to fulfil lifestyle aspirations offering elegant designs in high quality premium fabrics and styles. The premium imagery of the 'Wills Classic' range of formal wear was sharpened during the year with the introduction of a finely crafted range of offerings under the 'Luxuria' and 'Regalia' collection and natural-fibre products such as linens under the 'Ecostyle' collection. The 'Wills Sport' and 'Wills Clublife' range attracted newer and younger franchise leveraging high-fashion imagery and a bolder design language. The Women's collection was also strengthened by offering a range of exclusive premium designer wear, stylised formals in a variety of trendy silhouettes. The Business also crafted a range of premium wardrobe essentials across categories to enhance sell-through, appropriately supported by robust replenishment infrastructure and processes.

During the year, sales of Wills Lifestyle products to 'Club ITC' members increased significantly, demonstrating the salience of the brand amongst the most discerning premium customers. The Business plans to increasingly leverage the programme in the ensuing years to enhance consumer engagement and loyalty. The Wills Lifestyle brand continued to receive industry recognition, including the 'Superbrand' certification.

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

John Players enhanced its market standing by driving fashion imagery anchored on bold and edgy fashion. John Players has emerged as a leading brand in its operating segment, driven by powerful brand imagery and distinct product categories like knitted denims.

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

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

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

Your Company's brands straddle strategic segments and are well positioned to address the growth opportunities in the Indian lifestyle retailing arena driven by increasing affluence, favourable demographics and

rising aspirations. Towards this end, the Business will continue to focus on enhancing the market standing and equity of its brands and make sustained investments with a view to driving brand engagement and advocacy amongst the target audience. Enhancing product vitality, effective market representation and improving supply chain responsiveness will remain some of the key focus areas going forward.

#### **Incense Sticks (Agarbattis) and Safety Matches**

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

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

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

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

## Report of the Board of Directors

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

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

### Trade Marketing & Distribution Organisation

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

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

During the year, your Company continued to strengthen its formidable distribution highway comprising a large and diverse product portfolio, multiple brands, covering over 1 lakh markets and directly servicing over 2 million retail outlets across various trade channels. Your Company sustained its clear leadership position in the convenience channel while consolidating its market standing as the benchmark supplier in premium grocery outlets. Your Company also strengthened its position in the Modern Trade channel during the year through

extensive deployment of in-store merchandisers, consumer contact programmes along with a relentless pursuit of operational excellence across the distribution value chain. The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, provide valuable consumer/trade insight and facilitate seamless execution of new product/category launches. Technology enablement in the form of customised mobility solutions, data analytics comprising insightful visualisation tools and predictive attributes are being leveraged increasingly towards enabling quick and accurate data capture, informed decision making in real time, and scientific designing of targeted trade promotion schemes.

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

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

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## B. HOTELS

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

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

Your Company's Hotels Business continues to be rated amongst the fastest growing hospitality chains in India, with over 100 properties across the country under 4 distinct brands - 'ITC Hotels' in the Luxury segment, 'WelcomHotel' in the upper-upscale segment, 'Fortune Hotels' in the upscale & mid-market space and 'WelcomHeritage' in the leisure & heritage segment. During the year, the Business renewed its licensing and franchising agreements with Starwood Hotels & Resorts for 'The Luxury Collection' and 'Sheraton' brands. Apart from the 12 existing properties under the ITC Group, the association as aforesaid will be extended to another 3 hotels that are under construction.

The Business continues to focus on strengthening brand equity through its unique and path-breaking 'Responsible Luxury' initiatives, culinary excellence and personalisation of guest services. 'Club ITC', your Company's pan-ITC consumer loyalty programme with a current membership base of around 3 lakh premium

consumers, continues to gain franchise amongst the premium clientele of ITC Hotels and Wills Lifestyle. The 'Club ITC Culinaire' dining loyalty programme is also gaining popularity.

Your Company's Hotels Business continues to receive accolades for its world-class properties and service excellence. In yet another international recognition in its debut year, the ITC Grand Bharat, Gurgaon has been ranked No. 4 among the 'Top 100 Hotels & Resorts of the World' and No.1 among the 'Top 25 Resorts in Asia' on the coveted Conde Nast Traveler U.S. Readers' Choice Awards. The luxury retreat is the only hotel from India to feature in the 'Top 50 of the world's best'. The hotel also received the Outlook Traveller Award for the 'Indian Hotel Debut of the year'. ITC Maurya was adjudged the 'Best Business Hotel' in India at the Lonely Planet Awards. ITC Hotels was recognised as the 'Most Respected Company' in the hospitality segment in a survey conducted by Business World. ITC Hotels was also adjudged the 'Best Hotel Group' at Travel + Leisure, India & South Asia Awards 2015.

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

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

ITC's Hotels Business continues to be rated amongst the fastest growing hospitality chains in India, with over 100 properties across the country under 4 distinct brands. ITC Grand Bharat, Gurgaon has been ranked No. 4 among the 'Top 100 Hotels & Resorts of the World' and No.1 among the 'Top 25 Resorts in Asia'.

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Nearly 60% of the total energy requirements of the Business are presently met through renewable energy sources. The bespoke 'SunyaAqua' water programme, which was extended to all ITC Hotels during the previous year, has been well received by guests. During the year, the Business extended several 'Responsible Luxury' themed culinary initiatives and promotions under the 'Kitchens of India' banner. These interventions stand testimony to the 'Responsible Luxury' positioning of your Company's Hotels Business and reinforce ITC Hotels' position as the 'greenest luxury hotel chain' in the world.

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

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

Your Company was declared the successful bidder for a 250-room luxury beach resort located in South Goa operating under the name Park Hyatt Goa Resort and Spa, following an auction held by IFCI Limited in

February 2015 in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Subsequent to your Company making full payment of the bid amount, IFCI issued the requisite Sale Certificates in favour of your Company on 25th February, 2015. However, based on an appeal by the erstwhile owners, the sale has been struck down by the Honourable Bombay High Court. Your Company and IFCI have filed a Special Leave Petition before the Honourable Supreme Court and the matter is sub judice.

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

### C. PAPERBOARDS, PAPER AND PACKAGING

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

#### Paperboards & Specialty Papers

Global demand for Paper & Paperboard in 2015 remained at appx. 400 million MT for the third year in a row. During the period 2010 to 2015, global Paperboard demand has grown at 1% CAGR primarily driven by Asian and Middle East markets. Over the next 5 years, growth is expected to slow down further to 0.6%-0.8% CAGR mainly due to deceleration of the Chinese economy. The Newsprint and Writing & Printing categories are expected to witness decline in demand going forward primarily on account of increasing adoption of digital media and

The Hotels Business, with its world-class properties, globally benchmarked levels of service excellence and customer centricity, is well positioned to emerge as the largest hotel chain in the country over the next few years.



proliferation of smartphones usage. The overall pricing scenario is expected to remain weak in view of muted demand conditions and surplus capacity in China consequent to declining economic growth rate and significant capacity additions since 2012.

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

- Within Paperboards, demand for Value-Added Paperboards (VAP) is expected to grow at 10% CAGR during this period. The faster rate of growth in VAP grades is expected to be driven by the increasing demand for branded packaged products, growth in organised retail, increasing awareness on food safety and hygienic packaging and the use of packaging as a key differentiator especially in the FMCG sector. Food, Pharmaceuticals, Garments and Beverages are expected to be the major end-use segments driving demand growth.
- In the Writing & Printing (W&P) paper segment, demand for cut-size paper is expected to grow the fastest at 10% CAGR driven by traditional segments like offices, schools / colleges and the new and fast-growing segments such as online retail. With continued Government focus on the education sector, the demand for W&P paper in notebooks and publications segment is projected to grow at a CAGR of 4% over the next 5 years.

India's position as one of the fastest growing Paperboard markets in the world coupled with anticipated acceleration

in growth rate has attracted new players into the industry and spurred investments in capacity addition. In 2015-16 alone, the Value-Added Paperboard segment witnessed capacity addition of about 3.3 lakh MT per annum, representing more than 50% of the current market size of the segment.

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

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

Despite heightened competitive intensity, your Company sustained its leadership position in the VAP segment during the year. This was achieved through effective key account management, focus on product & process innovation, enhanced service delivery levels leveraging strategically located 'quick service centres' and improved manufacturing efficiencies. In line with its 'Green India' approach, the Business sustained its leadership position in the sale of eco-labelled products, volumes of which doubled to more than 59,000 MT during the year.

Despite heightened competitive intensity, ITC sustained its leadership position in the Value-Added Paperboards segment during the year. The Paperboards Business also retained its leadership position in the sale of eco-labelled products, volumes of which doubled during the year.

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The Business has emerged as a leading player in the W&P paper segment, leveraging strong forward linkages with your Company's Education and Stationery Products Business. In the Specialty Papers segment, your Company consolidated its leadership position in the Pharma leaflets and thin printing segments.

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

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

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

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

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

Your Company successfully commissioned a 46 MW wind energy project in Andhra Pradesh in July 2014, which has been generating wind power since then. Post the bifurcation of the State of Andhra Pradesh, the Business needs to wheel the power from the State of Andhra Pradesh to Telangana. However, the Business has not been granted permission for inter-state wheeling of power. Consequently, the majority of the intended benefits from this large investment have not fructified primarily due to the fact that only a minor proportion of the power generated from this wind energy project is being used in your Company's units in Andhra Pradesh and the balance energy generated is currently being sold to the State power grid at nominal rates. Your Company has submitted several representations to the concerned authorities on this issue and has also approached the Central Electricity Regulatory Commission to secure inter-state wheeling of power. Your Company remains hopeful of an expeditious resolution of the matter.

The Business continues to make structural interventions in the areas of strategic cost management and import substitution. Key areas in this context include investments in in-house pulp manufacturing capability, use of wind

All four manufacturing units of the Paperboards and Specialty Papers Business have obtained the FSC Chain of Custody certification. These certifications make ITC the leading supplier of FSC-certified paper and paperboard in India.

energy, developing alternative sources of supply for key inputs on an ongoing basis. In line with this approach, the Business made good progress during the year towards setting up a Bleached Chemical Thermo Mechanical Pulp (BCTMP) mill at the Bhadrachalam unit which will further reduce dependence on imports and reduce cost. The Business is also in the process of commissioning an energy efficient power plant at the Bhadrachalam unit that will reduce coal consumption and consequently, your Company's carbon footprint.

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

### Packaging and Printing

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

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

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

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

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

The Packaging and Printing Business has established itself as a one-stop shop offering superior packaging solutions. With world-class technology across a diverse

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range of packaging platforms, best-in-class quality management systems and a distributed manufacturing footprint, the Business is well positioned to rapidly grow its external business while continuing to service the requirements of your Company's FMCG Businesses.

### D. AGRICULTURE BUSINESS

#### Leaf Tobacco

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

Consequently, leaf tobacco exports from India had to contend with twin impact of soft global demand and higher uncommitted inventory. Steep currency depreciation in competing origins also weighed on the prospects of leaf tobacco exports from India, which dropped to a four-year low of 207 million Kgs.

The 2015 flue cured tobacco crop in Andhra Pradesh was severely impacted by multiple negative discontinuities coming together at the same time viz., unfavourable weather conditions, inferior crop quality, lower domestic demand and subdued export offtake. This resulted in an inordinate delay in marketing the crop, triggering a significant drop of over 25% in average farm prices, culminating in farmer unrest in the region. This in turn led to multiple reviews at the highest level, both by the Central and State Government of Andhra Pradesh, leading to the implementation of a bail-out package for

the farmers for liquidation of unsold inventory.

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

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

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

The Business continues to focus on implementing structural interventions to reduce costs, enhance profitability and improve supply chain responsiveness. In this regard, the Business implemented several initiatives during the year including utilisation of wind energy, yield improvement, logistics optimisation, which generated substantial savings. Several Lean and

Your Company is the single largest integrated source of quality Indian tobaccos, co-creating and delivering value at every stage of the leaf tobacco value chain. The Business continues to play a leading role towards facilitating the long-term sustainability of farming through focused interventions.

Six Sigma projects covering various facets of business operations - from processing, waste reduction, manpower rationalisation to data analytics - were successfully concluded resulting in improved process efficiencies and cost savings.

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

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

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

### Other Agri Commodities

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

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

Your Company's deep rural linkages and expertise in agri-commodity sourcing is a critical source of competitive advantage for the Branded Packaged Foods Businesses. Given the volatile market conditions caused by climatic variations, changes in Government policies and global demand-supply dynamics, your Company has invested significantly in building competitively superior

ITC's deep rural linkages and expertise in agri-commodity sourcing is a critical source of competitive advantage for the Branded Packaged Foods Businesses.

The Agri Business continues to focus on increasing the overall efficiency of procurement and logistics operations.

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agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure. These capabilities and infrastructure have created structural advantages that facilitate competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses. The Business continues to focus on increasing the overall efficiency of procurement and logistics operations by consistently pursuing cost optimisation initiatives and eliminating non value adding activities.

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

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

The Business also leveraged its extensive sourcing network and associated infrastructure in key growing areas coupled with well-entrenched farmer linkages to source high quality fruit pulp for your Company's 'B Natural' brand. In the processed fruits category,

the Business sustained its leadership position in 'Fairtrade' mango pulp exports from India anchored on a comprehensive portfolio of organic and certified mango products. The Business is working closely with small and marginal farmers across 5 States in building scale and sourcing options.

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

Your Company believes that it is imperative to take an integrated and holistic view of the agricultural value chain towards stimulating agricultural growth in the country. This requires a joint participatory approach from all the stakeholders such as farmers, input vendors, traders, processors and government agencies. More than a decade ago, your Company conceptualised and rolled out the e-Choupal network as a platform towards empowering the farming community by dis-intermediating the value chain, making available accurate weather related information, enabling price discovery in a transparent manner and disseminating best practices relating to farming. Your Company continues to focus on providing various services in rural areas towards enhancing the competitiveness of Indian agriculture and plays a critical enabling role in integrating farmers, input vendors and government agencies besides facilitating the necessary market linkages.

Your Company believes it is imperative to take an integrated and holistic view of the agricultural value chain towards stimulating agricultural growth in the country. It, therefore, continues to focus on providing various services in rural areas to enhance the competitiveness of Indian agriculture.

The unique 'Choupal Haat' platform seeks to create awareness and improve access of the rural community to a wide range of areas - ranging from financial services and pharmaceuticals to commercial vehicles and white goods. Along with Choupal Saagars (integrated rural services hubs), this platform fosters round-the-year and large scale engagement with the rural community thereby enhancing the vitality of your Company's e-Choupal network.

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

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

#### NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements prepared in

accordance with Accounting Standard 21. Shareholders desirous of obtaining the report and accounts of your Company's subsidiaries may obtain the same upon request. Further, the report and accounts of the subsidiary companies will also be available under the 'Shareholder Value' section of your Company's website, [www.itcportal.com](http://www.itcportal.com), in a downloadable format.

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

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

ITC Global Holdings Pte. Limited, Singapore ('Global'), a subsidiary of your Company, is in liquidation in terms of the Order of the High Court of the Republic of Singapore dated 30th November, 2007. Consequently, your Company is not in a position to consolidate the accounts of Global for the financial year ended 31st December, 2015.

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

The e-Choupal platform will also be increasingly leveraged to provide rural marketing and agri services and serve as a unique delivery mechanism towards enhancing agricultural growth and productivity, and fostering sustainable rural development.

## Report of the Board of Directors

### Surya Nepal Private Limited

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

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

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

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

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

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

During the year, the company's Cigarette Business consolidated its leadership position in the country by leveraging a portfolio of world-class products anchored on innovation and benchmarked quality backed by robust distribution network. Investments in best-in-class manufacturing technologies along with adoption of benchmarked practices ensured delivery of products of international quality. The new cigarette factory of the company at Seratar, near Pokhara, commenced operations during the year. The factory has been awarded Gold Rating by Indian Green Building Council, the first-of-its-kind in Nepal, further enhancing the company's position as one of the leading and responsible corporate entities in the country. As part of its sustainability initiatives, the company also invested in a 430 KW solar plant at its cigarette factory and employee housing colony at Simara.



In the Branded Apparel Business, the company's offerings under the 'John Players' and 'Springwood' brands continue to enjoy loyal consumer franchise in the premium and economy segments of the branded menswear market. In the Safety Matches Business, the company's brand 'Tir', continues to sustain its leadership position, leveraging the strong supply chain infrastructure and pan-Nepal distribution reach of the company. Mangaldeep agarbattis, which were launched in the previous year under a brand licensing agreement with your Company, grew at a rapid pace during the year, driven by brand investments to improve awareness and encourage trials, and enhanced distribution reach.

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

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

employment and skill building opportunities to the economically deprived sections of society, especially women.

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

### ITC Infotech India Limited and its subsidiaries

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

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

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

During the year, the company's consolidated Total Revenue grew by 5.3% to ₹ 1555.18 crores, while Net Profit stood at ₹ 77.20 crores. The company's financial performance during the year reflects, inter alia, the impact of restructuring a contract with a key client, which set up its own captive centre in India. Excluding the impact of restructuring as aforesaid, the company posted healthy growth in revenue, in line with Industry,

## Report of the Board of Directors

driven by new client additions in USA and Europe and sustained growth momentum in the India, Asia-Pacific and Middle East and Africa regions.

For the year under review:

- a) ITC Infotech India Limited recorded Total Revenue of ₹ 961.32 crores (previous year ₹ 1006.02 crores) and Net Profit of ₹ 88.18 crores (previous year ₹ 122.00 crores). For the year under review, the company paid a dividend of ₹ 9.00 per Equity Share of ₹10/- each aggregating ₹ 76.68 crores (previous year ₹ 76.68 crores);
- b) ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Total Revenue of GBP 31.19 million (previous year GBP 28.69 million) and Net Profit of GBP 0.73 million (previous year GBP 0.68 million). For the year under review, ITC Infotech UK paid a dividend of GBP 2.20 (previous year GBP 4.25) per Ordinary Share of GBP 1/- each on 685,815 shares, amounting to GBP 1,508,793 (previous year GBP 2,914,714);
- c) ITC Infotech (USA), Inc., (ITC Infotech USA), a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Pyxis Solutions, LLC (Pyxis), recorded Total Revenue of US\$ 86.44 million (previous year US\$ 81.62 million) and Net Profit of US\$ 0.47 million (previous year US\$ 0.82 million). For the year under review, Pyxis paid a dividend of US\$ 1,000,000 (previous year ₹ Nil) to ITC Infotech USA.

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

The company's superior service delivery capability continued to earn global recognition. The company won the '2015 European Outsourcing Awards' in the category - 'Value creation in outsourcing' for engagement with a leading UK based health retailer. The company also featured as a 'Major Contender' in the 'Everest Group IT Outsourcing in Banking - Service Provider Landscape with PEAK Matrix™ Assessment 2015' and in the 'Leaders Category' in the '2016 Global Outsourcing 100' list compiled by the International Association of

Outsourcing Professionals for the tenth consecutive year. The company was profiled in the Gartner report titled 'Market Guide for Trade Promotion Management and Optimisation' and also featured prominently in the Gartner report titled 'Market Guide for Retail Execution and Monitoring Solutions for the Consumer Goods Industry'.

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

### Technico Pty Limited and its subsidiaries

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

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

For the year under review:

- a) Technico Pty Limited, Australia registered Turnover of Australian Dollar (A\$) 2.31 million (previous year A\$ 2.21 million) and Net Profit of A\$ 10.95 million (previous year A\$ 0.78 million). Net Profit for the year includes gain of A\$ 10.50 million on sale of investment in TASL.
- b) Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China - There were no significant events to report with respect to the above companies.

### Technico Agri Sciences Limited

Consequent to the acquisition of its entire share capital by ITC Limited, Technico Agri Sciences Limited (TASL) became a direct wholly-owned subsidiary of ITC Limited

with effect from 22nd March, 2016. This revised holding structure is expected to further improve operational synergies.

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

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

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

#### **Srinivasa Resorts Limited**

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

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

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

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

#### **Fortune Park Hotels Limited**

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

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

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

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

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

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

## Report of the Board of Directors

### WelcomHotels Lanka (Private) Limited

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

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

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

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

### Bay Islands Hotels Limited

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

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

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

### Landbase India Limited

The company owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course. The company also owns the 'ITC Grand Bharat' - a 104-key luxury hotel which

was commissioned in November 2014 and licensed to ITC Limited.

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

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

### King Maker Marketing, Inc.

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

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

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

Tobacco majors are redefining the value segment with aggressive retail pricing and restrictive loyalty programmes

that control the price and visibility of competitive offers, in order to defend market shares. The company, which operates in the value segment, is exploring avenues to mitigate such challenges in an effective manner.

### Wimco Limited

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

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

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

### North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited (NENPL), a company formed with the objective of setting up a food processing facility in Mangaldoi, Assam to cater to the fast-growing biscuits market in Assam and other north-eastern States. The company commissioned a state-of-the-art facility comprising 3 biscuits manufacturing lines which commenced operations in August 2015.

In the first year of its commercial operations, the company recorded a Net Turnover of ₹ 25.33 crores (previous year ₹ Nil) and Net Loss of ₹ 11.98 crores (previous year Net Loss ₹ 0.12 crores). The performance for the year reflect gestation costs associated with the stabilisation of operations.

### Russell Credit Limited

During the year, the company registered Total Revenue of ₹ 70.47 crores (previous year ₹ 70.81 crores) and Net Profit of ₹ 45.19 crores (previous year ₹ 56.38 crores).

Temporary surplus liquidity of the company is mainly deployed in debt mutual funds and bank fixed deposits.

The company continues to explore opportunities to make strategic investments for the ITC Group.

During the year, the company acquired the entire shareholding of BFIL Finance Limited (BFIL) and Wills Corporation Limited (WCL) with a view to improving operational efficiencies. BFIL and WCL merged with the company with effect from 1st April, 2015, pursuant to the Orders of the High Courts at Bombay and Calcutta respectively.

The company paid a dividend of ₹ 0.70 per Equity Share aggregating ₹ 45.25 crores for the year ended 31st March, 2016.

### Gold Flake Corporation Limited

The company registered Total Revenue of ₹ 3.42 crores during the year under review (previous year ₹ 4.20 crores).

The company holds 50% equity stake in ITC Essentra Limited - a joint venture with Essentra group, UK.

### Wills Corporation Limited

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

### Greenacre Holdings Limited

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

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

### ITC Investments & Holdings Limited

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

## Report of the Board of Directors

### **BFIL Finance Limited**

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

### **MRR Trading & Investment Company Limited**

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

### **Pavan Poplar Limited**

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the writ petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ 0.02 crore) and Net Loss of ₹ 0.44 crore (previous year Net Loss ₹ 0.47 crore).

### **Prag Agro Farm Limited**

The operations of the company continue to be adversely impacted pursuant to the Order of the Honourable High Court of Uttarakhand at Nainital in February 2014 dismissing the writ petition filed by the company against the Order of the District Magistrate authorising the State authorities to take possession of the land leased to the company. The appeal filed by the company against the aforesaid Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ 0.04 crore) and Net Loss of ₹ 0.17 crore (previous year Net Loss ₹ 0.08 crore). During the year, the company issued and allotted to ITC Limited, 90,00,000 Equity Shares of

₹ 10/- each for cash at par aggregating ₹ 9 crores. The proceeds from the share issue were utilised to repay the loan due to your Company and meet working capital requirements.

### **ITC Global Holdings Pte. Limited**

As has been stated in the previous years' reports, the Judicial Managers were conducting the affairs of ITC Global Holdings Pte. Limited ('Global') since 8th November, 1996, under the authority of the High Court of Singapore.

Pursuant to the application of the Judicial Managers, the Singapore High Court on 30th November, 2007 ordered the winding up of Global, appointed a Liquidator and discharged the Judicial Managers.

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

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

## **NOTES ON JOINT VENTURES**

### **ITC Essentra Limited**

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

In line with the provisions of the Companies Act, 2013 requiring companies to adopt a uniform financial year, the Company has changed its financial year from

January - December to April - March. Consequently, the financial statements of the company for the year under review reflect the 15-month period ended 31st March, 2016 and are not strictly comparable with the previous year ended 31st December, 2014.

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

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

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

### **Maharaja Heritage Resorts Limited**

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

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

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

### **Espirit Hotels Private Limited**

Espirit Hotels Private Limited (EHPL) is a joint venture between your Company and the Ambience Group, Hyderabad for developing a luxury hotel complex at Begumpet, Hyderabad. Under the terms of the Joint

Venture Agreement, your Company acquired 26% equity stake in EHPL and will, inter alia, provide hotel operating services under an Operating Services Agreement, upon commissioning of the hotel.

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

Your Company is exploring its options in this regard.

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

### **Logix Developers Private Limited**

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

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

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

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

In view of the above developments, during the year your Company filed a petition before the Company Law Board (CLB) submitting that the affairs of the JV entity were

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being conducted in a manner that was prejudicial to the interest of the Company and the JV entity, and that the actions of the JV partner has resulted in a deadlock scenario. The Company prayed for a direction that the JV partner should act in accordance with the Articles of Association of the JV entity and complete the project or for appropriate directions for the parting of ways from the JV partner.

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

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

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

### NOTES ON ASSOCIATES

#### International Travel House Limited

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

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

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

#### Gujarat Hotels Limited

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

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

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

#### ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. During the year, the company recorded Total Revenue of ₹ 22.85 crores (previous year ₹ 23.16 crores) and Net Profit of ₹ 0.96 crore (previous year ₹ 0.91 crore).

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

#### Associates of Russell Credit Limited

##### Classic Infrastructure & Development Limited

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

##### Russell Investments Limited

During the year, the company recorded Total Revenue of ₹ 3.22 crores (previous year ₹ 5.66 crores) and Net Profit of ₹ 2.25 crores (previous year ₹ 5.42 crores).



The company continues to explore opportunities to make investments.

### Divya Management Limited

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

The company continues to explore opportunities to make investments.

### Antrang Finance Limited

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

The company continues to explore opportunities to make investments.

## INTERNAL FINANCIAL CONTROLS

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

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

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

Your Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed. Nonetheless your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

## RISK MANAGEMENT

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

- The Corporate Governance Policy and the Risk Management Policy approved by the Board,

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

- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of the Company as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring that business risks are effectively addressed.
- Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique / relatively high risk profiles.
- A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within your Company including implementation of the action plans emerging out of the internal audit findings.
- At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the

formulation of control procedures for new areas of operation.

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

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

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

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

## AUDIT AND SYSTEMS

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

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

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

The Internal Audit function consisting of professionally qualified accountants, engineers and IT Specialists is adequately skilled and resourced to deliver audit assurances at highest levels. In the context of the IT environment of your Company, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies receive focused attention of the Internal Audit team. Qualified engineers in the Internal Audit function review the quality of planning and execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate and yield 'value for money'.

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

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

The Audit Committee of your Board met ten times during the year. The Terms of Reference of the Audit Committee

inter alia included reviewing the effectiveness of the internal control environment, evaluation of the Company's internal financial control and risk management systems, monitoring implementation of the action plans emerging out of Internal Audit findings including those relating to strengthening of your Company's risk management systems and discharging statutory mandates.

## HUMAN RESOURCE DEVELOPMENT

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

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

An equally important dimension of building leadership is your Company's strategic learning and development agenda which flows from its Vision, Mission and

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

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

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

Given the contextual realities of your Company's factories, your Company's businesses are steadily working towards developing a 'Long Term Agreement Framework'. To meet employee expectations, your Company's units appropriately acknowledge the demographic diversity

of its factories and adopt a commitment based segmented approach. Your Company's progressive Employee Relations approach has enabled a harmonious atmosphere across all units, which in turn has been a vital element in ensuring that HR systems and practices remain world-class. Your Company's interventions in the area of Employee Relations continue to receive accolades and industry recognition.

Your Company has been able to galvanise its human resource to become more agile, leverage change, stay ahead of competition and win in the market. Your Company's employees relentlessly strive to deliver world-class performance and discharge their role as 'trustees' of all stakeholders with true faith and in the spirit of allegiance. Over 25,000 of your Company's employees have collectively envisioned the future with commitment to realise your Company's vision of creating enduring value – for the nation and for the institution that is ITC.

### WHISTLEBLOWER POLICY

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

### SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

Inspired by the opportunity to sub-serve larger national priorities, your Company redefined its Vision to not only reposition the organisation for extreme competitiveness but also make societal value creation the bedrock of its corporate strategy. This super-ordinate Vision spurred innovative strategies to address some of the most

challenging societal issues including widespread poverty, unemployment and environmental degradation. Your Company's sustainability strategy aims at creating significant value for the nation through superior 'Triple Bottom Line' performance that builds and enriches the country's economic, environmental and social capital. The sustainability strategy is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise.

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

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

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

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

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

### **Corporate Social Responsibility (CSR)**

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

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

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

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- Continue to strive for scale in the core operational geographies by leveraging government partnerships.
- Continue to work with key stakeholders with whom your Company has enduring partnerships comprising (a) rural communities in the Company's Agri Business operational areas and (b) communities residing in close proximity to your Company's production units. Within these groups, specially target poor and marginalised communities/ groups to ensure inclusive development.
- Remain contemporary by accessing knowledge/ technical know-how through collaborations.

Your Company's stakeholders are confronted with multi-dimensional and inter-related issues, at the core of which is the challenge of securing sustainable livelihoods. Accordingly, interventions under your Company's Social Investments Programme (SIP) are appropriately designed to build their capacities and promote sustainable livelihoods.

The footprint of your Company's SIP projects is spread over 26 states covering 166 districts.

### Social Forestry

Your Company's pioneering initiative of wasteland development through the Social Forestry Programme is currently spread across 16 districts in 3 States covering 87,674 hectares in 4,533 villages, impacting over 85,700 poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 2,25,000 hectares till date and generated over 101 million person days of employment for rural households, including poor tribals and marginal farmers. Integral to the Social Forestry programme is the agro-forestry initiative which ensures food, fodder and wood security and currently extends to nearly 25,000 hectares.

Besides enhancing farm level employment & incomes and increasing green cover, the Social and Farm Forestry initiative of your Company has led to improvement in pulpwood availability in Andhra Pradesh and Telangana. This initiative is also contributing meaningfully towards the nation's endeavour in creating additional carbon sink for tackling climate change.

### Soil and Moisture Conservation

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

### Bio Diversity

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

### Sustainable Agriculture

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

### Livestock Development

The Livestock Development programme aims at enhancing the productivity of cattle through artificial

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

### Women Empowerment

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

### Education

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

### Skilling & Vocational Training

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

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

### Health & Sanitation

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

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### Solid Waste Management

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

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

### ITC Sangeet Research Academy

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

### Forging Partnerships with NGOs

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

of NGOs, will continue to provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

### CSR Expenditure

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

### Environment, Health & Safety

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

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

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

### Energy Conservation and Renewable Energy

Your Company is well positioned to benefit from India-specific energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. As a responsible corporate citizen, your Company has made a commitment



to reduce dependence on energy from fossil fuels and to achieve at least 50% of its total energy requirements from renewable sources by 2020. Significant progress has been made in enhancing the renewable energy portfolio and during 2015-16 over 47% of your Company's total energy requirements was met from carbon neutral fuels such as biomass, and wind and solar. Your Company has developed a strategic approach and drawn up action plans based on a feasible balance of energy conservation and renewable energy investments to progressively move towards meeting the aforesaid target.

### Water Security

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

### Greenhouse Gases and Carbon Sequestration

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

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all luxury hotels of your Company are LEED® Platinum certified, making it the 'greenest

luxury hotel chain' in the world. In order to continually reduce your Company's energy footprint, green features are integrated in all new constructions and are also being incorporated in existing hotels, manufacturing units, warehouses and office complexes during retrofits.

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

### Waste Recycling

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

### Safety

Your Company's commitment to provide a safe and healthy workplace to all has been reaffirmed by several national and international awards and certifications received by various units. Your Company's approach is to institutionalise safety as a value-led concept with focus on inculcating a sense of ownership at all levels to drive behavioural change. In line with this approach, several of your Company's operating units are progressively implementing behavioural based safety initiatives and custom-made risk based training programmes leading to the creation of safety culture.

## Report of the Board of Directors

Your Company incorporates established engineering standards in the design and project execution phase itself for all investments in the built environment, with a view to ensuring the highest levels of safety besides optimising costs. Environment, Health & Safety audits before commissioning and during the operation of units are carried out to verify compliance with standards.

### Promoting Thought Leadership in Sustainability

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

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

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

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

ITC Life Sciences & Technology Centre (LSTC) has a mandate to develop unique sources of competitive advantage and build future-readiness by harnessing contemporary advances in several relevant areas of science and technology, and blending the same with classical concepts of product development and leveraging cross-business synergies. This challenging task of driving science-led product innovation has been carefully addressed by appropriately identifying the required set

of core competency areas of science. LSTC has evolved over the years into a team of nearly 350 highly qualified scientists, equipped with world-class measurement capabilities and state-of-the-art facilities to conduct experimental research. Several Centres of Excellence have evolved over the past few years in the identified competency areas. In addition, a number of areas centred around these capabilities have secured global quality certifications of the highest order.

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

Recognising the unique construct of your Company in terms of its strong presence in Agri, Branded Packaged Foods and Personal Care Products Businesses, a convergence of R&D capabilities is being leveraged to deliver future products aimed at nutrition, health and well-being. Advances in biosciences are creating a

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

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

In line with your Company’s relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on processes and systems to enhance their competitive position. During the year, your Company’s Hotels Business leveraged its ‘Lean’ and ‘Six Sigma’ programmes to improve business process efficiencies. This will further enhance capability to create superior customer value through a service excellence framework. The Paperboards, Paper & Packaging Businesses continued to pursue ‘Total Productive Maintenance’ (TPM) programmes in all units, resulting in substantial cost savings and productivity improvements.

All manufacturing units of your Company have ISO quality certification. All manufacturing units of the Branded Packaged Foods Businesses (including contract manufacturing units) and hotels operate in compliance

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

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

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

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

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

### TREASURY OPERATIONS

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

Easing inflation and improvement in the Fiscal and Current Account deficit position provided sufficient comfort to the Reserve Bank of India for reducing policy rates by a cumulative 75 basis points during the year. However,

## Report of the Board of Directors

lack of corresponding reduction in bank base rates, tight banking liquidity conditions, and adverse demand-supply dynamics due to higher issuance of State Development Loans impeded transmission of rate cuts and brought about intermittent spikes in market interest rates.

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

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

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

## DEPOSITS

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

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

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

## DIRECTORS

### Changes in Directors

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

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

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

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

approval of the Members, also as Independent Director, with effect from 8th April, 2016.

Mr. Angara Venkata Girija Kumar [representing General Insurers' (Public Sector) Association of India], on completion of his term, ceased to be Non-Executive Director of your Company with effect from close of business on 22nd July, 2015. Mr. Girija Kumar, on the recommendation of the Nomination & Compensation Committee, was appointed by the Board as Additional Non-Executive Director on 31st July, 2015.

By virtue of the provisions of Article 96 of the Articles of Association of your Company and Section 161 of the Companies Act, 2013 ('the Act'), Messrs. Puri, Tandon, Girija Kumar and Ms. Rao will vacate office at the ensuing Annual General Meeting ('AGM') of your Company.

Your Board at the meeting held on 20th May, 2016, on the recommendation of the Nomination & Compensation Committee, has recommended for the approval of the Members the appointment of Mr. Puri and Mr. Tandon as Directors, and also as Wholetime Directors of your Company, for a period of three years from the date of the AGM. Your Board at the said meeting, on the recommendation of the Nomination & Compensation Committee, also recommended for the approval of the Members the appointment of Ms. Rao as an Independent Director in terms of Section 149 of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for a period of five years with effect from 8th April, 2016.

Mr. Yogesh Chander Deveshwar, Wholetime Director and Chairman of your Company, will complete his present term on 4th February, 2017. The Nomination & Compensation Committee and the Board strongly urged Mr. Deveshwar to continue for a longer period in his present role. Mr. Deveshwar however expressed his desire to shed the executive role, in accordance with the indication given by him at the 100th AGM in 2011, and put in place a youthful leadership at the helm in the longer term interest of the Company. At the request of the Nomination & Compensation Committee and the Board, recognising the need for orderly transition in a company of ITC's size and complexity,

Mr. Deveshwar has instead agreed to provide guidance and mentorship to the new executive management, that is planned to be put in place, as Non-Executive Chairman on expiry of his current term.

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

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

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

#### Retirement by Rotation

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

#### Number of Board Meetings

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

#### Attributes, Qualifications & Independence of Directors and their Appointment

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

## Report of the Board of Directors

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

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

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

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

### Board evaluation

The Nomination & Compensation Committee has approved the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation. In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfil expectations of other stakeholders through strategic

supervision of the Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairman with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals.

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

### AUDIT COMMITTEE & AUDITORS

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

#### Statutory Auditors

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

#### Cost Auditors

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

- (i) Mr. P. Raju Iyer, Cost Accountant, for audit of cost records maintained by the Company in respect of 'Paper and Paperboard' and 'Nicotine Gum' products.

- (ii) Messrs. Shome & Banerjee, Cost Accountants, for audit of cost records maintained by the Company in respect of all applicable products of the Company, other than 'Paper and Paperboard' and 'Nicotine Gum'.

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

### Secretarial Auditors

Your Board appointed Messrs. S. M. Gupta & Co., Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2016. The Report of Messrs. S. M. Gupta & Co. is provided in the Annexure forming part of this Report, in terms of Section 204 of the Act.

### EMPLOYEE STOCK OPTION SCHEMES

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

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

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

### INVESTOR SERVICE CENTRE

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

### RELATED PARTY TRANSACTIONS

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

Your Company's Policy on Related Party Transactions, as adopted by your Board, can be accessed on the corporate website at <http://www.itcportal.com/about-itc/policies/policy-on-rpt.aspx>.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

## Report of the Board of Directors

- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) prepared the Annual Accounts on a going concern basis;
- e) laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and operating effectively; and
- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### CONSOLIDATED FINANCIAL STATEMENTS

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

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

consolidated financial statements by the Directors of your Company, as aforesaid.

### OTHER INFORMATION

#### Compliance with conditions of Corporate Governance

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

#### Compliance with requirements relating to downstream investments

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

#### Going Concern status

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

#### Extract of Annual Return

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

#### Particulars of loans, guarantees or investments

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

#### Particulars relating to Conservation of Energy and Technology Absorption

Particulars as required under Section 134 of the Companies Act, 2013 relating to Conservation of Energy



and Technology Absorption are also provided in the Annexure to this Report.

### Employees

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

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

### FORWARD-LOOKING STATEMENTS

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

### CONCLUSION

Over the last twenty years, your Company has created multiple drivers of growth by developing a

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

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

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

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

On behalf of the Board

Y. C. DEVESHWAR

*Chairman*

R. TANDON

*Director & Chief Financial Officer*

20th May, 2016  
Kolkata  
India

# Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2016

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES OF THE COMPANY

### 1. CSR Policy - Brief Outline and Overview

#### a. Brief outline of CSR Policy:

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

#### b. Role of the CSR and Sustainability Committee:

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

#### c. Programmes / Projects:

The two most important stakeholders for ITC's CSR programmes / projects are:

- Rural communities primarily in the Company's Agri Business areas.
- The communities residing in close proximity to our production units.

The Company's stakeholder representation is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below:

#### i. Promoting Preventive Healthcare, Sanitation & Poverty Alleviation (Schedule VII - i):

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases. Focus on interventions to enhance awareness and impact behaviour change on Water, Sanitation & Hygiene (WASH).
- **Village Health Champions (VHCs):** Specific focus on maternal and child care through a network of women Village Health Champions.
- **Healthcare:** Provide medical aid to communities, infrastructure support to government hospitals and relief to victims of natural calamities.
- **Health Infrastructure:** Undertake various social and civic infrastructure services to improve sanitation and hygiene in the neighbourhood of our factories comprising potable drinking water, drainage systems, etc.
- **Waste Recycling:** Create a clean and green environment through source segregation and recycling of dry waste, and create sustainable livelihoods for rag pickers and waste collectors.
- **Solid Waste Management:** Door-to-door collection of household waste against levies and segregation at site in order to recycle and compost such waste so as to minimise the load at municipal landfills.
- **Poverty Alleviation:** These programmes are targeted to the needy and poor who are provided with quality garments as a part of the NGOs' larger goal of poverty alleviation.

