



Enduring Value

SAB SAATH BADHEIN

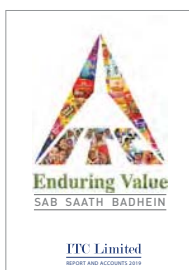
ITC Limited

REPORT AND ACCOUNTS 2019

Contents

Contents are hyper-linked to the relevant pages of the report
 Click 'ITC Limited' on the Header/Footer of each page to return to Contents

Chairman and Managing Director's Statement	
ITC: Building an Organisation of National Pride	
Focus: New Launches	
Board of Directors and Committees	01
Report on Corporate Governance	10
Shareholder Information	26
Report of the Board of Directors & Management Discussion and Analysis	36
Certificate of Compliance from Auditors with respect to Corporate Governance	120
CEO and CFO Compliance Certificate	121
Standalone Financial Statements	
Balance Sheet	122
Statement of Profit and Loss	123
Statement of changes in equity	124
Cash Flow Statement	126
Notes to the Financial Statements	128
Auditor's Report	193
Guide to Subsidiaries, Joint Ventures & Associates	201
Salient Features of the Financial Statements of Subsidiaries, Joint Ventures & Associates (AOC-1)	204
Consolidated Financial Statements	209
Ten Years at a Glance	296
Financial Highlights	
Business Responsibility Report	I-XVI
Business Update : ITC Infotech	
Creating Enduring Institutions	
Awards & Accolades	



The cover of this year's Report and Accounts features ITC's corporate logo visually enhanced with photographs that represent multiple dimensions of the Company. ITC is committed to creating growing value for its stakeholders and the pyramidal form of the logo signifies the endless pursuit of this singular goal. The base of the pyramid, showing the name 'ITC' in perspective, depicts stakeholders who energise the organisation. The arrow heads feature ITC's world class brands that create, capture and retain value in the country, apart from supporting over 6 million livelihoods. The baseline - Enduring Value - and the Corporate slogan - Sab Saath Badhein - are both creative articulations of ITC's belief in sustainable, inclusive growth that nurtures economic, social and environmental value.

Chairman and Managing Director's Statement



Dear Shareholder,

It is both with a sense of pride and profound sadness that I write to you today at a very solemn moment in the Company's history. A deep sense of honour, as I embark on a journey to lead this exemplary Company as its Chairman & MD, and yet at a time when we grieve the loss of a guiding light for the ITC family of stakeholders, our former Chairman Mr YC Deveshwar.

Undoubtedly, Mr Deveshwar's memory will be cherished for long with respect and reverence for the legendary stewardship he provided to ITC's remarkable voyage of transformation. A visionary leader and patriot, his clarion call to "Put India First" reflected his deep belief that India needed national champions in business - corporations with an Indian soul that would use their immense managerial and innovative capabilities to serve the country's larger priorities. This conviction shaped ITC's vision not only to be an engine of growth for the Indian economy, but to ensure that growth was sustainable and inclusive. Today, this commitment is manifest in ITC's growing presence across all the sectors of the economy - agriculture, manufacturing and services with innovative business models that synergise competitive growth with large scale societal value creation and environmental stewardship. Recognising his outstanding contribution to the nation, Mr Deveshwar was conferred the Padma Bhushan, one of the highest civilian

honours, by the Government of India. Mr Deveshwar indeed leaves behind a rich legacy, and one that will continue to inspire us in the years ahead.

I have had the privilege of being associated with ITC for over 33 years across various Businesses and group companies. It has been an enriching experience to engage with and witness the evolution of the Company as it traversed many a trial and tribulation to emerge as a vibrant and valuable multi-business conglomerate. Today, the mature businesses are leaders in their segments whilst the newer businesses are making appreciable progress. Given the emergent opportunities in a relatively fast growing economy like India, each of our businesses holds immense promise for the future. This potential is even greater in our newer Businesses like FMCG where there is considerable headroom to grow.

It is our aspiration to be a leader in every business segment that we operate in and be acknowledged as a trusted provider of

best-in-class products and services. Towards this, our relentless focus on building international competitiveness in each business will be supported by appropriate investments not only to reinforce the pole position that we have achieved in several segments but also to speedily attain leadership in the newer businesses. While this will undoubtedly entail upfront investments and gestation costs in the short term, particularly in the non-cigarette FMCG businesses, such investments will be a source of competitive advantage and create sustained value for stakeholders over the medium to long term as our brands garner larger scale and deepen their connect with consumers.

ITC's diverse portfolio of businesses and competencies provide vibrant synergy that lend unique sources of competitive advantage. Whilst fortifying these enterprise strengths, structural capabilities are also being enhanced by investing in distributed supply chain infrastructure, including state-of-the-art company-owned integrated consumer goods manufacturing and logistics facilities, world-class pulp and paperboard technology, and iconic hospitality properties. Further, focussed innovation, deepening of R&D capabilities and the increased use of emerging digital technologies such as Industry 4.0, Artificial Intelligence, Big Data, and Machine Learning across areas such as consumer engagement and insight discovery, smart manufacturing, agri value chains, supply chain agility and front end execution will also lend new wings to our efforts in making each business extremely competitive.

As we build scale, we remain deeply committed to go beyond market

leadership alone to creating much larger societal value in an exemplary fashion. This vision to put 'Nation First' with the credo of '*Sab Saath Badhein*' inspires us to integrate sustainability as a bedrock of our corporate strategy as we shape an inspired Indian enterprise of tomorrow. ITC's pledge to serve national priorities whilst achieving international benchmarks in competitiveness is manifest in our chosen approach to growth which we call 'Responsible Competitiveness' – a paradigm that remains at the core of our thought, strategy and action.

As a new Government takes office with a resounding mandate from the people of India, we are confident and optimistic that their proactive endeavours to create structural drivers of rapid growth will augur well for the economy. Significant reforms such as GST have stabilised well and the various social schemes that are shaping '*Sabka Saath, Sabka Vikaas*' point to an optimistic future. With rising incomes, a young demographic profile and concerted efforts to enhance agricultural & social development, a New India is indeed being shaped. ITC is well poised to benefit from the anticipated acceleration in the growth trajectory whilst simultaneously making a meaningful contribution to the Government's vision for inclusive socio-economic development.

As I traverse the journey ahead at the helm of your Company, I am reassured by the strength of our world-class talent who have ingrained in themselves ITC's DNA to pursue competitive growth with respect for environment and social development. I will look forward to your support and guidance, as always, to take this institution to even greater heights.

Best Regards,
Yours sincerely,

Sanjiv Puri

Building an Organisation of National Pride



ITC's journey to build an exemplary Indian enterprise is inspired by its larger vision to put 'Nation First'.

Making societal value creation the bedrock of its corporate strategy, ITC has pursued innovation in business models that synergise the building of economic, ecological and social capital as a unified strategy.

ITC's avowed aspiration to be an engine of growth for the national economy has made impressive progress over the years, creating multi-dimensional value for the Indian society.