#### ii. Livelihood Enhancement (Schedule VII - ii):

- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers by increasing productivity of milch animals through a comprehensive package of extension services and training to dairy farmers.
- **Education:** Provide children from weaker sections access to education with focus on enrolment, retention and improved pedagogy.
- **Vocational Training:** Build and upgrade skills of youth to better compete with the emerging needs of the job market across different sectors.

#### iii. Economic Empowerment of Women (Schedule VII - iii):

Provide a range of gainful employment opportunities to poor women supported with financial assistance by way of loans and grants.

#### iv. Ensuring Environmental Sustainability (Schedule VII - iv):

- **Social Forestry:** Promote livelihoods for small and marginal landholders belonging to the economically weaker section of society through afforestation programmes by providing financial, technical and marketing support.

- **Soil & Moisture Conservation:** Promote local management of water resources by facilitating community-based participation in planning and executing watershed projects.
  - **CII-ITC Centre of Excellence for Sustainable Development:** Enable businesses to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies and processes.
- v. **Protection of National Heritage, Art & Culture (Schedule VII - v):**  
Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians of the time through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977.
- vi. **Rural Development (Schedule VII - x):**
- **Sustainable Agriculture:** Introduce advanced knowledge and technology through package of practices and increase awareness of farmers on optimum use of natural resources in order to increase farm productivity and minimise cost of cultivation.
  - **Knowledge Empowerment:** Leverage knowledge based interventions to empower farmers to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge on farm management, risk management and scientific farming.
  - **Agri-extension / services:** Encourage sustainable agricultural practices through Choupal Pradarshan Khets to enable access to relevant farm mechanisation technologies and implements, especially for small farm holdings.
  - **Farm Productivity Enhancement:** Improve the technical know-how of farmers, increase access to best practices and agricultural technologies and, thereby, enhance farm productivity.

## 2. Present Composition of the CSR and Sustainability Committee:

Mr. Y. C. Deveshwar	Chairman
Mr. A. V. Girija Kumar	Member
Mr. R. E. Lerwill	Member
Mr. S. B. Mainak	Member
Ms. Nirupama Rao	Member
Ms. M. Shankar	Member
Mr. B. B. Chatterjee	Secretary to the Committee

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

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

### 5. Details of CSR Spent during the financial year:

The total CSR expenditure for financial year 2015-16 stood at ₹ 247.50 crores. Please refer attached statement for details.

### 6. Details of implementing agencies:

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

- i. Eminent NGOs / Trusts such as BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, Foundation for Ecological Security, etc.;
- ii. ITC Sangeet Research Academy (ITC SRA), a true embodiment of the Company's sustained commitment to a priceless national heritage;
- iii. ITC Rural Development Trust, a Public Charitable Trust, involved in undertaking various programmes of rural development;
- iv. 'CII-ITC Centre of Excellence for Sustainable Development', established by the Company in collaboration with the Confederation of Indian Industry (CII).

### 7. Responsibility Statement of the CSR Committee:

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

On behalf of the Board

Kolkata  
20th May, 2016

Y. C. DEVESHWAR                      *Chairman — CSR Committee*  
R. TANDON                                *Director & Chief Financial Officer*

Statement of details of CSR spends during the financial year 2015-16

₹ in Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) State and district where projects or programmes was undertaken	Amount outlay (budget) project or programmes wise	Amount spent on the projects or programmes 1. Direct expenditure on projects or programmes	2. Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
1	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water, Eradication of Poverty	Local & Others *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Jammu & Kashmir, Himachal Pradesh, Madhya Pradesh, Maharashtra, Kerala, Arunachal Pradesh, Assam, Chandigarh, Chhattisgarh, Gujarat, Meghalaya, Odisha, Rajasthan, Tripura, Goa	3430	5494	301	5795	**Through Project Implementing Agencies, Government and Direct
2	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education Vocational Training Livestock Development Livelihood	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Rajasthan, Himachal Pradesh, Madhya Pradesh, Maharashtra, Assam, Odisha, Punjab, Haryana, New Delhi, Meghalaya, Chandigarh	6474	2325 1357 579 255	94 92 41 4	2419 1449 620 259	**Through Project Implementing Agencies and Direct
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Madhya Pradesh, Uttar Pradesh, Assam, Rajasthan, West Bengal, New Delhi	2343	1700	117	1817	**Through Project Implementing Agencies and Direct
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Environment Sustainability, Soil & Moisture Conservation Wasteland Development	Local & Others *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Rajasthan, Maharashtra, Madhya Pradesh, New Delhi, Gujarat, Punjab, West Bengal, Uttar Pradesh	7053	5129 1681	283 120	5412 1801	**Through Project Implementing Agencies and Direct
5	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture	Local *West Bengal, Punjab	500	42	51	93	**Through Project Implementing Agencies and Direct
6	Rural Development projects.	Agri Development	Local *Bihar, West Bengal, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Madhya Pradesh, Maharashtra, Uttar Pradesh, Rajasthan, Gujarat, Punjab	5100	4962	123	5085	**Through Project Implementing Agencies and Direct
	<b>Total</b>			<b>24900</b>	<b>23524</b>	<b>1226</b>	<b>24750</b>	

\* The CSR programmes are carried out primarily in the following districts of the States / Union Territories as mentioned below:  
 Bihar – Munger, Jamui, Bhagalpur, Begusarai, Lakhisarai, Buxar, Sasaram, Samastipur, Banka, Chhapra, Katihar, Muzaffarpur  
 West Bengal – Hooghly, Kolkata, Murshidabad, South 24 Parganas, Howrah, Paschim Medinipur, Purba Medinipur, Birbhum, Darjeeling, Bankura, Cooch Behar, Malda, North 24 Parganas, Purulia, Jalpaiguri  
 Odisha – Ganjam, Khordha, Malkangiri, Bhubaneswar, Puri, Bhubaneswar  
 Assam – Kamrup, Darrang, Guwahati, Goalpara, Bongaigaon, Morigaon, Nagaon, Dibrugarh, Sivasagar  
 Jharkhand – Deoghar, Jamshepur, Jamtara, Ranchi,  
 Arunachal Pradesh – Itanagar, Tirap  
 Tripura – Kailashahar  
 Meghalaya – Shillong, East Khasi Hills, Cherrapunji  
 Uttar Pradesh – Allahabad, Budaun, Gonda, Bahraich, Chandauli, Saharanpur, Hardoi, Hathras, Pilibhit, Etah, Mathura, Ghazipur, Lucknow, Kanpur, Noida  
 Madhya Pradesh – Agar, Bhopal, Chhindwara, Guna, Indore, Vidisha, Sehore, Ujjain, Hoshangabad, Mandla, Dewas, Shivpuri, Mhow, Dhar  
 Uttarakhand – Haridwar, Almora, Pauri Garhwal, Champawat, Dehradun  
 New Delhi  
 Himachal Pradesh – Solan

Maharashtra – Ahmednagar, Pune, Parbhani, Satara, Amravati, Wardha, Mumbai, Ratnagiri, Yavatmal, Chandrapur, Nagpur  
 Rajasthan – Baran, Bhilwara, Pratapgarh, Jhalawar, Bundi, Kota, Udaipur, Raipur, Barmer, Jalore, Jaipur, Nimbahera, Jhunjhunu  
 Andhra Pradesh – East Godavari, Guntur, West Godavari, Prakasam, Nellore, Krishna, Srikakulam, Vishakhapatnam, Kurnool  
 Telangana – Khammam, Nalgonda, Warangal, Medak, Karimnagar, Hyderabad, Rangareddy  
 Karnataka – Mysuru, Chikballapur, Hassan, Mandya, Chamarajpet, Kolar, Gadag, Tumkur, Bengaluru Urban, Bengaluru Rural, Manipal, Kodagu  
 Tamil Nadu – Coimbatore, Krishnagiri, Tiruvallur, Virudhunagar, Sivagangai, Theni, Madurai, Thoothukudi, Chennai, Nilgiris, Vellore  
 Jammu & Kashmir – Jammu  
 Kerala – Kozhikode  
 Punjab – Kapurthala  
 Chandigarh  
 Gujarat – Navsari, Rajkot, Surendranagar  
 Haryana – Hisar, Jind, Gurgaon (Gurgaon)  
 Chhattisgarh – Raipur  
 Goa – North Goa

\*\*The CSR programmes are carried out both directly and through the project implementing agencies the details of which are stated in the Report

# Annexure to the Report of the Board of Directors

## For the Financial Year Ended 31st March, 2016

### Form No. AOC-2

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

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

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship	Greenacre Holdings Limited, a wholly-owned subsidiary of Russell Credit Limited, which in turn is a wholly-owned subsidiary of the Company	Russell Credit Limited, a wholly-owned subsidiary	Technico Pty Limited, a wholly-owned subsidiary
(b) Nature of contracts / arrangements / transactions	Purchase of land	Sale of equity shares of Wills Corporation Limited	Purchase of equity shares of Technico Agri Sciences Limited
(c) Duration of the contracts / arrangements / transactions	N.A.	N.A.	N.A.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	3,839 sq. mtrs. of land owned by Greenacre Holdings Limited has been sold to the Company at book value of ₹ 28.22 crores for the upcoming Hotel Project in Mumbai.	The entire shareholding of Wills Corporation Limited (48,85,626 equity shares) has been sold to Russell Credit Limited at carrying cost of ₹ 4.88 crores.	The entire shareholding of Technico Agri Sciences Limited (3,79,62,800 equity shares) has been purchased from Technico Pty Limited at ₹ 121 crores (representing the book value of the company's shares as per its latest audited financials as at 31st March, 2015).
(e) Justification for entering into such contracts or arrangements or transactions	The transaction is between the Holding Company and wholly-owned subsidiary and therefore there is no potential conflict with the interests of the Company and its shareholders arising out of the same. Further, the said transaction will facilitate the expansion plans of the Company.	The transaction is between the Holding Company and wholly-owned subsidiary and therefore there is no potential conflict with the interests of the Company and its shareholders arising out of the same. Further, the aforesaid shares of Wills Corporation Limited were sold to Russell Credit Limited to improve operational efficiencies.	The transaction is between the Holding Company and wholly-owned subsidiary and therefore there is no potential conflict with the interests of the Company and its shareholders arising out of the same. Further, the aforesaid acquisition of entire share capital of Technico Agri Sciences Limited is expected to improve business and operational synergies.

(f) Date(s) of approval by the Board	27th March, 2015	12th August, 2015	22nd January, 2016
(g) Amount paid as advances, if any	Nil	Nil	Nil
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.	N.A.	N.A.

## 2. Details of material contracts or arrangements or transactions at arm's length basis

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

On behalf of the Board

Kolkata  
20th May, 2016

Y. C. DEVESHWAR  
R. TANDON

*Chairman*  
*Director & Chief Financial Officer*

## Annexure to the Report of the Board of Directors

INFORMATION UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE REPORT OF THE BOARD OF DIRECTORS

### CONSERVATION OF ENERGY:

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

#### a) Steps taken or impact on conservation of energy:

Some of the energy conservation measures adopted across the Company are outlined below:

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

#### b) Steps taken for utilising alternate sources of energy:

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

Some of the renewable energy initiatives undertaken during the year are as follows:

- I. Replacement of fossil fuel (high-speed diesel) with bio-diesel for use in boilers.
- II. Installation of additional solar energy based photovoltaic systems.
- III. Increased use of biomass-based fuels for steam generation to reduce dependency on fossil fuels.

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

### TECHNOLOGY ABSORPTION:

#### a) Efforts made towards technology absorption:

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

#### b) Benefits derived:

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

#### c) The expenditure incurred on Research and Development:

	For the year ended 31st March, 2016
<b>Expenditure on R&amp;D :</b>	(₹ in Lakhs)
i) Capital	3,344.55
ii) Revenue	12,191.24
<b>Total</b>	<b>15,535.79</b>
<b>Total R&amp;D Expenditure as a % of</b>	
– Gross Revenue	0.30%
– Net Revenue	0.43%

On behalf of the Board

Kolkata

20th May, 2016

Y. C. DEVESHWAR

R. TANDON

Chairman

Director & Chief Financial Officer

# Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2016

## A. Information pursuant to section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of Directors & Key Managerial Personnel	Designation	Ratio of Remuneration to Median remuneration of all employees	Increase in Remuneration over LY (%)
Y C Deveshwar	Executive Chairman	427 : 1	(2%)
N Anand	Executive Director	76 : 1	0%
S Puri	Executive Director (w.e.f. 6th December, 2015)	11 : 1	–
R Tandon	Executive Director & Chief Financial Officer (w.e.f. 22nd January, 2016)	6 : 1	–
	Chief Financial Officer (Upto 21st January, 2016)	43 : 1	–
A Bajjal	Non-Executive Director	8 : 1	16% *
S Banerjee	Non-Executive Director	6 : 1	(2%)
A Duggal	Non-Executive Director	6 : 1	315% **
S B Mathur	Non-Executive Director	8 : 1	14% *
P B Ramanujam	Non-Executive Director	7 : 1	2%
S S H Rehman	Non-Executive Director	7 : 1	4%
M Shankar	Non-Executive Director	8 : 1	(2%)
A V Girija Kumar	Non-Executive Director	6 : 1	(3%)
R E Lerwill	Non-Executive Director	7 : 1	60% **
S B Mainak	Non-Executive Director	6 : 1	266% **
K Vaidyanath	Non-Executive Director	8 : 1	1%
K N Grant	Executive Director (retired on 22nd January, 2016)	90 : 1	22% ***
P V Dhobale	Executive Director (retired on 6th December, 2015)	86 : 1	16% ***
S H Khan	Non-Executive Director (expired on 12th January, 2016)	7 : 1	13% *
B B Chatterjee	Executive Vice President & Company Secretary	33 : 1	2%

\* Reflects increase in commission paid as compared to previous year

\*\* Reflects increase in commission paid as compared to previous year and remuneration for part of the year since appointed during FY 2014-15

\*\*\* Reflects payment towards leave encashment on retirement.

### Notes

- The number of permanent employees as on 31st March, 2016 was 25,564.
- Compared to the previous year 2014-15, the figures for the current year 2015-16 reflect that:
  - Gross Turnover, PBT and EPS have grown by 3.2%, 6.9% & 1.7% respectively.
  - Median remuneration and average remuneration of employees have increased by 1% and 3% respectively.
  - Average remuneration of employees excluding Key Managerial Personnel (KMPs) has increased by 2%.
  - Increase in remuneration of KMPs by 4% is primarily towards leave encashment of two KMPs who retired during the year.
- No employee's remuneration for the year 2015-16 exceeded the remuneration of the highest paid Director.
- The remuneration of the Directors, KMPs and other employees is in accordance with the Remuneration Policy of the Company stated under the section 'Report on Corporate Governance' which forms part of the Report and Accounts.
- The market capitalisation of the Company as on 31st March, 2016 increased by 1.2% when compared to that of 31st March, 2015. The Company has not made any public offer in the recent past and accordingly, comparison of public offer price and the current market price of the Company's shares will not be relevant.
- The PE ratio as on 31st March, 2016 stood at 26.8 (31st March, 2015 : 27.0).
- Performance Bonus of Executive Directors and Commission of Non-Executive Directors are the variable components of their remuneration. Key parameters for determining the same are provided in the Remuneration Policy of the Company.



**B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
<b>Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000/- or more per annum.</b>								
Ahmad Syed Mahmood	62	On deputation	96,82,221	41,98,614	B.A., M.A.	39	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Ambasta Ashesh (Dr.)	57	Executive V. P. and Head - Social Investments	72,25,429	36,03,068	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	29	01.04.2002	Action Aid (India), Sr. Programme Analyst
Anand Nakul	59	Executive Director	2,78,76,400	1,18,29,311	B.A.(Hons.)	36	01.12.1979	@
Arif Nazeeb	54	Executive V.P. and Head - Corporate Communications	90,90,100	40,47,311	B.A.(Hons.), M.A.	30	01.09.2006	Indian Chamber of Commerce, Secretary General
Ashok D	52	General Manager - Strategic Planning	65,66,421	32,96,858	B.Com., A.C.S., F.C.M.A.	31	01.08.1992	UB Petroproducts Ltd., Dy. Manager, Accounts
Bagri Giriraj	46	Chief Operating Officer - Dairy & Beverages (FD)	67,81,854	32,55,700	B.Com.(Hons.), P.G.D.B.M.	22	01.08.2012	Castrol India Ltd., Cluster Marketing Director
Balakrishnan Subramanian	49	Head - Manufacturing Operations (PCPB)	64,97,986	28,49,110	B.E.	28	01.09.1987	Nil
Banerjee Anandarup	59	V.P. - Finance, Logistics & MIS (LRBD)	61,87,210	30,72,686	B.A.(Hons.), M.A., M.B.A.(U.S.A)	34	15.02.1985	Golden Gate University, Scheduling & Events Asst.
Batra Rakesh	52	On deputation	74,84,723	33,08,228	B.Com.(Hons.), F.C.A.	29	01.09.1986	Nil
Bezbaroa Sanjib K	53	Executive V.P. - Corporate EHS	65,98,045	28,67,222	B.E.(Elec.), P.G.D.(Safety Engg.), P.G.D.(Environmental Mgmt., Univ. of London)	33	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bhandari Ranvir	54	Chief Operating Officer - ITC Hotels / WelcomHotels (HD)	67,21,520	26,16,746	B.Com.(Hons.), Dip. in Hotel Mgmt.	26	01.09.2012	Max Ventures Pvt. Ltd., Vice Chairman
Chadha Anil	46	Area Manager South & General Manager - ITC Grand Chola (HD)	66,11,158	21,37,494	Dip. in Hotel Mgmt., Catering & Nutrition	14	01.05.2001	Nil
Chakraborty Kanchan	57	General Manager - Technology & Engg., Biscuits (FD)	69,70,815	45,51,735	B.E.	36	21.04.2006	Britannia Industries Ltd., Co. Engg. Serv. Mgr.
Chand A	51	Divisional Chief Executive (LRBD)	85,16,001	36,69,636	B.A., M.B.A.	29	01.06.1988	Godfrey Philips (I) Ltd., Mktg. Exec.
Charraudeau Phillippe Herve	59	V.P. and General Manager - ITC Maratha (HD)	1,94,50,291	87,86,367	B.E.P.C., (Rehaul Rebut), C.A.P.	34	09.05.2011	Movenpick Hotels & Resorts, Saudi Arabia, G.M.
Chandrasekharan L C (Dr.)	61	Chief Scientist - Research & Technology Innovation (LS & T)	1,09,39,542	65,97,526	Ph.D.	34	01.10.2005	G.E. India, Director, Mfg. Engg.
Chatterjee B B	63	Executive V.P. & Company Secretary	1,20,36,634	65,51,761	B.Com.(Hons.), F.C.A., F.C.S., LL.B.	38	16.05.1983	Wacsge, Deputy Mgr.
Dar C	60	Group Head - LS & T, Projects, EHS and Quality Assurance	1,33,29,471	56,00,189	B.Tech.(Hons.), P.G.D.M.	37	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Degan Shalini	47	V.P. - Skin Care & New Product Development (PCPB)	85,05,875	51,25,736	B.Sc., M.B.A.	22	15.07.2014	Britannia Industries Ltd., Category Director - Delight & Lifestyle
Deveshwar Y C	69	Executive Chairman	15,67,46,154	7,22,88,382	B.Tech.(Mech.)	47	11.02.1994	Air India Ltd., Chairman & M.D.
Dhamotharan R	49	V.P. - Buying & Merchandising Operations (LRBD)	61,82,774	33,65,014	B.Tech., M.B.A.	24	14.03.2011	Madura Garments Ltd., V.P. - Buying & Merchandising
Dixit Pradeep Kumar	55	General Manager - T & RA (ITD)	64,51,032	32,14,049	B.Sc.(Hons.)	32	17.10.1983	Nil
Dutta Saradindu	56	Head - Corporate Accounts	81,47,347	33,73,319	B.Com.(Hons.), M.Com., A.C.A.	34	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	49	Executive V.P. - Corporate Finance	77,85,382	34,52,099	B.Com.(Hons.), C.W.A., A.C.A.	25	01.11.1990	Nil
Ganesan M	53	Executive V.P. - Finance, Procurement & IT (FD)	83,25,630	41,32,121	B.Com., A.C.A., A.C.S.	30	01.03.1986	Nil
Ganesh Kumar S	48	Chief Operating Officer - Staples, Snacks & Meals (FD)	80,01,858	40,13,994	B.E.	24	14.12.1991	Nil
Garg A K	55	Head - Finance & IT (PCPB)	68,65,620	34,73,320	B.A.(Hons.), M.B.A.(U.S.A.)	33	01.08.1985	International Travel House Ltd., Regional Financial Controller
Ghosh Chandana	49	Head - Competency Development & HR (TM & D)	60,43,215	28,82,694	B.Sc.,(Hons.), M.M.S.	25	01.03.2007	Ideact Pvt. Ltd. and Studycats.com, Director
Ghosh Ranajit	43	Senior Principal Technologist - Media, Planning & Buying (PCPB)	60,35,980	34,99,599	B.Com., Executive Masters in International Business	13	20.09.2007	Times Internet Ltd., Chief Manager, Marketing
Guha Sumitro	54	Executive V.P. - Technical (ITD)	81,88,726	39,84,639	B.Tech.	33	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer

**B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Gupta P	59	Head - Corporate Taxation	79,05,443	43,25,953	B.Com.(Hons.), A.C.A., D.M.A.(I.C.A.)	36	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Haksar Dipak	58	Chief Executive - ITC Hotels / WelcomHotels (HD)	78,93,104	34,67,048	B.Com.(Hons.)	38	01.09.1977	@
Joshi Atul	57	National Sales Manager - Personal Care, Agarbatti & Matches (TM & D)	63,59,625	29,44,464	B.A., M.A., M.B.A.	34	01.01.1982	Nil
Kaul Sandeep	49	SBU Chief Executive (PCPB)	89,70,798	39,10,194	B.E., P.G.D.M.	25	01.06.1990	Nil
Kumar Ashwani	52	Chief Technologist - Packaging & Graphics Design (ITD)	66,55,271	29,92,557	B.Sc., M.B.A.	28	01.07.1990	Uptron India Ltd., Planning & Advr. Mgr.
Kumar G Krishna	50	V.P. - Leaf Operations (ABD-ILTD)	60,17,670	32,33,359	B.Sc.(Ag)	28	01.08.1987	Nil
Kumar Suresh	58	On deputation	64,33,114	28,63,180	B.Sc., A.M.Q.	36	01.12.1979	Nil
Madan Sachidanand	57	On deputation	1,03,60,213	48,16,633	B.Com.(Hons.), A.C.A., A.C.S.	34	01.04.2012	Russell Credit Ltd. - On deputation to Technico Agri Sciences Ltd. as Director
Malik Hemant	50	Divisional Chief Executive (ITD)	1,10,28,897	51,15,352	B.A., M.B.A.	26	01.06.1989	Nil
Mehta Rohinton R	55	Senior Associate General Counsel	63,65,015	30,37,154	B.Com.(Hons.), LL.B., LL.M., LL.M. (Criminal Law), M.S.(University of Wisconsin), Ph.D.	31	10.06.1994	Govt. Law College, Professor
Mehta Sartaj Singh	46	Creative Head (LRBD)	73,98,941	46,01,806	B.A., P.G.D., Knitwear Design Tech.	18	01.09.2012	Robemall Apparel Pvt. Ltd., V.P. - Design & Sourcing
Mukerji Arup K	57	Corporate Financial Controller	1,13,40,780	54,34,747	B.Com.(Hons.), A.C.A.	34	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Mukherjee P	54	V.P. - Finance & MIS (ABD-ILTD)	71,43,738	31,59,075	B.Com.(Hons.), A.C.S., A.C.A.	29	01.09.1987	M/s Khanna & Annadhana, Ch. Accountants, Asst. Audit
Mukherjee Soumitra (Dr.)	50	Chief Scientist (ITD)	75,28,217	43,27,646	B.Sc., M.Sc., Ph.D., Post Doctorate	21	16.03.1998	ICI India Ltd., Manager Q.A.
Mukhopadhyay Manu	58	General Manager - Product Development, Biscuits (FD)	62,15,790	38,98,921	B.Sc., B.Tech., M.Tech.	29	21.04.2006	Britannia Industries Ltd., R&D Manager
Noronha A R	62	Executive V.P. - Projects (HD)	74,96,084	32,68,528	B.E.(Elec.)	38	01.05.1978	@
Parasuram R	57	Head - Corporate Internal Audit	99,89,885	51,12,571	B.Com.(Hons.), A.C.A.	33	15.09.1982	Nil
Prabhakar L	50	V.P. - Human Resources (ABD)	60,69,920	28,73,067	B.E., P.G. Dip. in P.M. & I.R.	23	01.05.2006	ITC Infotech India Ltd., G.M.- HR
Pramanick B K	58	Head of Finance (PPB)	61,66,854	28,49,224	B.Com.(Hons.), C.W.A.	34	21.04.1997	Kitti Steels Ltd., Dy. General Manager
Puri Sanjiv	53	Executive Director	1,81,81,871	70,94,200	B.Tech.	31	20.01.1986	TELCO Ltd., Trainee
Qing Liang Xiao	53	Executive Chinese Chef, ITC Maratha (HD)	82,23,467	39,54,671	Cooking School of Beijing Tourism Administration	34	01.04.2009	The Great Wall Sheraton Hotel, Exec. Chinese Chef
Rai R K	53	Chief Operating Officer (ABD)	86,22,451	46,17,362	B.A.(Mktg.), P.G.D. in Exports & Imports	33	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajasekharan V M	57	SBU Chief Executive - Agarbatti & Matches	75,59,832	34,20,267	B.E.	36	01.06.1986	M.M. Rubber Co. Ltd., Sales Mgr.
Rajesh V L	48	Divisional Chief Executive (FD)	87,37,988	38,66,402	B.Sc., M.B.A.	25	01.06.1990	Nil
Rajiv Mohan D V R	50	V.P. - Commodities (ABD)	63,83,218	29,79,419	B.Com.(Hons.), M.B.A.	27	22.08.1988	Nil
Rajput A K	60	Senior V.P. - Corporate Affairs	1,38,91,754	60,60,427	B.Com., M.B.A.	39	10.04.1976	Nil
Rama Prasad H N	50	V.P. - Exports & Supply Chain (ABD - ILTD)	61,16,076	30,67,117	B.Sc.(Agri.), M.Sc.(A.G.)	27	26.09.1988	Nil
Ramamurthi Suresh (Dr.)	51	Chief Technologist (PCPB)	72,43,570	35,68,032	B.Sc., M.Sc.(Tech.), Ph.D.	20	27.08.2007	Hindustan Unilever Ltd., Sr. Scientist
Rangrass S	55	Divisional Chief Executive (ABD-ILTD)	1,06,66,005	54,55,945	B.Tech.	33	01.07.1982	Nil
Rao A Venkateswara	61	Executive V.P. - Manufacturing & Projects (PSPD)	65,61,715	30,99,021	B.E.(Mech.)	19	21.06.1996	Nil
Reddy K Venkateshwar	50	General Manager - Product Development, Staples & Noodles (FD)	71,30,625	44,51,920	B.Tech.	27	01.08.2001	Cargill India Pvt. Ltd., Prod. Manager

**B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Roy A	50	Head - Finance & Supply Chain (TM & D)	68,27,682	34,63,137	B.Com.(Hons.), A.C.A.	27	04.06.1990	E.L.M.(I) Ltd., Accounts Officer
Roy Samindra	58	National Sales Manager - Cigarettes (TM & D)	60,23,623	31,93,051	B.A.(Hons.), M.B.A.	19	15.10.1996	Shaw Wallace & Co. Ltd., G.M. Marketing
Sarma C V	54	Executive V.P. - Finance & MIS (PSPD)	75,63,248	35,07,944	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	22	03.05.1993	Nil
Sengupta P	58	General Manager - Risk Management	66,91,591	28,92,696	B.Sc.(Hons.), A.C.A.	34	01.07.1987	Indian Aluminium Co. Ltd., Finance Officer
Senguttuvan R	54	SBU Chief Executive (PPB)	1,02,51,002	49,88,401	B.E., P.G.D.M.	30	27.05.1991	Asian Paints, Purchase Executive
Seth Anil	58	Executive V.P. - Finance & MIS (ITD)	1,02,53,824	39,36,811	B.A.(Hons.), A.C.A., P.G.D.B.M.	33	01.11.1982	Nil
Shanmuga Sundaram A	49	Deputy General Counsel	79,86,441	39,16,177	B.L., M.L.	27	20.10.1997	Maxworth Home Ltd., Manager, Legal
Singh Jagdish	50	V.P. - Finance and Shared Services (HD)	65,35,489	35,74,726	B.Com.(Hons.), A.C.A.	28	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh S K	59	Divisional Chief Executive (PSPD)	1,16,08,368	53,03,670	B.Tech.(Chem.)	39	21.06.1977	#
Singhi Rajendra Kumar	51	Senior Deputy Company Secretary	71,19,451	39,75,338	B.Com.(Hons.), LL.B., F.C.S.	31	01.08.1988	Chemcrowm (I) Ltd., Asst. Secretary
Sivakumar S	55	Group Head - Agri Business	1,80,08,736	92,94,171	B.Sc., P.G. Dip. in Rural Mgmt.	33	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Songadwala Zubin S	47	General Manager - ITC Maurya (HD)	60,29,975	19,68,407	Dip. in Hotel Mgmt. & Catering Technology	25	01.02.1991	Nil
Sridhar R	57	Head - Corporate Human Resources	77,13,673	33,68,248	B.Sc., P.G. Dip. in P.M. & I.R., Fellow in Mgmt.	33	01.06.1982	Nil
Stephanos K G	51	V.P. - Finance & MIS (ABD)	66,25,311	35,05,827	B.Com.(Hons.), A.C.A.	27	01.07.1988	Price WaterHouseCoopers, Jr. Officer
Sule Sandeep Arun	50	Executive V.P. - Sales Operations & Development (TM & D)	79,18,291	35,79,422	B.Com., M.I.B.	26	16.07.1990	Bayer India Ltd., Management Trainee
Sumant B	52	President - FMCG Businesses	1,22,51,352	49,79,666	B.E.	30	20.01.1986	Nil
Suresh G K	45	V.P. - New Category Development (FD)	63,32,448	28,53,891	B.E., P.G.D.B.M.	22	01.06.1995	Tata Elxsi Ltd., Customer Support Exec.
Suresh K S	56	General Counsel	1,37,95,446	60,58,045	B.A., B.L., P.G.D.P.M., I.R. & L.W.	34	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Tandon R	62	Executive Director & Chief Financial Officer	1,77,56,794	74,97,961	B.Sc., F.C.A.	38	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Thakur N N	52	Head - Sales & Marketing (ESPB)	60,63,408	30,89,955	B.Sc., P.G.D.	28	01.09.1987	Nil
Tyagi Shailender	57	SBU Chief Executive (ESPB)	80,96,006	36,93,952	M.Sc., P.G.D.	34	01.02.1982	Nil
Venkateswaran Krishnan (Dr.)	56	Chief Scientist and Head - Product Development and R&D (PCPB)	79,87,104	47,38,581	B.Sc., M.Sc., Ph.D.	31	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Viswanathan K I	55	Executive V.P. - Marketing (PSPD)	70,48,359	37,83,800	M.B.A.	33	06.09.1982	Nil
Wali Paritosh	46	Chief Operating Officer - Confections (FD)	64,96,731	29,47,719	B.Tech., Sloan Fellowship	24	16.08.1991	Nil
Wanchoo Siddharth	55	Executive V.P. - Marketing (ITD)	79,45,556	38,34,984	B.Com.(Hons.)	34	19.10.1981	Nil
Wariah Dalbir Singh	49	General Manager - Product Development, Snacks (FD)	67,06,590	38,38,872	B.E.	26	05.04.2005	PepsiCo India Holdings Pvt. Ltd., General Manager
Zachariah Abraham	57	Executive V.P. and Head - Central Projects Organisation	70,95,505	33,82,120	B.Sc.(Engg.)	33	01.09.2012	Lanco Infratech Ltd., Senior Vice President
<b>Employed for a part of the year and in receipt of remuneration aggregating Rs. 5,00,000/- or more per month.</b>								
Ahmed Riaz	60	V.P. - Finance & MIS (LRBD)	66,14,049	39,77,679	B.Com., F.C.S., F.C.M.A., A.C.I.S.(U.K.)	30	23.01.1986	@
Anjaneyulu C (Dr.)	60	Leaf Manager - South (ABD-ILTD)	22,04,605	15,48,113	B.Sc., M.Sc., Ph.D.	34	02.02.1990	Government of India, Directorate of Marketing & Inspection, Marketing Officer
Barve Mahendra	45	General Manager - Product Development (FD)	50,90,447	31,25,806	B.Sc., M.Sc., Food Tech., E.M.B.A.	-	27.07.2015	Nil
Batra Vipul	34	Manager - Finance (LRBD)	2,88,327	2,78,462	B.Com.(Hons.), A.C.A.	12	16.03.2006	Cheil Communications India Pvt. Ltd., Accounts Exec.
Bishnoi Achal	29	Executive - Regional Logistics, North (ESPB)	85,656	80,820	B.Com., M.B.A.	3	05.11.2012	Nil
Bose Debal	60	Asst. Finance Manager (TM & D)	10,20,977	8,52,834	B.Com.	35	01.01.1981	Bhartiya Elect. Steel, Commercial Trainee
Bose Kamal Ranjan	56	General Manager - Institutional Sales (TM & D)	56,11,246	30,44,832	B.A.(Hons.), P.G.D.M.	36	16.01.1995	#

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Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Chandar V	60	Head - Finance, CGR (HD)	50,54,361	28,62,822	B.Com., M.Com., M.B.A., LL.B.	40	09.01.1976	Nil
Chamchoy Sasakamol	53	Spa Manager, ITC Grand Chola (HD)	20,12,631	10,94,660	Bachelor of Humanities, Ramkhamhaeng Univ.	28	17.01.2011	The Leela Kempinski, Udaipur, Spa Manager
Changrani Bhuvanesh	30	Asst. Manager (PSPD)	99,883	96,405	B.E.(Mech.), M.B.A.(Mktg)	2	10.06.2013	Nil
Chong Sin Chong	44	Asst. Chinese Chef - Sheraton New Delhi (HD)	9,39,996	6,30,038	High School	26	02.08.2012	Golden Island Chinese Cuisine, Chef
Das C S	60	SBU Chief Executive (ESPB)	94,07,843	51,14,761	B. Tech.(Hons.), M.B.A.	36	15.04.1980	Larsen & Toubro Ltd., Trainee
Dash Swostik Sourav	25	Asst. Manager - Projects (ABD-ILTD)	2,17,193	2,07,087	B.Tech., M.Tech.(Mech.)	2	10.06.2013	Nil
Dayalpar Nitin	31	Area Manager (TM & D)	1,00,873	92,189	P.G.D.M.	7	03.11.2009	HSBC, Field Sales Associate
Debnath Mrinal Kanti	61	Manager - Technical & Projects (PCPB)	7,27,712	6,92,712	B.Sc., B.Tech.(Chem.)	41	08.05.2008	Hindustan Uniliver Ltd., Manufacturing Manager
Desai C C	60	Deputy General Manager (PSPD)	16,11,007	13,20,441	B.Com., A.C.A.	32	18.02.1983	Nil
Dhobale P V	60	Executive Director	3,14,20,103	1,53,35,376	B.Tech.(Chem.)	39	01.07.1977	#
Gandhi Sanjiv	55	D.M., Technical (ITD)	13,04,638	11,18,455	B.Tech., D.B.M.	31	01.07.1987	Larsen & Toubro Ltd., Asst. Engineer
Grant K N	58	Executive Director	3,30,71,149	1,55,14,574	B.A.(Hons.), M.B.A.	37	02.06.1980	DCM Ltd., Mgmt. Trainee
H K Mohana	32	Asst. Manager - Product Development (FD)	61,533	60,868	B.Tech., M.Tech.	2	11.12.2013	Nil
Hridaya Chanakya	26	Asst. Manager - Supply Chain (ABD-ILTD)	2,15,382	2,05,276	B.Tech., M.Tech.(Mech.)	2	10.06.2013	Nil
Joshi Abhinav Anand	32	Asst. Manager, Process Excellence (PCPB)	2,29,037	2,15,870	B.Tech.	7	01.08.2012	Primal Glass Ltd., Asst. Manager, Manufacturing
Jyothimurugan V S M	60	Senior Specialist EHS (PSPD)	30,96,404	16,94,383	B.Sc., M.Sc., D.I.S., Dip. in Trng. & Development	25	06.07.1990	Nil
Kanaskar Akshay	34	Customer Associate (LRBD)	40,712	38,315	B.Com., M.B.A.	8	06.06.2011	Indiamart Intermesh Ltd., Asst. Mgr.-Client Servicing
Karan Kunal	32	Asst. Manager - HR (ITD)	1,27,437	1,20,714	P.G.D.M.	10	25.05.2007	Sonthalia Cellulars (Airtel), Sales Team Leader
Kavarana D	60	Chief Executive Officer - WelcomHeritage (HD)	62,93,210	30,64,143	B.Com., Dip. in Hotel Mgmt. & Nutrition	37	01.08.1978	Nil
Kikuta Fumio	51	Japanese Chef, ITC Gardenia (HD)	21,67,611	12,39,935	Craftsmanship in Japanese Cuisine	30	11.07.2011	Gulf Hotel, Bahrain, Japanese Chef
Khandelwal Lalit Kumar	24	Asst. Manager Finance (HD)	55,472	51,083	B.Com., A.C.A.	1	07.04.2014	Nil
Kumar J Shrawan	30	Officer - Procurement (ABD-ILTD)	38,973	37,077	M.Sc.(Food Tech.)	5	10.06.2014	Heritage Foods (India) Ltd., Exec., Sourcing & Sales
Kumar Prateek	27	Asst. Manager - Projects (PCPB)	2,54,193	2,43,027	B.Tech.	4	01.06.2011	Nil
Mathews Shibu	40	On deputation	5,80,729	3,64,625	B.Com.(Hons.), A.C.A., SWIFT	15	11.12.2000	Nil
Maurel Eric	54	Executive Pastry Chef, ITC Maurya (HD)	18,57,854	10,76,718	Chef Diploma - Maitrise, First Degree Certificate in Pastry, Chocolate & Ice Cream	19	01.08.2013	JW Marriott, Cairo, Exec. Pastry Chef
Mohan Nimalan	25	Asst. Manager - Technical (PPB)	2,77,720	2,62,606	B.Tech.	3	11.06.2012	Nil
Moran Joanna	39	Spa Manager and Corporate Spa Trainer - ITC Grand Bharat (HD)	31,74,979	16,63,377	B.A.(Hons.), Dip. in ESPA	15	18.09.2014	Leela Palaces, Mumbai, Corporate Spa Trainer
Mrosek Stefan	50	Executive Pastry Chef, ITC Grand Chola (HD)	23,22,008	12,73,657	Master Baker	31	04.11.2015	Hotel Zur Bleiche Resort and Spa, Burg im Spreewald, Exec. Pastry Chef
Mukherjee Nilanjan	48	Head - Marketing (PCPB)	34,05,455	17,29,721	B.E., M.B.A.	20	30.09.2010	I. Morph Consulting, Partner
Naidu Yabaji Rajesh Kumar	27	Category Development Manager (FD)	1,44,432	1,40,603	B.Tech.	2	11.12.2013	Nil
Naik Shailesh Narayan	44	General Manager - Channel (ABD)	4,65,134	4,31,159	B.E.(Mech.), M.B.A.	20	17.04.2006	Asian Paints Ltd., Sales Unit Head
Nayak Anand	64	Executive V.P. and Head - Corporate Human Resources	2,26,66,429	1,16,34,554	B.Sc., P.G.D.I.R.	42	14.05.1973	Nil
Padmanabhan A	62	V.P. - Projects (PSPD)	26,22,234	18,69,220	B.E.(Elec.)	38	07.10.1994	Phoenix Pulp & Paper Mill, Thailand
Pandey Vijay	55	Senior Specialist - Fabrics (LRBD)	31,11,837	21,23,927	T.D.C., B.Text., M.B.A.	37	16.04.2007	Grasim Industries Ltd., Asst. V.P.
Pandya Sagar	38	Area Sales Manager (LRBD)	2,07,667	2,02,097	B.E., P.G. Dip. in Business Administration	14	30.10.2006	Uni Style Image Pvt. Ltd., Asst. Manager - Retail Planning
Pathak Arun	56	Executive V.P. - Finance (HD)	82,38,105	35,40,745	B.Com.(Hons.), F.C.A.	32	20.06.1983	Nil
Prasad K T	60	Executive V. P. - Corporate Human Resources	84,51,506	41,00,833	B.A., M.A.(P.M., I.R. & L.W.)	35	01.06.1999	ITC Agro Tech., G.M. - H.R.

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1	2	3	4	5	6	7	8	9
Prasad Latha	60	Assistant Manager Finance (TM & D)	10,36,535	7,87,128	B.Com.	30	01.02.1985	Nil
Prasad V Rajendra	52	Deputy Manager (PSPD)	2,32,610	2,15,239	B.Sc.(Tech.)	26	07.08.1989	Nil
Rajendran K	60	Executive C.E.S. (ITD)	4,57,605	4,07,950	B.Com.	41	17.09.1974	Nil
Ramanajaneya Reddy S V S	56	Manager - Employee Relations (ABD-ILTD)	11,71,063	9,62,984	B.Sc., M.A.(S.W.), B.L.	29	30.08.1991	MG Brothers, Asst. Personnel Officer
Ramaswamy T V	64	Group Head - LS & T, Projects & EHS	1,37,31,219	71,17,275	B.E., M.M.S.	41	01.07.1974	Nil
Rana Dharm Singh	60	Asst. Manager Finance, WelcomHotel Jodhpur (HD)	2,99,300	2,13,917	B.Com.	38	22.11.1977	Nil
Rao D Sambasiva	60	General Manager - Materials (PSPD)	41,70,999	24,49,432	B.Com.(Hons.)	38	08.07.1991	Hindustan Lever Ltd., Sales Representative
Ratho Ram Prasad	60	Assistant Manager - T&RA (TM & D)	7,88,003	6,75,824	B.Com.(Hons.)	39	01.12.1981	Hindustan Lever Ltd., Sales Representative
Sathya D	60	General Manager - Product Development, Confectionery (FD)	76,59,357	49,65,922	B.Sc.(Agri Sciences), M.Sc.	35	24.06.2002	Nutrine Confectionery Co. Ltd., General Manager, Q & R
Satpathy Sameer	43	Chief Operating Officer (PCPB)	66,88,875	38,50,260	B.Com., P.G.D.M.	20	01.12.2015	Marico Ltd., Chief Marketing Officer
Sen Bibhuti	60	Deputy General Manager (PSPD)	17,53,689	12,67,638	B.Sc., Dip. in Prod. Management	31	15.05.1984	Nil
Sen Pradip Kumar	58	General Manager - Risk Management	33,19,976	19,95,742	B.Com.(Hons.), A.C.A.	28	01.09.1987	Lovelock & Lewes, J.Q.A
Sharma Ravi	38	Manager - FMCG Exports (TM & D)	6,15,279	4,55,033	B.A.(Hons.), M.B.E., M.B.A.	14	02.05.2005	Microtex India Ltd., Manager
Shrivastava Abhishek	26	Asst. Manager - Technical, Dairy Products (FD)	84,266	83,415	B.Tech., M.Tech.	2	10.06.2013	Nil
Singh Shantanu	26	Asst. Manager - Technical (PPB)	2,17,445	2,02,718	B.Tech., M.Tech.	2	10.06.2013	Nil
Srinivas M K	43	Production Manager (ITD)	12,65,960	4,74,353	B.Sc., B.E.	21	01.09.2001	Alfred Herbert (India) Ltd., Sr. Exec.
Srinivasan K	43	Deputy Manager (PSPD)	4,74,796	4,44,619	Dip. in P.P.T.	19	21.11.1996	Nil
Vellanki Shivani	33	HR Manager (ABD)	1,71,990	1,68,114	B.Com., M.A.(HRM & Labour)	10	08.06.2005	Nil
Velmurugan M	34	Area Executive (TM & D)	85,793	85,415	B.E., M.B.A.	12	03.12.2007	Funkskool (India) Ltd., Sales Exec.
Verghese G	60	Area Manager Kerala & General Manager - ITC Kakatiya (HD)	21,38,788	12,23,701	B.Com., Dip. in Personnel Mgmt.	34	01.02.1981	Nil
Verma Ravi	47	Asst. Manager - Production, JP Operations (LRBD)	2,83,360	2,71,224	B.Sc.(Hons.)	17	23.05.2005	Asia Inspection & Testing Pvt. Ltd., Q.A. Mgr.
Verma Shobhith	31	Asst. Manager, Grocery 2 (TM & D)	1,18,178	1,17,609	B.Tech., P.G.D.M.	8	14.06.2010	Indian Oil Corporation Ltd., Prod. Engineer
Waris Saadain Ghizali	35	Regional Sales Manager (TM & D)	3,02,726	2,38,819	B.M.S.	8	09.06.2009	Hindustan Unilever Ltd., Brand Exec.
Yajurvedi Rishabh	28	Sr. Customer Associate (LRBD)	37,097	34,325	B.B.A., P.G. Dip. in Retail Mgmt.	4	09.12.2011	Nil

**Abbreviations denote :**

ITD	: India Tobacco Division	HD	: Hotels Division
PSPD	: Paperboards & Specialty Papers Division	ESPB	: Education & Stationery Products Business
LRBD	: Lifestyle Retailing Business Division	PCPB	: Personal Care Products Business
ABD	: Agri Business Division	PPB	: Printing & Packaging Business
ABD-ILTD	: Agri Business-India Leaf Tobacco Division	LS & T	: Life Sciences & Technology
FD	: Foods Division	TM & D	: Trade Marketing & Distribution

@ Previously employed with ITC Hotels Ltd. which was merged with the Company on March 23, 2005

# Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on March 13, 2002

**Notes :**

- Remuneration includes salary, performance bonus, allowances & other benefits/ applicable perquisites except contribution to the approved Pension Fund under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
- The Company has not incurred any expenditure for Stock Options granted at 'market price' [within the meaning of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employees.
- Net remuneration comprises cash income less : a) income tax, surcharge (as applicable) & education cess deducted at source.  
b) manager's own contribution to Provident Fund.
- All appointments are/ were contractual in accordance with terms and conditions as per Company rules.
- None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Kolkata  
20th May, 2016

Y. C. DEVESHWAR

Chairman

R. TANDON

Director & Chief Financial Officer

# Annexure to the Report of the Board of Directors

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the Financial Year ended on 31st March, 2016**  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L16005WB1910PLC001985
ii)	Registration Date	:	24th August, 1910
iii)	Name of the Company	:	ITC Limited
iv)	Category / Sub-Category of the Company	:	Public company - Limited by shares
v)	Address of the Registered office and contact details	:	Virginia House, 37 Jawaharlal Nehru Road Kolkata 700 071, India Telephone no. : 033-2288 9371 Facsimile nos. : 033-2288 4016 / 1256 / 2259 / 2260 e-mail : enduringvalue@itc.in
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	The Company provides share registration and related services in-house through its Investor Service Centre

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sl. No.	Name and Description of main products / services	NIC Code of the products / services	% to total turnover of the Company	
			Gross Turnover	Net Turnover
1	<b>FMCG</b>			
	- Cigarettes	12003	62.70%	47.93%
	- Branded Packaged Food Products	10501, 10611, 10795, 10798, 10712, 10733, 10735, 10740, 10750, 10308, 10304	13.76%	19.44%
	- Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	10502, 10504, 46496, 46909, 47711, 20231, 20236, 20237, 20234, 46497	5.09%	7.15%
2	<b>Hotels</b>			
	- Hotels Sales / Income from Hotel Services	55101, 56101, 56210, 56301, 74909	2.47%	3.49%
3	<b>Agri Business</b>			
	- Wheat, Soya, Spices, Coffee, Unmanufactured Tobacco, Aqua etc.	10795, 10209, 10304, 10309, 10406, 10611, 10792, 46201, 46207, 46209, 46301, 46305, 46306, 47190, 47300, 47737, 12001, 20213	8.51%	12.03%
4	<b>Paperboards, Paper and Packaging</b>			
	- Paperboards and Paper	17016	6.35%	8.43%
	- Printed Material	17022, 17029, 22203	1.12%	1.53%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
1	Russell Credit Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65993WB1994PLC061684	Subsidiary	100%	2(87)
2	Greenacre Holdings Limited ITC Centre 37 J. L. Nehru Road Kolkata 700 071	U55202WB1986PLC049467	Wholly-owned subsidiary of Russell Credit Limited, referred to in Sl. No. 1	–	2(87)
3	Wimco Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U24291MH1923PLC001082	Subsidiary	98.21%	2(87)
4	Pavan Poplar Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1995PLC128849	Subsidiary	100%	2(87)
5	Prag Agro Farm Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1997PLC128846	Subsidiary	100%	2(87)
6	Technico Agri Sciences Limited 25, Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U01111DL1999PLC098646	Subsidiary	100%	2(87)
7	Technico Pty Limited Suite 5, 20 Bundaroo Street Bowral NSW 2576 Australia	NA	Subsidiary	100%	2(87)
8	Technico Technologies Inc. c/o Stewart McKelvey Stirling Scales Suite 600, Frederick Square 77 Westmoreland, Fredericton New Brunswick E3B 5B4 Canada	NA	Wholly-owned subsidiary of Technico Pty Limited, referred to in Sl. No. 7	–	2(87)
9	Technico Asia Holdings Pty Limited Suite 5, 20 Bundaroo Street Bowral NSW 2576 Australia	NA	Wholly-owned subsidiary of Technico Pty Limited, referred to in Sl. No. 7	–	2(87)
10	Technico Horticultural (Kunming) Co. Limited A 38, Yanglin Industrial Development Zone Songming, Yunnan Province People's Republic of China	NA	Wholly-owned subsidiary of Technico Asia Holdings Pty Limited, referred to in Sl. No. 9	–	2(87)
11	Srinivasa Resorts Limited 6-3-1187, Begumpet Hyderabad 500 016	U74999TG1984PLC005192	Subsidiary	68%	2(87)
12	Fortune Park Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurgaon 122 001	U55101HR1995PLC052281	Subsidiary	100%	2(87)
13	Bay Islands Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurgaon 122 001	U74899HR1976PLC052282	Subsidiary	100%	2(87)

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.):

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
14	ITC Infotech India Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65991WB1996PLC077341	Subsidiary	100%	2(87)
15	ITC Infotech Limited Norfolk House 118 Saxon Gate West Milton Keynes, MK9 2 DN United Kingdom	NA	Wholly-owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 14	–	2(87)
16	ITC Infotech (USA), Inc. 12 Route, 17 North Suite 303, Paramus New Jersey 07652 United States	NA	Wholly-owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 14	–	2(87)
17	Pyxis Solutions, LLC 55 Broad St., Fl. 14 New York NY 10004-2501 United States	NA	Wholly-owned subsidiary of ITC Infotech (USA), Inc., referred to in Sl. No. 16	–	2(87)
18	Gold Flake Corporation Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U16003WB1935PLC008314	Subsidiary	100%	2(87)
19	Landbase India Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurgaon 122 001	U74899HR1992PLC052412	Subsidiary	100%	2(87)
20	ITC Investments & Holdings Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65923WB2012PLC176166	Subsidiary	100%	2(87)
21	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1 5, Convent Street Mumbai 400 039	U65990MH1980PLC023259	Wholly-owned subsidiary of ITC Investments & Holdings Limited, referred to in Sl. No. 20	–	2(87)
22	Surya Nepal Private Limited Shree Bal Sadan Gha-2-513, Kantipath Kathmandu Nepal	NA	Subsidiary	59%	2(87)
23	King Maker Marketing, Inc. 12 Route, 17 North Suite 304, Paramus New Jersey 07652 United States	NA	Subsidiary	100%	2(87)
24	WelcomHotels Lanka (Private) Limited 216, De Saram Place, Colombo 10 Sri Lanka	NA	Subsidiary	100%	2(87)
25	North East Nutrients Private Limited Aradhana Building 2/1 Anandilal Poddar Sarani Kolkata 700 071	U15122WB2013PTC196135	Subsidiary	76%	2(87)



**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.):**

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
26	Gujarat Hotels Limited WelcomHotel Vadodara R. C. Dutt Road, Alkapuri Vadodara 390 007	L55100GJ1982PLC005408	Associate	45.78%	2(6)
27	International Travel House Limited Travel House, T-2 Community Centre Sheikh Sarai, Phase I New Delhi 110 017	L63040DL1981PLC011941	Associate	3.60%	2(6)
28	Russell Investments Limited 21 Prafulla Sarkar Street Kolkata 700 072	U65993WB1987PLC043324	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
29	Divya Management Limited Room No. 28 8/2 Kiron Sankar Roy Road Kolkata 700 001	U51109WB1995PLC069518	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
30	Antrang Finance Limited 4 Ripon Street Kolkata 700 016	U65993WB1993PLC060271	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
31	ATC Limited 35, Rajaji Nagar Hosur 635 126	U16000TZ1973PLC018100	Associate of Gold Flake Corporation Limited, referred to in Sl. No. 18	–	2(6)
32	Maharaja Heritage Resorts Limited 25, Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U74899DL1995PLC099649	Joint Venture	25%	2(6)
33	Espirit Hotels Private Limited 810-818, Swapnalok Complex 92/93, S. D. Road Secunderabad 500 003	U55101TG2009PTC063757	Joint Venture	26%	2(6)
34	Logix Developers Private Limited 85, World Trade Centre Barakhamba Lane, Barakhamba New Delhi 110 001	U70101DL2010PTC207640	Joint Venture	27.90%	2(6)
35	ITC Essentra Limited Survey No. 29 & 30, Doddajala Post Yarthiganahalli Bettahalsur Post Bengaluru North 562 157	U85110KA1993PLC014278	Joint Venture of Gold Flake Corporation Limited, referred to in Sl. No. 18	–	2(6)

**Note:** The above list does not include ITC Global Holdings Pte. Limited, Singapore, a subsidiary, under liquidation vide Singapore High Court's Order dated 30th November, 2007.

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	13,42,67,781	90,724	13,43,58,505	1.68	21,35,21,919	90,724	21,36,12,643	2.66	0.98
b) Banks / FI	90,54,07,001	9,78,178	90,63,85,179	11.31	90,24,00,460	9,69,178	90,33,69,638	11.23	-0.08
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1,74,52,42,797	63,485	1,74,53,06,282	21.77	1,71,33,96,534	63,485	1,71,34,60,019	21.29	-0.48
g) FIs	1,34,13,46,315	2,58,910	1,34,16,05,225	16.74	1,02,51,24,243	2,58,910	1,02,53,83,153	12.74	-4.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others:									
Foreign Portfolio Investors	31,90,36,559	0	31,90,36,559	3.98	61,98,84,972	0	61,98,84,972	7.70	3.72
<b>Sub-total (B)(1):-</b>	<b>4,44,53,00,453</b>	<b>13,91,297</b>	<b>4,44,66,91,750</b>	<b>55.48</b>	<b>4,47,43,28,128</b>	<b>13,82,297</b>	<b>4,47,57,10,425</b>	<b>55.62</b>	<b>0.14</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corp.									
(i) Indian	26,27,31,047	10,84,367	26,38,15,414	3.29	28,52,95,169	9,32,540	28,62,27,709	3.55	0.26
(ii) Overseas	6,10,772	2,41,30,76,100	2,41,36,86,872	30.11	1,09,172	2,41,30,76,100	2,41,31,85,272	29.99	-0.12
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	55,33,61,295	11,90,50,566	67,24,11,861	8.39	54,28,28,573	11,03,45,683	65,31,74,256	8.12	-0.27
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11,52,87,790	1,64,09,880	13,16,97,670	1.64	11,49,58,969	1,39,45,590	12,89,04,559	1.60	-0.04
c) Others:									
(i) NRIs	3,45,11,971	97,16,485	4,42,28,456	0.55	3,54,77,762	94,00,900	4,48,78,662	0.56	0.01
(ii) Foreign Nationals	74,711	4,44,240	5,18,951	0.01	68,054	4,44,240	5,12,294	0.01	0.00
(iii) Trusts	1,34,32,898	0	1,34,32,898	0.17	1,89,68,411	0	1,89,68,411	0.24	0.07
(iv) Clearing Members	90,72,534	0	90,72,534	0.11	75,57,815	0	75,57,815	0.09	-0.02
<b>Sub-total (B)(2):-</b>	<b>98,90,83,018</b>	<b>2,55,97,81,638</b>	<b>3,54,88,64,656</b>	<b>44.27</b>	<b>1,00,52,63,925</b>	<b>2,54,81,45,053</b>	<b>3,55,34,08,978</b>	<b>44.16</b>	<b>-0.11</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>5,43,43,83,471</b>	<b>2,56,11,72,935</b>	<b>7,99,55,56,406</b>	<b>99.75</b>	<b>5,47,95,92,053</b>	<b>2,54,95,27,350</b>	<b>8,02,91,19,403</b>	<b>99.78</b>	<b>0.03</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>1,99,36,135</b>	<b>27,000</b>	<b>1,99,63,135</b>	<b>0.25</b>	<b>1,80,60,588</b>	<b>27,000</b>	<b>1,80,87,588</b>	<b>0.22</b>	<b>-0.03</b>
<b>Grand Total (A+B+C)</b>	<b>5,45,43,19,606</b>	<b>2,56,11,99,935</b>	<b>8,01,55,19,541</b>	<b>100.00</b>	<b>5,49,76,52,641</b>	<b>2,54,95,54,350</b>	<b>8,04,72,06,991</b>	<b>100.00</b>	<b>0.00</b>

(ii) Shareholding of Promoters: NOT APPLICABLE

(iii) Change in Promoters' Shareholding: NOT APPLICABLE

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	<b>Tobacco Manufacturers (India) Limited</b>				
	At the beginning of the year	1,98,55,64,880	24.77		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			1,98,55,64,880	24.68 <sup>@</sup>
2	<b>Life Insurance Corporation of India</b>				
	At the beginning of the year	1,15,50,35,797	14.41		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			1,15,50,35,797	14.35 <sup>@</sup>
3	<b>Specified Undertaking of the Unit Trust of India</b>				
	At the beginning of the year	89,67,24,540	11.19		
	Increase / Decrease in Shareholding during the year:				
	04/03/2016	18,000	0.00	89,67,42,540	11.15
	At the end of the year			89,67,42,540	11.14 <sup>@</sup>
4	<b>Myddleton Investment Company Limited</b>				
	At the beginning of the year	32,42,07,960	4.05		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			32,42,07,960	4.03 <sup>@</sup>
5	<b>The New India Assurance Company Limited</b>				
	At the beginning of the year	15,34,63,435	1.91		
	Increase / Decrease in Shareholding during the year:				
	10/04/2015	(1,06,475)	0.00	15,33,56,960	1.91
	17/04/2015	(96,416)	0.00	15,32,60,544	1.91
	24/04/2015	(50,000)	0.00	15,32,10,544	1.91
	01/05/2015	(75,000)	0.00	15,31,35,544	1.91
	22/05/2015	(1,00,000)	0.00	15,30,35,544	1.91
	29/05/2015	(36,100)	0.00	15,29,99,444	1.91
	04/06/2015	(50,000)	0.00	15,29,49,444	1.91
	19/06/2015	(76,261)	0.00	15,28,73,183	1.91
	30/06/2015	(3,43,513)	0.00	15,25,29,670	1.90
	10/07/2015	(1,75,000)	0.00	15,23,54,670	1.90
	17/07/2015	(1,20,000)	0.00	15,22,34,670	1.90
	24/07/2015	(85,226)	0.00	15,21,49,444	1.90
	07/08/2015	(90,000)	0.00	15,20,59,444	1.90
	14/08/2015	(1,33,383)	0.00	15,19,26,061	1.89
	21/08/2015	(1,75,000)	0.00	15,17,51,061	1.89
	28/08/2015	(2,00,000)	0.00	15,15,51,061	1.89
	04/09/2015	(1,42,681)	0.00	15,14,08,380	1.89
	18/09/2015	(50,000)	0.00	15,13,58,380	1.89
	25/09/2015	(37,500)	0.00	15,13,20,880	1.89
	30/09/2015	(1,85,177)	0.00	15,11,35,703	1.88
	09/10/2015	(2,85,000)	0.00	15,08,50,703	1.88
	16/10/2015	(2,75,000)	0.00	15,05,75,703	1.88
	23/10/2015	(50,000)	0.00	15,05,25,703	1.87
	30/10/2015	(3,56,474)	0.00	15,01,69,229	1.87
	06/11/2015	(12,500)	0.00	15,01,56,729	1.87
	20/11/2015	(65,000)	0.00	15,00,91,729	1.87
	27/11/2015	(20,000)	0.00	15,00,71,729	1.87
	04/12/2015	(80,000)	0.00	14,99,91,729	1.87
	18/12/2015	(2,00,000)	0.00	14,97,91,729	1.86
	25/12/2015	(1,54,500)	0.00	14,96,37,229	1.86
	31/12/2015	(1,60,000)	0.00	14,94,77,229	1.86
	08/01/2016	(1,40,000)	0.00	14,93,37,229	1.86
	15/01/2016	(20,000)	0.00	14,93,17,229	1.86
	22/01/2016	(87,500)	0.00	14,92,29,729	1.86
	29/01/2016	(1,45,207)	0.00	14,90,84,522	1.85
	05/02/2016	(3,01,269)	0.00	14,87,83,253	1.85
	12/02/2016	(66,024)	0.00	14,87,17,229	1.85

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	26/02/2016	(2,00,000)	0.00	14,85,17,229	1.85
	11/03/2016	(26,655)	0.00	14,84,90,574	1.85
	18/03/2016	(2,00,000)	0.00	14,82,90,574	1.84
	25/03/2016	(1,63,746)	0.00	14,81,26,828	1.84
	31/03/2016	(1,09,599)	0.00	14,80,17,229	1.84
	At the end of the year			<b>14,80,17,229</b>	<b>1.84</b>
<b>6</b>	<b>General Insurance Corporation of India</b>				
	At the beginning of the year	<b>14,32,25,552</b>	<b>1.79</b>		
	Increase / Decrease in Shareholding during the year:				
	10/04/2015	(2,50,000)	0.00	14,29,75,552	1.78
	22/05/2015	40,000	0.00	14,30,15,552	1.78
	29/05/2015	3,25,000	0.00	14,33,40,552	1.79
	04/06/2015	95,000	0.00	14,34,35,552	1.79
	12/06/2015	40,000	0.00	14,34,75,552	1.79
	10/07/2015	2,33,261	0.00	14,37,08,813	1.79
	17/07/2015	2,66,739	0.00	14,39,75,552	1.80
	16/10/2015	(1,10,000)	0.00	14,38,65,552	1.79
	23/10/2015	(65,000)	0.00	14,38,00,552	1.79
	30/10/2015	(1,25,000)	0.00	14,36,75,552	1.79
	20/11/2015	(2,00,000)	0.00	14,34,75,552	1.79
	05/02/2016	(2,00,000)	0.00	14,32,75,552	1.78
	04/03/2016	(2,50,000)	0.00	14,30,25,552	1.78
	11/03/2016	(25,000)	0.00	14,30,00,552	1.78
	At the end of the year			<b>14,30,00,552</b>	<b>1.78</b>
<b>7</b>	<b>The Oriental Insurance Company Limited</b>				
	At the beginning of the year	<b>12,15,62,293</b>	<b>1.52</b>		
	Increase / Decrease in Shareholding during the year:				
	09/10/2015	(1,45,000)	0.00	12,14,17,293	1.51
	16/10/2015	(1,25,000)	0.00	12,12,92,293	1.51
	23/10/2015	(79,164)	0.00	12,12,13,129	1.51
	30/10/2015	(1,42,160)	0.00	12,10,70,969	1.51
	20/11/2015	(50,000)	0.00	12,10,20,969	1.51
	05/02/2016	(1,00,000)	0.00	12,09,20,969	1.50
	12/02/2016	(65,000)	0.00	12,08,55,969	1.50
	04/03/2016	(25,000)	0.00	12,08,30,969	1.50
	18/03/2016	(31,650)	0.00	12,07,99,319	1.50
	25/03/2016	(1,70,000)	0.00	12,06,29,319	1.50
	31/03/2016	(1,27,000)	0.00	12,05,02,319	1.50
	At the end of the year			<b>12,05,02,319</b>	<b>1.50</b>
<b>8</b>	<b>Government of Singapore</b>				
	At the beginning of the year	<b>NA</b>	<b>NA</b>		
	Became part of the top ten Shareholders of the Company with effect from 27/11/2015	<b>8,12,88,370</b>	<b>1.01</b>		
	Increase / Decrease in Shareholding during the year i.e. w.e.f. 27/11/2015:				
	04/12/2015	10,48,629	0.01	8,23,36,999	1.03
	11/12/2015	16,00,000	0.02	8,39,36,999	1.04
	18/12/2015	15,58,729	0.02	8,54,95,728	1.06
	31/12/2015	(1,80,344)	0.00	8,53,15,384	1.06
	08/01/2016	12,88,511	0.02	8,66,03,895	1.08
	15/01/2016	34,93,994	0.04	9,00,97,889	1.12
	22/01/2016	33,48,301	0.04	9,34,46,190	1.16
	29/01/2016	23,39,430	0.03	9,57,85,620	1.19
	05/02/2016	24,36,835	0.03	9,82,22,455	1.22
	12/02/2016	9,74,665	0.01	9,91,97,120	1.23
	19/02/2016	32,27,360	0.04	10,24,24,480	1.27
	26/02/2016	9,24,198	0.01	10,33,48,678	1.29
	04/03/2016	(5,42,746)	0.01	10,28,05,932	1.28
	11/03/2016	24,71,553	0.03	10,52,77,485	1.31
	18/03/2016	14,02,616	0.02	10,66,80,101	1.33
	31/03/2016	4,31,978	0.01	10,71,12,079	1.33
	At the end of the year			<b>10,71,12,079</b>	<b>1.33</b>

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):**

Sl. No.	For each of the top ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
9	<b>Rothmans International Enterprises Limited</b>				
	At the beginning of the year	<b>10,33,03,260</b>	<b>1.29</b>		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			<b>10,33,03,260</b>	<b>1.28<sup>@</sup></b>
10	<b>National Insurance Company Limited</b>				
	At the beginning of the year	<b>11,95,99,840</b>	<b>1.49</b>		
	Increase / Decrease in Shareholding during the year:				
	24/04/2015	1,20,000	0.00	11,97,19,840	1.49
	01/05/2015	3,30,000	0.00	12,00,49,840	1.50
	08/05/2015	1,00,000	0.00	12,01,49,840	1.50
	29/05/2015	1,00,000	0.00	12,02,49,840	1.50
	24/07/2015	(2,00,000)	0.00	12,00,49,840	1.50
	31/07/2015	3,14,000	0.00	12,03,63,840	1.50
	07/08/2015	(6,75,000)	0.01	11,96,88,840	1.49
	21/08/2015	(2,00,000)	0.00	11,94,88,840	1.49
	28/08/2015	(1,50,000)	0.00	11,93,38,840	1.49
	04/09/2015	(1,50,372)	0.00	11,91,88,468	1.49
	11/09/2015	(10,00,000)	0.01	11,81,88,468	1.47
	18/09/2015	(1,00,000)	0.00	11,80,88,468	1.47
	25/09/2015	(2,50,000)	0.00	11,78,38,468	1.47
	09/10/2015	(10,44,628)	0.01	11,67,93,840	1.46
	16/10/2015	(7,55,000)	0.01	11,60,38,840	1.45
	23/10/2015	(2,30,000)	0.00	11,58,08,840	1.44
	30/10/2015	(5,45,000)	0.01	11,52,63,840	1.44
	06/11/2015	(6,55,000)	0.01	11,46,08,840	1.43
	13/11/2015	(70,000)	0.00	11,45,38,840	1.43
	20/11/2015	(4,50,000)	0.01	11,40,88,840	1.42
	31/12/2015	(70,000)	0.00	11,40,18,840	1.42
	08/01/2016	(1,26,521)	0.00	11,38,92,319	1.42
	29/01/2016	(2,24,400)	0.00	11,36,67,919	1.41
	05/02/2016	(9,16,496)	0.01	11,27,51,423	1.40
	12/02/2016	(1,00,000)	0.00	11,26,51,423	1.40
	26/02/2016	(7,267)	0.00	11,26,44,156	1.40
	04/03/2016	(26,92,733)	0.03	10,99,51,423	1.37
	11/03/2016	(36,80,000)	0.05	10,62,71,423	1.32
	18/03/2016	(35,44,018)	0.04	10,27,27,405	1.28
	25/03/2016	(25,03,565)	0.03	10,02,23,840	1.25
	31/03/2016	(20,42,406)	0.03	9,81,81,434	1.22
	At the end of the year			<b>9,81,81,434</b>	<b>1.22</b>
11	<b>Virtus Emerging Markets Opportunities Fund</b>				
	At the beginning of the year	<b>6,33,25,671</b>	<b>0.79</b>		
	Increase / Decrease in Shareholding during the year:				
	17/04/2015	45,79,222	0.06	6,79,04,893	0.85
	24/04/2015	11,32,429	0.01	6,90,37,322	0.86
	01/05/2015	68,48,418	0.09	7,58,85,740	0.95
	08/05/2015	41,98,500	0.05	8,00,84,240	1.00
	28/08/2015	10,55,598	0.01	8,11,39,838	1.01
	27/11/2015	(11,72,395)	0.01	7,99,67,443	1.00
	Ceased to be part of the top ten Shareholders of the Company with effect from 27/11/2015			<b>7,99,67,443</b>	<b>1.00</b>
	At the end of the year			<b>NA</b>	<b>NA</b>

<sup>@</sup> Change(s) in shareholding percentage was consequent to allotment of shares under the ITC Employee Stock Option Schemes (ITC ESOS).

**Note:** The dates of increase / decrease in shareholding, as indicated above, are based on downloads of beneficial ownership provided by the Depositories, generally every Friday.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares@	% of total Shares of the Company	No. of Shares@	% of total Shares of the Company
1	<b>Y. C. Deveshwar, Chairman &amp; Executive Director</b>				
	At the beginning of the year	<b>1,72,500</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:				
	17/06/2015**	(86,250)	0.00	86,250	0.00
	03/08/2015**	(50,000)	0.00	36,250	0.00
	11/09/2015**	(36,250)	0.00	0	0.00
	15/03/2016*	6,80,000	0.01	6,80,000	0.01
	At the end of the year			<b>6,80,000</b>	<b>0.01</b>
2	<b>N. Anand, Executive Director</b>				
	At the beginning of the year	<b>2,28,000</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:				
	30/06/2015**	(1,10,000)	0.00	1,18,000	0.00
	20/08/2015**	(55,000)	0.00	63,000	0.00
	16/09/2015*	2,40,000	0.00	3,03,000	0.00
	30/09/2015**	(50,000)	0.00	2,53,000	0.00
	17/11/2015**	(50,000)	0.00	2,03,000	0.00
	19/11/2015**	(50,000)	0.00	1,53,000	0.00
	20/11/2015*	2,70,000	0.00	4,23,000	0.01
	29/12/2015**	(1,50,000)	0.00	2,73,000	0.00
	28/01/2016**	(1,35,000)	0.00	1,38,000	0.00
	26/02/2016**	(65,000)	0.00	73,000	0.00
	At the end of the year			<b>73,000</b>	<b>0.00</b>
3	<b>S. Puri, Executive Director</b>				
	At the beginning of the year	<b>NA</b>	<b>NA</b>		
	Appointed Director with effect from 06/12/2015	<b>0</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year i.e. w.e.f. 06/12/2015:				
	17/02/2016*	50,000	0.00	50,000	0.00
	15/03/2016*	50,000	0.00	1,00,000	0.00
	21/03/2016**	(50,000)	0.00	50,000	0.00
	At the end of the year			<b>50,000</b>	<b>0.00</b>
4	<b>R. Tandon, Executive Director &amp; Chief Financial Officer</b>				
	At the beginning of the year as Chief Financial Officer	<b>1,01,420</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:				
	20/08/2015**	(25,000)	0.00	76,420	0.00
	21/08/2015**	(25,000)	0.00	51,420	0.00
	16/09/2015*	50,000	0.00	1,01,420	0.00
	30/09/2015**	(50,000)	0.00	51,420	0.00
	05/11/2015**	(25,000)	0.00	26,420	0.00
	09/11/2015**	(25,000)	0.00	1,420	0.00
	20/11/2015*	50,000	0.00	51,420	0.00
	17/12/2015*	50,000	0.00	1,01,420	0.00
	31/12/2015**	(40,000)	0.00	61,420	0.00
	Appointed Director with effect from 22/01/2016	<b>61,420</b>	<b>0.00</b>		
	22/01/2016*	60,000	0.00	1,21,420	0.00
	15/03/2016*	50,000	0.00	1,71,420	0.00
	At the end of the year			<b>1,71,420</b>	<b>0.00</b>
5	<b>A. Baijal, Non-Executive Independent Director</b>				
	At the beginning of the year	<b>1,20,000</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:				
	16/07/2015*	10,000	0.00	1,30,000	0.00
	18/08/2015*	10,000	0.00	1,40,000	0.00
	20/11/2015*	10,000	0.00	1,50,000	0.00
	At the end of the year			<b>1,50,000</b>	<b>0.00</b>

**(v) Shareholding of Directors and Key Managerial Personnel (Contd.):**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares@	% of total Shares of the Company	No. of Shares@	% of total Shares of the Company
6	<b>S. B. Mathur, Non-Executive Independent Director</b>				
	At the beginning of the year	<b>3,11,000</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:				
	18/08/2015*	10,000	0.00	3,21,000	0.00
	30/09/2015**	(10,000)	0.00	3,11,000	0.00
	01/02/2016**	(10,000)	0.00	3,01,000	0.00
	At the end of the year			<b>3,01,000</b>	<b>0.00</b>
7	<b>P. B. Ramanujam, Non-Executive Independent Director</b>				
	At the beginning of the year	<b>3,41,356</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			<b>3,41,356</b>	<b>0.00</b>
8	<b>S. S. H. Rehman, Non-Executive Independent Director</b>				
	At the beginning of the year	<b>1,03,488</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:				
	30/09/2015**	(20,000)	0.00	83,488	0.00
	17/11/2015**	(15,000)	0.00	68,488	0.00
	19/11/2015**	(15,000)	0.00	53,488	0.00
	17/02/2016*	50,000	0.00	1,03,488	0.00
	15/03/2016*	50,000	0.00	1,53,488	0.00
	17/03/2016**	(10,000)	0.00	1,43,488	0.00
	21/03/2016**	(5,000)	0.00	1,38,488	0.00
	30/03/2016**	(20,000)	0.00	1,18,488	0.00
	31/03/2016**	(5,000)	0.00	1,13,488	0.00
	At the end of the year			<b>1,13,488</b>	<b>0.00</b>
9	<b>K. Vaidyanath, Non-Executive Director</b>				
	At the beginning of the year	<b>26,32,633</b>	<b>0.03</b>		
	Increase / Decrease in Shareholding during the year:				
	19/11/2015**	(1,00,000)	0.00	25,32,633	0.03
	At the end of the year			<b>25,32,633</b>	<b>0.03</b>
10	<b>B. B. Chatterjee, Executive Vice President &amp; Company Secretary</b>				
	At the beginning of the year	<b>2,00,000</b>	<b>0.00</b>		
	Increase / Decrease in Shareholding during the year:				
	09/11/2015**	(25,000)	0.00	1,75,000	0.00
	18/11/2015**	(5,000)	0.00	1,70,000	0.00
	19/11/2015**	(15,000)	0.00	1,55,000	0.00
	17/12/2015*	45,000	0.00	2,00,000	0.00
	01/03/2016**	(9,000)	0.00	1,91,000	0.00
	15/03/2016*	50,000	0.00	2,41,000	0.00
	21/03/2016**	(10,000)	0.00	2,31,000	0.00
	At the end of the year			<b>2,31,000</b>	<b>0.00</b>

Messrs. A. V. Girija Kumar, R. E. Lerwill & S. B. Mainak, Non-Executive Directors, and S. Banerjee, A. Duggal & Ms. M. Shankar, Non-Executive Independent Directors, did not hold any Shares of the Company, either at the beginning or at the end of the year or at any time during the year.

\* Allotment of Shares under ITC ESOS.

\*\* Sale of Shares allotted under ITC ESOS.

@ Shares held singly / jointly.

**Note:** The dates of increase / decrease in shareholding, as indicated above, are based on disclosures received from Directors and KMP.

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding / accrued but not due for payment:

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans**	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1.95	5,299.38	0.20	5,301.53
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	2.40	0.00	2.40
<b>Total (i+ii+iii)</b>	<b>1.95</b>	<b>5,301.78</b>	<b>0.20</b>	<b>5,303.93</b>
<b>Change in Indebtedness during the financial year</b>				
– Addition	358.03	0.00	0.00	358.03
– Reduction	0.00	-1,432.92	0.00	-1,432.92
<b>Net Change</b>	<b>358.03</b>	<b>-1,432.92</b>	<b>0.00</b>	<b>-1,074.89</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	359.98	3,868.87	0.20	4,229.04
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>359.98</b>	<b>3,868.87</b>	<b>0.20</b>	<b>4,229.04</b>

\*\* The balance of unsecured loans includes amounts as given under 'Deferred payment liabilities' under Note 3 and 'Current maturities of long-term debt' as given under Note 8 of the Notes to the Financial Statements forming part of the Report and Accounts.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Wholetime Directors and / or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Y. C. Deveshwar, Chairman & Executive Director	N. Anand, Executive Director	S. Puri, Executive Director <sup>§</sup>	R. Tandon, Executive Director & Chief Financial Officer <sup>#</sup>	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,297.50	217.50	27.64	140.85	1,683.49
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961*	217.97	41.52	7.69	28.29	295.47
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission - as % of profit - others, specify	0.00	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (A)</b>	<b>1,515.47</b>	<b>259.02</b>	<b>35.33</b>	<b>169.14</b>	<b>1,978.96</b>
	<b>Ceiling as per the Act</b>	<b>1,50,298</b>				
		(Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)				

<sup>§</sup> Additional Executive Director since 6th December, 2015.

<sup>#</sup> Additional Executive Director since 22nd January, 2016; remuneration includes ₹ 147.84 Lakhs for the period from 1st April, 2015 to 21st January, 2016 as Chief Financial Officer.

\* Does not include contribution to the approved Pension Fund under the defined benefit scheme which is actuarially determined on an overall Company basis.

**Note:** The Company has not incurred any expenditure for Stock Options granted at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employee.



## B. Remuneration to the other Directors:

(₹ in Lakhs)

Sl. No.	Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board / Board Committee Meetings	Commission	Others, please specify	
1	<b>Independent Directors</b>				
	A. Baijal	10.50	18.00	0.00	28.50
	S. Banerjee	9.00	12.38	0.00	21.38
	A. Duggal	11.00	9.76	0.00	20.76
	S. B. Mathur	11.00	18.00	0.00	29.00
	P. B. Ramanujam	8.50	18.00	0.00	26.50
	S. S. H. Rehman	9.00	18.00	0.00	27.00
	M. Shankar	10.00	18.00	0.00	28.00
	<b>Total (B)(1)</b>				<b>181.14</b>
2	<b>Other Non-Executive Directors</b>				
	A. V. Girija Kumar <sup>\$</sup>	3.70*	0.00	0.00	3.70
	R. E. Lerwill	6.00	18.00	0.00	24.00
	S. B. Mainak	7.00*	16.82*	0.00	23.82
	K. Vaidyanath	12.60	18.00	0.00	30.60
	<b>Total (B)(2)</b>				<b>82.12</b>
	<b>Total (B) = (B)(1) + (B)(2)</b>				<b>263.26</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>2,242.22</b>
	<b>Overall Ceiling as per the Act</b>	<b>1,65,040</b>			
		(Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)			

\* Paid to the Public Financial Institution the Director represents.

<sup>\$</sup> Additional Non-Executive Director since 31st July, 2015.

## C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	B. B. Chatterjee, Executive Vice President & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	109.85
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961*	4.25
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0.00
2	Stock Option	0.00
3	Sweat Equity	0.00
4	Commission	0.00
	- as % of profit	
	- others, specify	
5	Others, please specify	0.00
	<b>Total Amount</b>	<b>114.10</b>

\* Does not include contribution to the approved Pension Fund under the defined benefit scheme which is actuarially determined on an overall Company basis.

**Note:** The Company has not incurred any expenditure for Stock Options granted at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employee.