ITC's commitment to create value for India is today manifest in the expansion of its existing portfolio of over 25 world-class Indian brands that help create,

capture and retain value in the Indian economy, in its investments to develop new world-class manufacturing and hospitality assets that contribute to the country's competitiveness, in the nurturing of cutting-edge future-ready research and development executed by the globally benchmarked, state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru, in strengthening the country's agricultural ecosystem through the ITC e-Choupal network and above all, in its steadfast resolve to continue in its chosen path of 'Responsible Competitiveness' – a socio-economic construct that underpins the Company's objective to be future ready whilst ensuring that growth is sustainable and inclusive.

ITC's Businesses

The strategy to pursue multiple drivers of growth across all 3 sectors – agriculture, manufacturing and services, has led to ITC's journey of transformation from a single product company to a multi-business corporation, with market leadership in several segments.

13
Businesses in
5
Segments



FMCG

- ITC is India's leading FMCG marketer
- ITC Foods is the 3rd largest in India



Paperboards and Packaging

- ITC Paperboards and Packaging is a market leader in the segment
- An icon of environmental stewardship



Hotels

- ITC Hotels is one of India's pre-eminent hospitality chains
- ITC is a pioneer in Green Hoteliering



Information Technology

- Leading global technology services and solutions provider

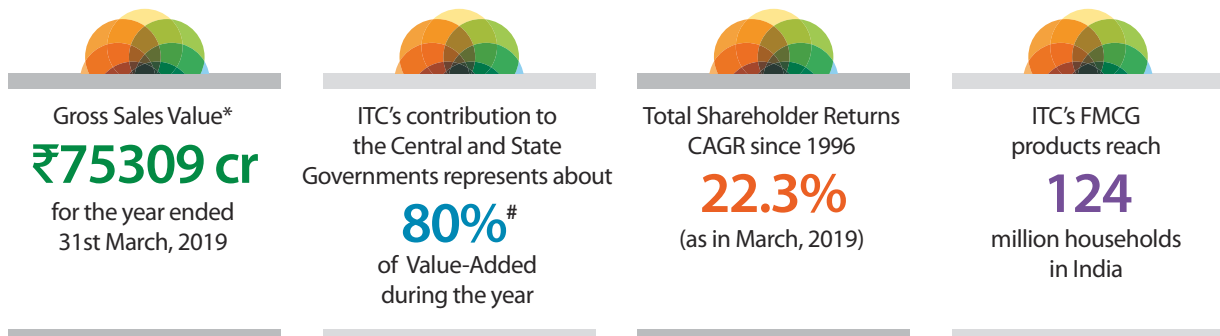


Agri Business

- ITC is a pioneer in rural transformation through ITC e-Choupal
- One of India's largest exporter of agricultural commodities

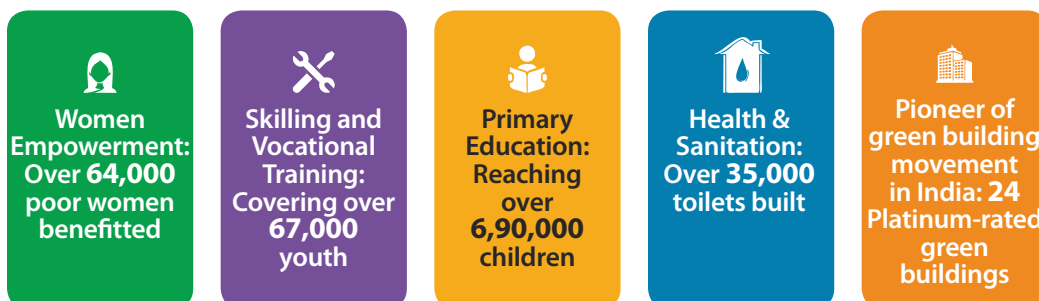
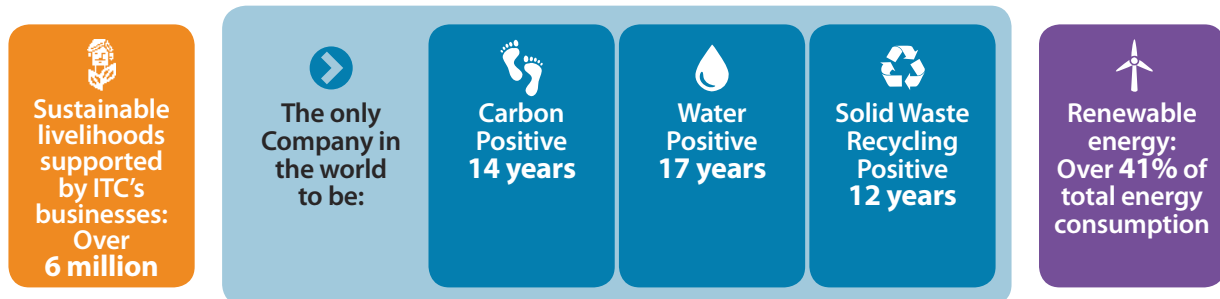


ITC: An Exemplar in Triple Bottom Line Performance



* Gross Sales Value includes GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable for the reported periods

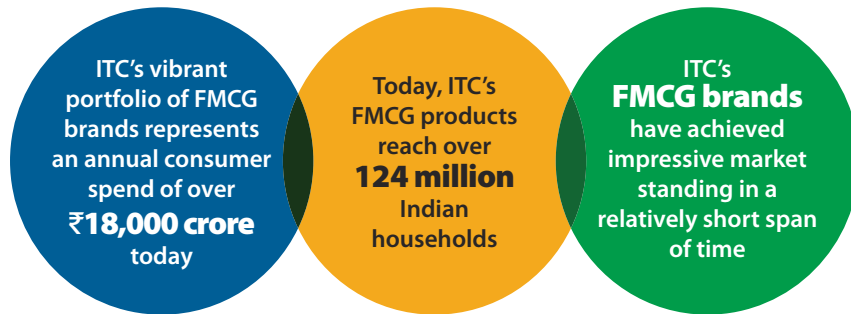
[#] Including dividend paid and retained earning attributable to Government-owned institutions





ITC's World Class Indian Brands

Within a relatively short span of time, ITC has built over 25 mother brands, many of which are market leaders in their segments. This vibrant portfolio of brands represents an annual consumer spend of over ₹18,000 crore today. ITC's world-class Indian brands anchor competitive and inclusive value chains that create, capture and retain larger value within the country as opposed to brands owned overseas that rely on global supply chains besides necessitating payments in the form of royalties, etc.