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

against the Company, Directors and other Officers in Default under the Companies Act, 2013: NONE

On behalf of the Board

Kolkata  
20th May, 2016

Y. C. DEVESHWAR  
R. TANDON

Chairman  
Director & Chief Financial Officer

# Annexure to the Report of the Board of Directors

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule-9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
**ITC Limited**  
Virginia House  
37, J. L. Nehru Road  
Kolkata 700 071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ITC Limited** (hereinafter called the Company). Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (a statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and their certificate on compliance with the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the Company has during the audit period covering the financial year ended on 31.03.2016 complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2016 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 to the extent applicable to the Company:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as replaced by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 – **The in-house Investor Services Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services.**
6. The following other laws specifically applicable to the Company –
  - a) Tobacco Board Act, 1975 and the rules made thereunder;
  - b) Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and the rules made thereunder;
  - c) Food Safety and Standards Act, 2006 and the rules made thereunder;
  - d) Drugs and Cosmetics Act, 1940 and the rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India which came into effect from 01.07.2015;
- ii. The Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited which were applicable upto 30.11.2015 and thereafter SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 01.12.2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all Directors for the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and appropriate systems are in place for seeking and obtaining further information and clarifications on the agenda items for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had the following specific events:

1. Issue and allotment of 3,16,87,450 ordinary shares of Re.1/- each, fully paid up, upon exercise of Stock Options under the Employee Stock Option Schemes of the Company;
2. BFIL Finance Limited (BFIL) and Wills Corporation Limited (Wills) ceased to be direct subsidiaries of ITC upon acquisition of their entire share capital by Russell Credit Limited (Russell Credit) – a wholly owned subsidiary of ITC. Further, pursuant to the Schemes of Amalgamation, as approved by Hon'ble High Courts, BFIL and Wills amalgamated with Russell Credit w.e.f. 1st April, 2015.
3. Technico Agri Sciences Limited became a direct wholly owned subsidiary of ITC upon acquisition of its entire share capital by ITC from Technico Pty Limited, Australia – a wholly owned subsidiary of ITC.

(S. M. Gupta)

Partner

S. M. Gupta & Co.

Company Secretaries

Place: Kolkata

Date: 20.05.2016

Encl: Annexure 'A' forming an integral part of this Report

Firm Registration No.: P1993WB046600

FCS No.: 896

CP No.: 2053

## ANNEXURE 'A'

To

The Members

**ITC Limited**

Virginia House

37, J. L. Nehru Road

Kolkata 700 071

Our Report of even date is to be read alongwith this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on such secretarial records based on our audit.
2. We have followed the audit practices and processes as we considered appropriate to obtain reasonable assurance on the correctness and completeness of the secretarial records. Our verification was conducted on a test basis to ensure that all entries have been made as per statutory requirements. We believe that the processes and practices we followed for this purpose provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation with respect to compliance of laws, rules and regulations and of significant events during the year.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations is the responsibility of the management. Our examination was limited to the verification of secretarial records on test basis to the extent applicable to the Company.

(S. M. Gupta)

Partner

S. M. Gupta & Co.

Company Secretaries

Place: Kolkata

Date: 20.05.2016

Firm Registration No.: P1993WB046600

FCS No.: 896

CP No.: 2053

## CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

### Independent Auditor's Certificate

To the Members of  
ITC Limited

1. We have examined the compliance of conditions of Corporate Governance by **ITC Limited** ("the Company"), for the year ended on 31st March, 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchanges for the period from 1st April, 2015 to 30th November, 2015.
  - Clause 49 (VII)(E) of the Listing Agreements of the Company with the stock exchanges for the period from 1st April, 2015 to 1st September, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for the period from 2nd September, 2015 to 31st March, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31st March, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells  
*Chartered Accountants*  
(Firm's Registration No. 302009E)

Shyamak R. Tata  
*Partner*  
(Membership No. 38320)

Kolkata, 20th May, 2016

## CEO and CFO Compliance Certificate

We, Y.C. Deveshwar, Chairman and R. Tandon, Director & Chief Financial Officer certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2016 and to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2016 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Kolkata  
20th May, 2016

Y. C. DEVESHWAR

*Chairman*

R. TANDON

*Director & Chief Financial Officer*

## Balance Sheet as at 31st March, 2016

	Note	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	1	804.72		801.55	
Reserves and surplus	2	32124.28	32929.00	29934.14	30735.69
<b>Non-current liabilities</b>					
Long-term borrowings	3	25.83		38.69	
Deferred tax liabilities (Net)	4	1848.42		1631.60	
Other Long term liabilities	5	15.13		7.05	
Long-term provisions	6	112.19	2001.57	100.72	1778.06
<b>Current liabilities</b>					
Short-term borrowings	7	3.60		0.02	
Trade payables					
Total outstanding dues of micro enterprises and small enterprises		32.92		21.91	
Total outstanding dues of creditors other than micro enterprises and small enterprises		2232.67	2265.59	1882.71	1904.62
Other current liabilities	8	4000.08		3671.18	
Short-term provisions	9	8318.59	14587.86	6106.09	11681.91
<b>TOTAL</b>		<b>49518.43</b>		<b>44195.66</b>	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets	10				
Tangible assets		13816.77		13777.14	
Intangible assets		387.76		401.35	
Capital work-in-progress - Tangible assets		2470.08		2085.49	
Intangible assets under development		30.75		28.65	
		16705.36		16292.63	
Non-current investments	11	6392.90		2441.64	
Long-term loans and advances	12	2285.43	25383.69	1506.36	20240.63
<b>Current assets</b>					
Current investments	13	6461.34		5963.82	
Inventories	14	8519.82		7836.76	
Trade receivables	15	1686.35		1722.40	
Cash and bank balances	16	6563.95		7588.61	
Short-term loans and advances	17	501.84		549.89	
Other current assets	18	401.44	24134.74	293.55	23955.03
<b>TOTAL</b>		<b>49518.43</b>		<b>44195.66</b>	

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

SHYAMAK R TATA  
Partner

Kolkata, 20th May, 2016

On behalf of the Board

Y. C. DEVESHWAR

R. TANDON

B. B. CHATTERJEE

Chairman

Director & Chief Financial Officer

Company Secretary

## 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)
<b>Gross Income</b>	19	<b>53748.31</b>	<b>51932.14</b>
Gross Revenue from sale of products and services	20	51582.45	49964.82
Less: Excise Duty		15107.18	13881.61
Net Revenue from sale of products and services		36475.27	36083.21
Other operating revenue		362.12	424.19
Revenue from operations	21	36837.39	36507.40
Other income	22	1803.74	1543.13
<b>Total Revenue</b>		<b>38641.13</b>	<b>38050.53</b>
<b>Expenses</b>			
Cost of materials consumed	23	11054.75	10987.83
Purchases of Stock-in-Trade	24	2590.08	3898.66
Changes in inventories of finished goods, Work-in-progress, Stock-in-Trade and Intermediates	25	58.17	(214.53)
Employee benefits expense	26	1883.51	1780.04
Finance costs	27	49.13	57.42
Depreciation and amortisation expense		1034.45	961.74
Other expenses	28	7012.65	6581.85
<b>Total Expenses</b>		<b>23682.74</b>	<b>24053.01</b>
<b>Profit before tax</b>		<b>14958.39</b>	<b>13997.52</b>
Tax expense:			
Current tax	29	4896.06	4020.99
Deferred tax	30	217.62	368.80
<b>Profit for the year</b>		<b>9844.71</b>	<b>9607.73</b>
Earnings per share (Face Value ₹ 1.00 each)	31 (i)		
Basic		₹ 12.26	₹ 12.05
Diluted		₹ 12.20	₹ 11.93

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
SHYAMAK R TATA  
Partner  
Kolkata, 20th May, 2016

On behalf of the Board

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

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

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
<b>A. Cash Flow from Operating Activities</b>		
PROFIT BEFORE TAX	<b>14958.39</b>	<b>13997.52</b>
ADJUSTMENTS FOR:		
Depreciation and Amortisation Expense	1034.45	961.74
Finance costs	49.13	57.42
Interest Income	(851.63)	(611.22)
Dividend Income from Long-Term Investments	(338.92)	(357.55)
Dividend Income from Current Investments	(37.98)	(219.37)
Loss on Sale of Fixed Assets - Net	45.21	24.89
Net gain on sale of Current Investments	(553.67)	(334.44)
Doubtful and Bad Debts	22.40	19.79
Doubtful and Bad Advances, Loans and Deposits - Net	(9.50)	0.54
Provision for Investment in Subsidiary companies, reversed - Net	(26.00)	-
Loss on sale of Long-Term Investment in Subsidiary company	34.48	-
Excess of Cost of Current Investments over Fair Value, reversed - Net	(84.78)	(29.53)
Foreign Currency translations and transactions - Net	(0.76)    (717.57)	(5.33)    (493.06)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	14240.82	13504.46
ADJUSTMENTS FOR:		
Trade Receivables, Loans and Advances and Other Assets	(159.92)	571.85
Inventories	(683.06)	(469.39)
Trade Payables, Other Liabilities and Provisions	681.23    (161.75)	(72.27)    30.19
CASH GENERATED FROM OPERATIONS	14079.07	13534.65
Income Tax Paid	(4827.72)	(4225.78)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>9251.35</b>	<b>9308.87</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2183.98)	(3051.06)
Sale of Fixed Assets	6.88	6.56
Purchase of Current Investments	(140152.13)	(88047.10)
Sale/Redemption of Current Investments	141499.39	88780.80
Investment in Joint Ventures	-	(3.87)
Investment in Subsidiaries	(286.98)	(88.79)
Purchase of Long-Term Investments from Subsidiary	(121.00)	-
Purchase of Long-Term Investments	(4926.25)	-
Sale of Long-Term Investments to Subsidiary	5.40	-
Redemption proceeds of Long-Term Investments	187.00	-
Dividend Income from Long-Term Investments Received	338.92	357.55
Dividend Income from Current Investments Received	37.98	219.37
Interest Received	716.31	551.95
Investment in bank deposits (original maturity more than 3 months)	(5366.87)	(7183.08)
Redemption/Maturity of bank deposits (original maturity more than 3 months)	6450.13	2820.29
Redemption/Maturity of deposits with financial institutions	-	750.00
Loans Given	(3.20)	-
Loans Realised	48.07	64.81
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3750.33)</b>	<b>(4822.57)</b>



# 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)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital	531.70	978.79
Repayment of Long-term borrowings	(14.31)	(15.40)
Net increase/(decrease) in Cash/Export Credit Facilities	3.58	(0.23)
Interest Paid	(23.05)	(5.67)
Net increase in Statutory Restricted Accounts Balances	19.10	21.22
Dividend Paid	(5009.70)	(4771.91)
Income Tax on Dividend Paid	(968.84)	(780.41)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5461.52)</b>	<b>(4573.61)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>39.50</b>	<b>(87.31)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>36.29</b>	<b>121.06</b>
<b>CASH AND CASH EQUIVALENTS PURSUANT TO THE SCHEME OF ARRANGEMENT</b>	<b>—</b>	<b>2.54</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>75.79</b>	<b>36.29</b>

**Notes:**

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements".
- The following are non-cash transactions:
  - Pursuant to the Scheme of Arrangement [Refer Note 31(x)], the entire assets and liabilities of the Non-Engineering Business of Wimco Limited was transferred to and vested in the Company, from 1st April, 2013, which is included in financial year 2014-15 at the values stated below:
 

(i) Loan Funds	2.00
(ii) Other Liabilities	93.29
(iii) Fixed Assets (Net)	103.11
(iv) Investments	5.99
(v) Other Assets	58.38
  - Issue of Shares during the year 2014-15 of ₹ 0.01 Crore pursuant to the Scheme of Arrangement [Refer Note 31(x)(d)].
- CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents as above	75.79	36.29
Other bank balances	6488.16	7552.32
Unrealised Gain/(Loss) on Foreign Currency Cash and cash equivalents	...	...
Cash and bank balances (Note 16)	<u>6563.95</u>	<u>7588.61</u>

The accompanying notes 1 to 34 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
SHYAMAK R TATA  
Partner  
Kolkata, 20th May, 2016

On behalf of the Board

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

## Notes to the 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)
<b>1. Share capital</b>				
<b>Authorised</b>				
Ordinary Shares of ₹ 1.00 each	10,00,00,00,000	1000.00	10,00,00,00,000	1000.00
<b>Issued and Subscribed</b>				
Ordinary Shares of ₹ 1.00 each, fully paid	8,04,72,06,991	804.72	8,01,55,19,541	801.55
<b>A) Reconciliation of number of Ordinary Shares outstanding</b>				
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 pursuant to the Scheme of Arrangement [Refer Note 31(x)(d)]	–	–	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>B) Shareholders holding more than 5% of the Ordinary Shares in the Company</b>				
	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
<b>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</b>				
	2016 (No. of Shares)	2015 (No. of Shares)		
Shares issued in 2014-15 pursuant to the Scheme of Arrangement [Refer Note 31(x)(d)]	87,761	87,761		
<b>D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March</b>				
	2016 (No. of Shares)	2015 (No. of Shares)		
Bonus Shares issued in 2010-11	3,82,67,01,530	3,82,67,01,530		
<b>E) Rights, preferences and restrictions attached to the Ordinary Shares</b>				
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.				
<b>F) Shares reserved for issue under Options</b>				
	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 Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
<b>2. Reserves and surplus</b>		
Capital Reserve		
At the beginning and at the end of the year	2.48	2.48
Capital Redemption Reserve		
At the beginning and at the end of the year	0.30	0.30
Securities Premium Account		
At the beginning of the year	5134.75	4162.18
Add: On issue of Shares	<u>528.53</u>	<u>972.57</u>
At the end of the year	5663.28	5134.75
Revaluation Reserve		
At the beginning and at the end of the year	52.41	52.41
Contingency Reserve		
At the beginning and at the end of the year	363.05	363.05
General Reserve		
At the beginning of the year	15565.31	14686.31
Less: Pursuant to the Scheme of Arrangement [Note 31(x)(a)]	–	91.00
Add: Transfer from Surplus in Statement of Profit and Loss	<u>990.00</u>	<u>970.00</u>
At the end of the year	16555.31	15565.31
Foreign Currency Translation Reserve		
At the beginning and at the end of the year	40.55	40.55
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	<u>0.80</u>	<u>6.27</u>
At the end of the year	6.42	7.94
Surplus in Statement of Profit and Loss		
At the beginning of the year	8767.35	6139.09
Less: Loss for the period from 1st April, 2013 to 31st March, 2014 adjusted pursuant to the Scheme of Arrangement [Refer Note 31(x)]	–	8.01
Add: Unrecognised Net Deferred Tax assets as on 1st April, 2013 adjusted pursuant to the Scheme of Arrangement [Refer Note 31(x)]	–	45.84
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets [Net of Deferred Tax - Nil (2015 - ₹ 24.88 Crores)] [Refer Note 31(xi)]	–	48.32
Add: Profit for the year	9844.71	9607.73
Less: Transfer to General Reserve	990.00	970.00
Proposed Dividend		
– 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 Proposed Dividend		
– Current year	1392.48	1019.86
– Earlier year's provision no longer required	<u>(51.02)</u>	<u>(30.58)</u>
At the end of the year	9440.48	8767.35
<b>TOTAL</b>	<b><u>32124.28</u></b>	<b><u>29934.14</u></b>

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
<b>3. Long-term borrowings</b>		
Unsecured		
Deferred payment liabilities		
Sales tax deferment loans	25.83	38.69
<b>TOTAL</b>	<b>25.83</b>	<b>38.69</b>

### Sales tax deferment loans

Repayable after a period of 10 to 14 years from the end of the month of respective loans. These are repayable by 2025-26 and are interest free.

The scheduled maturity of the Long-term borrowings are summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
<b>Borrowings repayable</b>				
In the first year (Note 8)	–	12.86	2.00*	12.31
<b>Current maturities of long-term debt</b>	<b>–</b>	<b>12.86</b>	<b>2.00</b>	<b>12.31</b>
In the second year	–	7.84	–	12.86
In the third to fifth year	–	12.36	–	17.94
After five years	–	5.63	–	7.89
<b>Long-term borrowings</b>	<b>–</b>	<b>25.83</b>	<b>–</b>	<b>38.69</b>

\* Represents Interest Free Loan from a subsidiary company taken over during the financial year 2014-15 pursuant to the Scheme of Arrangement - ₹ 2.00 Crores, repaid in March, 2016 [Refer Note 31(x)].

<b>4. Deferred tax liabilities (Net)</b>		
Deferred tax liabilities		
On fiscal allowances on fixed assets	1733.33	1570.30
On excise duty on closing stock	600.92	513.00
Other timing differences	35.89	16.04
	<b>2370.14</b>	<b>2099.34</b>
Deferred tax assets		
On employees' separation and retirement etc.	80.10	83.01
On provision for doubtful debts/advances	26.05	23.40
On State and Central taxes etc.	322.60	312.54
Other timing differences	92.97	48.79
	<b>521.72</b>	<b>467.74</b>
<b>TOTAL</b>	<b>1848.42</b>	<b>1631.60</b>

<b>5. Other Long term liabilities</b>		
Sundry deposits	0.05	0.02
Others (Includes retention monies payable towards fixed assets)	15.08	7.03
<b>TOTAL</b>	<b>15.13</b>	<b>7.05</b>

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
<b>6. Long-term provisions</b>		
Provision for employee benefits		
Retirement benefits	74.36	64.04
Other benefits	37.83	36.68
<b>TOTAL</b>	<b>112.19</b>	<b>100.72</b>
<b>7. Short-term borrowings</b>		
Secured		
Loans from Banks		
Cash credit facilities	3.60	0.02
<b>TOTAL</b>	<b>3.60</b>	<b>0.02</b>
Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future.		
<b>8. Other current liabilities</b>		
Current maturities of long-term debt (Note 3)	12.86	14.31
Interest accrued but not due on borrowings	—	0.02
Unpaid dividend*	153.56	134.50
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures/bonds and interest accrued thereon**	0.32	0.32
Sundry deposits	46.65	44.91
Other payables	3786.69	3477.12
<b>TOTAL</b>	<b>4000.08</b>	<b>3671.18</b>
* Represents dividend amounts either not claimed or kept in abeyance in terms of Section 126 of the Companies Act, 2013/ Section 206A of the Companies Act, 1956, or such amounts in respect of which Prohibitory/Attachment Orders are on record with the Company.		
** Represents amounts which are subject matter of pending legal disputes, details in respect of which are on record with the Company, including an amount of ₹ 0.30 Crore (2015 - ₹ 0.30 Crore) maintained with a bank for which the Company has filed a suit.		
Other payables comprise:		
Payables for fixed assets	212.02	253.19
Statutory liabilities	2422.60	2334.58
Advances received from customers	908.16	639.75
Others	243.91	249.60
<b>TOTAL</b>	<b>3786.69</b>	<b>3477.12</b>
<b>9. Short-term provisions</b>		
Current portion of long-term employee benefits		
Retirement benefits	37.33	51.65
Other benefits	20.27	23.33
Current taxation (net of advance payment)	28.39	—
Fringe benefit tax (net of advance payment)	—	1.55
Proposed dividend	6840.12	5009.70
Income tax on proposed dividend	1392.48	1019.86
<b>TOTAL</b>	<b>8318.59</b>	<b>6106.09</b>

# Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block							
	As at 31st March, 2014 <sup>1</sup>	Pursuant to the Scheme of Arrangement <sup>8</sup>	Additions	Withdrawals and adjustments	As at 31st March, 2015 <sup>1</sup>	Additions	Withdrawals and adjustments	As at 31st March, 2016 <sup>1</sup>
<b>Tangible assets</b>								
Land								
Freehold <sup>2</sup>	1089.18	69.46	148.73	–	1307.37	163.90	0.01	1471.26
Leasehold <sup>3</sup>	241.35	2.47	49.11	3.71	289.22	22.96	–	312.18
Buildings								
Freehold <sup>4</sup>	3872.96	40.22	527.58	9.63	4431.13	157.26	9.97	4578.42
Licensed Properties - Building Improvement	58.80	–	5.35	4.27	59.88	2.92	3.14	59.66
Plant and Equipment	12094.75	56.64	1927.12	79.07	13999.44	642.52	140.14	14501.82
Furniture and Fixtures	683.52	3.88	84.61	14.97	757.04	41.75	12.91	785.88
Vehicles	105.67	1.31	17.78	10.21	114.55	23.65	12.32	125.88
Office Equipment	27.40	0.88	5.11	3.22	30.17	3.08	1.97	31.28
Railway Sidings etc.	1.97	–	–	–	1.97	–	–	1.97
	<b>18175.60</b>	<b>174.86</b>	<b>2765.39</b>	<b>125.08</b>	<b>20990.77</b>	<b>1058.04</b>	<b>180.46</b>	<b>21868.35</b>
Capital work-in-progress <sup>7</sup>	2272.94	–	2506.23	2693.68	2085.49	1958.56	1573.97	2470.08
<b>TOTAL</b>	<b>20448.54</b>	<b>174.86</b>	<b>5271.62</b>	<b>2818.76</b>	<b>23076.26</b>	<b>3016.60</b>	<b>1754.43</b>	<b>24338.43</b>
<b>Intangible assets (acquired)</b>								
Goodwill	4.90	–	–	–	4.90	–	–	4.90
Trademarks <sup>5</sup>	6.04	–	337.98	–	344.02	0.04	–	344.06
Computer Software	285.34	2.89	27.65	11.34	304.54	32.68	0.09	337.13
Know-how, Business and Commercial Rights <sup>6</sup>	72.99	–	9.75	–	82.74	10.59	–	93.33
	<b>369.27</b>	<b>2.89</b>	<b>375.38</b>	<b>11.34</b>	<b>736.20</b>	<b>43.31</b>	<b>0.09</b>	<b>779.42</b>
Intangible assets under development	22.79	–	371.76	365.90	28.65	44.54	42.44	30.75
<b>TOTAL</b>	<b>392.06</b>	<b>2.89</b>	<b>747.14</b>	<b>377.24</b>	<b>764.85</b>	<b>87.85</b>	<b>42.53</b>	<b>810.17</b>

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	8.08	5.31	2.77	0.22	9.12	5.98	3.14	0.77
Plant and Equipment	488.53	322.41	166.12	18.35	371.49	242.24	129.25	14.54
<b>TOTAL</b>	<b>496.61</b>	<b>327.72</b>	<b>168.89</b>	<b>18.57</b>	<b>380.61</b>	<b>248.22</b>	<b>132.39</b>	<b>15.31</b>

# Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortisation									Net Book Value		
	Upto 31st March, 2014	Pursuant to the Scheme of Arrangement <sup>8</sup>	Transition Adjustment recorded against surplus balance in Statement of Profit and Loss	For the year	On Withdrawals and adjustments	Upto 31st March, 2015	For the year	On Withdrawals and adjustments	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
<b>Tangible assets</b>												
Land												
Freehold <sup>2</sup>	–	–	–	–	–	–	–	–	–	1471.26	1307.37	1089.18
Leasehold <sup>3</sup>	13.24	2.47	–	2.21	0.17	17.75	2.52	–	20.27	291.91	271.47	228.11
Buildings												
Freehold <sup>4</sup>	569.94	36.18	30.26	104.98	3.53	737.83	110.16	4.41	843.58	3734.84	3693.30	3303.02
Licensed Properties - Building Improvement	32.76	–	–	6.70	3.62	35.84	6.07	2.48	39.43	20.23	24.04	26.04
Plant and Equipment	5236.08	40.57	32.95	720.81	67.97	5962.44	772.58	110.53	6624.49	7877.33	8037.00	6858.67
Furniture and Fixtures	336.69	3.03	7.10	68.90	10.85	404.87	66.44	11.10	460.21	325.67	352.17	346.83
Vehicles	31.20	0.80	0.50	14.50	5.96	41.04	15.06	11.06	45.04	80.84	73.51	74.47
Office Equipment	6.89	0.58	2.39	5.31	1.55	13.62	4.64	0.07	18.19	13.09	16.55	20.51
Railway Sidings etc.	0.11	–	–	0.13	–	0.24	0.13	–	0.37	1.60	1.73	1.86
	<b>6226.91</b>	<b>83.63</b>	<b>73.20</b>	<b>923.54</b>	<b>93.65</b>	<b>7213.63</b>	<b>977.60</b>	<b>139.65</b>	<b>8051.58</b>	<b>13816.77</b>	<b>13777.14</b>	<b>11948.69</b>
Capital work-in-progress <sup>7</sup>	–	–	–	–	–	–	–	–	–	2470.08	2085.49	2272.94
<b>TOTAL</b>	<b>6226.91</b>	<b>83.63</b>	<b>73.20</b>	<b>923.54</b>	<b>93.65</b>	<b>7213.63</b>	<b>977.60</b>	<b>139.65</b>	<b>8051.58</b>	<b>16286.85</b>	<b>15862.63</b>	<b>14221.63</b>
<b>Intangible assets (acquired)</b>												
Goodwill	4.90	–	–	–	–	4.90	–	–	4.90	–	–	–
Trademarks <sup>5</sup>	6.02	–	–	4.78	–	10.80	33.70	–	44.50	299.56	333.22	0.02
Computer Software	230.35	2.74	–	31.40	11.31	253.18	20.53	0.04	273.67	63.46	51.36	54.99
Know-how, Business and Commercial Rights <sup>6</sup>	63.95	–	–	2.02	–	65.97	2.62	–	68.59	24.74	16.77	9.04
	<b>305.22</b>	<b>2.74</b>	<b>–</b>	<b>38.20</b>	<b>11.31</b>	<b>334.85</b>	<b>56.85</b>	<b>0.04</b>	<b>391.66</b>	<b>387.76</b>	<b>401.35</b>	<b>64.05</b>
Intangible assets under development	–	–	–	–	–	–	–	–	–	30.75	28.65	22.79
<b>TOTAL</b>	<b>305.22</b>	<b>2.74</b>	<b>–</b>	<b>38.20</b>	<b>11.31</b>	<b>334.85</b>	<b>56.85</b>	<b>0.04</b>	<b>391.66</b>	<b>418.51</b>	<b>430.00</b>	<b>86.84</b>

- Original Cost / Professional Valuation as at 30th June, 1986.
- 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 ₹ 1165.66 Crores (2015 - ₹ 1055.24 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 ₹ 93.33 Crores (2015 - ₹ 82.74 Crores):-
  - ₹ 80.31 Crores (2015 - ₹ 69.72 Crores) acquired during the year and in earlier years are being amortised over 10 years.
  - ₹ 8.05 Crores (2015 - ₹ 8.05 Crores) acquired in earlier years and have been amortised over 5 years.
  - ₹ 4.97 Crores (2015 - ₹ 4.97 Crores) acquired in earlier years and have been amortised over 4 years.
- 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).
- Taken over pursuant to the Scheme of Arrangement between Wimco Limited with the Company [Refer Note 31(x)]. These represent the Gross Block and Depreciation and Amortisation on Tangible and Intangible Assets acquired as at 1st April, 2013 and movements during the year 2013-14.

# Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)		
	Quoted	Unquoted	Quoted	Unquoted	
<b>11. Non-current investments (at cost unless stated otherwise)</b>					
<b>Long Term</b>					
<b>A. TRADE INVESTMENTS</b>					
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>In Subsidiaries</b>					
Gold Flake Corporation Limited 1,59,98,385 Equity Shares of ₹ 10.00 each, fully paid		16.00		16.00	
Wills Corporation Limited Nil (2015 - 48,85,626) Equity Shares of ₹ 10.00 each, fully paid		–		4.88	
Russell Credit Limited 59,74,54,177 Equity Shares of ₹ 10.00 each, fully paid 7,54,22,400 Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid		619.29 39.22		619.29 39.22	
ITC Infotech India Limited 8,52,00,000 Equity Shares of ₹ 10.00 each, fully paid		85.14		85.14	
Landbase India Limited 31,70,00,000 (2015 - 12,00,00,000) Equity Shares of ₹ 10.00 each, fully paid		325.57		128.57	
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)		–		–	
BFIL Finance Limited Nil (2015 - 2,00,00,000) Equity Shares of ₹ 10.00 each, fully paid [cost Nil (2015 - ₹ 20.00 Crores, fully provided)]		–		–	
Surya Nepal Private Limited 1,18,94,400 Ordinary Shares of Nepalese Rupees 100.00 each, fully paid		10.15		10.15	
Srinivasa Resorts Limited 1,63,20,477 Equity Shares of ₹ 10.00 each, fully paid		18.53		18.53	
Fortune Park Hotels Limited 4,50,008 Equity Shares of ₹ 10.00 each, fully paid		0.45		0.45	
Bay Islands Hotels Limited 11,875 Equity Shares of ₹ 100.00 each, fully paid		0.12		0.12	
WelcomHotels Lanka (Private) Limited 12,19,09,150 (2015 - 10,63,08,150) Shares with no par value		560.60		486.97	
King Maker Marketing, Inc. 204 Shares of Common Stock with no par value		10.23		10.23	
Wimco Limited 18,50,81,193 Equity Shares of ₹ 1.00 each, fully paid		2.83		2.83	
Technico Pty Limited 2,26,06,065 Ordinary Shares with no par value		108.72		108.72	
Technico Agri Sciences Limited 3,79,62,800 (2015 - Nil) Equity Shares of ₹ 10.00 each, fully paid		121.00		–	
ITC Investments & Holdings Limited 45,00,000 Equity Shares of ₹ 10.00 each, fully paid		4.50		4.50	
North East Nutrients Private Limited 5,54,80,000 (2015 - 4,81,33,333) Equity Shares of ₹ 10.00 each, fully paid		55.48		48.13	
Pavan Poplar Limited 55,10,004 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 5.99 Crores, fully provided)		–		–	
Prag Agro Farm Limited 1,28,00,020 (2015 - 38,00,020) Equity Shares of ₹ 10.00 each, fully paid [cost ₹ 12.82 Crores (2015 - ₹ 3.82 Crores), fully provided]		–		–	
	Carried over	–	1977.83	–	1583.73



# Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	–	1977.83	–	1583.73
<b>TRADE INVESTMENTS (Contd.)</b>				
<b>In Associates</b>				
International Travel House Limited 2,87,600 Equity Shares of ₹ 10.00 each, fully paid	0.65		0.65	
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid	1.94		1.94	
<b>In Joint Ventures</b>				
Espirit Hotels Private Limited 4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid		46.51		46.51
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid		0.90		0.90
Logix Developers Private Limited 77,66,913 Equity Shares of ₹ 10.00 each, fully paid		41.95		41.95
<b>In Others</b>				
VST Industries Limited 476 Equity Shares of ₹ 10.00 each, fully paid	0.01		0.01	
Hotel Leelaventure Limited 4,99,53,055 Equity Shares of ₹ 2.00 each, fully paid	184.23		184.23	
EIH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	392.29		392.29	
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)		–		–
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
<b>INVESTMENT IN PREFERENCE SHARES</b>				
<b>In Subsidiaries</b>				
Landbase India Limited Nil (2015 - 1,87,00,000) Redeemable Preference Shares of ₹ 100.00 each, fully paid		–		187.00
<b>INVESTMENT IN DEBENTURES</b>				
<b>In Subsidiaries</b>				
BFIL Finance Limited Nil (2015 - 15,00,000) - 18.5% Non - Convertible Debentures of ₹ 100.00 each, (renewed at 9% in 2015) [cost Nil (2015 - ₹ 15.00 Crores, fully provided)]		–		–
<b>B. OTHER INVESTMENTS</b>				
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.05		0.05	
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Woodlands Multispeciality Hospital Limited 13,072 Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
Carried over	579.17	2069.56	579.17	1862.46

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	579.17	2069.56	579.17	1862.46
<b>OTHER INVESTMENTS (Contd.)</b>				
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)		...		...
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</b>				
Government Securities (cost ₹ 74000.00)		0.01		0.01
National savings certificates (Pledged with various Mandi Samitis) (cost ₹ 6000.00)		...		...
<b>INVESTMENT IN BONDS/DEBENTURES</b>				
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		—
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		—
3000 (2015 - Nil) 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of ₹ 1000000.00 each, fully paid		300.00		—
Carried over	1300.16	2993.19	579.17	1862.47

# Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	1300.16	2993.19	579.17	1862.47
<b>OTHER INVESTMENTS (Contd.)</b>				
239 (2015 - Nil) 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid		24.04		–
1000 (2015 - Nil) 9.18% Secured Redeemable Non-Convertible Debentures Tranche 219 (03 July 2017) of ₹ 1000000.00 each, fully paid		100.60		–
300 (2015 - Nil) 9.29% Secured Redeemable Non-Convertible Debentures Tranche 230 Option 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		–	
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		–
Carried over	2276.25	3344.71	579.17	1862.47

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	2276.25	3344.71	579.17	1862.47
<b>OTHER INVESTMENTS (Contd.)</b>				
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		—
<b>INVESTMENT IN MUTUAL FUNDS</b>				
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 - 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		—	
Carried over	2711.87	3596.03	579.17	1862.47

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	2711.87	3596.03	579.17	1862.47
<b>OTHER INVESTMENTS (Contd.)</b>				
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		–	
<b>Aggregate amount of quoted and unquoted Investments</b>	<b>2796.87</b>	<b>3596.03</b>	<b>579.17</b>	<b>1862.47</b>
<b>TOTAL</b>		<b>6392.90</b>		<b>2441.64</b>

Aggregate market value of quoted investments ₹ 3253.11 Crores (2015 - ₹ 1045.15 Crores)  
Aggregate provision for diminution in value ₹ 45.59 Crores (2015 - ₹ 71.59 Crores)

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	<b>12. Long-term loans and advances</b>			
Capital advances				
Unsecured, considered good [Refer Note 10(7)]		1042.84		391.46
Security deposits				
Unsecured, considered good	887.13		729.50	
Doubtful	2.96		2.96	
	<u>890.09</u>		<u>732.46</u>	
Less: Provision for doubtful deposits	2.96	887.13	2.96	729.50
Loans and advances to Related Parties				
Security deposits - unsecured, considered good	0.37		2.90	
Loans and advances - doubtful	–		40.95	
	<u>0.37</u>		<u>43.85</u>	
Less: Provision for doubtful loans and advances	–	0.37	40.95	2.90
Other loans and advances (Comprise loans to employees, prepaid expenses, advances with statutory authorities etc.)				
Unsecured, considered good*	355.09		341.00	
Doubtful	17.30		17.56	
	<u>372.39</u>		<u>358.56</u>	
Less: Provision for doubtful loans and advances	17.30	355.09	17.56	341.00
Advance Tax (net of provisions)		–		41.50
<b>TOTAL</b>		<b>2285.43</b>		<b>1506.36</b>

Loans and advances to Related Parties include deposit with Director - ₹ 0.07 Crore (2015 - Nil) [Refer Note 33].

\* Includes interest bearing loan to a supplier, M/s MD Fresh Vegetable Private Limited ₹ 2.00 Crore (2015 - Nil) carrying interest @ 12% p.a. for upgrading its infrastructure and enhancement of its factory capacity. Current portion of the loan included in Short - term loans and advances ₹ 0.50 Crore (2015 - Nil) in Note 17.

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>13. Current investments (at lower of cost and fair value)</b>				
<b>INVESTMENT IN PREFERENCE SHARES</b>				
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
<b>INVESTMENT IN BONDS/DEBENTURES</b>				
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	
Nil (2015 - 500) 8.36% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 127 (26 February 2020) of ₹ 1000000.00 each, fully paid		–	49.98	
Carried over	538.04	931.29	576.99	682.34

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>13. Current investments (at lower of cost and fair value) (Contd.)</b>				
Brought forward	538.04	931.29	576.99	682.34
<b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>				
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	
<b>INVESTMENT IN CERTIFICATE OF DEPOSITS</b>				
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		–
<b>INVESTMENT IN MUTUAL FUNDS</b>				
Axis Liquid Fund				
Nil (2015 - 32,301) Units of ₹ 1000.00 each		–		5.00
Birla Sun Life Cash Manager				
Nil (2015 - 1,19,30,256) Units of ₹ 100.00 each		–		400.00
Birla Sun Life Floating Rate Fund - Long Term				
Nil (2015 - 53,43,351) Units of ₹ 100.00 each		–		85.83
Birla Sun Life Short Term Fund				
94,07,656 (2015 - 5,05,02,285) Units of ₹ 10.00 each		53.69		50.50
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
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 Units of ₹ 10.00 each		49.74		49.74
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 - 5,54,65,988) Units of ₹ 10.00 each		–		150.00
Carried over	1077.94	1539.95	1223.41	1678.25

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>13. Current investments (at lower of cost and fair value) (Contd.)</b>				
Brought forward	1077.94	1539.95	1223.41	1678.25
<b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>				
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 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 14,47,53,251 (2015 - 14,47,53,230) Units of ₹ 10.00 each		239.13		211.05
ICICI Prudential Banking & PSU Debt Fund 4,92,90,221 Units of ₹ 10.00 each		50.00		50.00
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 Income Opportunities Fund 7,98,55,052 (2015 - 7,98,54,771) Units of ₹ 10.00 each		168.21		150.00
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 - 7,64,51,068) Units of ₹ 10.00 each		241.15		213.10
ICICI Prudential Ultra Short Term 22,03,55,476 (2015 - 15,36,33,761) Units of ₹ 10.00 each		318.99		200.20
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 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 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 Liquid Fund - Treasury Plan 54,317 (2015 - Nil) Units of ₹ 1000.00 each		20.00		–
Carried over	1077.94	3934.28	1223.41	3957.50



## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
<b>13. Current investments (at lower of cost and fair value) (Contd.)</b>				
Brought forward	1077.94	3934.28	1223.41	3957.50
<b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>				
Reliance Medium Term Fund 10,42,77,348 (2015 - 12,56,20,295) Units of ₹ 10.00 each		209.61		255.81
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
UTI - Short Term Income Fund - Institutional Option Nil (2015 - 5,06,50,712) Units of ₹ 10.00 each		–		50.65
<b>Current Portion of Non Current Investments (at cost)</b>				
<b>INVESTMENT IN BONDS/DEBENTURES</b>				
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		–
<b>Aggregate amount of quoted and unquoted Investments</b>	<b>1362.94</b>	<b>5098.40</b>	<b>1223.41</b>	<b>4740.41</b>
<b>TOTAL</b>		<b>6461.34</b>		<b>5963.82</b>

Aggregate market value of quoted investments ₹ 1363.44 Crores (2015 - ₹ 1224.09 Crores)

Aggregate excess of cost over fair value ₹ 63.65 Crores (2015 - ₹ 148.43 Crores)

## Notes to the Financial Statements

	<b>As at 31st March, 2016 (₹ in Crores)</b>	<b>As at 31st March, 2015 (₹ in Crores)</b>
<b>14. Inventories</b>		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	4888.81	4404.52
Work-in-progress	180.51	180.82
Finished goods (manufactured)	2744.79	2541.48
Stock-in-Trade (goods purchased for resale)	346.40	352.60
Stores and Spares	292.32	290.10
Intermediates - Tissue paper and Paperboards	66.99	67.24
<b>TOTAL</b>	<b>8519.82</b>	<b>7836.76</b>
The above includes goods in transit as under:		
Raw materials (including packing materials)	110.82	84.05
Stock-in-Trade (goods purchased for resale)	5.76	0.53
Stores and Spares	3.44	1.76
<b>TOTAL</b>	<b>120.02</b>	<b>86.34</b>
<b>15. Trade receivables</b>		
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	41.94	30.05
Doubtful	70.74	52.91
	<u>113.84</u>	<u>83.55</u>
Less: Provision for doubtful receivables	70.74	52.91
	43.10	30.64
Others		
Secured, considered good	26.07	24.47
Unsecured, considered good	1617.18	1667.29
Doubtful	1.86	0.88
	<u>1645.11</u>	<u>1692.64</u>
Less: Provision for doubtful receivables	1.86	0.88
	1643.25	1691.76
<b>TOTAL</b>	<b>1686.35</b>	<b>1722.40</b>

## Notes to the Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
<b>16. Cash and bank balances</b>				
Cash and cash equivalents <sup>@</sup>				
Balances with Banks				
Current accounts	67.73		27.65	
Cheques, drafts on hand	5.14		5.60	
Cash on hand	<u>2.92</u>	75.79	<u>3.04</u>	36.29
Other bank balances				
Earmarked balances	153.99		134.89	
In deposit accounts*	<u>6334.17</u>	6488.16	<u>7417.43</u>	7552.32
<b>TOTAL</b>		<b><u>6563.95</u></b>		<b><u>7588.61</u></b>

<sup>@</sup> 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 ₹ 900.00 Crores (2015 - ₹ 1300.00 Crores).

<b>17. Short-term loans and advances</b>				
Unsecured, considered good unless otherwise stated				
Loans and advances to Related Parties				
Security deposits	0.70		0.17	
Loans and advances				
Secured, considered good	–		35.07	
Unsecured, considered good	<u>13.49</u>	14.19	<u>48.48</u>	83.72
Others				
With Statutory authorities		229.24		213.47
Commercial advances and deposits				
Secured, considered good	4.50		4.50	
Unsecured, considered good (Refer Note 12)	<u>149.51</u>	154.01	<u>166.13</u>	170.63
Other Loans and Advances (Employees, unexpired expenses etc.)		104.40		82.07
<b>TOTAL</b>		<b><u>501.84</u></b>		<b><u>549.89</u></b>

Loans and advances to Related Parties include deposit with Director - Nil (2015 - ₹ 0.05 Crore) [Refer Note 33].

<b>18. Other current assets</b>				
Interest accrued on loans, deposits etc.		58.34		83.56
Interest accrued on investments		192.09		55.45
Others*				
Unsecured, considered good	151.01		154.54	
Doubtful	<u>4.11</u>		<u>3.60</u>	
	155.12		158.14	
Less: Provision for doubtful assets	<u>4.11</u>	151.01	<u>3.60</u>	154.54
<b>TOTAL</b>		<b><u>401.44</u></b>		<b><u>293.55</u></b>

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

## Notes to the Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
<b>19. Gross income</b>		
Gross Revenue from sale of products and services*	51582.45	49964.82
Other operating revenue	362.12	424.19
Other income	1803.74	1543.13
<b>TOTAL</b>	<b>53748.31</b>	<b>51932.14</b>
* Net of sales returns and damaged stocks.		
<b>20. Gross Revenue from sale of products and services*</b>		
<b>FMCG</b>		
– Cigarettes etc.	32348.29	30452.38
– Branded Packaged Food Products	7097.49	6411.27
– Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	2622.13	2617.00
<b>Hotels</b>		
– Hotels Sales/Income from Hotel Services	1273.51	1173.55
<b>Agri Business</b>		
– Unmanufactured Tobacco	1694.19	1574.46
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua etc.)	2695.15	4097.61
<b>Paperboards, Paper and Packaging</b>		
– Paperboards and Paper	3275.67	3149.11
– Printed Materials	576.02	489.44
<b>TOTAL</b>	<b>51582.45</b>	<b>49964.82</b>
* Net of sales returns and damaged stocks.		
<b>21. Revenue from operations</b>		
Sale of products	50308.94	48791.27
Sale of services	1273.51	1173.55
Gross Revenue from sale of products and services*	51582.45	49964.82
Other operating revenue	362.12	424.19
	<b>51944.57</b>	<b>50389.01</b>
Less:		
Excise duty attributable to products sold	15107.18	13881.61
<b>TOTAL</b>	<b>36837.39</b>	<b>36507.40</b>
* Net of sales returns and damaged stocks.		

## Notes to the Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
<b>22. Other income</b>		
Interest income	851.63	611.22
Dividend income		
– Long-term investments		
– Subsidiary companies	319.33	347.37
– Other long-term investments	19.59	10.18
	<u>338.92</u>	<u>357.55</u>
– Current investments	37.98	219.37
	<u>376.90</u>	<u>576.92</u>
Net gain on sale of current investments	553.67	334.44
Other non-operating income	21.54	20.55
<b>TOTAL</b>	<b><u>1803.74</u></b>	<b><u>1543.13</u></b>
Interest income comprises interest from:		
a) Deposits with Banks/Financial Institutions	557.90	456.67
b) Current investments	135.18	114.20
c) Long-term investments	123.26	–
d) Others (from customers, statutory authorities etc.)	35.29	40.35
<b>TOTAL</b>	<b><u>851.63</u></b>	<b><u>611.22</u></b>
<b>23. Cost of materials consumed</b>		
Unmanufactured Tobacco	1764.47	1802.39
Board, Film and Laminates	631.34	650.57
Filter Rods	340.62	364.47
Wheat	1860.65	1392.81
Edible Oils	404.06	406.49
Sugar	243.64	255.15
Wheat Flour (Maida)	370.68	355.09
Waste Paper and Pulp	804.29	878.26
Chemicals and Fragrances	584.92	609.56
Hardwood and Bamboo	796.29	799.40
Coffee	367.09	451.09
Others (Hotel Consumables, Inks and Solvents, Skimmed Milk Powder, Packing Materials etc.)	2886.70	3022.55
<b>TOTAL</b>	<b><u>11054.75</u></b>	<b><u>10987.83</u></b>
<b>24. Purchases of Stock-in-Trade</b>		
Soya Seeds	191.97	432.10
Wheat	856.20	1885.01
Safety Matches	204.33	227.22
Coffee	361.07	528.85
Others (Spices, Apparel, Agarbattis, Education and Stationery Products etc.)	976.51	825.48
<b>TOTAL</b>	<b><u>2590.08</u></b>	<b><u>3898.66</u></b>

## Notes to the Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)		For the year ended 31st March, 2015 (₹ in Crores)	
<b>25. Changes in inventories of finished goods, Work-in-progress, Stock-in-Trade and Intermediates</b>				
Finished goods (manufactured)				
Opening stock	2541.48		2000.28	
Acquired pursuant to the Scheme of Arrangement [Refer Note 31(x)]	–		0.40	
Closing stock	<u>2744.79</u>	(203.31)	<u>2541.48</u>	(540.80)
Work-in-progress				
Opening stock	180.82		142.29	
Acquired pursuant to the Scheme of Arrangement [Refer Note 31(x)]	–		3.03	
Closing stock	<u>180.51</u>	0.31	<u>180.82</u>	(35.50)
Stock-in-Trade (goods purchased for resale)				
Opening stock	352.60		297.73	
Closing stock	<u>346.40</u>	6.20	<u>352.60</u>	(54.87)
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
Excise duties on increase/(decrease) of finished goods		<u>254.72</u>		<u>408.59</u>
<b>TOTAL</b>		<u><b>58.17</b></u>		<u><b>(214.53)</b></u>
<b>26. Employee benefits expense</b>				
Salaries and wages		1558.62		1534.33
Contribution to Provident and other funds		171.32		108.25
Staff welfare expenses		178.95		167.28
		<u>1908.89</u>		<u>1809.86</u>
Less: Recoveries made/reimbursements received		25.38		29.82
<b>TOTAL</b>		<u><b>1883.51</b></u>		<u><b>1780.04</b></u>
<b>27. Finance costs</b>				
Interest expense		49.13		35.41
Applicable net loss on foreign currency transactions and translations		–		22.01
<b>TOTAL</b>		<u><b>49.13</b></u>		<u><b>57.42</b></u>

## Notes to the Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
<b>28. Other expenses</b>		
Power and fuel	541.57	581.65
Consumption of stores and spare parts	248.45	231.33
Contract processing charges	801.44	818.47
Rent [Refer Note 31(vii)]	296.18	272.76
Rates and taxes	628.88	484.21
Insurance	56.31	58.02
Repairs		
– Buildings	56.72	54.71
– Machinery	185.33	169.97
– Others	50.60	48.72
Maintenance and upkeep	160.94	144.99
Outward freight and handling charges	836.86	890.46
Warehousing charges	129.49	111.18
Advertising/Sales promotion	871.27	713.06
Market research	93.05	96.26
Design and product development	46.41	37.45
Hotel reservation/Marketing expenses	31.62	28.96
Retail accessories	190.41	185.16
Brokerage and discount - sales	8.60	17.44
Commission to selling agents	46.16	37.22
Doubtful and bad debts	22.40	19.79
Doubtful and bad advances, loans and deposits - Net	(9.50)	0.54
Bank and credit card charges	22.80	21.03
Information technology services	224.47	191.92
Travelling and conveyance	235.97	225.56
Training and development	19.78	20.06
Legal expenses	33.20	22.38
Consultancy/Professional fees	81.65	95.66
Postage, telephone etc.	26.85	26.03
Printing and stationery	16.78	17.77
Provision for investment in subsidiary companies, reversed - Net	(26.00)	–
Loss on sale of long-term investment in subsidiary company	34.48	–
Net loss/(gain) on foreign currency transactions and translations	5.02	(40.79)
Excess of cost of current investments over fair value, reversed - Net	(84.78)	(29.53)
Loss on sale of fixed assets - Net	45.21	24.89
Loss on sale of stores and spare parts - Net	2.32	2.38
Miscellaneous expenses	1081.71	1002.14
<b>TOTAL</b>	<b>7012.65</b>	<b>6581.85</b>
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses*		
Audit fees	2.65	1.95
Tax audit fees	0.55	0.48
Fees for limited review	0.93	0.84
Fees for other services#	1.83	1.52
Reimbursement of expenses	0.52	0.37
(2) Cost auditors' fees	0.09	0.01

\* Excluding taxes.

# Includes remuneration for professional services rendered by firms of auditors in which some of the partners of the statutory auditors firm are partners ₹ 0.53 Crore (2015 - ₹ 0.11 Crore).

## Notes to the Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
<b>29. Current tax</b>		
Income tax for the year		
Current Tax	4948.76	4043.28
Adjustments/(credits) related to previous years - Net		
Current Tax	(51.15)	(22.29)
Fringe Benefit Tax	(1.55)	-
<b>TOTAL</b>	<b>4896.06</b>	<b>4020.99</b>

<b>30. Deferred tax</b>		
Deferred tax for the year	166.47	353.15
Adjustments / (credits) related to previous years - Net	51.15	15.65
<b>TOTAL</b>	<b>217.62</b>	<b>368.80</b>

<b>31. Additional Notes to the Financial Statements</b>		
(i) Earnings per share	2016	2015
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in Crores)	9844.71	9607.73
(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)]	₹ 12.26	₹ 12.05
– Diluted [(a)/(d)]	₹ 12.20	₹ 11.93

(ii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 247.50 Crores (2015 - ₹ 214.06 Crores) comprising employee benefits expense of ₹ 7.01 Crores (2015 - ₹ 7.61 Crores) and other expenses of ₹ 240.49 Crores (2015 - ₹ 206.45 Crores) of which ₹ 17.04 Crores (2015 - ₹ 12.67 Crores) is accrued for payment as on 31st March, 2016. Such CSR expenditure of ₹ 247.50 Crores (2015 - ₹ 214.06 Crores) excludes ₹ 11.43 Crores (2015 - ₹ 4.97 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit imposed of 5% of total CSR expenditure laid down under Rule 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for such expenses.

(iii) Research and Development expenses for the year amount to ₹ 121.91 Crores (2015 - ₹ 105.79 Crores).

(iv) Contingent liabilities and commitments:

(a) Contingent liabilities

(i) Claims against the Company not acknowledged as debts ₹ 581.25 Crores (2015 - ₹ 558.25 Crores), including interest on claims, where applicable, estimated to be ₹ 178.47 Crores (2015 - ₹ 153.37 Crores). These comprise:

- Excise duty, VAT / sales taxes and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 471.42 Crores (2015 - ₹ 450.01 Crores), including interest on claims, where applicable, estimated to be ₹ 159.98 Crores (2015 - ₹ 135.58 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 73.36 Crores (2015 - ₹ 68.79 Crores), including interest on claims, where applicable, estimated to be ₹ 14.46 Crores (2015 - ₹ 13.47 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 29.10 Crores (2015 - ₹ 29.19 Crores), including interest on claims, where applicable, estimated to be ₹ 0.25 Crore (2015 - ₹ 0.14 Crore).



# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

- Other matters ₹ 7.37 Crores (2015 - ₹ 10.26 Crores), including interest on other matters, where applicable, estimated to be ₹ 3.78 Crores (2015 - ₹ 4.18 Crores).  
It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.
- (ii) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding - ₹ 1.30 Crores (2015 - ₹ 1.30 Crores).
- (b) Commitments
  - Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 2039.83 Crores (2015 - ₹ 1432.41 Crores).
  - Uncalled liability on shares partly paid is ₹ 26.40 Crores (2015 - ₹ 26.40 Crores).
- (v) (a) Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

		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
<b>I</b>	<b>Components of Employer Expense</b>						
	1 Current Service Cost	44.34	19.65	4.87	43.17	25.39	4.49
	2 Interest Cost	42.38	19.44	6.54	42.66	18.12	6.18
	3 Expected Return on Plan Assets	(50.53)	(20.18)	–	(48.33)	(18.39)	–
	4 Curtailment Cost/(Credit)	–	–	–	–	–	–
	5 Settlement Cost/(Credit)	–	–	–	–	–	–
	6 Past Service Cost	–	–	–	–	–	–
	7 Actuarial Losses/(Gains)	27.01	16.91	11.59	(38.67)	12.01	1.26
	8 <b>Total expense recognised in the Statement of Profit and Loss</b>	<b>63.20</b>	<b>35.82</b>	<b>23.00</b>	<b>(1.17)</b>	<b>37.13</b>	<b>11.93</b>
	The Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 26.						
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
<b>II</b>	<b>Actual Returns</b>	49.12	22.21	–	87.23	27.65	–
<b>III</b>	<b>Net Asset / (Liability) recognised in Balance Sheet</b>						
	1 Present Value of Defined Benefit Obligation	627.53	293.99	90.82	615.05	282.51	80.75
	2 Fair Value of Plan Assets	640.50	273.12	–	663.53	247.57	–
	3 Status [Surplus/(Deficit)]	12.97	(20.87)	(90.82)	48.48	(34.94)	(80.75)
	4 Unrecognised Past Service Cost	–	–	–	–	–	–
	5 <b>Net Asset / (Liability) recognised in Balance Sheet</b>	<b>12.97</b>	<b>(20.87)</b>	<b>(90.82)</b>	<b>48.48</b>	<b>(34.94)</b>	<b>(80.75)</b>
	– Current	12.97	(20.87)	(16.46)	48.48	(34.94)	(16.71)
	– Non-current	–	–	(74.36)	–	–	(64.04)

# Notes to the Financial Statements

## 31. Additional Notes to the 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
<b>IV</b>	<b>Change in Defined Benefit Obligation (DBO)</b>						
1	Present Value of DBO at the beginning of the year	615.05	282.51	80.75	571.88	249.86	76.09
2	Current Service Cost	44.34	19.65	4.87	43.17	25.39	4.49
3	Interest Cost	42.38	19.44	6.54	42.66	18.12	6.18
4	Curtailment Cost/(Credit)	–	–	–	–	–	–
5	Settlement Cost/(Credit)	–	–	–	–	–	–
6	Plan Amendments	–	–	–	–	–	–
7	Acquisitions	–	–	–	–	–	–
8	Actuarial (Gains)/Losses	25.60	18.94	11.59	0.23	21.27	1.26
9	Benefits Paid	(99.84)	(46.55)	(12.93)	(42.89)	(32.13)	(7.27)
10	<b>Present Value of DBO at the end of the year</b>	<b>627.53</b>	<b>293.99</b>	<b>90.82</b>	<b>615.05</b>	<b>282.51</b>	<b>80.75</b>
<b>V</b>	<b>Best Estimate of Employers' Expected Contribution for the next year</b>	<b>56.73</b>	<b>19.04</b>	<b>–</b>	<b>73.52</b>	<b>38.29</b>	<b>–</b>
<b>VI</b>	<b>Change in Fair Value of Assets</b>						
1	Plan Assets at the beginning of the year	663.53	247.57	–	583.78	226.99	–
2	Acquisition Adjustment	–	–	–	–	–	–
3	Expected Return on Plan Assets	50.53	20.18	–	48.33	18.39	–
4	Actuarial Gains/(Losses)	(1.41)	2.03	–	38.90	9.26	–
5	Actual Company Contributions	27.69	49.89	–	35.41	25.06	–
6	Benefits Paid	(99.84)	(46.55)	–	(42.89)	(32.13)	–
7	<b>Plan Assets at the end of the year</b>	<b>640.50</b>	<b>273.12</b>	<b>–</b>	<b>663.53</b>	<b>247.57</b>	<b>–</b>
<b>VII</b>	<b>Actuarial Assumptions</b>						
1	Discount Rate (%)	7.50	7.50	7.50	7.75	7.75	7.75
2	Expected Return on Plan Assets (%)	7.75	7.75	–	7.75	7.75	–
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.							
<b>VIII</b>	<b>Major Category of Plan Assets as a % of the Total Plan Assets</b>	<b>As at 31st March, 2016</b>			<b>As at 31st March, 2015</b>		
1	Government Securities/Special Deposit with RBI	33.68%			34.57%		
2	High Quality Corporate Bonds	25.28%			28.05%		
3	Insurer Managed Funds*	31.88%			26.96%		
4	Mutual Funds	2.24%			2.72%		
5	Cash and Cash Equivalents	3.73%			4.49%		
6	Term Deposits	3.19%			3.21%		
* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.							

# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

IX		Basis used to determine the Expected Rate of Return on Plan Assets														
		The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.														
		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
X	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)															
1	Present Value of Defined Benefit Obligation	627.53	293.99	90.82	615.05	282.51	80.75	571.88	249.86	76.09	612.41	237.87	69.86	533.19	211.49	58.62
2	Fair Value of Plan Assets	640.50	273.12	-	663.53	247.57	-	583.78	226.99	-	600.65	225.13	-	520.47	220.29	-
3	Status [Surplus/(Deficit)]	12.97	(20.87)	(90.82)	48.48	(34.94)	(80.75)	11.90	(22.87)	(76.09)	(11.76)	(12.74)	(69.86)	(12.72)	8.80	(58.62)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	(1.41)	2.03	-	19.65	6.29	-	(4.22)	(0.09)	-	13.52	3.54	-	(4.14)	(0.43)	-
5	Experience Adjustment of obligation [(Gain)/Loss]	34.40	21.23	14.49	(54.42)	11.99	(6.06)	(20.35)	4.85	3.24	(34.52)	1.45	2.31	(18.06)	6.48	0.59

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 26: ₹ 72.30 Crores (2015 - ₹ 72.29 Crores).

(vi) Micro, Small and Medium scale business entities:

A sum of ₹ 34.13 Crores is payable to Micro and Small Enterprises as at 31st March, 2016 (2015 - ₹ 24.56 Crores). The above amount comprise ₹ 32.92 Crores (2015 - ₹ 21.91 Crores) on account of trade payable and ₹ 1.21 Crores (2015 - ₹ 2.65 Crores) on account of other current liabilities. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(vii) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as 'Rent' under Note 28.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows:

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
Not later than one year	12.74	18.31
Later than one year and not later than five years	15.13	6.74
Later than five years	0.35	0.92

(viii) Interests in Joint Ventures:

a. The Company's interest, as a venturer, in jointly controlled entities (Incorporated Joint Ventures) is:

Name	Country of Incorporation	Percentage of ownership interests as at 31st March, 2016	Percentage of ownership interests as at 31st March, 2015
Maharaja Heritage Resorts Limited	India	25%	25%
Espirit Hotels Private Limited	India	26%	26%
Logix Developers Private Limited (LDPL)	India	27.90%	27.90%

## Notes to the Financial Statements

### 31. Additional Notes to the Financial Statements (Contd.)

- b. The Company's interest in these Joint Ventures is reported as Long Term investments (Note 11) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interests in these Joint Ventures are:

		As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
<b>I</b>	<b>ASSETS</b>		
	<b>Non-current assets</b>		
1	Fixed assets	98.67	98.66
	a) Tangible assets	44.92	44.92
	b) Intangible assets	...	...
	c) Capital work-in-progress - Tangible assets	53.75	53.74
2	Deferred tax assets (Net)	0.27	0.29
3	Long-term loans and advances	0.20	0.22
	<b>Current assets</b>		
4	Current investments	0.19	0.19
5	Trade receivables	0.16	0.24
6	Cash and cash equivalents	1.31	1.24
7	Short-term loans and advances	0.01	0.01
<b>II</b>	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
1	Long-term borrowings	16.15	20.91
2	Long-term provisions	0.01	0.01
	<b>Current liabilities</b>		
3	Trade payables	0.71	0.83
4	Other current liabilities	24.66	14.77
5	Short-term Provisions	...	...
		<b>For the year ended 31st March, 2016 (₹ in Crores)</b>	<b>For the year ended 31st March, 2015 (₹ in Crores)</b>
<b>III</b>	<b>INCOME</b>		
1	Net Revenue from sale of products and services	0.87	0.81
2	Other operating revenue	0.05	0.12
3	Other income	0.03	0.03
<b>IV</b>	<b>EXPENSES</b>		
1	Employee benefits expense	0.59	0.59
2	Finance Costs	4.71	-
3	Depreciation and amortisation expense	0.01	0.01
4	Other expenses	0.65	0.28
5	Tax expense	0.02	0.06
		<b>As at 31st March, 2016 (₹ in Crores)</b>	<b>As at 31st March, 2015 (₹ in Crores)</b>
<b>V</b>	<b>OTHER MATTERS</b>		
1	Capital Commitments	9.49	9.30

# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

c. Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Ltd., Noida, the JV partner communicated its intention to explore alternative development plans and did not contribute its share of the cash call made by LDPL in June 2014. The resultant deadlock has stalled the project. The Company's petition, filed during the year, praying for a direction to the JV partner to act in accordance with the Articles of Association of LDPL and complete the project or for appropriate directions for the company to exit from the JV in terms of the JVA, is pending before the Company Law Board. Further, the financial statements of LDPL for the year ended 31st March 2016 are yet to be approved by its Board of Directors. Accordingly, the share of assets, liabilities, income and expenses etc., pertaining to LDPL included above are based on financial statements certified by the management of LDPL.

(ix) Derivative Instruments:

The Company uses forward exchange contracts and currency options to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

a) Forward exchange contracts outstanding as at year end:

(in Million)

Currency	Cross Currency	As at 31st March, 2016		As at 31st March, 2015	
		Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	65.75	173.65	18.94	149.80
Euro	US Dollar	53.26	–	14.95	–
AUD	US Dollar	1.20	–	0.08	–
CAD	US Dollar	–	0.20	–	1.07
CHF	US Dollar	2.70	–	3.41	–
GBP	US Dollar	–	0.90	0.25	0.90
SGD	US Dollar	1.78	–	–	–
SEK	US Dollar	6.93	–	1.21	–
KWD	US Dollar	0.04	–	–	–
JPY	US Dollar	699.90	–	172.33	–

b) Foreign 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	41.13	36.18	4.95	44.10	48.83	(4.73)
Euro	US Dollar	0.89	1.02	(0.13)	0.80	0.84	(0.04)
GBP	US Dollar	0.97	0.86	0.11	0.75	0.81	(0.06)
JPY	US Dollar	3.65	–	3.65	3.50	–	3.50
SEK	US Dollar	0.54	–	0.54	0.24	–	0.24
KWD	US Dollar	...	...	...	–	–	–
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)
HKD	US Dollar	0.10	–	0.10	–	–	–
AED	US Dollar	0.01	–	0.01	–	–	–
AUD	US Dollar	0.05	–	0.05	0.06	...	0.06

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

## Notes to the Financial Statements

### 31. Additional Notes to the Financial Statements (Contd.)

(x) Pursuant to the Scheme of Arrangement for demerger of the Non-Engineering Business of Wimco Limited ('Wimco') into ITC Limited (the Scheme), as approved by the shareholders of the Company and subsequently sanctioned by the Honourable High Courts at Bombay and Calcutta vide their Orders dated 10th April, 2014 and 14th May, 2014 respectively, the entire assets and liabilities, as at 1st April 2013, of the Non-Engineering Business of Wimco were transferred to and vested in the Company on a going concern basis with effect from 1st April, 2013. The Scheme had been given effect to in the financial statements of the Company for the year ended 31st March, 2015.

As a result, in the financial statements as at, and for the year ended 31st March, 2015:

- the excess of value of the net assets of the Non-Engineering business of Wimco over the sum of face value of the shares allotted and cancellation of the Company's investment in Wimco, amounting to ₹ 91.00 Crores was debited to General Reserve.
  - the loss of ₹ 8.01 Crores for the year from 1st April, 2013 to 31st March, 2014 has been recognised as an adjustment to the revenue reserves.
  - earlier unrecognised net deferred tax assets of ₹ 45.84 Crores on carry forward of business losses and other net timing differences of Wimco have also been recognised as an adjustment to revenue reserves.
  - in consideration of the above, the Company had issued and allotted 87,761 Ordinary Shares of ₹ 1.00 each.
- (xi) Pursuant to the notification of Schedule II of the Companies Act 2013, with effect from 1st April 2014, the Company had reviewed and revised the estimated useful lives of its fixed assets. In respect of assets, whose useful life was exhausted as at 1st April, 2014, the related carrying amount aggregating to ₹ 48.32 Crores (net of deferred tax of ₹ 24.88 Crores) had been adjusted against opening balance of Surplus in the Statement of Profit and Loss during 2014-15.
- (xii) (a) Details of Opening and Closing Stock of Finished Goods (manufactured) and Stock-in-Trade (goods purchased for resale)

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
<b>Opening Stock</b>				
Cigarettes	1731.54		1309.87	
Branded Packaged Food Products	229.99		212.14	
Agri Products/Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	259.44		251.99	
Paperboards and Paper	114.11		90.06	
Printed Materials	5.02		6.94	
Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	<u>553.98</u>	2894.08	<u>427.01</u>	2298.01
<b>Acquired pursuant to the Scheme of Arrangement [Refer Note 31(x)]</b>				
Others (Safety Matches)	<u>—</u>	—	<u>0.40</u>	0.40
<b>Closing Stock</b>				
Cigarettes	2047.68		1731.54	
Branded Packaged Food Products	275.60		229.99	
Agri Products/Commodities (Soya, Spices, Coffee, Aqua, Agri Inputs etc.)	184.11		259.44	
Paperboards and Paper	83.92		114.11	
Printed Materials	7.27		5.02	
Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	<u>492.61</u>	3091.19	<u>553.98</u>	2894.08

# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

(b) Details of Opening and Closing Stock of Work-in-progress

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
<b>Opening Stock</b>				
Branded Packaged Food Products	17.94		15.69	
Paperboards and Paper	136.84		103.55	
Printed Materials	20.78		15.83	
Others (Apparel, Personal Care Products, etc.)	<u>5.26</u>	180.82	<u>7.22</u>	142.29
<b>Acquired pursuant to the Scheme of Arrangement [Refer Note 31(x)]</b>				
Paperboards and Paper	–		2.28	
Others (Safety Matches)	<u>–</u>	–	<u>0.75</u>	3.03
<b>Closing Stock</b>				
Branded Packaged Food Products	34.45		17.94	
Paperboards and Paper	119.41		136.84	
Printed Materials	21.36		20.78	
Others (Apparel, Personal Care Products, etc.)	<u>5.29</u>	180.51	<u>5.26</u>	180.82

(xiii) Value of Imports during the year (C.I.F. Basis)	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
Raw materials	1247.18	1429.00
Components and spare parts (including stores)	61.55	68.92
Purchase of Trademarks	–	43.65
Capital goods	211.25	292.56
Other goods*	15.36	17.98
<b>TOTAL</b>	<u>1535.34</u>	<u>1852.11</u>

\* Includes Goods purchased for resale, Packing Materials, Hotel Consumables and sundry items.

(xiv) Expenditure in Foreign Currency during the year

Professional fees	30.76	24.68
Hotel reservation/Marketing expenses	31.48	30.45
Export promotion expenses	4.38	5.66
Agency commission	12.38	10.13
Interest	–	2.39
Licence fees	5.69	5.04
Miscellaneous expenditure*	51.66	38.29
<b>TOTAL</b>	<u>136.35</u>	<u>116.64</u>

\* Includes Advertisements/Sales promotion, Training, Subscription fees etc.

## Notes to the Financial Statements

### 31. Additional Notes to the Financial Statements (Contd.)

(xv) Value of Raw materials, Spare parts and Components consumed during the year

	(Percentage)		For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
	2016	2015		
<b>Raw materials (including packing material)</b>				
Imported	12.17	13.86	1345.56	1523.07
Indigenous	87.83	86.14	9709.19	9464.76
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>11054.75</b>	<b>10987.83</b>
<b>Spare parts and Components</b>				
Imported	28.15	28.59	69.93	66.13
Indigenous	71.85	71.41	178.52	165.20
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>248.45</b>	<b>231.33</b>

(xvi) Dividend remittance in foreign currency

Year of Remittance	On Account of Financial Year	No. of Non-Resident Shareholders	No. of Shares held	(₹ in Crores)
2015/2016	2014/2015	53	2,43,40,08,262	1521.26
2014/2015	2013/2014	53	2,43,48,32,720	1460.90

(xvii) Earnings in foreign exchange during the year

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
Export of Goods (F.O.B.)	3057.85	4253.18
Hotel earnings	533.76	779.01
Freight and Insurance recoveries	33.36	42.46
Dividend	9.96	12.37
Other earnings*	8.81	8.97
<b>TOTAL</b>	<b>3643.74</b>	<b>5095.99</b>

\* Consist of finance and storage charges and sundry recoveries.



# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

(xviii) Information in respect of Options granted under the Company's Employee Stock Option Schemes ('Schemes'):

Sl. No.		ITC Employee Stock Option Scheme (introduced in 2001)	ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval	17-01-2001	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes	Options equivalent to 12,27,07,450 Ordinary Shares of ₹ 1/- each	Options equivalent to 36,22,61,893 Ordinary Shares of ₹ 1/- each	Options equivalent to 38,26,70,153 Ordinary Shares of ₹ 1/- each
		<i>Note: Adjusted for Bonus Shares issued in terms of Shareholders approval.</i>		
3.	Vesting Schedule	The vesting period for conversion of Options is as follows: <ul style="list-style-type: none"> <li>• On completion of 12 months from the date of grant of the Options : 30% vests</li> <li>• On completion of 24 months from the date of grant of the Options : 30% vests</li> <li>• On completion of 36 months from the date of grant of the Options : 40% vests</li> </ul>		
4.	Pricing Formula	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'Market Price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Guidelines/Regulations.		
5.	Maximum term of Options granted	5 years from the date of grant	5 years from the date of vesting	
6.	Source of Shares	Primary		
7.	Variation in terms of Options	None		
8.	Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the intrinsic value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per the intrinsic value method for the financial year 2015-16 is Nil.		
9.	Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan.	Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1/- each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010. The above is in addition to the other terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore.		

## Notes to the Financial Statements

### 31. Additional Notes to the Financial Statements (Contd.)

10.	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock.	:	Weighted average exercise price per Option : ₹ 3200.41 Weighted average fair value per Option : ₹ 755.90			
11.	Option movements during the year	:	<b>ITC Employee Stock Option Scheme (introduced in 2001)</b>	<b>ITC Employee Stock Option Scheme - 2006</b>	<b>ITC Employee Stock Option Scheme - 2010</b>	
	a) Options outstanding at the beginning of the year	:	4,22,036	54,26,488	2,10,86,617	
	b) Options granted during the year	:	-	63,840	68,45,760	
	c) Options cancelled and lapsed during the year	:	-	64,840	4,81,229	
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	:	-	1,06,505	57,00,166	
	e) Options exercised during the year	:	2,40,976	18,85,864	10,41,905	
	f) Number of Ordinary Shares of ₹ 1/- each arising as a result of exercise of Options during the year	:	24,09,760	1,88,58,640	1,04,19,050	
	g) Options outstanding at the end of the year	:	1,81,060	35,39,624	2,64,09,243	
	h) Options exercisable at the end of the year	:	1,81,060	34,39,619	1,25,84,442	
	i) Money realised by exercise of the Options during the year (₹ in Crores)	:	48.76	242.18	240.76	
12.	Summary of the status of Options	:				
	<b>Particulars</b>		<b>As at 31st March, 2016</b>		<b>As at 31st March, 2015</b>	
			<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>	<b>No. of Options</b>	<b>Weighted Average Exercise Prices (₹)</b>
	Outstanding at the beginning of the year	:	2,69,35,141	2609.34	2,65,81,347	2120.63
	Add: granted during the year	:	69,09,600	3200.41	68,26,355	3572.00
	Less: Lapsed during the year	:	5,46,069	3012.09	2,47,678	2753.48
	Less: Exercised during the year	:	31,68,745	1677.95	62,24,883	1572.39
	Outstanding at the end of the year	:	3,01,29,927	2835.55	2,69,35,141	2609.34
	Options exercisable at the end of the year	:	1,62,05,121	2452.64	1,30,61,292	2003.27

# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

13.	Weighted average share price of Shares arising upon exercise of Options	:	The Options were exercised during the periods permitted under the Schemes, and weighted average share price of Shares arising upon exercise of Options, based on the closing market price on NSE on the date of exercise of Options (i.e. the date of allotment of shares by the Securityholders Relationship Committee) for the year ended 31st March, 2016 was ₹ 322.18 (31st March, 2015 - ₹ 357.59).					
14.	Summary of Options outstanding, scheme-wise:							
	Particulars		As at 31st March, 2016			As at 31st March, 2015		
		No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted Average remaining contractual life	No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted Average remaining contractual life	
	ITC Employee Stock Option Scheme (introduced in 2001)	:	1,81,060	2023.50	0.40	4,22,036	2023.50	1.41
	ITC Employee Stock Option Scheme - 2006	:	35,39,624	948.00 - 3572.00	1.79	54,26,488	830.50 - 3572.00	2.38
	ITC Employee Stock Option Scheme - 2010	:	2,64,09,243	2023.50 - 3572.00	4.91	2,10,86,617	2023.50 - 3572.00	5.32
15.	A description of the method used during the year to estimate the fair values of Options, the weighted average exercise prices and weighted average fair values of Options granted.	:	The fair value of each Option is estimated using the Black Scholes Option Pricing model. Weighted average exercise price per Option : ₹ 3200.41 Weighted average fair value per Option : ₹ 755.90					
	The significant assumptions used to ascertain the above.	:	The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:					
			(i) Risk-free interest rate					7.70%
			(ii) Expected life					3.21 years
			(iii) Expected volatility					24.56%
			(iv) Expected dividends					1.76%
			(v) The price of the underlying shares in market at the time of Option grant					₹ 3167.15
			<i>(One Option = 10 Ordinary Shares)</i>					
16.	Methodology for determination of expected volatility.	:	The volatility used in the Black Scholes Option Pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.					

# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

17.	Difference between the employee compensation cost so computed at (8) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options.	:	₹ 510.08 crores		
18.	The impact of this difference on profits and on Earnings Per Share of the Company.	:	The effect on the profits and earnings per share, had the fair value method been adopted, is presented below:		
			<b>Profit After Tax</b>	<b>₹ in Crores</b>	
			As reported	9844.71	
			Add: Intrinsic Value Compensation Cost	Nil	
			Less: Fair Value Compensation Cost (Black Scholes model)	510.08	
			<b>Adjusted Profit</b>	9334.63	
			<b>Earnings Per Share</b>	<b>Basic (₹)</b>	<b>Diluted (₹)</b>
			As reported	12.26	12.20
			As adjusted	11.63	11.56
19.	Options granted to (a) Senior managerial personnel	:	As provided below:-		
			<b>Name</b>	<b>Designation</b>	<b>No. of Options granted during the financial year 2015-16</b>
			1 Y. C. Deveshwar	Executive Chairman	2,70,000
			2 N. Anand	Executive Director	1,35,000
			3 S. Puri	Executive Director	56,250
			4 R. Tandon	Executive Director and Chief Financial Officer	56,250
			5 K. Vaidyanath	Non-Executive Director	10,000
			6 S. M. Ahmad	On deputation	25,300
			7 A. Ambasta	Executive V. P. and Head - Social Investments	17,600
			8 G. Anand	Executive V. P., Pre-Opening Services (HD)	15,000
			9 N. Arif	Executive V.P. and Head - Corporate Communications	32,000
			10 R. Batra	On deputation	25,300
			11 S. K. Bezbaroa	Executive V.P. - Corporate EHS	17,600
			12 R. Bhandari	Chief Operating Officer - ITC Hotels / WelcomHotels (HD)	15,000
			13 A. Chand	Divisional Chief Executive (LRBD)	23,000
			14 L. C. Chandrasekharan	Chief Scientist - Research & Technology Innovation (LS & T)	28,800
			15 B. B. Chatterjee	Executive V.P. and Company Secretary	40,000
			16 C. Dar	Group Head - LS & T, Projects, EHS and Quality Assurance	40,000
			17 Saradindu Dutta	Head - Corporate Accounts	21,280
			18 Supratim Dutta	Executive V.P. - Corporate Finance	30,600
			19 M. Ganesan	Executive V.P. - Finance, Procurement & IT (FD)	30,600
			20 S. Ganesh Kumar	Chief Operating Officer - Staples, Snacks & Meals (FD)	25,300

# Notes to the Financial Statements

## 31. Additional Notes to the Financial Statements (Contd.)

(a) Senior managerial personnel (contd.)	Name	Designation	No. of Options granted during the financial year 2015-16	
	21	S. Guha	Executive V.P. - Technical (ITD)	25,300
	22	P. Gupta	Head - Corporate Taxation	23,000
	23	D. Haksar	Chief Executive - ITC Hotels / WelcomHotels (HD)	21,500
	24	S. Kaul	SBU Chief Executive (PCPB)	30,600
	25	S. Kumar	On deputation	21,500
	26	H. Malik	Divisional Chief Executive (ITD)	35,000
	27	A. K. Mukerji	Corporate Financial Controller	40,000
	28	A. R. Noronha	Executive V.P. - Projects (HD)	21,500
	29	R. Parasuram	Head - Corporate Internal Audit	35,000
	30	A. Pathak	On deputation	30,600
	31	R. Rai	Chief Operating Officer (ABD)	25,300
	32	V. M. Rajasekharan	SBU Chief Executive - Agarbatti & Matches	23,000
	33	V. L. Rajesh	Divisional Chief Executive (FD)	30,600
	34	A. K. Rajput	Senior V.P. - Corporate Affairs	40,000
	35	S. Rangrass	Divisional Chief Executive (ABD-ILTD)	35,000
	36	A. V. Rao	Executive V.P. - Manufacturing & Projects (PSPD)	30,600
	37	C. V. Sarma	Executive V.P. - Finance & MIS (PSPD)	25,300
	38	R. Senguttuvan	SBU Chief Executive (PPB)	35,000
	39	S. Satpathy	Chief Operating Officer (PCPB)	30,000
	40	A. Seth	Executive V.P. - Finance & MIS (ITD)	25,300
	41	A. Sharma	Executive V.P. - Human Resources (HD)	15,000
	42	S. K. Singh	Divisional Chief Executive (PSPD)	40,000
	43	S. Sivakumar	Group Head - Agri Business	56,250
	44	R. Sridhar	Head - Corporate Human Resources	23,000
	45	S. A. Sule	Executive V.P. - Sales Operations & Development (TM&D)	30,600
	46	B. Sumant	President - FMCG	40,000
	47	K. S. Suresh	General Counsel	40,000
	48	S. Tyagi	SBU Chief Executive (ESPB)	30,600
	49	K. I. Viswanathan	Executive V.P. - Marketing (PSPD)	30,600
	50	S. Wanchoo	Executive V.P. - Marketing (ITD)	25,300
	51	A. Zachariah	Executive V.P. and Head - Central Projects Organisation	23,000

The Optionees were granted Options on 12th August, 2015 at the exercise price of ₹ 3201/- per Option, other than Mr. S. Satpathy (Sl. No. 39) who was granted Options on 22nd January, 2016 at the exercise price of ₹ 3064/- per Option.