Consumer Spend



Brands Leadership

Aashirvaad is No. 1 in Branded Atta	Sunfeast is No. 1 in Cream Biscuits	Bingo! is No. 1 in the Bridges segment of Snack Foods	Classmate is No. 1 in Notebooks
YiPPee! is No. 2 in Noodles	Engage is No. 2 in Deodorants	Fiama is No. 2 in Body Wash	Mangaldeep is No. 1 in Dhoop segment and No. 2 in Agarbattis



ITC's Diverse Portfolio of Popular Brands

ITC has sustained its position as one of the fastest growing FMCG businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive, customised products, innovation, premiumisation, along with an efficient supply chain and expanding distribution network. During 2018-19, ITC launched over 50 new FMCG products, across categories such as Foods, Personal Care, Education and Stationery products, Agarbatti and Matches, strengthening its diverse and differentiated portfolio of FMCG offerings.





Branded Packaged Foods

Staples, Biscuits, Snacks, Noodles, Pasta, Juices, Chocolates, Coffee, Spices, Dairy Beverages, Milk, Ghee, Paneer, Confectionery, Chewing Gums, Salt, Ready to Eat, Instant Mixes



Thick and tasty
curd in every
spoon



Aashirvaad
Svasti Dahi



Soft and
creamy paneer
in special
vacuum pack



Aashirvaad
Svasti Paneer



Superior quality
premium rice,
perfectly aged



Aashirvaad Sona
Masoori Rice



Branded Packaged Foods



Delicious crème sandwiched between two layers of soft, spongy cake



Sunfeast
Bounce Cakes



3 layered offering with soft bed of cake, fruit jelly and rich Choco layer

Choco Jellifills –
Strawberry, Orange



A blend of unique flavours prepared in the traditional way



Koora Karam Multi
Purpose Masala



Branded Packaged Foods



Bite-sized biscuits filled with delicious strawberry flavoured crème



Bounce Minis
– Strawberry



With real fruit pulp and badam bit varieties



Dairy Beverage in Vanilla, Mango, Mixed Fruit and Kesar Badam flavours



Crispy, milky Marie biscuit in a unique Stay-Fresh pack



Sunfeast Marie Light Vita



Branded Packaged Foods



Crispy
crackers in 2
new exciting
variants



Sunfeast Masala
Twist and
Something Else!



Resonates
with unique
preferences
of young
consumers



New range of
instant noodles



3 new lip-
smacking
snacks



Mad Angles Very Peri Peri,
Mad Angles Fillos,
Tedhe Medhe Wakhra Style



Branded Packaged Foods



New range of Luxury Chocolate bars, inspired by rich desserts



Luxury Chocolate Bars



Smooth ready to use coffee paste to experience rich, frothy coffee



Beaten Coffee Paste



Made from the choicest Alphonso Mangoes

Mango Pulp



Branded Packaged Foods



10 mouth-watering ready-to-cook Veg & Non-Veg frozen snacks

**IITC
MASTER
CHEF**

Range of Frozen Snacks



Irresistible balance of crunchy wafer roll filled with luscious chococrème

CANDYMAN

Candyman Fantastik



Unique candies in exciting flavours

CANDYMAN

Candyman Tadka Time, Candyman Fruity Delite



Personal Care Products

Soap, Shower Gel, Body Wash, Hand Wash, Bath Care, Deodorants, Fine Fragrances, Skin Care, Antiseptic Liquid, Hand Sanitizer, Floor Cleaner



Scientific and Smart New Derma Routine made for the Indian skin



DERMAFIQUE
 cell by cell

Premium Skin Care Range

A scintillating unique fragrance for women



New Fragrance – Ignite Fleur

Embodies a fine balance between Mystery and Elegance



New Fragrance – 'Mikkel' Verde



Personal Care Products



2 refreshing fragrances in 1 pocket perfume to cater to different moods



ENGAGE

2-in-1 Pocket Perfume

Enriched with Vitamins; Nourishes the skin from deep within



CHARMIS

Cold Cream and Soft Cream

Crafted with long-lasting fragrance encapsulation technology



fiama

Fiama Scents Body Wash

A concoction of a refreshing gel and a Moisturising crème



fiama

Moisturising Bathing Bar



Personal Care Products



Hand Sanitizer
in a unique pen
Spray format



Pen Sanitizer



The new
bathing
experience
that's better
than soap



Vivel

Vivel Body
Washes



Unique 'cool'
sensorial
experience
that refreshes
and nourishes
the skin

Vivel

Cool Mint
Soap

100%
natural floor
cleaner that
harnesses the
power of
Neem



nimyle

Herbal Floor Cleaner



Education & Stationery Products

Notebooks, Pens, Pencils, Art Stationery, Geometry Boxes & Scholastic Products



classmate
BE BETTER THAN YOURSELF

Notebooks

classmate
BE BETTER THAN YOURSELF

Pens

classmate
BE BETTER THAN YOURSELF

Mathematical Drawing Instrument

INTERACTIVE 3D COLOURING
Give Life To Your Creativity

My Classmate App



Agarbatti



Agarbattis with soothing & long lasting fragrance

Treya
Deetyaa
Lavender

MANGALDEEP
PURE AGARBATTI



ITC: Creating World Class Assets for India

ITC's commitment to create value for India is also manifest in its investments in the development of world-class manufacturing and hospitality assets that contribute to the Company's competitiveness, whilst enhancing the country's long-term intellectual property.

An investment outlay of ₹25,000 crore has been envisaged to support creation of several Integrated Consumer Goods Manufacturing & Logistics facilities for its FMCG businesses, in building iconic luxury hotels and in strengthening distribution and agri-backend.



Manufacturing & Logistics



Mysuru, Karnataka



Ambarnath, Maharashtra



Panchla, West Bengal



Kamrup, Assam



Manufacturing & Logistics



Kapurthala, Punjab



Pudukkottai, Tamil Nadu



Medak, Telangana



Sriperumbudur Warehouse, Tamil Nadu



Green Centre



Bengaluru, Karnataka



Residential



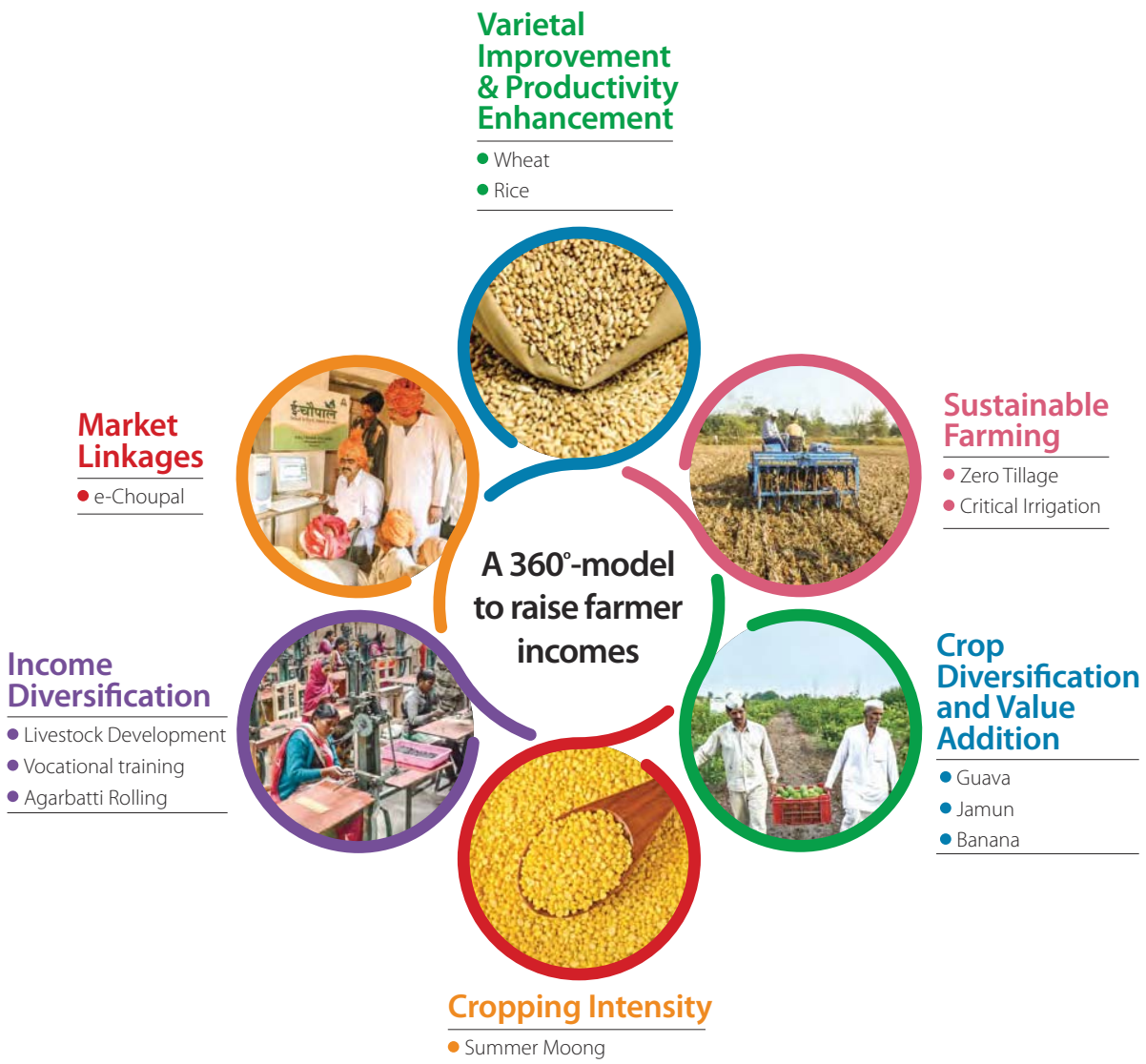
Manager's Housing, Bengaluru



ITC 'Baareh Mahine Hariyali'

Multiplying Farmers' Income

Pilot Programme in Uttar Pradesh and Bihar



2,00,000
farmers covered

10,00,000
farmers to be reached, progressively

30,000
farmers, who have adopted all initiatives, reported doubling of incomes

30% to 75%
income rise for those who have implemented the programme partially



ITC's Paperboards & Packaging Business

Providing Innovative Solutions

ITC's leadership position in the value-added Paperboards segment in India is anchored on the popularity of its array of brands that caters to a wide spectrum of innovative packaging, graphic and communication requirements. ITC's B2B brands like Cyber XLPac, Safire Graphik, Carte Lumina, Omega Barr, IndoBev, Neo WhiteBliss, Pharma Print and Opaque Tissue, among others, are differentiated products meant for specific packaging and graphic usages and today enjoy top of mind recall for their distinct print and performance qualities. This range of superior offerings is manufactured at ITC's world-class Paperboards facilities, which represent the most environment friendly pulp mills in India.

ITC works closely with its customers, offering solutions that provide a competitive edge to packaged goods. From

helping customers select the right paperboard grade for their packaging requirements to working with printers to ensure superior packaging quality and consistency, ITC provides end-to-end services that complement the versatility of its paperboards brands. During 2018-19, ITC continued to expand its portfolio of branded products to further enhance its market standing.

Packaging and Printing Innovation

ITC's Packaging & Printing business continued to aggressively pursue new product development across segments as a key driver for growth. Some of its innovations, during the year, included antifungal coated cartons, micro-perforation for specific laminates, braille feature for labels and cold seal laminates for chocolates.



Anchoring ITC's Sustainable Paper Value Chain



ITC's large-scale renewable plantations contribute to the carbon sequestration and soil conservation objectives of the country and enable ITC to offer the greenest paper and paperboards products manifest in stationery brands such as Classmate and Paperkraft, whilst creating largescale livelihoods. These plantations also provide a competitive source of wood pulp to ITC's Paperboards and Specialty Papers Business.



ITC's New Paperboard Brands





ITC Hotels: Pioneer in Responsible Luxury



ITC Hotels is one of India's largest and fastest growing luxury hotel chains offering comprehensive hospitality solutions through more than 100 iconic hotels in over 70 destinations in the country. With 'Responsible Luxury' as its guiding premise,

ITC's luxury hotels combine grandeur with intimacy to operate according to the highest principles of environmental stewardship. This approach has made ITC Hotels a trailblazer in green hoteliering.



ITC Royal Bengal, Kolkata – One of a Kind



ITC Kohenur, Hyderabad – Rare and Priceless



ITC Grand Goa Resort & Spa, Goa – As Goa as it Gets





ITC: Investing in Cutting Edge Innovation

ITC's strong portfolio of world-class brands and products is supported by cutting-edge research and development executed by the globally benchmarked, state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru.

This Centre is working on game-changing R&D driving science-led product innovation with a world-class team of over 350 highly qualified scientists. In a short span of time over 800 patent applications have been filed from the Centre.

The focus is on designing differentiated and superior first-in-market innovative products that address the unique needs of the Indian consumer.

A slew of innovative and superior products is already in the market and there is a continuous

pipeline of such products that are being readied for launch.

Some of the innovative first to market products launched by ITC include the Aashirvaad Sugar Release Control Atta – a low Glycaemic Index atta, Sunfeast Farmlite Active Protein Power biscuits made from roasted bengal gram, Farmland potatoes with Natural Antioxidants and the Farmland Naturally Low Sugar potatoes, pocket perfume range Engage On, among others.

New best-in-class initiatives, such as data analytics, consumer experience labs and Industry 4.0 are being seeded across LSTC to further strengthen ITC's long-term competitiveness.



Advanced Instrumentation to Deliver World Class Products



Measuring Hydration to Design Skin Care Products



Material Development Facility



Lateral Shoot Technique Developed for Clonal Propagation of Subabul



Enhancing Reach

Creating Sustainable Livelihoods Through Extensive Distribution Network



ITC's unmatched distribution network, which facilitates availability of its products in over six million retail outlets directly and indirectly across various trade channels, has been further strengthened with the addition of more markets and outlets to its servicing base. The Company sustained its leadership position in the convenience channel while consolidating its market standing in premium grocery outlets and in the Modern Trade channel.