(b) Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year.	:	None
(c) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	None

### Abbreviations denote :

ITD	India Tobacco Division	HD	Hotels Division
PSPD	Paperboards & Specialty Papers Division	ESPB	Education & Stationery Products Business
LRBD	Lifestyle Retailing Business Division	PCPB	Personal Care Products Business
ABD	Agri Business Division	PPB	Printing & Packaging Business
ABD - ILTD	Agri Business, India Leaf Tobacco Division	LS&T	Life Sciences & Technology
FD	Foods Division	TM&D	Trade Marketing & Distribution

(xix) Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

# Notes to the Financial Statements

## 32. Segment Reporting

### PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS)

(₹ in Crores)

	2016			2015		
	External	Inter Segment	Total	External	Inter Segment	Total
<b>1. Segment Revenue - Gross</b>						
FMCG - Cigarettes	32348.29	–	32348.29	30452.38	–	30452.38
FMCG - Others	9719.62	11.55	9731.17	9028.27	9.73	9038.00
<b>FMCG - Total</b>	<b>42067.91</b>	<b>11.55</b>	<b>42079.46</b>	<b>39480.65</b>	<b>9.73</b>	<b>39490.38</b>
Hotels	1273.51	12.66	1286.17	1173.55	13.46	1187.01
Agri Business	4389.34	3067.54	7456.88	5672.07	2708.41	8380.48
Paperboards, Paper and Packaging	3851.69	1476.01	5327.70	3638.55	1643.02	5281.57
<b>Segment Total</b>	<b>51582.45</b>	<b>4567.76</b>	<b>56150.21</b>	<b>49964.82</b>	<b>4374.62</b>	<b>54339.44</b>
Eliminations			(4567.76)			(4374.62)
<b>Gross Revenue from sale of products and services</b>			<b>51582.45</b>			<b>49964.82</b>
<b>Segment Revenue - Net</b>						
FMCG - Cigarettes	17485.82	–	17485.82	16804.56	–	16804.56
FMCG - Others	9692.85	11.55	9704.40	9001.52	9.73	9011.25
<b>FMCG - Total</b>	<b>27178.67</b>	<b>11.55</b>	<b>27190.22</b>	<b>25806.08</b>	<b>9.73</b>	<b>25815.81</b>
Hotels	1273.45	12.66	1286.11	1173.50	13.46	1186.96
Agri Business	4389.34	3067.54	7456.88	5672.07	2708.41	8380.48
Paperboards, Paper and Packaging	3633.81	1383.58	5017.39	3431.56	1542.34	4973.90
<b>Segment Total</b>	<b>36475.27</b>	<b>4475.33</b>	<b>40950.60</b>	<b>36083.21</b>	<b>4273.94</b>	<b>40357.15</b>
Eliminations			(4475.33)			(4273.94)
<b>Net Revenue from sale of products and services</b>			<b>36475.27</b>			<b>36083.21</b>
<b>2. Segment Results</b>						
FMCG - Cigarettes			11752.43			11196.27
FMCG - Others			70.51			34.08
<b>FMCG - Total</b>			<b>11822.94</b>			<b>11230.35</b>
Hotels			55.69			49.08
Agri Business			933.72			903.97
Paperboards, Paper and Packaging			907.62			921.48
<b>Segment Total</b>			<b>13719.97</b>			<b>13104.88</b>
Eliminations			(51.13)			(60.12)
<b>Consolidated Total</b>			<b>13668.84</b>			<b>13044.76</b>
Unallocated corporate expenses net of unallocated income			443.52			512.40
<b>Profit before interest etc. and taxation</b>			<b>13225.32</b>			<b>12532.36</b>
Finance costs			49.13			57.42
Interest earned on loans and deposits, income from current and long-term investments, profit and loss on sale of investments etc. - Net			1782.20			1522.58
<b>Profit before tax</b>			<b>14958.39</b>			<b>13997.52</b>
Tax expense			5113.68			4389.79
<b>Profit for the year</b>			<b>9844.71</b>			<b>9607.73</b>
<b>3. Other Information</b>						
	<b>Segment Assets</b>	<b>Segment Liabilities*</b>		<b>Segment Assets</b>	<b>Segment Liabilities*</b>	
FMCG - Cigarettes	7893.49	2644.39		8004.99	2186.41	
FMCG - Others	6031.77	1179.77		4849.14	861.29	
<b>FMCG - Total</b>	<b>13925.26</b>	<b>3824.16</b>		<b>12854.13</b>	<b>3047.70</b>	
Hotels [Refer Note 10(7)]	4820.29	345.39		4654.05	353.09	
Agri Business	2970.11	611.38		2650.59	691.75	
Paperboards, Paper and Packaging	6031.00	510.68		5921.98	496.07	
<b>Segment Total</b>	<b>27746.66</b>	<b>5291.61</b>		<b>26080.75</b>	<b>4588.61</b>	
Unallocated Corporate Assets/Liabilities	22293.49	11819.54		18582.65	9339.10	
<b>Total</b>	<b>50040.15</b>	<b>17111.15</b>		<b>44663.40</b>	<b>13927.71</b>	

\* 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 Financial Statements

## 32. 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	218.25	245.82	6.73	533.49	247.51	3.21
FMCG - Others	757.15	236.17	25.19	671.53	177.61	20.15
<b>FMCG - Total</b>	<b>975.40</b>	<b>481.99</b>	<b>31.92</b>	<b>1205.02</b>	<b>425.12</b>	<b>23.36</b>
Hotels [Refer Note 10(7)]	291.50	187.59	2.21	956.93	190.30	3.27
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
<b>Segment Total</b>	<b>1745.12</b>	<b>962.73</b>	<b>59.65</b>	<b>2530.51</b>	<b>896.12</b>	<b>36.32</b>

## SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

	2016	2015
<b>1. Segment Revenue</b>		
– Within India	48302.97	45454.05
– Outside India	3279.48	4510.77
<b>Total</b>	<b>51582.45</b>	<b>49964.82</b>
<b>2. Segment Assets</b>		
– Within India	27746.65	26080.75
– Outside India	0.01	–
<b>Total</b>	<b>27746.66</b>	<b>26080.75</b>
<b>3. Capital Expenditure</b>		
– Within India	1745.12	2530.51
– Outside India	–	–
<b>Total</b>	<b>1745.12</b>	<b>2530.51</b>

### NOTES:

- The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups: FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
- 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.
- 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 Company's Agri Business markets agri commodities in the export and domestic markets; supplies agri raw materials to the Branded Packaged Foods businesses and sources leaf tobacco for the Cigarettes business.

# Notes to the Financial Statements

## 33. Related Party Disclosures

### 1. ENTERPRISES WHERE CONTROL EXISTS:

#### i) Subsidiaries:

- a) Srinivasa Resorts Limited
  - b) Fortune Park Hotels Limited
  - c) Bay Islands Hotels Limited
  - d) WelcomHotels Lanka (Private) Limited, Sri Lanka
  - e) Landbase India Limited
  - f) Russell Credit Limited and its subsidiary  
Greenacre Holdings Limited
  - g) Technico Pty Limited, Australia and its subsidiaries  
Technico Agri Sciences Limited (upto 21.03.2016)  
Technico Technologies Inc., Canada  
Technico Asia Holdings Pty Limited, Australia and its subsidiary  
Technico Horticultural (Kunming) Co. Limited, China
  - h) Technico Agri Sciences Limited (w.e.f. 22.03.2016)
  - i) Wimco Limited
  - j) Pavan Poplar Limited
  - k) Prag Agro Farm Limited
  - l) ITC Infotech India Limited and its subsidiaries  
ITC Infotech Limited, UK  
ITC Infotech (USA), Inc. and its subsidiary  
Pyxis Solutions, LLC, USA
  - m) Gold Flake Corporation Limited
  - n) ITC Investments & Holdings Limited and its subsidiary  
MRR Trading & Investment Company Limited
  - o) Surya Nepal Private Limited
  - p) King Maker Marketing, Inc., USA
  - q) North East Nutrients Private Limited
- The above list does not include ITC Global Holdings Pte. Limited, Singapore (in liquidation)

#### ii) Other entities under control of the Company:

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

### 2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

#### i) Associates & Joint Ventures:

##### Associates

- a) Gujarat Hotels Limited
- b) International Travel House Limited  
- being associates of the Company, and
- c) Tobacco Manufacturers (India) Limited, UK  
- of which the Company is an associate

##### Associates of the Company's subsidiaries

- a) Russell Investments Limited
- b) Classic Infrastructure & Development Limited
- c) Divya Management Limited
- d) Antrang Finance Limited  
- being associates of Russell Credit Limited, and
- e) ATC Limited  
- being associate of Gold Flake Corporation Limited

- Note:
- (a) During the year, Russell Credit Limited, a wholly owned subsidiary of the Company, acquired the entire equity share capital of BFIL Finance Limited and Wills Corporation Limited from the Company on 18.06.2015 and 07.09.2015 respectively; both companies have amalgamated with Russell Credit Limited w.e.f. 01.04.2015, with the effective date of the amalgamation being 16.05.2016 and 22.03.2016 respectively.
  - (b) Classic Infrastructure & Development Limited, an associate of the Company's subsidiary, during the year became a wholly owned subsidiary of Greenacre Holdings Limited, a wholly owned step down subsidiary of the Company, w.e.f. 07.12.2015; the company amalgamated with Greenacre Holdings Limited w.e.f. 01.10.2015, with the effective date of the amalgamation being 05.04.2016.



# Notes to the Financial Statements

## 33. Related Party Disclosures (Contd.)

### Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) Espirit Hotels Private Limited
- c) Logix Developers Private Limited

### Joint Venture of the Company's subsidiary

- a) ITC Essentra Limited  
- being joint venture of Gold Flake Corporation Limited

### ii) a) Key Management Personnel:

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. Baijal*	Non-Executive Director
S. Banerjee*	Non-Executive Director
A. Duggal*	Non-Executive Director
S. H. Khan*	Non-Executive Director (expired on 12.01.2016)
A. V. Girija Kumar#	Non-Executive Director
R. E. Lerwill	Non-Executive Director
S. B. Mainak	Non-Executive Director
S. B. Mathur*	Non-Executive Director
P. B. Ramanujam*	Non-Executive Director
S. S. H. Rehman*	Non-Executive Director
M. Shankar*	Non-Executive Director
K. Vaidyanath	Non-Executive Director

\* Independent Directors

# 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:

- a) IATC Provident Fund
- b) ITC Defined Contribution Pension Fund
- c) ITC Management Staff Gratuity Fund
- d) ITC Employees Gratuity Fund
- e) ITC Gratuity Fund 'C'
- f) ITC Pension Fund
- g) ILTD Seasonal Employees Pension Fund
- h) ITC Platinum Jubilee Pension Fund
- i) Tribeni Tissues Limited Gratuity Fund
- j) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- l) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- m) ITC Hotels Limited Employees Superannuation Scheme

# Notes to the Financial Statements

## 33. Related Party Disclosures (Contd.)

### 3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY 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		
	Subsidiaries		Others			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
	2016	2015	2016	2015		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
1. Sale of Goods/Services	307.18	259.46	-	0.01	0.47	0.32	9.40	9.84						317.05	269.63	
2. Purchase of Goods/Services	173.56	135.88			80.57	85.69	291.55	302.99						545.68	524.56	
3. Acquisition cost of Fixed Assets	29.06	2.11			0.37	-								29.43	2.11	
4. Sale of Fixed Assets/Scraps					0.27	0.53								0.27	0.53	
5. Investments Purchased from Subsidiary <sup>1</sup>	121.00	-						3.87						121.00	-	
6. Investment in Subsidiaries/Joint Ventures	286.98	88.79												286.98	92.66	
7. Redemption of Preference Shares	187.00	-												187.00	-	
8. Sale of Investment <sup>2</sup>	5.40	-												5.40	-	
9. Interest Income	0.58	11.62												0.58	11.62	
10. Remuneration to Key Management Personnel																
- Directors <sup>3</sup>																
- Others									26.17	24.64				26.17	24.64	
11. Rent Received	20.08	19.47			1.04	1.29			11.43	9.83				11.43	9.83	
12. Rent Paid	8.50	5.08			3.49	3.20			0.14	0.14				0.14	0.14	
13. Remuneration of Managers on Deputation reimbursed	3.73	5.42	0.55	0.19	4.17	3.66					0.66			12.79	9.08	
14. Remuneration of Managers on Deputation recovered	15.11	13.21	4.83	21.00	3.85	4.56	1.38	1.30						8.45	9.27	
15. Expenditure towards Corporate Social Responsibility														20.34	19.07	
16. Contribution to Employees' Benefit Plans														4.83	21.00	
17. Dividend Income	319.33	347.37			0.73	0.73			3.33	4.19				109.04	96.10	
18. Dividend Payments					1240.98	1191.34								320.06	348.10	
19. Expenses Recovered	12.01	13.54	0.02	0.02	0.19	0.74	0.39	0.43						12.61	14.73	
20. Expenses Reimbursed	10.85	8.01	-	0.06	0.60	0.51	0.03	0.12						11.48	8.70	
21. Loans Given	0.20	8.40 <sup>#</sup>												0.20	8.40	
22. Receipt towards Loan Repayment	43.67	62.90												43.67	62.90	
23. Assignment of Loan to Subsidiary at fair value	1.13	-												1.13	-	
24. Loans Taken		2.00 <sup>#</sup>													2.00	
25. Adjustment/Payment towards Loan Repayment	2.00	-												2.00	-	
26. Advances Given during the year			0.93	-										0.93	-	
27. Adjustment/Receipt towards Refund of Advances	-	1.95	0.41	-	-	0.02								0.41	1.97	
28. Advance Received during the year	119.62	128.28												119.62	128.28	
29. Adjustment/Payment towards Refund of Advance	131.97	105.86												131.97	105.86	
30. Deposits Given during the year															0.02	
31. Adjustment/Receipt towards Refund of Deposit	2.00	50.35												2.00	50.35	
32. Deposits Received during the year															-	
33. Balances as at 31st March																
i) Receivables	48.47	31.46			0.30	0.87	2.86	3.62						51.63	35.95	
ii) Advances Given			0.52	-								12.97	48.48	13.49	48.48	
iii) Loans Given		76.02 <sup>#</sup>													76.02	
iv) Deposits Given <sup>4</sup>	0.70	2.60												1.07	3.07	
v) Loans Taken		2.00 <sup>#</sup>							0.07	0.07	0.30				2.00	
vi) Advance Taken	134.02	146.37												134.02	146.37	
vii) Deposits Taken					0.10	0.10								0.10	0.10	
viii) Payables	5.30	3.04			6.13	8.41	5.92	4.73				20.87	34.94	38.22	51.12	
ix) Investment in Non-Convertible Debentures															15.00	
34. Provision for Subsidiary as at 31st March	9.00	55.95												9.00	55.95	

<sup>1</sup> denotes purchase of unquoted investment from subsidiary at net book value as at 31st March, 2015 of the acquired company;

<sup>2</sup> includes sale of unquoted investment, at cost, for ₹ 4.88 Crores (2015 - Nil) to Subsidiary;

<sup>3</sup> includes ₹ 1.22 Crores (2015 - Nil) attributable to remuneration of Directors which is subject to approval by the Company in General Meeting;

<sup>4</sup> includes transfer of deposit of ₹ 0.10 Crore, with an Associate in 2015, to a subsidiary during the year pursuant to amalgamation of the Associate with the subsidiary.

<sup>#</sup> pursuant to the Scheme of Arrangement [Refer Note 31(X)].

# Notes to the Financial Statements

## 33. Related Party Disclosures (Contd.)

### 4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES

(Generally in excess of 10% of the total transaction value of the same type)

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY		2016	2015	RELATED PARTY TRANSACTIONS SUMMARY		2016	2015
1.	<b>Sale of Goods/Services</b> Surya Nepal Private Limited King Maker Marketing, Inc.	273.35 27.99	225.22 28.65	15.	<b>Expenditure towards Corporate Social Responsibility</b> ITC Sangeet Research Academy ITC Rural Development Trust	0.41 4.42	21.00
2.	<b>Purchase of Goods/Services</b> ITC Infotech India Limited ITC Essentra Limited International Travel House Limited	138.45 291.20 57.99	129.36 302.73 61.67	16.	<b>Contribution to Employees' Benefit Plans</b> IATC Provident Fund ITC Defined Contribution Pension Fund ITC Management Staff Gratuity Fund ITC Pension Fund ITC Employees Gratuity Fund	22.95 16.16 13.67 19.87 21.00	23.95 15.27 13.45 31.64 3.30
3.	<b>Acquisition cost of Fixed Assets</b> Greenacre Holdings Limited Wimco Limited	28.22 0.02	— 2.08	17.	<b>Dividend Income</b> Russell Credit Limited ITC Infotech India Limited Surya Nepal Private Limited	45.25 76.68 176.76	90.51 76.68 148.54
4.	<b>Sale of Fixed Assets/Scraps</b> ATC Limited	0.27	0.53	18.	<b>Dividend Payments</b> Tobacco Manufacturers (India) Limited, UK	1240.98	1191.34
5.	<b>Investments Purchased from Subsidiary</b> Technico Pty Limited	121.00	—	19.	<b>Expenses Recovered</b> Srinivasa Resorts Limited ITC Infotech India Limited Surya Nepal Private Limited	1.50 7.95 0.34	1.71 7.49 2.55
6.	<b>Investment in Subsidiaries/Joint Ventures</b> WelcomHotels Lanka (Private) Limited Landbase India Limited North East Nutrients Private Limited	73.63 197.00 7.35	24.06 28.00 36.73	20.	<b>Expenses Reimbursed</b> Srinivasa Resorts Limited Landbase India Limited Wimco Limited	1.00 7.31 1.63	1.08 4.87 1.09
7.	<b>Redemption of Preference Shares</b> Landbase India Limited	187.00	—	21.	<b>Loan Given</b> Prag Agro Farm Limited	0.20	8.40
8.	<b>Sale of Investment</b> Russell Credit Limited	5.40	—	22.	<b>Receipt towards Loan Repayments</b> Prag Agro Farm Limited Surya Nepal Private Limited <sup>1</sup>	8.60 35.07	62.90
9.	<b>Interest Income</b> BFL Finance Limited Surya Nepal Private Limited	— 0.57	4.28 7.34	23.	<b>Assignment of Loan to Subsidiary</b> Russell Credit Limited	1.13	—
10.	<b>Remuneration to Key Management Personnel – Directors &amp; Others</b> Mr. Y. C. Deveshwar	13.73	13.85	24.	<b>Loan Taken</b> Pavan Poplar Limited	—	2.00
11.	<b>Rent Received</b> ITC Infotech India Limited Surya Nepal Private Limited	15.63 4.19	15.41 3.81	25.	<b>Adjustment/Payment towards Refund of Loan</b> Pavan Poplar Limited	2.00	—
12.	<b>Rent Paid</b> Bay Islands Hotels Limited Landbase India Limited Technico Agri Sciences Limited Gujarat Hotels Limited	1.46 5.12 1.16 3.49	1.29 1.97 1.05 3.20	26.	<b>Advances Given during the year</b> ITC Sangeet Research Academy	0.93	—
13.	<b>Remuneration of Managers on Deputation reimbursed</b> Fortune Park Hotels Limited Bay Islands Hotels Limited Landbase India Limited Technico Agri Sciences Limited ITC Infotech India Limited Gujarat Hotels Limited	1.35 1.09 0.32 0.97 — 3.93	1.34 0.97 1.23 0.95 0.94 3.44	27.	<b>Adjustment/Receipt towards Refund of Advances</b> Wimco Limited ITC Sangeet Research Academy	— 0.41	1.95
14.	<b>Remuneration of Managers on Deputation recovered</b> Srinivasa Resorts Limited Fortune Park Hotels Limited ITC Infotech India Limited ATC Limited	5.52 3.11 2.80 1.88	5.73 2.95 2.39 3.12	28.	<b>Advances Received during the year</b> Surya Nepal Private Limited	119.62	128.28
				29.	<b>Adjustment/Payment towards Refund of Advances</b> Surya Nepal Private Limited	131.97	105.86
				30.	<b>Deposit Given during the year</b> Mr. R. Tandon	—	0.02



# Notes to the Financial Statements

## 34. Significant Accounting Policies

### IT IS CORPORATE POLICY

#### Convention

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013.

#### Basis of Accounting

To prepare financial statements in accordance with the historical cost convention modified by revaluation of certain Fixed Assets as and when undertaken.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

#### Fixed Assets

To state Fixed Assets at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs, if any.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as a revenue expenditure all upgradation/enhancements unless they bring similar significant additional benefits.

#### Depreciation

To calculate depreciation on Fixed Assets, Tangible and Intangible, in a manner that amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 other than Intangible (Know how, Business and Commercial Rights, Trademarks), which are amortised over the estimated period of benefit or contractual terms, as applicable. Leasehold properties are amortised over the period of the lease.

To amortise capitalised software costs over a period of five years.

#### Revaluation of Assets

As and when Fixed Assets are revalued, to transfer to Revaluation Reserve the increase in the net book value of such Fixed Assets arising on revaluation. To account for the depreciation on such revalued Fixed Assets over the unexpired useful life of such Fixed Assets; to transfer to General Reserve the amount standing to the credit of Revaluation Reserve on account of a revalued asset that is retired/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, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

#### Inventories

To state inventories including work-in-progress at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Obsolete, slow moving and defective inventories are identified at the time of physical verification of inventories and, where necessary, provision is made for such inventories.

#### Revenue from sale of products and services

To recognise Revenue at the time of delivery of goods and rendering of services net of trade discounts to customers and Sales tax/Value added tax recovered from customers but including excise duty on goods payable by the Company. Net revenue is stated after deducting such excise duty.

#### Investment Income

To account for Income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for Income from Dividends when the right to receive such dividends is established.

#### Proposed Dividend

To provide for Dividends (including income tax thereon) in the books of account as proposed by the Directors, pending approval at the Annual General Meeting.

#### Employee Benefits

To make regular monthly contributions to various Provident Funds which are in the nature of defined contribution schemes and such paid/payable amounts are charged against revenue including any shortfall in interest between the amount of interest realised by the investment and the

# Notes to the Financial Statements

## 34. Significant Accounting Policies (Contd.)

interest payable to members at the rate declared by the Government of India. To administer such Funds through duly constituted and approved independent trusts with the exception of Provident Fund and Family Pension contributions in respect of Unionised Staff which are statutorily deposited with the Government.

To 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 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 “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 recognise 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.

### Claims

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

### Segment Reporting

To identify segments based on the dominant source and nature of risks and returns and the internal organisation and management structure.

To account for inter-segment revenue on the basis of transactions which are primarily market led.

To include under “Unallocated Corporate Expenses” revenue and expenses which relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

### Financial and Management Information Systems

To practice an Accounting System which unifies Financial and Cost Records and is designed to comply with the relevant provisions of the Companies Act, 2013 provide financial and cost information appropriate to the businesses and facilitate Internal Control.

On behalf of the Board

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

Kolkata  
20th May, 2016

# Independent Auditor's Report to the Members of ITC Limited

## Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **ITC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act. We conducted our audit of the standalone financial statements in accordance with

the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of

our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice – also refer Note 31(iv) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells  
*Chartered Accountants*  
(Firm's Registration No. 302009E)

Kolkata,  
20th May, 2016

Shyamak R Tata  
*Partner*  
(Membership No. 38320)

# Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 7 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

## **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **ITC Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Kolkata  
20th May, 2016

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## Annexure - B to the Independent Auditor's Report

(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed/court orders approving schemes of arrangements/amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories other than material lying with third parties (which have substantially been confirmed) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly the question of complying with Sections 73 and 76 of the Companies Act, 2013 does not arise. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 74 and 75 or any other relevant provisions of the Companies Act. According to the information and explanations given to us, no Order has

been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

- (vi) The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
			<b>Various years covering the period</b>	
<b>Sales Tax and Value Added Tax Laws</b>	<b>Sales tax and VAT</b>	40.37	1987-2015	Appellate Authority – upto Commissioners' / Revisional authorities level
		41.25	1994-2014	Appellate Authority – Tribunal level
		221.27	2005-2015	High Court
<b>Customs Act, 1962</b>	<b>Customs duty</b>	0.10	2010-2014	Appellate Authority – upto Commissioners' / Revisional authorities level
		0.51	2005-2007	Appellate Authority – Tribunal level
<b>Central Excise Act, 1944</b>	<b>Excise duty</b>	32.96	1996-2015	Appellate Authority – upto Commissioners' / Revisional authorities level
		83.67	1973-2015	Appellate Authority – Tribunal level
		3.58	2005-2010	High Court
<b>Finance Act, 1994</b>	<b>Service tax</b>	0.35	2008-2014	Appellate Authority – upto Commissioners' / Revisional authorities level
		53.40	2003-2011	Appellate Authority – Tribunal level
<b>Income-tax Act, 1961</b>	<b>Income-tax</b>	2.31	1999-2006	Appellate Authority – Tribunal level

Out of the total disputed dues aggregating ₹ 479.77 Crores as above, ₹ 379.90 Crores pertain to matters which have been stayed for recovery by the relevant authorities.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. In respect of two whole-time directors, aggregate remuneration of ₹ 1.22 Crores paid/provided during the year, is subject to the approval of the Members at the forthcoming Annual General Meeting.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or person connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Kolkata  
20th May, 2016

# Guide to Subsidiaries/Joint Ventures/Associates

## Subsidiaries of ITC Limited

### Russell Credit Limited

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

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

#### Subsidiary

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

### Gold Flake Corporation Limited

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

General trading.

#### Joint Venture

ITC Essentra Limited, India, is a 50% joint venture of Gold Flake Corporation Limited with Essentra Filter Products International Limited, UK.

#### Nature of Business

Manufacture and sale of cigarette filter rods.

### ITC Investments & Holdings Limited (IIHL)

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

Investment company.

#### Subsidiary

IIHL owns 100% of the shareholding of MRR Trading & Investment Company Limited (MRR), which provides estate management services.

### Landbase India Limited

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

Hospitality, real estate development and management of golf resorts.

The Company owns the Classic Golf & Country Club, a 27-hole international signature golf course, designed by Jack Nicklaus and ITC Grand Bharat Hotel which is licensed to and operated by ITC Limited.

### ITC Infotech India Limited (I3L)

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

Information technology services and solutions.

#### Subsidiaries

I3L owns 100% of the shareholding of :

ITC Infotech Limited, UK and

ITC Infotech (USA), Inc.

ITC Infotech (USA), Inc. owns 100% of Pyxis Solutions, LLC, a New York Limited Liability Company.

These subsidiaries are engaged in marketing and sales activities and provide IT services.

### Surya Nepal Private Limited

#### Shareholding

59% held by ITC Limited.

#### Nature of Business

Manufacture and sale of cigarettes and in the business of garments, matches and agarbatti.

### Srinivasa Resorts Limited

#### Shareholding

68% held by ITC Limited.

#### Nature of Business

The Company owns the hotel "ITC Kakatiya" at Hyderabad, for which operating services are rendered by ITC Limited.

### Fortune Park Hotels Limited

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

The Company is in the business of operating hotels in the mid-market to upscale segment under its hospitality brands for the same. It currently operates 48 properties.

### Bay Islands Hotels Limited

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

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

### WelcomHotels Lanka (Private) Limited, Sri Lanka

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

The Company is in the process of developing a plot of land in Colombo for a mixed use development project including a luxury hotel.

### King Maker Marketing, Inc., USA

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

Primarily engaged in distribution of cigarettes in USA.

### Wimco Limited

#### Shareholding

98.21% held by ITC Limited.

#### Nature of Business

Wimco Limited is engaged primarily in the manufacture of packaging machinery, viz. tubefillers, cartoners, conveyor systems etc.

### Technico Pty Limited, Australia (Technico)

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.

#### Subsidiaries

Technico has two wholly owned subsidiaries, namely Technico Technologies Inc., Canada and Technico Asia Holdings Pty Limited, Australia.

Technico Asia Holdings Pty Limited, Australia, has a wholly owned subsidiary, Technico Horticultural (Kunming) Company Limited, China.

These companies support Technico in the production and commercialisation of seed potato technology in different geographies.

### Technico Agri Sciences Limited

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.

### North East Nutrients Private Limited

#### Shareholding

76% held by ITC Limited.

#### Nature of Business

The Company is in the business of manufacture and sale of packaged food products from its food processing facility based in Assam.

### Pavan Poplar Limited & Prag Agro Farm Limited

#### Shareholding

100% held by ITC Limited.

#### Nature of Business

The Company is engaged in the business of agro-forestry and other related activities.

#### Joint Ventures of ITC Limited

### Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, where ITC Limited has an ownership interest of 50% (25% held through Russell Credit Limited, a 100% subsidiary of the Company), is a joint venture with Jodhana Heritage Resorts Private Limited.

#### Nature of Business

The joint venture company currently operates 35 hotel properties spread across 14 states under 3 brands namely "Legend Hotels", "WelcomHeritage Hotels" and "Nature Resorts".

### Espirit Hotels Private Limited

ITC Limited holds 26% in Espirit Hotels Private Limited.

#### Nature of Business

The joint venture company is in the process of developing a luxury hotel complex at Begumpet, Hyderabad.

### Logix Developers Private Limited

ITC Limited holds 27.90% in Logix Developers Private Limited.

#### Nature of Business

The joint venture company is intended for the purpose of developing a luxury hotel-cum-serviced apartment complex at Noida, UP.

## Major Associates of the Group

### Gujarat Hotels Limited

ITC Limited holds 45.78% in Gujarat Hotels Limited.

#### Nature of Business

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

### International Travel House Limited

ITC Limited holds 3.60% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

#### Nature of Business

Travel management including air ticketing, car rentals, inbound and outbound tourism, domestic holidays, conferences, events and exhibition management and foreign exchange services for travellers.

Note: The full list of the Group's Associates appears on page 208.

### Principles of Consolidation

The Group's interests in its subsidiaries, associates and joint ventures are reflected in the Consolidated Financial Statements (CFS) in accordance with the relevant Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

### Subsidiaries (AS 21)

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

The excess / deficit of the cost to ITC Limited of its investments in its subsidiaries over its share of net worth

(residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries are treated as goodwill/capital reserve in the CFS. The goodwill is disclosed as an asset and capital reserve as a reserve in the Consolidated Balance Sheet.

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

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

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

### Associates (AS 23)

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

Only share of net profits/losses of associates is considered in Consolidated Statement of Profit and Loss.

The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

### Joint Ventures (AS 27)

Interest in joint ventures is reported using proportionate consolidation method in the CFS.

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

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

Sl. No.	1	2	3	4	5	6	7	8	9
Name of the Subsidiary Company	ITC Infotech India Limited	ITC Infotech (USA), Inc.	ITC Infotech Limited	Pyxis Solutions, LLC.	Surya Nepal Private Limited	King Maker Marketing, Inc.	Technico Pty Limited	Technico Agri Sciences Limited <sup>^</sup>	Technico Technologies Inc.
Financial Year ending on	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	13-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016
Reporting Currency	Indian Rupee	US Dollar	British Pound	US Dollar	Nepalese Rupee	US Dollar	Australian Dollar	Indian Rupee	Canadian Dollar
Exchange Rate on the last day of the financial year	–	66.2550	95.4725	66.2550	0.6250	66.2550	50.9800	–	51.2300
Share Capital	85.20	120.59	6.55	–	126.00	0.03	224.26	37.96	6.14
Reserves & Surplus	288.82	10.33	27.46	7.58	401.41	9.70	(87.36)	98.84	(4.75)
Total Assets	471.78	211.87	83.25	7.58	649.26	32.60	145.57	164.79	2.04
Total Liabilities	471.78	211.87	83.25	7.58	649.26	32.60	145.57	164.79	2.04
Investments (excluding Investments made in subsidiaries)	33.58	–	–	–	1.60	–	–	72.31	–
Turnover	961.32	567.86	297.78	14.46	1554.12	216.97	65.74	100.44	1.33
Profit/(Loss) before tax	135.29	11.23	9.51	0.62	564.94	5.74	56.43	17.54	0.18
Provision for tax	(47.11)	(2.12)	(2.56)	–	(171.64)	(2.25)	(2.47)	(1.78)	–
Profit/(Loss) after tax	88.18	9.11	6.95	0.62	393.30	3.49	53.96	15.76	0.18
Proposed Dividend	76.68 <sup>@</sup>	–	14.40 <sup>@</sup>	6.63 <sup>@</sup>	299.88 <sup>@</sup>	9.94 <sup>@</sup>	–	–	–
% of shareholding	100.00	100.00	100.00	100.00	59.00	100.00	100.00	100.00	100.00

<sup>^</sup> A 100% subsidiary of ITC Limited w.e.f. 22nd March, 2016 (previously, a 100% subsidiary of Technico Pty Limited)

<sup>@</sup> Dividend paid during the year

Part "A": Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	10	11	12	13	14	15	16	17	18
Name of the Subsidiary Company	Technico Asia Holdings Pty Limited	Technico Horticultural (Kunming) Co. Limited	Srinivasa Resorts Limited	Fortune Park Hotels Limited	Landbase India Limited	Bay Islands Hotels Limited	WeicomHotels Lanka (Private) Limited	Russell Credit Limited **	Greenacre Holdings Limited \$
Financial Year ending on	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016
Reporting Currency	Australian Dollar	Chinese Yuan Renminbi	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Sri Lankan Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	50.9800	10.2557	–	–	–	–	0.4515	–	–
Share Capital	18.78	19.50	24.00	0.45	317.00	0.12	547.79	646.48	42.06
Reserves & Surplus	(13.84)	(5.45)	74.48	26.28	(97.67)	14.36	(8.60)	127.27	6.83
Total Assets	4.94	14.27	113.32	35.93	257.29	14.70	543.11	776.45	50.97
Total Liabilities	4.94	14.27	113.32	35.93	257.29	14.70	543.11	776.45	50.97
Investments (excluding Investments made in subsidiaries)	–	–	12.47	9.19	...	1.00	–	127.55	25.40
Turnover	–	3.20	54.34	28.91	18.86	1.66	–	70.64	4.87
Profit/(Loss) before tax	–	(0.58)	(1.96)	9.22	1.36	1.59	0.48	65.13	2.53
Provision for tax	–	–	0.30	(3.00)	–	(0.55)	–	(20.12)	(0.82)
Profit/(Loss) after tax	–	(0.58)	(1.66)	6.22	1.36	1.04	0.48	45.01	1.71
Proposed Dividend	–	–	–	10.04@	–	0.08	–	45.25@	–
% of shareholding	100.00	100.00	68.00	100.00	100.00	100.00	100.00	100.00	100.00

\*\* During the year, BFIL Finance Limited and Wills Corporation Limited, both being wholly owned subsidiaries of the Company, have been amalgamated with Russell Credit Limited (a wholly owned subsidiary of the Company) with effect from 1st April, 2015 [Refer Note 28 (x) to the Consolidated Financial Statement].

\$ During the year, Classic Infrastructure & Development Limited an associate of the Company has been amalgamated with Greenacre Holdings Limited (a step down subsidiary of ITC Limited) with effect from 1st October, 2015 [Refer Note 28 (x) to the Consolidated Financial Statement].

@ Dividend paid during the year



**Part "A": Subsidiaries (Contd.)**

(₹ in Crores)

Sl. No.	19	20	21	22	23	24	25
Name of the Subsidiary Company	Wimco Limited	Gold Flake Corporation Limited	ITC Investments & Holdings Limited	MRR Trading & Investment Company Limited	North East Nutrients Private Limited	Prag Agro Farm Limited	Pavan Poplar Limited
Financial Year ending on	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016
Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	-	-	-	-	-	-	-
Share Capital	18.85	16.00	4.50	0.05	73.00	12.80	5.51
Reserves & Surplus	(16.57)	7.02	0.84	(0.04)	(12.45)	(11.66)	(3.84)
Total Assets	8.27	23.02	5.35	0.02	146.84	1.24	1.98
Total Liabilities	8.27	23.02	5.35	0.02	146.84	1.24	1.98
Investments (excluding Investments made in subsidiaries)	-	6.01	-	-	-	...	-
Turnover	13.91	3.42	0.07	0.07	28.85	0.07	0.07
Profit/(Loss) before tax	(0.21)	2.93	0.05	...	(11.98)	(0.17)	(0.44)
Provision for tax	-	(0.29)	(0.01)	...	-	...	...
Profit/(Loss) after tax	(0.21)	2.64	0.04	...	(11.98)	(0.17)	(0.44)
Proposed Dividend	-	-	-	-	-	-	-
% of shareholding	98.21	100.00	100.00	100.00	76.00	100.00	100.00

**Notes:**

- Pyxis Solutions, LLC is a New York Limited Liability Company and does not have any share capital. ITC Infotech (USA), Inc., holds 100% membership interest of Pyxis Solutions, LLC.
- 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.
- WelcomHotels Lanka (Private) Limited is yet to commence commercial operations.
- Turnover includes Other income and Other operating revenue.
- Other than the above, there are no subsidiaries which have been liquidated or sold during the year.

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures**

Name of Associates/Joint Ventures	Espirit Hotels Private Limited	Logix Developers Private Limited <sup>#</sup>	ITC Essentra Limited	Maharaja Heritage Resorts Limited	International Travel House Limited	Russell Investments Limited	Gujarat Hotels Limited	Divya Management Limited	ATC Limited	Antrang Finance Limited
<b>1. Latest audited Balance Sheet Date</b>	31-Mar-2016	31-Mar-2016	31-Mar-2016~	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016	31-Mar-2016
<b>2. Shares of Associates / Joint Ventures held by the company on the year end</b>										
No.	4,65,09,200	77,66,913	22,50,000	90,000	39,14,233	42,75,435	17,33,907	41,82,915	1,94,775*	43,24,634
Amount of Investment in Associates/ Joint Ventures (₹ in Crores)	46.51	41.95	2.25	0.90	89.67	12.05	11.55	7.15	6.66	4.80
Extend of Holding %	26.00	27.90	50.00	50.00	48.96	25.43	45.78	33.33	47.50	33.33
<b>3. Description of how there is significant influence</b>	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Associate	Associate	Associate	Associate	Associate	Associate
<b>4. Reason why the associate / joint venture is not consolidated</b>	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
<b>5. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)</b>	46.17	13.18	41.64	(0.09)	75.45	12.66	9.67	6.06	6.46	4.70
<b>6. Profit/(Loss) for the year (₹ in Crores)</b>	...	(18.11)	15.36	0.08	12.89	2.84	2.45	0.15	0.96	0.10
i. Considered in Consolidation (₹ in Crores)	...	(5.05)	7.68	0.04	6.31	0.72	1.12	0.05	0.46	0.03
ii. Not considered in Consolidation (₹ in Crores)	...	(13.06)	7.68	0.04	6.58	2.12	1.33	0.10	0.50	0.07

# Financial Statements are as certified by the management of Logix Developers Private Limited. [Refer Note 28 (ii) (d) to the Consolidated Financial Statement].

\* Comprise 55,650 shares fully paid up and 1,39,125 shares partly paid up [Refer Note 11 to the Consolidated Financial Statement].

~ 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.

Notes:

i) Esprit Hotels Private Limited and Logix Developers Private Limited are yet to commence commercial operations.

ii) Other than the above, there are no Associates or Joint Ventures which have been liquidated or sold during the year.