Complementing the growing traditional distribution channels, ITC is making rapid strides in the emerging e-commerce space through collaborative planning, driving customisation and through higher discoverability of its offers across various platforms. The distribution value chain provides significant sustainable livelihoods.

Strategic Partnerships in Social Initiatives



PPPs

61 PPPs to-date
10 PPPs signed during 2018-19

- PPPs Covering areas of national priorities such as Watershed Development, Sustainable Agriculture, Solid Waste Management and Financial Inclusion
- Partnership with NITI Aayog, the policy think tank of the Government of India, to progressively train 2 million farmers in 25 districts under the Aspirational Districts Programme
- Partnership with National Bank for Agriculture and Rural Development (NABARD) and several State Governments



Technical Collaborations

24 technical collaborations with national & global organisations

- Agriculture, Water & Biodiversity - CGIAR, World Wide Fund for Nature (WWF), International Union for Conservation of Nature (IUCN), International Water Management Institute (IWMI), Tamil Nadu Agricultural Institute (TNAI) and others
- Financial Literacy-CRISIL Foundation



Village-based Institutions & other Partnerships

Enduring partnerships with 86 best-in-class NGOs

- Both thematic experts and grassroots NGOs
- Village Institutions - 9,200 Groups
- Nearly 1,50,000 Members

Board of Directors

Chairman & Managing Director

Sanjiv Puri

Executive Directors

Nakul Anand
Sumant Bhargavan
Rajiv Tandon
(also Chief Financial Officer)

Non-Executive Directors

Shilabhadra Banerjee	Nirupama Rao
Hemant Bhargava	Sahibzada Syed Habib-ur-Rehman
Arun Duggal	Meera Shankar
Sunil Behari Mathur	David Robert Simpson
John Pulinthanam	

Board Committees

Audit Committee

S B Mathur	Chairman
H Bhargava	Member
A Duggal	Member
S S H Rehman	Member
R Tandon	Invitee
M Ganesan (Head of Internal Audit)	Invitee
Representative of the Statutory Auditors	Invitee
R K Singhi	Secretary

CSR and Sustainability Committee

S Puri	Chairman
H Bhargava	Member
J Pulinthanam	Member
N Rao	Member
M Shankar	Member
D R Simpson	Member
R K Singhi	Secretary

Nomination & Compensation Committee

S Banerjee	Chairman
S Puri	Member
S S H Rehman	Member
M Shankar	Member
R K Singhi	Secretary

Securityholders Relationship Committee

S S H Rehman	Chairman
J Pulinthanam	Member
S Puri	Member
R Tandon	Member
R K Singhi	Secretary

Independent Directors Committee

S Banerjee	Member
A Duggal	Member
S B Mathur	Member
N Rao	Member
S S H Rehman	Member
M Shankar	Member

Corporate Management Committee

S Puri	Chairman
N Anand	Member
B Sumant	Member
R Tandon	Member
C Dar	Member
S K Singh	Member
S Sivakumar	Member
K S Suresh	Member
R K Singhi	Secretary

Executive Vice President & Company Secretary

Rajendra Kumar Singhi

General Counsel

Kannadiputhur Sundararaman Suresh

Investor Service Centre

37 Jawaharlal Nehru Road, Kolkata 700 071, India

Telephone nos. : 1800-345-8152 (toll free)

033 2288 6426 / 0034

Facsimile no. : 033 2288 2358

e-mail : isc@itc.in

Statutory Auditors

Deloitte Haskins & Sells

Chartered Accountants, Kolkata

Registered Office

Virginia House

37 Jawaharlal Nehru Road, Kolkata 700 071, India

Telephone no. : 033 2288 9371

CIN : L16005WB1910PLC001985

ITC Corporate Website : www.itcportal.com

Your Directors

S. Puri

Sanjiv Puri (56), DIN: 00280529, is the Chairman & Managing Director of ITC effective May 13, 2019. He was appointed as a Director on the Board of ITC with effect from December 6, 2015 and Chief Executive Officer from February 5, 2017. Prior to this, he was the Chief Operating Officer of ITC since July 22, 2016. He was re-designated as the Managing Director of ITC effective May 16, 2018. Puri is an alumnus of the Indian Institute of Technology, Kanpur, and Wharton School of Business. He joined ITC in 1986.

Prior to his appointment as a Director on the Board of ITC, Puri was President, FMCG Businesses - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis, since December 2014. He has held business leadership positions and also handled a wide range of responsibilities in manufacturing, operations and information & digital technology.

Puri became Divisional Chief Executive of the Tobacco Division in 2009, with additional responsibility for the Company's Trade Marketing & Distribution Vertical. He has led ITC Infotech India Limited, a wholly owned subsidiary of ITC, as its Managing Director from May 2006 to August 2009. Puri 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 a past Member of the Board of Governors of the Media Research Users Council.

He has served as Chairman of FICCI's FMCG Committee, Chairman of the Agri & Food Processing Task Force of the CII Eastern Region and as a Council Member of the CII Eastern Region. He was also on the Executive Council of The Indian Society of Advertisers.

Presently, Puri serves on the National Executive Committees of CII and FICCI. He is also a Director on the Board of US-India Strategic Partnership Forum and a Member of the Steering Committee of FICCI. During the year, he was conferred 'Distinguished Alumnus Award of the year 2018' by the Indian Institute of Technology, Kanpur.

Other Directorships

Name of the company	Position
ITC Infotech India Limited	Sr. Vice-Chairman & Non-Executive Director
ITC Infotech Limited, UK *	Sr. Vice-Chairman & Non-Executive Director
ITC Infotech (USA), Inc. *	Sr. Vice-Chairman & Non-Executive Director
Surya Nepal Private Limited *	Chairman & Non-Executive Director

Committee Membership of other companies: Nil

N. Anand

Nakul Anand (62), 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 took over in December 2014, the responsibility for overseeing the Lifestyle Retailing Business.

An Economics Honours Graduate from the Delhi University with an AMP Degree from the 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 premium luxury hotels. 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 has been a past President of the Hotel Association of India and past Chairman of the CII National Tourism Committee. Anand is presently a Member of the National Tourism Advisory Council constituted by the Ministry of Tourism, Government of India, Chairman of the Federation of Associations in Indian Tourism & Hospitality, and a Member of the Executive Committee of the Hotel Association of India. He is also a Member of the India-Sri Lanka CEOs Forum, Council Member & Executive Committee Member of the National Culture Fund, Ministry of Culture, Government of India, and a Member on the Board of the International Tourism Partnership.

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

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	Audit Committee	Member
Fortune Park Hotels Limited	Corporate Social Responsibility Committee	Chairman

B. Sumant

Sumant Bhargavan (55), DIN: 01732482, was appointed as an Additional Wholetime Director on the Board of ITC effective November 16, 2018. He is responsible for overseeing the FMCG Businesses of the Company. Sumant, an alumnus of the National Institute of Technology, Durgapur, joined ITC in January 1986, and has handled a wide range of responsibilities across several businesses.