On behalf of the Board

Y. C. DEVESHWAR *Chairman*  
R. TANDON *Director & Chief Financial Officer*  
B. B. CHATTERJEE *Company Secretary*



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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)	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	1	804.72		801.55	
Reserves and surplus	2	33159.69	33964.41	30933.94	31735.49
<b>Minority interests</b>			262.33		225.11
<b>Non-current liabilities</b>					
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
<b>Current liabilities</b>					
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
<b>TOTAL</b>			<b>51263.78</b>		<b>45990.79</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
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
<b>Current assets</b>					
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
<b>TOTAL</b>			<b>51263.78</b>		<b>45990.79</b>

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)
<b>Gross Income</b>	19	<b>56599.53</b>	<b>54417.09</b>
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
<b>Total Revenue</b>		<b>40975.75</b>	<b>40091.32</b>
<b>Expenses</b>			
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
<b>Total Expenses</b>		<b>25542.57</b>	<b>25729.27</b>
<b>Profit before tax</b>		<b>15433.18</b>	<b>14362.05</b>
Tax expense:			
Current tax	26	5153.96	4228.21
Deferred tax	27	218.00	368.21
<b>Profit after tax before share of results of associates and minority interests</b>		<b>10061.22</b>	<b>9765.63</b>
Share of net profit of associates		8.23	12.89
<b>Profit after tax before minority interests</b>		<b>10069.45</b>	<b>9778.52</b>
Less: Minority interests		157.84	115.35
<b>Profit for the year</b>		<b>9911.61</b>	<b>9663.17</b>
Earnings per share (Face Value ₹ 1.00 each)	28 (i)		
Basic		₹ 12.35	₹ 12.11
Diluted		₹ 12.28	₹ 12.00

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
SHYAMAK R TATA  
Partner  
Kolkata, 20th May, 2016

On behalf of the Board

Y. C. DEVESHWAR  
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)
<b>A. Cash Flow from Operating Activities</b>		
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)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>9878.19</b>	<b>9843.20</b>
<b>B. Cash Flow from Investing Activities</b>		
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
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3965.67)</b>	<b>(5275.43)</b>

## 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)
<b>C. Cash Flow from Financing Activities</b>		
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)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5769.17)</b>	<b>(4661.03)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>143.35</b>	<b>(93.26)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>183.22</b>	<b>276.48</b>
<b>CASH AND CASH EQUIVALENTS ON ACCOUNT OF AMALGAMATION</b>	<b>0.08</b>	<b>—</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>326.65</b>	<b>183.22</b>
<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. <b>CASH AND CASH EQUIVALENTS:</b>		
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 Chairman  
R. TANDON Director & Chief Financial Officer  
B. B. CHATTERJEE 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)
<b>1. Share capital</b>				
<b>Authorised</b>				
Ordinary Shares of ₹ 1.00 each	10,00,00,00,000	1000.00	10,00,00,00,000	1000.00
<b>Issued and Subscribed</b>				
Ordinary Shares of ₹ 1.00 each, fully paid	8,04,72,06,991	804.72	8,01,55,19,541	801.55
<b>A) Reconciliation of number of Ordinary Shares outstanding</b>				
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>B) Shareholders holding more than 5% of the Ordinary Shares in the Company</b>				
	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
<b>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</b>				
	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		
<b>D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March</b>				
	2016 (No. of Shares)	2015 (No. of Shares)		
Bonus Shares issued in 2010-11	3,82,67,01,530	3,82,67,01,530		
<b>E) Rights, preferences and restrictions attached to the Ordinary Shares</b>				
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.				
<b>F) Shares reserved for issue under Options</b>				
	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)
<b>2. Reserves and surplus</b>		
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>
<b>TOTAL</b>	<b>33125.02</b>	<b>30899.52</b>
Share of Joint Ventures - Note 28(ii)(b)	34.67	34.42
<b>GRAND TOTAL</b>	<b>33159.69</b>	<b>30933.94</b>

## Notes to the Consolidated Financial Statements

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

\* 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
<b>Borrowings repayable</b>				
In the first year (Note 8)	0.31	27.15	0.42	21.83
<b>Current maturities of long-term debt</b>	<b>0.31</b>	<b>27.15</b>	<b>0.42</b>	<b>21.83</b>
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
<b>Long-term borrowings</b>	<b>0.83</b>	<b>41.98</b>	<b>1.08</b>	<b>59.60</b>

## Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
<b>4A. Deferred tax liabilities (Net)</b>		
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
	<b>2387.32</b>	<b>2113.27</b>
Share of Joint Ventures - Note 28(ii)(b)	1.44	1.20
<b>Total Deferred tax liabilities</b>	<b>2388.76</b>	<b>2114.47</b>
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
	<b>526.33</b>	<b>471.47</b>
Share of Joint Ventures - Note 28(ii)(b)	0.22	0.23
<b>Total Deferred tax assets</b>	<b>526.55</b>	<b>471.70</b>
<b>TOTAL</b>	<b>1862.21</b>	<b>1642.77</b>

<b>4B. Deferred tax assets (Net)</b>		
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
	<b>41.67</b>	<b>38.37</b>
Share of Joint Ventures - Note 28(ii)(b)*	0.56	0.58
<b>Total Deferred tax assets</b>	<b>42.23</b>	<b>38.95</b>
Deferred tax liabilities		
On fiscal allowances on fixed assets	0.04	0.37
Other timing differences	0.43	-
	<b>0.47</b>	<b>0.37</b>
Share of Joint Ventures - Note 28(ii)(b)	0.01	0.01
<b>Total Deferred tax liabilities</b>	<b>0.48</b>	<b>0.38</b>
<b>TOTAL</b>	<b>41.75</b>	<b>38.57</b>

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

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)
<b>8. Other current liabilities</b>		
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
<b>TOTAL</b>	<b>4082.37</b>	<b>3765.01</b>
Share of Joint Ventures - Note 28(ii)(b)#	25.72	17.03
<b>GRAND TOTAL</b>	<b>4108.09</b>	<b>3782.04</b>

\* 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).

	As at 31st March, 2016 (₹ in Crores)	As at 31st March, 2015 (₹ in Crores)
<b>9. Short-term provisions</b>		
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
<b>TOTAL</b>	<b>8388.80</b>	<b>6161.97</b>
Share of Joint Ventures - Note 28(ii)(b)	0.05	0.04
<b>GRAND TOTAL</b>	<b>8388.85</b>	<b>6162.01</b>

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## 10. Fixed assets

### Gross Block

Particulars	As at 31st March, 2014 <sup>1</sup>	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2015 <sup>1</sup>	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2016 <sup>1</sup>
<b>Tangible assets</b>									
Land									
Freehold <sup>2</sup>	1299.90	151.16	43.20	(0.02)	1407.84	137.59	0.01	0.01	1545.43
Leasehold <sup>3</sup>	263.81	49.25	3.72	0.09	309.43	22.96	–	0.04	332.43
Buildings									
Freehold <sup>4</sup>	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 <sup>8</sup>	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
	<b>19191.56</b>	<b>3233.43</b>	<b>199.73</b>	<b>0.39</b>	<b>22225.65</b>	<b>1209.38</b>	<b>213.18</b>	<b>0.83</b>	<b>23222.68</b>
Share of Joint Ventures - Note 28(ii)(b)	74.09	11.11	0.12	–	85.08	0.80	0.24	–	85.64
<b>TOTAL (A)</b>	<b>19265.65</b>	<b>3244.54</b>	<b>199.85</b>	<b>0.39</b>	<b>22310.73</b>	<b>1210.18</b>	<b>213.42</b>	<b>0.83</b>	<b>23308.32</b>
Capital work-in-progress <sup>7</sup>	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
<b>TOTAL (B)</b>	<b>3081.29</b>	<b>2711.83</b>	<b>3131.37</b>	<b>9.80</b>	<b>2671.55</b>	<b>2170.61</b>	<b>1737.52</b>	<b>(20.27)</b>	<b>3084.37</b>
<b>Tangible assets (A+B)</b>	<b>22346.94</b>	<b>5956.37</b>	<b>3331.22</b>	<b>10.19</b>	<b>24982.28</b>	<b>3380.79</b>	<b>1950.94</b>	<b>(19.44)</b>	<b>26392.69</b>
<b>Intangible assets (acquired)</b>									
Goodwill	4.90	–	–	–	4.90	–	–	–	4.90
Trademarks <sup>5</sup>	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 <sup>6</sup>	89.33	9.75	–	(2.58)	96.50	10.59	–	1.14	108.23
	<b>437.24</b>	<b>396.38</b>	<b>12.55</b>	<b>(2.63)</b>	<b>818.44</b>	<b>54.26</b>	<b>0.14</b>	<b>1.21</b>	<b>873.77</b>
Share of Joint Ventures - Note 28(ii)(b)	0.31	0.02	–	–	0.33	–	–	–	0.33
<b>TOTAL (C)</b>	<b>437.55</b>	<b>396.40</b>	<b>12.55</b>	<b>(2.63)</b>	<b>818.77</b>	<b>54.26</b>	<b>0.14</b>	<b>1.21</b>	<b>874.10</b>
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)	–	–	–	–	–	–	–	–	–
<b>TOTAL (D)</b>	<b>36.08</b>	<b>373.98</b>	<b>381.41</b>	<b>–</b>	<b>28.65</b>	<b>44.54</b>	<b>42.44</b>	<b>–</b>	<b>30.75</b>
<b>Intangible assets (C+D)</b>	<b>473.63</b>	<b>770.38</b>	<b>393.96</b>	<b>(2.63)</b>	<b>847.42</b>	<b>98.80</b>	<b>42.58</b>	<b>1.21</b>	<b>904.85</b>
Provision for assets given on lease									
<b>GRAND TOTAL</b>	<b>22820.57</b>	<b>6726.75</b>	<b>3725.18</b>	<b>7.56</b>	<b>25829.70</b>	<b>3479.59</b>	<b>1993.52</b>	<b>(18.23)</b>	<b>27297.54</b>

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
<b>TOTAL</b>	<b>485.53</b>	<b>306.43</b>	<b>179.10</b>	<b>20.34</b>	<b>379.03</b>	<b>233.89</b>	<b>145.14</b>	<b>16.52</b>

# 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
<b>Tangible assets</b>													
Land													
Freehold <sup>2</sup>	–	–	–	–	–	–	–	–	–	1545.43	1407.84	1299.90	
Leasehold <sup>3</sup>	29.89	–	2.27	0.17	0.09	32.08	2.58	–	0.04	34.70	297.73	277.35	233.92
Buildings													
Freehold <sup>4</sup>	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 <sup>8</sup>	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
	<b>6697.23</b>	<b>87.54</b>	<b>980.62</b>	<b>117.43</b>	<b>0.38</b>	<b>7648.34</b>	<b>1046.57</b>	<b>160.09</b>	<b>0.68</b>	<b>8535.50</b>	<b>14687.18</b>	<b>14577.31</b>	<b>12494.33</b>
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
<b>TOTAL (A)</b>	<b>6709.65</b>	<b>87.54</b>	<b>982.29</b>	<b>117.51</b>	<b>0.38</b>	<b>7662.35</b>	<b>1048.74</b>	<b>160.17</b>	<b>0.68</b>	<b>8551.60</b>	<b>14756.72</b>	<b>14648.38</b>	<b>12556.00</b>
Capital work-in-progress <sup>7</sup>	–	–	–	–	–	–	–	–	–	–	3030.62	2617.81	3031.96
Share of Joint Ventures - Note 28(ii)(b)	–	–	–	–	–	–	–	–	–	–	53.75	53.74	49.33
<b>TOTAL (B)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3084.37</b>	<b>2671.55</b>	<b>3081.29</b>
<b>Tangible assets (A+B)</b>	<b>6709.65</b>	<b>87.54</b>	<b>982.29</b>	<b>117.51</b>	<b>0.38</b>	<b>7662.35</b>	<b>1048.74</b>	<b>160.17</b>	<b>0.68</b>	<b>8551.60</b>	<b>17841.09</b>	<b>17319.93</b>	<b>15637.29</b>
<b>Intangible assets (acquired)</b>													
Goodwill	4.90	–	–	–	–	4.90	–	–	–	4.90	–	–	–
Trademarks <sup>5</sup>	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 <sup>6</sup>	80.29	–	2.02	–	(2.58)	79.73	2.62	–	1.17	83.52	24.71	16.77	9.04
	<b>363.48</b>	<b>–</b>	<b>45.63</b>	<b>11.98</b>	<b>(2.62)</b>	<b>394.51</b>	<b>64.66</b>	<b>0.09</b>	<b>1.21</b>	<b>460.29</b>	<b>413.48</b>	<b>423.93</b>	<b>73.76</b>
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
<b>TOTAL (C)</b>	<b>363.72</b>	<b>–</b>	<b>45.67</b>	<b>11.98</b>	<b>(2.62)</b>	<b>394.79</b>	<b>64.69</b>	<b>0.10</b>	<b>1.21</b>	<b>460.59</b>	<b>413.51</b>	<b>423.98</b>	<b>73.83</b>
Intangible assets under development	–	–	–	–	–	–	–	–	–	–	30.75	28.65	36.08
Share of Joint Ventures - Note 28(ii)(b)	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>TOTAL (D)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>30.75</b>	<b>28.65</b>	<b>36.08</b>
<b>Intangible assets (C+D)</b>	<b>363.72</b>	<b>–</b>	<b>45.67</b>	<b>11.98</b>	<b>(2.62)</b>	<b>394.79</b>	<b>64.69</b>	<b>0.10</b>	<b>1.21</b>	<b>460.59</b>	<b>444.26</b>	<b>452.63</b>	<b>109.91</b>
Provision for assets given on lease	–	–	–	–	–	–	–	–	–	–	–	1.05	5.67
<b>GRAND TOTAL</b>	<b>7073.37</b>	<b>87.54</b>	<b>1027.96</b>	<b>129.49</b>	<b>(2.24)</b>	<b>8057.14</b>	<b>1113.43</b>	<b>160.27</b>	<b>1.89</b>	<b>9012.19</b>	<b>18285.35</b>	<b>17771.51</b>	<b>15741.53</b>

- 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
<b>11. Non-current investments (at cost unless stated otherwise)</b>				
<b>Long Term</b>				
<b>A. TRADE INVESTMENTS</b>				
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
<b>In Subsidiaries</b>				
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)		-		-
<b>In Associates</b>				
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		21.87	
	67.80	89.67	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		1.94	
	9.61	11.55	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		0.83		0.83
		1.38	2.21	1.21
				2.04
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		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		4.27
		7.78	12.05	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		6.93
		0.22	7.15	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		4.40
		0.40	4.80	0.37
				4.77
<b>In Others</b>				
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
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	742.07	30.66	737.37	40.75
<b>TRADE INVESTMENTS (Contd.)</b>				
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
<b>B. OTHER INVESTMENTS</b>				
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>				
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
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</b>				
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)		...		...
<b>Government Securities</b> 6.5% Bikash Rinpatra, 2075 (Vikram Samvat Calendar Year)		1.60		1.60
<b>INVESTMENT IN BONDS/DEBENTURES</b>				
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
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	742.12	655.98	737.42	70.26
<b>OTHER INVESTMENTS (Contd.)</b>				
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
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	2005.95	1156.00	737.42	70.26
<b>OTHER INVESTMENTS (Contd.)</b>				
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
<b>11. Non-current investments (at cost unless stated otherwise) (Contd.)</b>				
Brought forward	2556.82	1586.63	737.42	70.26
<b>OTHER INVESTMENTS (Contd.)</b>				
<b>INVESTMENT IN MUTUAL FUNDS</b>				
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		–	
<b>Aggregate amount of quoted and unquoted investments</b>	<b>2969.82</b>	<b>1586.63</b>	<b>737.42</b>	<b>70.26</b>
<b>TOTAL</b>		<b>4556.45</b>		<b>807.68</b>

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)
<b>12. Long-term loans and advances</b>		
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	2.96	2.96
	<u>898.71</u>	<u>737.73</u>
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	17.50	17.81
	<u>363.15</u>	<u>351.64</u>
<b>TOTAL</b>	<b>2340.21</b>	<b>1564.16</b>
Share of Joint Ventures - Note 28(ii)(b)	1.07	1.31
<b>GRAND TOTAL</b>	<b>2341.28</b>	<b>1565.47</b>

### 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
<b>13. Current investments (at lower of cost and fair value)</b>				
<b>INVESTMENT IN PREFERENCE SHARES</b>				
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
<b>INVESTMENT IN BONDS/DEBENTURES</b>				
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
<b>13. Current investments (at lower of cost and fair value) (Contd.)</b>				
Brought forward	538.04	931.29	527.01	682.34
<b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>				
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	
<b>INVESTMENT IN CERTIFICATE OF DEPOSITS</b>				
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		–
<b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</b>				
National Saving Certificate pledged at Mandi Samiti (cost ₹ 13000.00)		...		...
National Savings Certificates (cost ₹ 10000.00)		...		–
Kisan Vikas Patra (cost ₹ 1000.00)		...		–
<b>INVESTMENT IN MUTUAL FUNDS</b>				
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
<b>13. Current investments (at lower of cost and fair value) (Contd.)</b>				
Brought forward	1077.94	1249.13	1228.41	1359.79
<b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>				
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
<b>13. Current investments (at lower of cost and fair value) (Contd.)</b>				
Brought forward	1078.94	2714.37	1229.41	2887.08
<b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>				
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
<b>13. Current investments (at lower of cost and fair value) (Contd.)</b>				
Brought forward	1078.94	4342.71	1229.41	4854.84
<b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>				
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		–
<b>Current Portion of Non Current Investments (at cost)</b>				
<b>INVESTMENT IN BONDS/DEBENTURES</b>				
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		–
<b>Aggregate amount of quoted and unquoted investments</b>	<b>1363.94</b>	<b>5241.36</b>	<b>1229.41</b>	<b>4905.49</b>
<b>TOTAL</b>		<b>6605.30</b>		<b>6134.90</b>
Share of Joint Ventures - Note 28 (ii) (b)	0.19	0.17	0.19	–
		<b>0.36</b>		<b>0.19</b>
<b>GRAND TOTAL</b>		<b>6605.66</b>		<b>6135.09</b>

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)
<b>14. Inventories</b>		
(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
<b>TOTAL</b>	<b>9129.35</b>	<b>8557.88</b>
Share of Joint Ventures - Note 28(ii)(b)	27.06	28.99
<b>GRAND TOTAL</b>	<b>9156.41</b>	<b>8586.87</b>
<b>15. Trade receivables</b>		
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>
<b>TOTAL</b>	<b>1917.10</b>	<b>1978.17</b>
Share of Joint Ventures - Note 28(ii)(b)	2.74	3.90
<b>GRAND TOTAL</b>	<b>1919.84</b>	<b>1982.07</b>

## Notes to the Consolidated Financial Statements

	As at 31st March, 2016 (₹ in Crores)		As at 31st March, 2015 (₹ in Crores)	
<b>16. Cash and bank balances</b>				
Cash and cash equivalents <sup>@</sup>				
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
<b>TOTAL</b>		<b>6994.32</b>		<b>7891.54</b>
Share of Joint Ventures - Note 28(ii)(b) <sup>@</sup>		18.60		4.68
<b>GRAND TOTAL</b>		<b>7012.92</b>		<b>7896.22</b>

<sup>@</sup> 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).

<b>17. Short-term loans and advances</b>				
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
<b>TOTAL</b>		<b>554.56</b>		<b>566.62</b>
Share of Joint Ventures - Note 28(ii)(b)		2.90		2.05
<b>GRAND TOTAL</b>		<b>557.46</b>		<b>568.67</b>

<b>18. Other current assets</b>				
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
<b>TOTAL</b>		<b>558.90</b>		<b>405.43</b>
Share of Joint Ventures - Note 28(ii)(b)		0.01		...
<b>GRAND TOTAL</b>		<b>558.91</b>		<b>405.43</b>

\* 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)
<b>19. Gross income</b>		
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
<b>TOTAL</b>	<b>56575.88</b>	<b>54398.12</b>
Share of Joint Ventures - Note 28(ii)(b)	23.65	18.97
<b>GRAND TOTAL</b>	<b>56599.53</b>	<b>54417.09</b>
* Net of sales returns and damaged stocks.		
<b>20. Revenue from operations</b>		
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
	<b>55050.80</b>	<b>53160.58</b>
Less: Excise duty attributable to products sold [Includes share of Joint Ventures ₹ 1.82 Crores (2015 - ₹ 1.37 Crores)]	15623.78	14325.77
<b>TOTAL</b>	<b>39427.02</b>	<b>38834.81</b>
* Net of sales returns and damaged stocks.		
<b>21. Other income</b>		
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
<b>TOTAL</b>	<b>1547.80</b>	<b>1255.85</b>
Share of Joint Ventures - Note 28(ii)(b)	0.93	0.66
<b>GRAND TOTAL</b>	<b>1548.73</b>	<b>1256.51</b>
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
<b>TOTAL</b>	<b>881.02</b>	<b>618.98</b>

## Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)			For the year ended 31st March, 2015 (₹ in Crores)		
<b>22. Changes in inventories of finished goods, Work-in-progress, Stock-in-Trade and Intermediates</b>						
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	<b>(195.38)</b>	<u>357.91</u>	(56.43)	<b>(644.13)</b>
Excise duties on increase/(decrease) of finished goods			<u>246.52</u>			<u>408.28</u>
<b>TOTAL</b>			<b>51.14</b>			<b>(235.85)</b>
Share of Joint Ventures - Note 28(ii)(b)			<u>0.08</u>			<u>0.13</u>
<b>GRAND TOTAL</b>			<b>51.22</b>			<b>(235.72)</b>
<b>23. Employee benefits expense</b>						
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
<b>TOTAL</b>			<b>2942.33</b>			<b>2768.98</b>
Share of Joint Ventures - Note 28(ii)(b)			4.24			3.30
<b>GRAND TOTAL</b>			<b>2946.57</b>			<b>2772.28</b>
<b>24. Finance costs</b>						
Interest expense			53.60			45.47
Applicable net loss on foreign currency transactions and translations			—			22.01
<b>TOTAL</b>			<b>53.60</b>			<b>67.48</b>
Share of Joint Ventures - Note 28(ii)(b)			4.87			0.64
<b>GRAND TOTAL</b>			<b>58.47</b>			<b>68.12</b>

## Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
<b>25. Other expenses</b>		
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
<b>TOTAL</b>	<b>7611.54</b>	<b>7082.67</b>
Share of Joint Ventures - Note 28(ii)(b)	7.08	6.06
<b>GRAND TOTAL</b>	<b>7618.62</b>	<b>7088.73</b>

## Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2016 (₹ in Crores)	For the year ended 31st March, 2015 (₹ in Crores)
<b>26. Current tax</b>		
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)
<b>TOTAL</b>	<b>5150.37</b>	<b>4225.43</b>
Share of Joint Ventures - Note 28(ii)(b)	3.59	2.78
<b>GRAND TOTAL</b>	<b>5153.96</b>	<b>4228.21</b>
<b>27. Deferred tax</b>		
Deferred tax for the year	166.57	352.18
Adjustments/(credits) related to previous years - Net	51.15	15.65
<b>TOTAL</b>	<b>217.72</b>	<b>367.83</b>
Share of Joint Ventures - Note 28(ii)(b)	0.28	0.38
<b>GRAND TOTAL</b>	<b>218.00</b>	<b>368.21</b>

### 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	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>63.65</b>	<b>35.78</b>	<b>23.96</b>	<b>(0.35)</b>	<b>40.46</b>	<b>15.52</b>
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
<b>II</b>	<b>Actual Returns</b>	51.11	24.31	–	90.40	30.16	–
<b>III</b>	<b>Net Asset/ (Liability) recognised in Balance Sheet</b>						
	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	–	–	–	–	–	–
	<b>5 Net Asset/(Liability) recognised in Balance Sheet</b>	<b>11.07</b>	<b>(21.00)</b>	<b>(104.30)</b>	<b>46.33</b>	<b>(38.55)</b>	<b>(95.56)</b>
	– 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)
<b>IV</b>	<b>Change in Defined Benefit Obligations (DBO)</b>						
	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)
	<b>11 Present Value of DBO at the end of the year</b>	<b>656.69</b>	<b>320.08</b>	<b>104.30</b>	<b>643.34</b>	<b>309.48</b>	<b>95.56</b>
<b>V</b>	<b>Best Estimate of Employer's Expected Contribution for the next year</b>	<b>56.73</b>	<b>22.79</b>	<b>–</b>	<b>73.52</b>	<b>38.29</b>	<b>–</b>
<b>VI</b>	<b>Change in Fair Value of Assets</b>						
	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)	–
	<b>7 Plan Assets at the end of the year</b>	<b>667.76</b>	<b>299.08</b>	<b>–</b>	<b>689.67</b>	<b>270.93</b>	<b>–</b>
<b>VII</b>	<b>Actuarial Assumptions</b>						
	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)
<b>Parent</b>	<b>ITC Limited</b>	<b>90.80%</b>	<b>31076.97</b>	<b>96.10%</b>	<b>9525.80</b>
<b>Subsidiaries</b>	<b>Indian</b>				
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)
	<b>Foreign</b>				
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)
<b>Associates</b>	<b>Indian</b>				
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
<b>Jointly controlled Entities</b>	<b>Indian</b>				
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)
	<b>Total</b>	<b>100.00%</b>	<b>34226.74</b>	<b>100.00%</b>	<b>9911.61</b>

**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
<b>1. Segment Revenue - Gross</b>						
FMCG – Cigarettes	34062.67	–	34062.67	31855.85	–	31855.85
FMCG – Others	9738.57	12.07	9750.64	9043.92	10.05	9053.97
<b>FMCG – Total</b>	<b>43801.24</b>	<b>12.07</b>	<b>43813.31</b>	<b>40899.77</b>	<b>10.05</b>	<b>40909.82</b>
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
<b>Segment Total</b>	<b>54690.63</b>	<b>5114.75</b>	<b>59805.38</b>	<b>52759.08</b>	<b>4835.35</b>	<b>57594.43</b>
Eliminations			(5114.75)			(4835.35)
<b>Gross Revenue from sale of products and services</b>			<b>54690.63</b>			<b>52759.08</b>
<b>Segment Revenue - Net</b>						
FMCG – Cigarettes	18685.98	–	18685.98	17765.99	–	17765.99
FMCG – Others	9711.78	12.07	9723.85	9017.18	10.05	9027.23
<b>FMCG – Total</b>	<b>28397.76</b>	<b>12.07</b>	<b>28409.83</b>	<b>26783.17</b>	<b>10.05</b>	<b>26793.22</b>
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
<b>Segment Total</b>	<b>39066.85</b>	<b>5001.76</b>	<b>44068.61</b>	<b>38433.31</b>	<b>4718.46</b>	<b>43151.77</b>
Eliminations			(5001.76)			(4718.46)
<b>Net Revenue from sale of products and services</b>			<b>39066.85</b>			<b>38433.31</b>
<b>2. Segment Results</b>						
FMCG – Cigarettes			12348.08			11636.85
FMCG – Others			57.46			31.22
<b>FMCG – Total</b>			<b>12405.54</b>			<b>11668.07</b>
Hotels			60.89			52.44
Agri Business			933.72			903.97
Paperboards, Paper and Packaging			907.62			921.48
Others			166.10			231.60
<b>Segment Total</b>			<b>14473.87</b>			<b>13777.56</b>
Eliminations			(51.13)			(60.12)
<b>Consolidated Total</b>			<b>14422.74</b>			<b>13717.44</b>
Unallocated corporate expenses net of unallocated income			436.74			512.72
<b>Profit before Interest etc. and taxation</b>			<b>13986.00</b>			<b>13204.72</b>
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
<b>Profit before tax</b>			<b>15433.18</b>			<b>14362.05</b>
Tax expense			5371.96			4596.42
<b>Profit after tax before share of results of associates and minority interests</b>			<b>10061.22</b>			<b>9765.63</b>
Share of net profit of associates			8.23			12.89
<b>Profit after tax before Minority Interests</b>			<b>10069.45</b>			<b>9778.52</b>
<b>3. Other Information</b>						
	<b>Segment Assets</b>	<b>Segment Liabilities*</b>	<b>Segment Assets</b>	<b>Segment Liabilities*</b>		
FMCG - Cigarettes	8478.44	2751.63	8647.38	2299.09		
FMCG - Others	6179.14	1186.91	4922.38	870.90		
<b>FMCG - Total</b>	<b>14657.58</b>	<b>3938.54</b>	<b>13569.76</b>	<b>3169.99</b>		
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		
<b>Segment Total</b>	<b>30165.32</b>	<b>5584.90</b>	<b>28452.99</b>	<b>4879.11</b>		
Unallocated Corporate Assets/Liabilities	21625.49	11979.17	18009.88	9623.16		
<b>Total</b>	<b>51790.81</b>	<b>17564.07</b>	<b>46462.87</b>	<b>14502.27</b>		

\* 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
<b>FMCG - Total</b>	<b>1093.72</b>	<b>521.71</b>	<b>31.95</b>	<b>1332.70</b>	<b>452.42</b>	<b>25.65</b>
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
<b>Segment Total</b>	<b>1986.25</b>	<b>1037.36</b>	<b>102.98</b>	<b>2779.35</b>	<b>958.21</b>	<b>59.27</b>

## SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENTS)

(₹ in Crores)

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

### 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 <sup>#</sup>	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

<sup>#</sup> 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 <sup>1</sup>														
- Others			1.17	1.41									26.17	24.64
8. Rent Received			3.49	3.20									11.43	9.83
9. Rent Paid			4.17	3.66									1.17	1.41
10. Remuneration of Managers on Deputation Reimbursed	0.55	0.19	3.85	4.56	1.38	1.30							4.29	4.00
11. Remuneration of Managers on Deputation Recovered										0.66	0.66		4.72	3.85
12. Expenditure towards Corporate Social Responsibility	9.46	24.20											5.23	5.86
13. Contribution to Employees' Benefit Plans													9.46	24.20
14. Dividend Income			2.27	2.27	2.02	2.02							4.29	4.29
15. Dividend Payments			1240.98	1191.34									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. <b>Balances as at 31st March</b>														
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 <sup>2</sup>			-	0.10									0.37	0.47
v) Deposits Taken			0.67	0.67						0.30	0.30		0.67	0.67
vi) Payables			9.87	13.74	5.92	4.75							22.50	40.28
													38.29	58.77

<sup>1</sup> includes ₹ 1.22 Crores (2015- Nil) attributable to remuneration of Directors which is subject to approval by the Company in General Meeting;

<sup>2</sup> 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
<b>1. Sale of Goods/Services</b>	International Travel House Limited ITC Essentra Limited	2.47 9.30	1.77 9.84	<b>12. Expenditure towards Corporate Social Responsibility</b>	ITC Sangeet Research Academy ITC Education Trust ITC Rural Development Trust	0.41 2.83 6.22	24.20 — —	<b>19. Advances Given during the year</b>	ITC Sangeet Research Academy	0.93	—
<b>2. Purchase of Goods/Services</b>	International Travel House Limited ITC Essentra Limited	89.21 291.32	93.22 302.84	<b>13. Contribution to Employees' Benefit Plans</b>	IATC Provident Fund ITC Defined Contribution Pension Fund ITC Pension Fund ITC Management Staff Gratuity Fund ITC Employees Gratuity Fund	22.95 16.16 20.58 16.81 21.00	23.95 15.27 40.83 22.92 3.30	<b>20. Adjustment/Receipt towards Refund of Advances</b>	ITC Sangeet Research Academy International Travel House Limited	0.41 —	— 0.02
<b>3. Acquisition of Fixed Assets</b>	Classic Infrastructure & Development Limited	0.37	—	<b>14. Dividend Income</b>	Gujarat Hotels Limited International Travel House Limited ITC Essentra Limited	0.61 1.66 2.02	0.61 1.66 2.02	<b>21. Deposits Given during the year</b>	Mr. R. Tandon	—	0.02
<b>4. Sale of Fixed Assets/Scraps</b>	ATC Limited	0.27	0.53	<b>15. Dividend Payments</b>	Tobacco Manufacturers (India) Limited, UK	1240.98	1191.34	<b>22. Deposits Received during the year</b>	International Travel House Limited	...	—
<b>5. Investment in Joint Ventures</b>	Logix Developers Private Limited	—	3.87	<b>16. Expenses Recovered</b>	International Travel House Limited Maharaja Heritage Resorts Limited	0.18 0.35	0.71 0.36	<b>23. Balances as at 31st March</b>			
<b>6. Interest Income</b>	ATC Limited	0.42	0.59	<b>17. Expenses Reimbursed</b>	Gujarat Hotels Limited International Travel House Limited ATC Limited ITC Essentra Limited	0.06 0.17 0.38 —	0.08 0.13 0.33 0.08	i) Receivables	ATC Limited Maharaja Heritage Resorts Limited	0.11 2.73	0.78 3.33
<b>7. Remuneration to Key Management Personnel- Directors &amp; Others</b>	Mr. Y. C. Deveshwar	13.73	13.85	<b>18. Receipt towards Loan Repayment</b>	ATC Limited	1.40	1.40	ii) Advances Given	Employees Trust - Pension Funds	12.98	48.48
<b>8. Rent Received</b>	International Travel House Limited	1.17	1.41					iii) Loans Given	ATC Limited	2.80	4.20
<b>9. Rent Paid</b>	Gujarat Hotels Limited Mrs. B. Deveshwar	3.49 0.66	3.20 0.66					iv) Deposits Given	Mr. Y. C. Deveshwar Mrs. B. Deveshwar Classic Infrastructure & Development Limited	0.05 0.30 —	0.05 0.30 0.10
<b>10. Remuneration of Managers on Deputation Reimbursed</b>	Gujarat Hotels Limited ITC Sangeet Research Academy	3.93 0.55	3.44 0.19					v) Deposits Taken	International Travel House Limited	0.67	0.67
<b>11. Remuneration of Managers on Deputation Recovered</b>	International Travel House Limited ATC Limited Maharaja Heritage Resorts Limited	1.54 1.88 0.95	1.45 3.12 0.92					vi) Payables	Employee Trust - Gratuity Funds International Travel House Limited ITC Essentra Limited	20.59 7.14 5.78	38.12 10.55 4.56

(₹ in Crores)

# 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)

# Ten Years at a Glance

## Standalone Operating Results 2007 - 2016

(₹ in Crores)

Year ending 31st March	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GROSS INCOME</b>	19557	21879	23594	26814	31399	36046	43044	48176	51932	53748
Excise duty	7056	7320	7447	8046	9360	10073	12204	13830	13882	15107
Net Income	12501	14559	16147	18768	22039	25973	30840	34346	38050	38641
<b>PBDIT</b>	4293	5015	5393	6689	7993	9674	11566	13562	15017	16042
Depreciation & amortisation	363	439	549	609	656	699	795	900	962	1034
<b>PBIT</b>	3930	4576	4844	6080	7337	8975	10771	12662	14055	15008
<b>PBT</b>	3927	4572	4826	6015	7268	8898	10684	12659	13998	14958
Tax	1227	1452	1562	1954	2280	2736	3266	3874	4390	5113
<b>PAT</b>	2700	3120	3264	4061	4988	6162	7418	8785	9608	9845
<b>Dividends*</b>	1365	1543	1634	4453	4002	4089	4853	5583	6030	8233
- Ordinary Dividend	1365	1543	1634	2004	2518	4089	4853	5583	6030	6296
- Special Dividend				2449	1484					1937
<b>Earnings Per Share on profit after tax</b>										
Actual (₹)**	7.18	8.28	8.65	10.64	6.45	7.88	9.39	11.05	11.99	12.23
Adjusted (₹)@	3.56	4.11	4.29	5.31	6.45	7.88	9.39	11.05	11.99	12.23
<b>Dividend Per Share</b>										
Actual - Ordinary (₹)**	3.10	3.50	3.70	4.50	2.80	4.50	5.25	6.00	6.25	6.50
Actual - Special (₹)**				5.50	1.65					2.00
Adjusted - Ordinary (₹)@	1.54	1.74	1.84	2.25	2.80	4.50	5.25	6.00	6.25	6.50
Adjusted - Special (₹)@				2.75	1.65					2.00
Market Capitalisation***	56583	77765	69751	100476	140408	177360	244245	280708	260864	263989
Foreign Exchange Earnings	2283	2168	2226	2354	2732	2621	3807	4290	5096	3644

\* Including Dividend Distribution Tax.

\*\* Based on number of shares outstanding at the year end; reflects the impact of Corporate Actions.

\*\*\* Based on year end closing prices, quoted on the Bombay Stock Exchange.

@ To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011.

## Standalone Equity, Liabilities and Assets 2007 - 2016

(₹ in Crores)

Year ending 31st March	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Equity</b>										
Share capital	376	377	378	382	774	782	790	795	802	805
Reserves and surplus	10061	11681	13357	13682	15179	18010	21498	25467	29934	32124
Shareholders' funds	10437	12058	13735	14064	15953	18792	22288	26262	30736	32929
<b>Non-current liabilities</b>										
Long-term borrowings	94	91	91	92	87	77	66	51	39	26
Deferred tax liabilities (Net)	473	545	867	785	802	873	1204	1297	1632	1848
Other Long term liabilities	86	90	95	45	115	120	129	115	108	127
<b>Current liabilities</b>										
Short-term borrowings	77	92	62		2	2				4
Proposed dividend (including tax)	1365	1543	1634	4453	4002	4089	4853	5583	6030	8233
Current liabilities (others)	2436	2830	3000	3566	4473	5035	5477	5921	5651	6351
<b>Total Equity and Liabilities</b>	<b>14968</b>	<b>17249</b>	<b>19484</b>	<b>23005</b>	<b>25434</b>	<b>28988</b>	<b>34017</b>	<b>39229</b>	<b>44196</b>	<b>49518</b>
<b>Non-current assets</b>										
Fixed assets (Gross)	8000	10087	11773	12977	14099	16421	18432	20841	23841	25148
Accumulated Depreciation	2390	2791	3287	3825	4421	5045	5735	6532	7548	8443
Fixed assets (Net)	5610	7296	8486	9152	9678	11376	12697	14309	16293	16705
Non-current investments	835	846	892	1357	1563	1953	2001	2512	2442	6393
Long-term loans and advances	703	859	1117	882	1146	1196	1728	1480	1506	2285
<b>Current assets</b>										
Current investments	2232	2089	1945	4370	3991	4363	5059	6311	5964	6461
Cash and bank balances	900	570	1031	1126	2243	2819	3615	3289	7589	6564
Current assets (others)	4688	5589	6013	6118	6813	7281	8917	11328	10402	11110
<b>Total Assets</b>	<b>14968</b>	<b>17249</b>	<b>19484</b>	<b>23005</b>	<b>25434</b>	<b>28988</b>	<b>34017</b>	<b>39229</b>	<b>44196</b>	<b>49518</b>
Net Worth Per Share (₹)*	13.87	16.00	18.20	18.42	20.62	24.04	28.21	33.02	38.35	40.92

\* To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011.

Equity includes impact of:

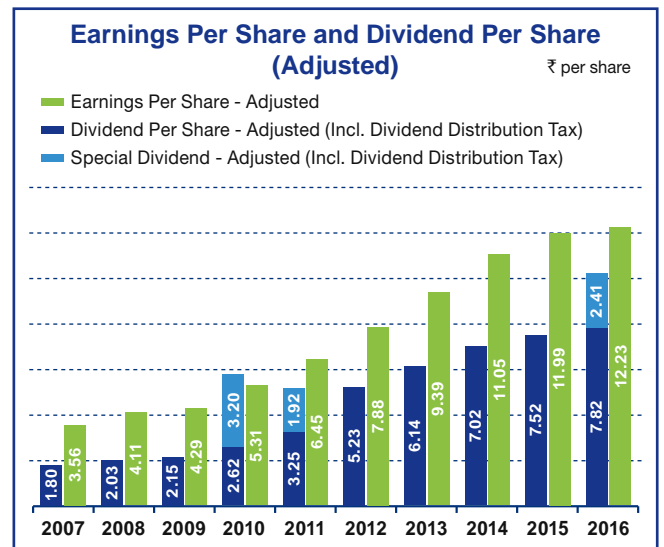
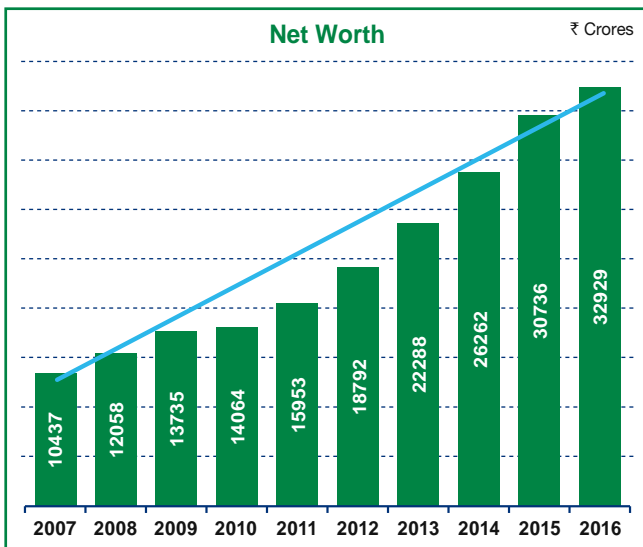
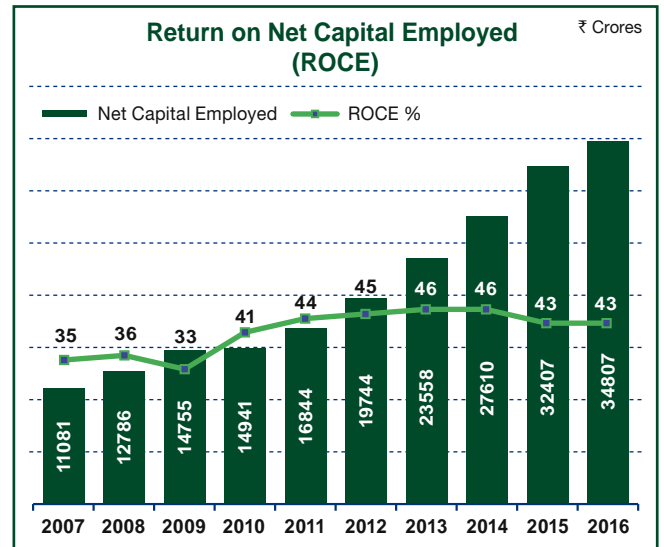
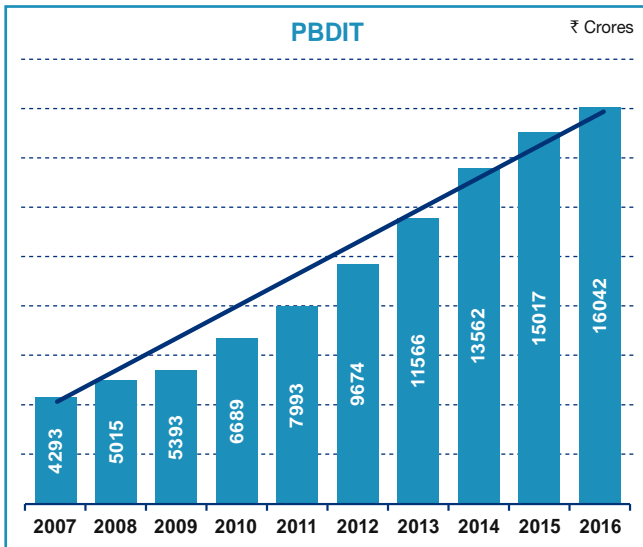
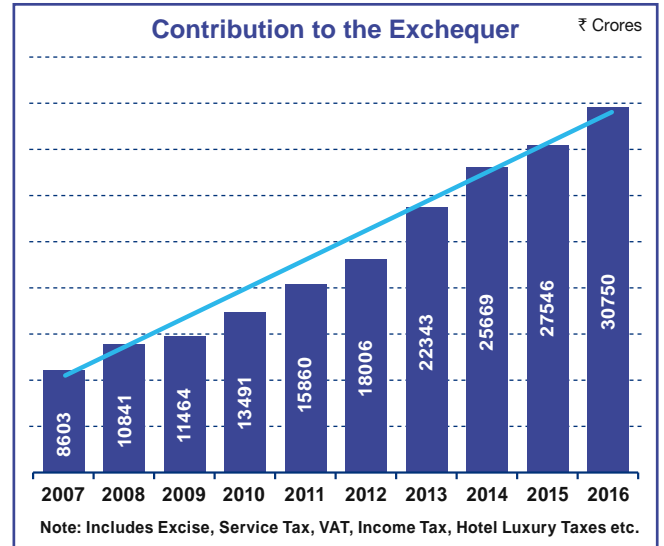
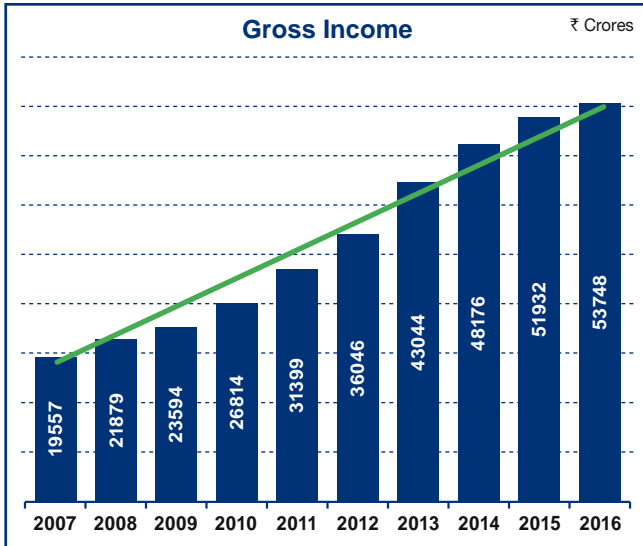
2011 – 1 : 1 Bonus Issue (₹ 383 Crores).