Prior to his appointment as a Director on the Board of ITC, he was President, FMCG Businesses - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis, since April 2016. He spent his first 19 years with ITC in Manufacturing operations of the Tobacco Division and has worked in four production units as well as at the Head Office. In October 2004, he moved to the Foods Business and set up the Snack Food category under the brand name 'Bingo!'. He has led ITC Infotech India Limited, a wholly owned subsidiary of ITC, as its Managing Director from September 2009 to October 2014. He has also been on the Boards of ITC Infotech's wholly owned subsidiaries in the UK and the USA. He was the Divisional Chief Executive of the Tobacco Division before his elevation as President - FMCG Businesses.

Your Directors

He also held additional responsibility of Trade Marketing & Distribution as its Chief Executive for a period of one year from October 2016.

He has been a Director on the Board of The Tobacco Institute of India. Presently, Sumant serves as a Council Member of the CII Eastern Region.

Other Directorships

Name of the company	Position
Surya Nepal Private Limited *	Non-Executive Director

Committee Membership of other companies: Nil

R. Tandon

Rajiv Tandon (65), DIN: 00042227, was appointed as a Director on the Board of ITC effective January 22, 2016. He is responsible for Finance, Accounting, Internal Audit & IT Functions and also for the 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 four 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. He joined ITC in January 1987.

Tandon was named the 'Best CFO in India' by Business Today in 2013. He has held several important positions in various industry bodies including Member, Managing Committee, The Bengal Chamber of Commerce & Industry, Chairman of the Expert Committee on Banking and Finance, Indian Chamber of Commerce, and Member, Taxation and Company Law Committee, CII. He is currently a Member of the CII National Committee for CFOs and also 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
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
Wimco Limited	Nomination and Remuneration Committee	Member
Landbase India Limited	Audit Committee	Chairman
ITC Infotech India Limited	Audit Committee	Chairman

S. Banerjee

Shilabhadra Banerjee (70), DIN: 02922331, joined the ITC Board as a Non-Executive Director effective July 24, 2014 and was appointed as an Independent Director effective 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 Ministry of Petroleum & Natural Gas and the then Ministry of 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.

H. Bhargava

Hemant Bhargava (59), DIN: 01922717, joined the ITC Board as an Additional Non-Executive Director effective July 28, 2018, representing the Life Insurance Corporation of India (LIC).

Bhargava is a Masters in Economics and a Masters in Financial Management from the Jamnalal Bajaj Institute of Management Studies and has also done a few courses from the Indian Institute of Management, Lucknow, and the Indian School of Business, Hyderabad.

Bhargava joined LIC as a Direct Recruit Officer in 1981 and is currently its Managing Director. During his long tenure of 37 years, he has worked across various departments in diverse set of roles both in India and abroad, building multi-dimensional experience in different capacities, especially in Marketing, International Operations, Joint Ventures, Subsidiaries etc. He had the privilege of heading two prestigious zones of LIC covering more than 15 states of India. His leadership tenure was enriched by the extensive experience gained in overseeing several functions including Marketing, Finance, Personnel, Pension & Group Scheme, Alternate channels, Estate and Office Services, HRD, IT etc.

Other Directorships

Name of the company	Position
Life Insurance Corporation (Singapore) Pte. Limited *	Chairman & Non-Executive Director
Life Insurance Corporation (LIC) of Bangladesh Limited *	Chairman & Non-Executive Director
Life Insurance Corporation (International) B.S.C. (C), Bahrain *	Chairman & Non-Executive Director
LIC Housing Finance Limited #	Nominee Director
The Tata Power Company Limited #	Nominee Director
Larsen & Toubro Limited #	Nominee Director
Voltas Limited #	Non-Executive Director
Kenindia Assurance Co. Limited, Kenya *	Non-Executive Director

Committee Membership of other companies

Name of the company	Committee	Position
The Tata Power Company Limited	Stakeholders Relationship Committee	Member

A. Duggal

Arun Duggal (72), DIN: 00024262, joined the ITC Board as a Non-Executive Independent Director effective 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

Your Directors

initiatives in social and educational sectors and is founder of FICCI's 'Women on Corporate Boards' Programme. He is also founder of the 'Centre of Excellence for Research on Clean Air' (CERCA) at the Indian Institute of Technology, Delhi.

Other Directorships

Name of the company	Position
ICRA Limited #	Chairman & Independent Director
Mangalore Chemicals & Fertilizers Limited #	Chairman & Independent Director
International Asset Reconstruction Company Private Limited	Chairman & Non-Executive Director
Info Edge (India) Limited #	Independent Director
ReNew Power Limited #	Independent Director
Jubilant Pharma Limited, Singapore *	Independent Director

Committee Membership of other companies

Name of the company	Committee	Position
ICRA Limited	Audit Committee	Member
Mangalore Chemicals & Fertilizers Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
	Corporate Social Responsibility Committee	Chairman
International Asset Reconstruction Company Private Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
Info Edge (India) Limited	Audit Committee	Chairman
ReNew Power Limited	Audit Committee	Chairman
	Stakeholders Relationship Committee	Chairman
	Corporate Social Responsibility Committee	Member

S. B. Mathur

Sunil Behari Mathur (74), 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
DCM Shriram Industries Limited #	Chairman & Independent Director
National Collateral Management Services Limited	Chairman & Independent Director
NSE Investments Limited	Chairman & Non-Executive Director
UltraTech Cement Limited #	Independent Director
Thomas Cook (India) Limited #	Independent Director
QRG Enterprises Limited	Independent Director
Travel Corporation (India) Limited	Non-Executive Director
India Mortgage Guarantee Corporation Private Limited	Non-Executive Director

Committee Membership of other companies

Name of the company	Committee	Position
DCM Shriram Industries Limited	Nomination & Remuneration Committee	Chairman
	Audit Committee	Member
National Collateral Management Services Limited	Nomination & Remuneration Committee	Member
NSE Investments Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
UltraTech Cement Limited	Audit Committee	Chairman
	Stakeholders Relationship Committee	Member
Thomas Cook (India) Limited	Audit Committee	Member
	Stakeholders Relationship Committee	Member
	Nomination and Remuneration Committee	Member
QRG Enterprises Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
Travel Corporation (India) Limited	Audit Committee	Chairman
	Nomination & Remuneration Committee	Member
India Mortgage Guarantee Corporation Private Limited	Audit Committee	Member

J. Pulinthanam

John Pulinthanam (59), DIN: 07881040, was appointed as a Non-Executive Director on the Board of ITC effective May 16, 2018, representing the General Insurers' (Public Sector) Association of India. He holds a Masters Degree in Economics and is an MBA from Kerala University, in addition to being a Fellow of the Insurance Institute of India. He is currently a Wholetime Director of National Insurance Company Limited (NIC) since June 2017.

Pulinthanam has more than 37 years of experience in general insurance industry. He joined The New India Assurance Company Limited as a Direct Recruit Officer in 1981 and gained rich experience in administration, management and core insurance matters, while working in various capacities in Branch / Divisional Offices, Regional Offices and the Head Office. He was the Managing Director of Tanzindia Assurance Company Limited in Tanzania, East Africa, for four years. In 2009, he was posted to NIC and was heading its Bengaluru Regional Office, before being elevated to the post of General Manager in 2013. He was the Officiating Chairman-cum-Managing Director (Joint In-charge) of NIC from May 8, 2018 to July 31, 2018.

Other Directorships

Name of the company	Position
National Insurance Company Limited #	Wholetime Director

Committee Membership of other companies

Name of the company	Committee	Position
National Insurance Company Limited	Corporate Social Responsibility Committee	Member

N. Rao

Nirupama Rao (68), DIN: 06954879, was appointed as a Non-Executive Independent Director on the Board of ITC effective April 8, 2016.

Your Directors

A Post Graduate in English Literature, she is also a Fellow - Harvard University (1992-93), Fellow - Brown University (2014-16), Jawaharlal Nehru Fellow, and a recipient of the Degree of Doctor of Letters (Honoris Causa) from the Pondicherry University. She was conferred with the Vanitha Ratna by the Government of Kerala in 2016. She is currently a Global Fellow of The Wilson Center in Washington D.C. and a Councillor of the World Refugee Council.

A career diplomat from the Indian Foreign Service from 1973 to 2011, she 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 period of two years from 2011 to 2013.

Other Directorships

Name of the company	Position
KEC International Limited #	Independent Director
JSW Steel Limited #	Independent Director
Adani Ports and Special Economic Zone Limited #	Independent Director

Committee Membership of other companies

Name of the company	Committee	Position
JSW Steel Limited	CSR Committee	Chairman
	Stakeholders Relationship Committee	Member
	Nomination & Remuneration Committee	Member

S. S. H. Rehman

Sahibzada Syed Habib-ur-Rehman (75), 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 long 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, 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 the Indian hospitality industry.

Rehman does not hold directorship of any other company.

M. Shankar

Meera Shankar (68), 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 #	Independent Director
Adani Transmission Limited #	Independent Director
Hexaware Technologies Limited #	Independent Director

Committee Membership of other companies

Name of the company	Committee	Position
Pidilite Industries Limited	Corporate Social Responsibility Committee	Member
Adani Transmission Limited	Audit Committee Nomination and Remuneration Committee	Member Member
Hexaware Technologies Limited	Audit Committee Corporate Social Responsibility Committee	Member Member

D. R. Simpson

David Robert Simpson (62), DIN: 07717430, was appointed as a Non-Executive Director on the Board of ITC effective January 27, 2017, as a representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. In addition to holding a Masters Degree from the University of Cambridge, he is a qualified lawyer from the Guildford College of Law.

Simpson started his career in 1979 and has held various leadership positions with major corporates including Barclays de Zoete Wedd Limited and KPMG LLP. At present, he is a Trustee of Cardiff University, UK, and a Director of the British Geological Survey. He has earlier held the position of Global Head of M&A at KPMG LLP. Simpson has a wide range of expertise and understanding of diverse sectors spanning Investment Banking and Private Equity, Infrastructure, Energy, Transport, Healthcare, Education, Investment Risk Assessment etc.

Other Directorships

Name of the company	Position
Ecofin Global Utilities and Infrastructure Trust plc, UK *	Chairman & Non-Executive Director
M&G Credit Income Investment Trust plc, UK *	Chairman & Non-Executive Director
University College Cardiff Consultants Limited, UK *	Non-Executive Director

Committee Membership of other companies: Nil

* Denotes foreign company

Denotes listed Indian company whose equity shares or preference shares or debt securities are listed on a recognised stock exchange

Notes:

1. Other Directorships and Committee Memberships of Directors are as on 13th May, 2019.
2. Committee Memberships cover Committees under the Companies Act, 2013 viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee of Indian companies.

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 (Listing Regulations 2015).

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 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 should 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 & accountability and control. 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.

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

Control ensures that freedom of management is exercised within a framework of checks and balances 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 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 Chief Executive assisted by the Divisional 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 the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

The core roles of the key entities flow from this structure. These 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.

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, annually reviews its role and also evaluates the performance of the Directors and the Board Committees.

Board Committees: The roles of the Board Committees are determined by the Board from time to time, details of which are provided below, under the heading 'Committees of the Board'.

Corporate Management Committee (CMC): The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework and realisation of Company goals. The CMC also assesses the performance of the businesses and allocates resources, and operates under the strategic supervision and control of the Board.

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

The Executive Committee for Business Vertical within the Division is responsible to deliver comprehensive business results under the overall direction and supervision of the Divisional Chief Executive supported by the DMC.

Chairman: The primary role of the Chairman of the Company is to provide leadership to the Board. As the Chairman of the Board, he presides over its meetings and leads and assists the Board in setting and realising the Company's strategic vision and related short and long term goals. He is responsible, inter alia, for the working of the Board, for its balance of membership (subject to Board and Shareholder approvals) and for ensuring that all Directors are enabled and encouraged to play a full part in the activities of the Board. The Chairman ensures that relevant issues are on the Board agenda and the Board is kept informed on all matters of importance. He also presides over General Meetings of Shareholders.

Report on Corporate Governance

Managing Director: The Managing Director carries total responsibility for the strategic management of the Company and provides leadership to 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 CMC, for ensuring that all relevant issues are on the agenda and that all CMC Members are enabled and encouraged to play a full part in its activities.

The present Managing Director, Mr. S. Puri, has been appointed also as the Chairman of the Company with effect from 13th May, 2019.

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

Executive Director: The Executive Director assists the Board in realising its role of strategic supervision of the Company in pursuit of its purpose and goals. As a member of the CMC, the Executive Director contributes to the strategic management of the Company's businesses within Board approved direction / framework. An Executive Director accountable to the Board for a business, assumes overall responsibility for its strategic management, including governance processes and top management effectiveness. Similarly, as Director accountable to the Board for a corporate function, the overall strategic responsibility for its performance forms part of the Executive Director's role. 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.

CMC Member: The CMC Member contributes to the strategic management of the Company's businesses within Board approved direction / framework. A CMC Member accountable for a business, assumes responsibility for its strategic management, including governance processes and top management effectiveness. Similarly, where accountable for a corporate function, the overall strategic responsibility for its performance forms part of the CMC Member's role.

Divisional Chief Executive: The Divisional Chief Executive for a business has the executive responsibility for its day-to-day operations and provides leadership to

the DMC in its task of executive management of the business and the Verticals within the Division.

The Chief Operating Officer - Business Vertical is responsible for providing leadership to the Vertical and realising the tactical and strategic objectives of the respective business area.

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 Shareholders.

Composition

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include independent professionals. At least one-third of the total strength of the Board was required to comprise Independent Directors, as on 31st March, 2019.