2015 – 87,761 Ordinary Shares of ₹ 1.00 each issued pursuant to Scheme of Amalgamation of Non-Engineering Business of Wimco Limited with the Company.

Note: Figures for the periods prior to 2011 have been broadly re-classified/re-arranged/re-grouped, wherever material, as per revised Schedule VI to the erstwhile Companies Act, 1956 in order to facilitate like to like comparison.



# Financial Highlights



These graphs depict the standalone financial position.



# Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31<sup>st</sup> March, 2016, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company also publishes annually, a comprehensive Sustainability Report, based on the Global Reporting Initiative (GRI) guidelines.

The details on the aspects discussed in this Report are available in the Company's Sustainability Report. The Company's Board approved Sustainability Policies, ITC Code of Conduct and the Sustainability Report are available on the Company's website – [www.itcportal.com](http://www.itcportal.com).



## General Information

1.	Corporate Identity Number (CIN) of the Company:	L16005WB1910PLC001985
2.	Name of the Company:	ITC Limited
3.	Address of the Registered Office:	Virginia House, 37 Jawahar Lal Nehru Road, Kolkata 700 071
4.	Website:	<a href="http://www.itcportal.com">www.itcportal.com</a>
5.	E-mail id:	<a href="mailto:enduringvalue@itc.in">enduringvalue@itc.in</a>
6.	Financial Year reported:	2015-16
7.	Key products / services:	
	<b>Businesses</b>	<b>Products / Services</b>
	FMCG:	Branded Packaged Foods Businesses (Staples, Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering.
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities are undertaken by the Company:	The Company's businesses and operations are spread across the country. Details of plant locations, hotels owned / operated by the Company, are provided in the section, 'Shareholder Information', in the Report and Accounts.
9.	Markets served by the Company:	ITC's products and services have a national presence and several products are exported.
10.	Subsidiary companies and their BR initiatives:	The Company has 25 subsidiaries, including 10 subsidiaries outside India as on 31 <sup>st</sup> March 2016. The subsidiary companies define their own initiatives based on their specific context whilst having access to information and expertise residing with the parent company.





## Financial Details

1.	Paid up Capital (As on 31.03.2016):	₹ 804.72 crores
2.	Total Turnover:	₹ 51,582.45 crores
3.	Total Profit after taxes:	₹ 9,844.71 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 247.50 crores
	As percentage of Profit after taxes:	2.51%

## List of CSR activities in which expenditure has been incurred:

Areas listed under Schedule – VII to the Companies Act, 2013		ITC's interventions (including through Trusts established by the Company)
(i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water and Eradicating Poverty
(ii)	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education, Vocational Training, Livestock Development and generation of Livelihoods
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of River Ganga.	Environmental Sustainability, Soil & Moisture Conservation and Wasteland Development
(v)	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture
(vi)	Rural Development Projects.	Agri Development



# Commitment to Sustainable and Inclusive Growth

ITC's sustainability initiatives are inspired by the opportunity to serve larger national priorities through a Triple Bottom Line contribution to the economy. It is the Company's deep conviction that businesses possess the transformative capacity to create far larger societal value by leveraging their entrepreneurial vitality, creativity and innovative capacity. This Vision is manifest in the unique models fashioned by the Company to enable the creation of large scale sustainable livelihoods and the augmentation of natural resources.

This Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has spurred innovation to orchestrate a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. These concerted efforts of the Company over several years have led to the creation of sustainable livelihoods for around 6 million people, many of whom represent the most disadvantaged in society.

While the Company's pioneering work in empowering rural India is a global exemplar, it has also spearheaded several initiatives to achieve new benchmarks in environmental excellence. Recognising that climate change is a threat that particularly makes rural communities extremely vulnerable, the Company has adopted a low carbon growth strategy. This encompasses large scale afforestation, increasing use of renewable energy and a continuous quest to maximise natural resource efficiencies across all its operations.

ITC is the only company of comparable dimensions in the world to be carbon positive for 11 years, water positive for 14 years and solid waste recycling positive for 9 years. Its environmental stewardship is also reflected in all its luxury hotels being Leadership in Energy and

Environmental Design (LEED®) Platinum Certified and the increasing share of renewable energy usage in the Company's total energy consumption, which presently stands at 47.3%.



## Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework on social, environmental and economic responsibilities of business. The context of the BR principles is embodied in the Sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.



## Reporting on Sustainability Initiatives

For the past 12 years, the Company has published Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2015 meeting the latest G4 guidelines of the GRI, 'In Accordance - Comprehensive' category was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 13th Sustainability Report covering the sustainability performance for the financial year ended on 31<sup>st</sup> March 2016 and prepared in accordance with the GRI G4 Guidelines, will be available shortly. In addition, the Report and Accounts 2016 of the Company provides a review of the Company's Triple Bottom Line performance.



## Sustainability Policies and ITC Code of Conduct aligned with Business Responsibility Principles

ITC Code of Conduct	Freedom of Association
Life-cycle Sustainability	Diversity and Equal Opportunity
Stakeholder Engagement	Prohibition of Child Labour and Prevention of Forced Labour at the Workplace
Responsible Advocacy	Human Rights consideration of Stakeholders beyond the Workplace
Product Responsibility	Environment, Health & Safety
Responsible Sourcing	Corporate Social Responsibility



# Business Responsibility Report

## Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BR Report	Page	Details in ITC Sustainability Report
1.	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	V	✓
2.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life-cycle	Sustainability of Products & Services across Life-cycle	VI	✓
3.	Businesses should promote the well-being of all employees	Employee Well-being	VIII	✓
4.	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	X	✓
5.	Businesses should respect and promote human rights	Human Rights	XI	✓
6.	Businesses should respect, protect, and make efforts to restore the environment	Protection and Restoration of the Environment	XI	✓
7.	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Responsible Advocacy	XIII	✓
8.	Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	XIV	✓
9.	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers and Consumers	XVI	✓



# Principle 1: Corporate Governance for Ethics, Transparency and Accountability

A Board approved policy provides the framework for ITC's corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. ITC embeds sustainability principles in its business strategies, and coupled with corporate governance processes, seeks to ensure superior Triple Bottom Line performance.

**The practice of Corporate Governance in ITC takes place at three interlinked levels:**

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee
Executive management	by the Divisional / Strategic Business Unit (SBU) Chief Executive assisted by the respective Divisional / SBU Management Committee

**The three-tier governance structure ensures that:**

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

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for stakeholders.

For more details on ITC's governance structure, please refer to the section, 'Report on Corporate Governance', in the Report and Accounts.

## Strategic Supervision of Business Responsibility Practices

The role of the CSR and Sustainability Committee is, *inter alia*, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013.

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five Non-Executive Directors, two of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The names of the members of this Committee and the number of meetings held during the year are provided in the Report and Accounts.

The Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee presently comprises one member of the Corporate Management Committee (as Chairman) and six senior members of management. The role of the Committee, *inter alia*, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the Corporate Management Committee.

During the year, three meetings of the SCRC were held to review the implementation of Sustainability Policies and the progress towards sustainability targets.



## Principle 2: Sustainability of Products & Services across Life-cycle



The Company's strategic intent to create enduring value by investing in new engines of growth is powered by its strong and competitive capabilities in R&D, innovation & technology and an array of institutional strengths including deep consumer insights, brand building capability, trade marketing and distribution infrastructure, focus on quality and world-class manufacturing practices, strong rural linkages and outstanding human resources.

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' detail the Company's approach in this respect.

**Some of these elements are discussed briefly below:**



### Maximising Resource Efficiency

The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water and energy. Life-cycle Assessment studies have been carried out for some of the Company's products for identifying additional

opportunities to continuously reduce environmental impacts across the value chain. Resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and waste management.

The Company's concerted efforts in optimising resource use efficiency, for instance, are evident across businesses including the Company's most resource-intensive business, the Paperboards and Specialty Papers Division, where continuous improvements in energy and water usage, have made it amongst the most efficient within the sector. Similarly, the Company's Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® (Leadership in Energy and Environmental Design) certification at the highest Platinum level for all its luxury properties. Several of the Company's factories and office complexes have also received the LEED® certification and Bureau of Energy Efficiency's (BEE) star ratings. In order to continually reduce the Company's environmental footprint, green attributes are integrated in all new constructions and are also being incorporated into existing hotels, manufacturing units, warehouses and office complexes during retrofits.



## Sustainable Consumption

The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. Even though the Company's Paperboards and Specialty Papers Division accounts for nearly 90% of the Company's total energy consumption and water intake, it is an acknowledged leader in low-carbon operations as well as in water usage efficiency. This has been achieved by continuously reducing specific energy consumption, increasing share of renewable energy sources, afforestation, recycling and reusing internal and post-consumer waste. The Centre for Science and Environment, New Delhi, rated this business as the 'most energy efficient' in the Indian Paper and Paperboard sector (Challenge of the New Balance, CSE, 2010). In 2015-16, the specific water intake (water withdrawn per unit of product or service) at the Bhadrachalam unit was 34% below the standard proposed by the National Productivity Council for large-scale integrated pulp and paper mills.

The Hotels Division pioneered the concept of 'Responsible Luxury' and created design interventions, which have enabled optimisation in the usage of energy and water. The LEED® Platinum certification for the luxury hotels of the Company makes 'ITC Hotels' the greenest luxury hotel chain in the world.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis.



## Beyond Boundaries

Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. Most of the outsourced manufacturing units of the Foods Business are already HACCP (Hazard Analysis and Critical Control Point) certified and are working towards improvement in energy efficiency. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

In order to strengthen sustainable procurement processes, Policies on 'Responsible Sourcing' and 'Human Rights Consideration of Stakeholders beyond the Workplace' have been adopted to address issues of labour practices, human rights, bribery, corruption, occupational health, safety and environment.

The Company works in close partnership with small-scale units in businesses such as Safety Matches and Education and Stationery Products. These partnerships have significantly enhanced the competitiveness of a number of units in these sectors.



## Responsible Sourcing

The Company endeavours to integrate sustainability in the procurement process for its products and services

across its diversified business portfolio. The Policy on 'Responsible Sourcing' encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers' provide guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India also gets accentuated by inadequate access to knowledge, information, price discovery, quality agricultural inputs and markets, the Company has devised unique models for farmer empowerment. These interventions not only support sustainable agriculture and enhance productivity, but also contribute to substantial livelihood creation.

The Company's globally acknowledged ITC e-Choupal initiative has transformed rural communities into vibrant economic organisations by leveraging information technology to provide real-time information on weather, market prices, agricultural best practices, etc. It also provides customised extension services and training through 'Choupal Pradarshan Khets' (demonstration farms). Farmers have been empowered through the establishment of integrated rural services hubs called



'Choupal Saagars'. The e-Choupal system has enabled efficient sourcing and raised rural incomes. The Company promotes environmentally sustainable farm practices such as zero tilling, micro-irrigation and watershed development. In addition, the Company promotes large-scale afforestation through its Social Forestry programmes. Customised extension services, knowledge of silvicultural practices, and bio-diversity enhancement enrich the farmers' capacity whilst augmenting natural capital. The farmers are free to transact at will and sell to whoever they choose, though the Company stands as a willing buyer.



## Principle 3: Employee Well-being

A climate of creativity and innovation coupled with a culture of care and concern enables 25,564 employees – including 2,244 female employees – of the Company to enhance value creation for all its stakeholders and address the challenges of tomorrow with conviction and confidence. The superior capability of the Company's talent pool is premised on a work culture that nurtures quality talent and promotes a conducive work environment that combines the need to focus on performance and results with a caring and compassionate work ethos. Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', among others, guide the management approach on specific elements of the Company's work practices.



### Equal Opportunity

The Company's Policy on 'Diversity and Equal Opportunity' is anchored in its fundamental belief that employees with diverse cultural backgrounds bring their

own unique experiences, perceptions, knowledge and skills, which when harnessed, strengthen the Company's productivity and ability to proactively respond to changing conditions. Equally, exposure to new ideas, cultures and perspectives encourages the personal growth of employees. The Policy also ensures a work environment that is free from any form of discrimination among employees in terms of compensation, training and employee benefits based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. In 2015-16, there were no cases of discriminatory employment.



### Enabling a Gender Friendly Workplace

The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed. In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and

Redressal) Act, 2013, Internal Complaints Committees have been constituted in all units. These Committees are intended to facilitate open and structured discussions on sexual harassment complaints, and to ensure their resolution in a fair and just manner. In 2015-16, 183 employees and 77 Internal Complaints Committee (ICC) members were trained on prevention of sexual harassment at workplace. During the same period, 7 complaints of sexual harassment were received. Whilst 5 of them have been investigated and resolved, 2 of them are currently in the process of being redressed.

### Supporting the Differently Abled

The Hotels Division of the Company has been proactively creating awareness on the opportunities for employing people with disabilities among potential employers. The Division has prepared two handbooks to guide industry action in this endeavour – ‘ITC Hotels Disability Handbook for Industry’ and ‘A Guide to Universal Design in Built Environments: A Guide for Creating Accessible Building Infrastructure for Persons with Disability’. Presently there are 70 differently abled employees working in the Company, the majority of whom are employed by the Hotels Business.

### Good Labour Practices

The Company has zero tolerance towards any incident which contradicts its Sustainability Policies. It is ensured that no person below the age of eighteen years is employed in the workplace and forced or compulsory labour is prohibited in all units. The Company does not engage vendors and suppliers who resort to using child and/or forced labour. In 2015-16, on an average,



the Company engaged 19,595 employees from 1,776 service providers. Identified service providers have signed the Code of Conduct for Vendors and Service Providers which details labour practices expected of them. Non-compliance with the Code results in termination of contracts. The Company had no cases of child or forced labour in 2015-16.

### Ensuring a High Quality Life

The health of its employees is a vital area of care and concern for the Company. Employee well-being is ensured through regular medical check-ups and other benefits provided in accordance with medical needs. In addition, most units have a wellness centre and a resident doctor.

### Well-being @ ITC's Manufacturing Units

Employee Well-being, one of the four constituents of the Company's overall employee relation framework, 'Good ER', is addressed through the following initiatives:

#### a) Skill Enhancement

The Company is committed to enhancing employability and skill building at the employee level through exhaustive capability building programmes and at the community level through appropriate apprenticeship programmes. Units regularly undertake programmes on technical and other aspects such as behaviour, emotions, cultural appreciation, relaxation, etc.

#### b) Employee Engagement

To capture 'employee voice', a critical component in ensuring employee well-being, most units conduct periodic employee engagement surveys wherein employees share their views on the workplace.

Sports programmes and recreational events that encourage the creative talents of both employees and their families are organised periodically. In some units participation is extended to employees of service providers as well.

#### c) Enabling Physical and Mental/ Spiritual Well-being

Periodic health/medical camps, awareness programmes on a healthy lifestyle and development of wellness plans are organised across units. Several units hold regular Yoga sessions. Employees also have the opportunity to volunteer for various social programmes.



**WELCOMCARE**

ITC Hotels offers its employees a confidential counselling service so that they can seek professional help in a safe and secure environment in dealing with issues such as developing coping skills to meet life challenges, making important decisions or exploring new avenues for change and growth.

**Freedom of Association**

The Company believes all employees are important stakeholders in the enterprise and that building a culture of mutual trust, respect, interdependence and meaningful engagement is imperative. As such, it respects the dignity of the individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management. In 2015-16, 11,463 employees were members of unions.

**Environment, Health and Safety**

The Company is committed to conducting its operations with due regard for the environment and providing a safe and healthy workplace for its employees. Towards this end, the Company implements best practices and provides appropriate EHS training to employees as well as employees of service providers.

**Learning and Development**

For the Company, learning and development is a business critical priority for enhancing capability, strengthening the leadership pipeline and fostering employee engagement. Five capability platforms relevant to making businesses future ready have been identified – Strategic, Value Chain, Leadership, Innovation and Human Resources Development. These platforms are also designed to strengthen organisational systems to facilitate speedy and competitively superior responses to market opportunities. In 2015-16, 1,08,735 person-days of formal training were provided to employees at various levels which includes 16,701 person-days of training dedicated specifically to environment, health and safety issues.

**THE GURUKUL**

The 'Gurukul' – the Company's state-of-the-art technical training facility located in Ranjangaon is a significant milestone in its skilling journey. The first integrated facility catering to the Company's FMCG businesses, Gurukul offers both short term (1 to 2 weeks) and integrated long term (1 year) programmes to enhance shop floor skills.

**Principle 4: Stakeholder Engagement**

The Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, customers, employees, farmers, suppliers, communities, civil society, media and the government.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, it anchors its stakeholder engagement on the following principles:

- Materiality – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- Completeness – Understanding key concerns of stakeholders and their expectations.



c) Responsiveness – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and

transparent manner. These measures have helped the Company develop strong relationships, which have withstood the test of time.

The Company's collaborative partnerships with communities are manifest in its programmes such as watershed development, social forestry, animal husbandry services and women empowerment. These initiatives augment the natural resource base of the nation and create sustainable rural livelihoods.



## Principle 5: Human Rights

The Company has Policies on Human Rights applicable to its employees and its value chains. The Policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). During the year, the Company introduced systems to ensure sound implementation of ITC's Sustainability Policies specifically with respect to the Human Rights and decent work place.

The Company has in place a Code of Conduct for vendors and service providers which has been signed-off by identified Vendors/ Service Providers across Businesses, and a Grievance Redressal Procedure to address concerns, if any, pertaining to Human Rights and decent labour practices for its employees.

A system for employees to read and sign-off the Sustainability Policies including Policies on Human Rights and ITC's Code of Conduct was rolled out across Divisions. During the year, 8,587 employees across the Company have been covered, amounting to 94% of the managerial workforce.



## Principle 6: Protection and Restoration of the Environment

The Company is a global exemplar in environmental sustainability and takes pride in being carbon positive, water positive and solid waste recycling positive for many years. The Company has contributed to environmental stewardship by not only ensuring efficient use of resources but also by augmenting precious natural resources.

The Policies on 'Life-cycle Sustainability', 'Environment, Health and Safety' and 'Responsible Sourcing' provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. Such efforts include implementation of a low carbon growth strategy across its businesses, integrated soil and water conservation

programmes and the creation of large-scale sustainable livelihoods amongst the marginalised sections of society.

The Company has sought to align with the NAPCC (National Action Plan on Climate Change) of the Government of India to respond to the challenges emerging from the threat of climate change. Some of the measures implemented include continual improvement in specific energy consumption (energy consumed per unit of product or service), enhanced use of renewable energy and expansion of forestry projects to improve the Company's positive carbon footprint.

The Company has also computed its Greenhouse Gas inventory in line with the ISO 14064 standard, which

has been assured at the highest 'Reasonable Level' as per the ISAE 3410 standard, by a third-party assurance provider.

## Sustainable Solid Waste Management

The Company has initiated measures across business units to ensure waste minimisation, segregation at source and recycling. For the past 9 years, the Company has been recycling over 98% of solid waste generated by its units and during the year, over 99% was recycled.

## Water Management Stewardship

The Company has undertaken several water conservation and harvesting initiatives to enhance its positive water footprint. These include continual improvement in specific water intake, adoption of benchmarked practices to achieve zero effluent discharge in the Company's operating units and the establishment of rainwater harvesting structures both within the Company's premises and in the catchment areas of its operations. These initiatives not only lower fresh water intake but also maximise groundwater recharge, reduce run-off and provide precious water to farmers. Most of the Company's units have achieved reduction in their specific water intake and many units have recycled their treated effluents in-house and achieved a zero effluent discharge status.

Carrying forward the Company's extensive work on integrated watershed management, assessments have

been carried out at select manufacturing units to ensure water security for all stakeholders at the local watershed level. These initiatives are intended to improve demand and supply side management at the sub-basin level which include reduction of direct water consumption within the unit, influencing reduced extraction by stakeholders within defined watershed area, augmenting groundwater recharge enhancing surface storage through the rejuvenation and interlinking of existing water bodies, etc. The Company will progressively extend this initiative to other locations.

## Cleaner Production Methods, Use of Energy Efficient and Environment-friendly Technologies

The Company is a pioneer in the green buildings movement, which commenced with the establishment of the ITC Green Centre at Gurgaon in 2004, now one of the highest LEED® Platinum certified buildings in the world. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotel, has also secured a 5 Star Green Rating for Integrated Habitat Assessment (GRIHA) rating, the highest national rating for green buildings in India. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the upcoming ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate the Company's commitment to green buildings.





The Company has also pioneered the manufacture of Elemental Chlorine Free (ECF) pulp & paper/paperboards in India and taken further steps towards cleaner production by introducing 'Ozone bleaching' technology, another first in the country. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment, such as plasma filters, electrostatic precipitators, etc. Its units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NO<sub>x</sub>) and Sulphur Dioxide (SO<sub>2</sub>) to ensure compliance with Company standards that are more stringent than regulatory requirements. The Company has made a commitment to reduce dependence on energy from fossil fuels by progressively moving towards meeting

50% of its total energy requirements from renewable sources by 2020. In order to meet this goal, the Company has developed a strategic approach and plans that focus on both energy conservation and renewable energy investments.



## Implementation of Environment, Health & Safety Management Systems

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001. Within the purview of certified management systems, contingency plans are developed and implemented to prevent, mitigate and control environmental disasters.

An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability.

Furthermore, the Company has focused on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a safety culture. In line with this, behavioural based safety initiatives and custom-made risk based training programmes have been implemented at several units which has resulted in improved safety performance.



## Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for the necessary interface with Government/Regulatory Authorities on matters concerning the various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and Industry of India and various other forums including regional Chambers of Commerce. The Company's engagement with the relevant authorities is guided by the

values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

The Company, for its social development projects, organises meetings with the local administration and state governments to seek their participation and involvement. Their expert advice and counsel are also sought and approvals obtained, where required, for the planned interventions. The Company also engages in public-private-partnerships (PPP) with the state governments for such projects.



# Principle 8: Supporting Inclusive Growth and Equitable Development



## ITC's Strategic Stakeholders

In social sector, the two most important stakeholders of ITC are:

- ◆ Rural communities with whom the Company's agri-businesses have forged long and enduring partnerships through crop development and procurement activities.
- ◆ Communities residing in close proximity to our production units, situated in urban and semi-rural locations.

The stakeholder communities face the challenge of securing sustainable livelihoods, which is addressed through the Company's two-pronged approach:

**Horizon 1:** Making today's dominant source(s) of livelihoods sustainable; and

**Horizon 2:** Creating capabilities for wealth generation and employment for tomorrow.

The two horizon strategy has necessitated an integrated approach to development involving several interventions which are summarised below. All programmes are implemented through a mix of national and grass-root level Programme Implementation Agencies (PIAs).



## Performance 2015-16

### Coverage

The projects promoted under the Social Investments Programme were spread over 166 districts of 26 states.

### Interventions

#### Horizon 1 - Making Today's Livelihood Sustainable

**Social Forestry:** This Programme is designed to provide food, fuel and fodder security through plantations. During 2015-16, the programme greened over 20,138 hectares, taking the cumulative total to 87,674 hectares. Out of this, the area under Agro Forestry during the year was 10,655 hectares, taking the total area under agro forestry to 24,566 hectares.

**Watershed Development:** This Programme facilitates community-based participation in planning and executing watershed projects. During 2015-16, 58,864 hectares was brought under soil and moisture conservation along with the construction of 1,534 water-harvesting structures, which contributed to creation of rainwater harvesting potential of 3.57 million cubic metres. The cumulative area under soil and moisture conservation now stands at 2,59,050 hectares while the total number of structures constructed to date number 7,998.



**Animal Husbandry:** 238 Cattle development centres were functional during the year for rendering animal husbandry services spread in 7 states. 2.29 lakhs Artificial Inseminations (AI) were conducted during the year leading to live births of 91,850 hybrid progenies. The cumulative total of AIs conducted since inception is 17.91 lakhs while progenies born to date number 5.70 lakhs.

**Improved Agricultural Practices:** The Programme provides a range of agricultural extension services to farmers to enhance farm productivity. During 2015-16, 764 Farmer Field Schools (FFS) were functional in disseminating knowhow on advanced agri-practices to nearly 17,000 farmers for different crops and 228 Agri-Business Centres rendered extension services.

**Women's Economic Empowerment:** This initiative provided a range of gainful employment opportunities to poor women supported with financial assistance by way of loans and grants. During 2015-16, 14,000 poor

households, including 10,200 ultra-poor women, in the core catchments had access to sustainable sources of income through non-farm livelihood options, taking the total number of women beneficiaries to date to over 50,000.

### Horizon 2- Creating Future Capabilities

**Education:** The Education Programme provides children from weaker sections access to education with focus on quality and retention. During the year, the programme covered 45,823 children while 164 government primary schools were provided infrastructure support. This takes the total number of children covered under the programme to date to 4.60 lakhs while a cumulative total of primary schools supported stands at 1,322.

**Vocational Training:** This Programme builds skills of youth to enable them to compete in the job market. 11,872 youth were enrolled for training under different courses during the year of which 36% were female and



41% belonged to the SC/ST communities. The total number of youth covered to date under the programme is 31,367.

**Sanitation:** To achieve the objective of zero open defecation, 7,175 Individual Household Toilets were constructed during the year - 5,231 through direct Company contribution and the balance through convergence with government schemes. This takes the total number of toilets constructed to date to 15,429. In addition to construction, equal focus was given to awareness campaigns to create demand and drive behaviour change.

**Solid Waste Management (SWM):** The Company has also been collaborating with local municipal agencies to work on sustainable management of community waste. The Programme's aim is to promote a clean and

green environment and provide a sustainable source of livelihood for rag pickers and waste collectors.

The Well-being out of Waste (WOW) movement today extends to 400 municipal wards of Hyderabad, Chennai, Bengaluru, Coimbatore and some towns of Telangana covering over 5 million citizens. The Programme creates sustainable livelihood for 10,000 rag pickers and waste collectors by propagating source segregation at each of the households. Similar programmes are operational in 9 districts of Saharanpur, Hooghly, Kolkata, Munger, Guntur, Madurai, Pune, Thiruvallur and Haridwar also.

The primary focus is on door-to-door collection of household waste and segregation at site in order to re-cycle so as to minimise the load at municipal landfills.



## Principle 9: Providing Value to Customers and Consumers

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company's uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/consumers. The Company's overall approach on this vital aspect is guided by its Policy on 'Product Responsibility'.



### Product Responsibility

The Company is committed to providing products and services that offer best-in-class quality and user experience. With a continually growing portfolio of businesses that use agri/farm products, the Company endeavours to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on independently validated studies.



### Marketing Communication

All businesses of the Company comply with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's



communications are aimed at enabling customers to make informed purchase decisions. The Company also makes efforts to educate customers on responsible usage of its products and services.

In addition, the Company's businesses have a dedicated consumer response cell to respond to customer queries and feedback on products so as to be able to continuously improve upon its products and services.



### Responsiveness to customers

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.



The IT services industry is at a historic inflection point – with traditional IT services and products model getting disrupted. Innovative technologies, new buyers of technology and newer ways of deploying them are beginning to have an impact on the way the industry operates. This disruption has unearthed massive growth opportunities and created a level playing field for nimble technology innovators.

In this context, ITC Infotech has embarked on a transformational journey to become a Specialized, Global scale, Full service provider, led by Business and Technology consulting, and creating enduring value for its stakeholders through excellence across:

- ◆ **DOMAIN:** ITC Infotech's solutions & services are powered by deep Domain understanding and practitioner's expertise in focused supply chain based industries and services industries.
- ◆ **DATA:** From Infrastructure to Insights, ITC Infotech enables clients to leverage the power of Data with actionable insights and prescriptive analytics.
- ◆ **DIGITAL:** ITC Infotech provides Digital solutions to help clients transform their business and enhance customer engagements.
- ◆ **DESIGN:** ITC Infotech provides UI/UX, high-end engineering Design solutions and services to market-leading engineering organizations worldwide.

- ◆ **DIFFERENTIATED DELIVERY:** With excellence forming the corner stone of each engagement, ITC Infotech is committed to Differentiated Delivery models like Outcome-based, BOT, JVs, As-a-service and Subscription models.

As part of the transformation efforts, ITC Infotech, during the year, has aligned the organization to identified Go-to-market (GTM) industry verticals and Lines of Business (LoB) that can be offered to these target verticals. During the year, Testing as a Service (TaaS) and Supply Chain Management (SCM) were seeded as new LoBs. In addition, the company has also instituted an "Innruption" lab to focus on R&D and innovation







in areas like Digital Supply Chain, Mobility, Internet of Things (IoT), Cognitive Automation and to build an ecosystem of startups.

The company's strategy is beginning to deliver results. During the year, the company saw good traction for its ADM, Infrastructure, Customer experience and Product engineering services and solutions. Strong wins were seen in the digital space among existing clients and new clients.

During the year, ITC Infotech won the "2015 European Outsourcing Awards" in the category: "Value creation in Outsourcing" for its engagement with a leading UK based health retailer. The company was also featured as a "Major Contender" in the Everest Group IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2015 and continued to be featured in the Leader's Category for the 2016 Global Outsourcing 100 by the International Association of Outsourcing Professionals. The company's MD and CEO, Ms. Sushma Rajagopalan was elected as the Chairperson of the IT Services Council of NASSCOM.

In 2015, the company launched 'iTech', an annual technology conference platform to foster innovation. As part of the iTech 2015, ITC Infotech organised a two-day IoT hackathon at its campus in Bengaluru. The event saw over 850 registrations, out of which 30 teams were shortlisted to participate. ITC Infotech will increasingly engage with technology innovators by providing mentorship, partnerships, solution development support, market access and joint go-to-market.

ITC Infotech remains committed to creating a truly diverse workforce, and has adopted a 'source locally, deploy globally' strategy. One such initiative is ITC Infotech's Graduate Program in South Africa, which is designed to enable the company offer "Impact sourcing" – a service delivery model that employs high potential but previously disadvantaged individuals.

A unique programme has been initiated to enable employees to be effective Brand Ambassadors for the company. This program is designed to empower InfoTitans with knowledge about the company, it's growth strategy and it's differentiators, so as to create a shared strategic vision. With most elements of the company's strategy already beginning to show green shoots, ITC Infotech is poised to differentiate itself and see strong traction in a dynamic market that is undergoing rapid consolidation.





## CII-ITC Centre of Excellence for Sustainable Development

The CII-ITC Centre of Excellence for Sustainable Development, established by ITC in collaboration with the Confederation of Indian Industry (CII) in 2006, continues its endeavours to promote sustainable business practices among Indian enterprises. The centre is steered by its Advisory Council, headed by Mr Y C Deveshwar, Chairman, ITC Limited, and comprises members from industry, civil society and academia. The Council provides strategic direction to the organisation.

The Centre celebrated its tenth year with its annual Sustainability Summit in September 2015. Experts and participants from across the country deliberated on a wide range of sustainability topics at the two-day summit. The year also marked a decade of the CII-ITC Sustainability Awards, instituted to reward and recognise outstanding contributions made by corporates in the field of sustainability. Over the past 10 years, the Awards have set benchmarks of excellence in sustainable business in India. Mr Suresh Prabhu, Union Minister for Railways, gave away the CII-ITC Sustainability Awards to 26 winners across various categories in 2015.

On the International Day for Biological Diversity on May 22, the India Business & Biodiversity Initiative (IBBI), launched by the Centre in 2014, released the publication, 'Bridging Business and Biodiversity: Innovative Approaches'. The publication, released in association with the Union Ministry of Environment, Forest and Climate Change (MoEFCC), highlights the concept of natural capital and its relation to biodiversity and ecosystem services.

During the year, the Centre also launched the Annual CSR Tracker, based on an analysis of CSR disclosures of companies. The tracker analysed 1,181 BSE-listed companies with respect to the amount of funds spent, CSR activities, geographical areas targeted and committees & policies instituted. The centre also launched the Siemens Integrity Initiative (SII), a project aimed at creating awareness on responsible business practices.

The Centre continued to work with the MoEFCC on various legislations and policies concerning business and environment. It provided inputs for the draft "Guidelines on private sector participation for afforestation on degraded forests land", "Use of Multi-layered packaging under Draft Plastic Waste Management Rules 2015", and the draft Environment Laws Amendment Bill 2015.

The Centre participated in the 21<sup>st</sup> session of the Conference of Parties (CoP) to the United Nations Framework Convention on Climate Change held in Paris in the winter of 2015. The climate negotiations was of great significance since a legally binding agreement, which will become operational in 2020, was to be finalised at the event. As India prepared for COP21, the Centre engaged with the MoEFCC on drafting India's Intended National Determined Contributions (INDC). It mobilised inputs from key industry segments, ensuring that industry was fully aligned with the Government on the implementation of the INDCs.



## ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), which was established in 1977, continues to be a true embodiment of ITC's sustained commitment to a priceless national heritage. The Company's pledge towards ensuring enduring excellence in Classical Music education has helped ITC SRA adhere to the age-old 'Guru-Shishya Parampara'. The Academy has eminent musicians imparting quality Hindustani classical music to its scholars. Its list of Gurus includes living legends like Padma Vibhushan Vidushi Girija Devi, Padma Bhushan

Buddhadev Dasgupta, Padma Shri Ulhas Kashalkar and Padma Shri Ajoy Chakrabarty. The focus of the Academy is on nurturing exceptionally gifted students, carefully hand-picked across India, who receive full scholarships to reside and pursue music education in the Academy's campus. This has provided opportunities to young talent to train under the tutelage of the country's most distinguished stalwarts and has helped create the next generation of musical masters.



## Major Awards 2015-16



- ITC Chairman Mr Y C Deveshwar was conferred the 'Economic Times Smart Green Leader Lifetime Achievement Award'. He was also ranked among the Most Valuable CEOs of India by Businessworld.
- ITC's Sankhya Data Centre, Bengaluru became the first data centre in the world to get LEED® Platinum Certification from the US Green Building Council.
- ITC Grand Bharat, Gurgaon was ranked Best in Asia and 4<sup>th</sup> in the world at the Condé Nast Traveller Readers' Choice Awards, 2015.
- ITC won the Legal Era Award for the 'Best Compliance In-House Legal Team of the Year'.
- ITC bagged four National Awards from the Public Relations Society of India.
- ITC's production units at Bengaluru, Kolkata and Saharanpur received the 'Future Ready Factory' Platinum Awards at the India Manufacturing Excellence Awards (IMEA) instituted by Frost & Sullivan and The Economic Times. The Pune factory was the Winner in the 'Information Technology Leadership' category.
- ITC's Paperboards Unit in Kovai became the first such unit to receive the CII GreenCo Platinum Rating.
- ITC's Personal Care factory in Manpura got a 'Gold rating' from the Indian Green Building Council in the Green Factory category.
- The ITC factory in Munger received the 1<sup>st</sup> prize at the FICCI Water Awards (Industrial Water Use Efficiency category) 2014-15.
- ITC's Agri Business won 2 Gold awards for Best Exporter of Green Coffee and for exports to Europe from the India Coffee Trust.
- Wills Lifestyle was conferred the "Super Brand" status for 2015.



## Major Awards Over the Years

- ITC was ranked as 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group (2014).
- Harvard Business Review ranked ITC Chairman Mr Y C Deveshwar as the 7<sup>th</sup> Best Performing CEO in the World in its January-February 2013 edition.
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012).
- ITC was presented the AIM Asian CSR Award by the Asian Forum on Corporate Social Responsibility (AFCSR), in recognition of its contribution to the creation of sustainable livelihoods and fostering economic growth in rural communities in India (2012).
- Chairman Mr Y C Deveshwar was conferred the Padma Bhushan by the Government of India (2011).
- All ITC's super premium luxury hotels were accorded LEED® Platinum certification, making ITC Hotels the 'Greenest Luxury Hotel Chain in the World' (2011).
- ITC's Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni were FSC Chain of Custody certified (2011).
- Chairman Mr Y C Deveshwar was conferred the Global Leadership Award by the US India Business Council of the US Chamber of Commerce in 2010. He was also awarded the SAM/ SPG Sustainability Leadership Award in 2007.
- ITC was conferred the National Award for Excellence in Corporate Governance from the Institute of Company Secretaries of India (2007).
- ITC was the 1<sup>st</sup> Indian Company and 2<sup>nd</sup> in the world to win the Development Gateway Award for its trail-blazing e-Choupal initiative (2005).



# ITC: Transforming Lives and Landscapes



**ITC's e-Choupal**  
Empowering 4 million farmers



**ITC's Afforestation Programme**  
Greening more than 2,25,000 hectares



**ITC's Watershed Development Programme**  
Providing Soil & Moisture conservation to nearly 2,60,000 hectares of drylands



**ITC's Livestock Development Initiative**  
Providing animal husbandry services for nearly 13,00,000 milch animals



**ITC's Women Empowerment Initiative**  
Creating over 50,000 sustainable livelihoods for women



**ITC's Primary Education Initiative**  
Benefitting over 4,60,000 children



**ITC's Skilling & Vocational Training Initiative**  
Over 31,000 youth trained



**ITC's Health & Sanitation Programme**  
Over 15,400 low-cost sanitary units constructed

ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive. ITC's businesses and value chains support around 6 million sustainable livelihoods