The Governance Policy of the Company, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business / finance / law / public administration and enterprises. The Board Diversity Policy of the Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The skills, expertise and competencies of the Directors as identified by the Board, are provided in the Annexure forming part of this Report. These skills, expertise and competencies are available in the present mix of the Directors of the Company.

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 thirteen, including the Chairman & Managing Director, three other Executive Directors and six Non-Executive Independent Directors, of which two are Women Directors.

Composition of the Board as on 31st March, 2019:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	29
Non-Executive Independent Directors	6	42
Other Non-Executive Directors	4	29
Total	14	100

Director	Category	No. of other Directorship(s) *	No. of Membership(s) / Chairmanship(s) of Audit Committee / Stakeholders Relationship Committee of other Indian public limited companies
Y. C. Deveshwar [#]	Chairman & Non-Executive Director	6	Nil
S. Puri [§]	Managing Director	4	Nil
N. Anand	Executive Director	8	1
B. Sumant	Executive Director	1	Nil
R. Tandon	Executive Director & Chief Financial Officer	9	3 [all as Chairman]
S. Banerjee	Independent Director	Nil	Nil
A. Duggal	Independent Director	6	5 [including 3 as Chairman]
S. B. Mathur	Independent Director	9	8 [including 2 as Chairman]
N. Rao	Independent Director	2	1
S. S. H. Rehman	Independent Director	Nil	Nil
M. Shankar	Independent Director	3	2
H. Bhargava	Non-Executive Director - Representative of Life Insurance Corporation of India as Investor	14	Nil
J. Pulinthanam	Non-Executive Director - Representative of General Insurers' (Public Sector) Association of India as Investor	1	Nil
D. R. Simpson	Non-Executive Director - Representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. as Investor	3	Nil

[#] Passed away on 11th May, 2019.

[§] Appointed also as the Chairman of the Company with effect from 13th May, 2019.

* Details with respect to other Directorships of the Directors are provided under the section 'Your Directors' in the Report and Accounts, other than for Mr. Y. C. Deveshwar who amongst others was an Independent Director of Air India Limited, debt securities of which are listed on recognised stock exchange(s).

Meetings and Attendance

The Company's Governance Policy requires the Board to meet at least five times a year. The intervening period between two Board meetings was well within the maximum gap of 120 days prescribed under the Listing Regulations 2015. The tentative 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 seven to fourteen 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:

- Annual operating plans & budgets and periodic review of the Company's businesses.
- Quarterly performance including business-wise financials.
- External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Status and effectiveness of risk management plans.
- Succession to senior management (through the Nomination & Compensation Committee).
- Statutory compliance reports from business units / corporate functions.
- Show cause / demand / prosecution / 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.
- Significant development in Human Resources / Industrial Relations.
- Material non-compliance of any regulatory or listing requirements and in relation to shareholders' services.
- All other matters required to be placed before the Board for its review / information under the Listing Regulations 2015 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 DMCs.

Report on Corporate Governance

Details of Board Meetings during the financial year

During the financial year ended 31st March, 2019, eight meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	13th April, 2018	12	11
2	16th May, 2018	12	11
3	26th July, 2018	12	12
4	27th July, 2018	12	11
5	10th August, 2018	13	12
6	26th October, 2018	13	11
7	15th November, 2018	13	12
8	23rd January, 2019	14	13

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 ¹	8	Yes
S. Puri	8	Yes
N. Anand	8	Yes
B. Sumant ²	1	N.A.
R. Tandon	8	Yes
S. Banerjee	8	Yes
H. Bhargava ³	4	N.A.
A. Duggal	8	Yes
S. B. Mathur	8	Yes
J. Pulinthanam ⁴	2	No
N. Rao	6	Yes
S. S. H. Rehman	8	Yes
M. Shankar	8	Yes
D. R. Simpson	8	Yes
S. B. Mainak ⁵	0	N.A.

1. Passed away on 11th May, 2019.

2. Appointed Executive Director w.e.f. 16th November, 2018.

3. Appointed Non-Executive Director w.e.f. 28th July, 2018.

4. Appointed Non-Executive Director w.e.f. 16th May, 2018.

5. Resigned as Non-Executive Director w.e.f. 24th July, 2018.

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, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law. Meetings of Board Committees 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 with clearance of the Committee Chairman. All the recommendations made by Board Committees during the year were accepted by the Board. Minutes of Board Committee meetings are placed before the Board for its information. 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 and removal of Statutory and Cost Auditors;
- To approve transactions of the Company with related parties;
- To evaluate the Company's internal financial controls and risk management systems;
- To review with the management the following:
 - Annual financial statements and Auditor's Report thereon before submission to the Board for approval;

- (ii) Quarterly financial statements before submission to the Board for approval;
- (f) To review the following:
 - (i) Management discussion and analysis of financial condition & results of operations, and matters required to be included in the Directors' Responsibility Statement;
 - (ii) 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;
 - (iii) Adequacy of internal control systems for compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (iv) Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon;
 - (v) Statutory Auditors' independence and performance, and effectiveness of the audit process;
 - (vi) System for storage, retrieval, security etc. of books of account maintained in the electronic form;
 - (vii) Functioning of Whistleblower mechanism in the Company;
 - (viii) Financial statements, including investments, of unlisted subsidiary companies;
 - (ix) Utilisation of loans and / or advances and investments by the Company to / in the subsidiary companies.

Composition

The Audit Committee presently comprises four Non-Executive Directors, three 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 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; three 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, 2019, eight meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	3rd May, 2018	4	3
2	16th May, 2018	4	3
3	26th July, 2018	3	3
4	11th October, 2018	4	4
5	26th October, 2018	4	4
6	14th January, 2019	4	4
7	23rd January, 2019	4	4
8	14th March, 2019	4	4

Attendance at Audit Committee Meetings during the financial year

Member	No. of meetings attended
S. B. Mathur	8
H. Bhargava ¹	5
A. Duggal	8
S. S. H. Rehman	8
S. B. Mainak ²	0

1. Appointed Member w.e.f. 28th July, 2018.

2. Ceased to be Member w.e.f. 24th July, 2018.

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 Directors and the Board as a whole. The Committee's role includes recommending to the Board the appointment, remuneration and removal of the Directors and senior management. The Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.

Composition

The Nomination & Compensation Committee presently comprises three Independent Directors and the Chairman of the Company. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee.

The names of the members of the Nomination & Compensation Committee, including its Chairman, 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, 2019, six meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	16th May, 2018	5	4
2	26th July, 2018	4	4
3	10th August, 2018	4	4
4	26th October, 2018	4	4
5	15th November, 2018	4	4
6	23rd January, 2019	4	4

Attendance at Nomination & Compensation Committee Meetings during the financial year

Member	No. of meetings attended
S. Banerjee	6
Y. C. Deveshwar ¹	6
S. S. H. Rehman	6
M. Shankar	6
S. B. Mainak ²	0

1. Passed away on 11th May, 2019.

2. Ceased to be Member w.e.f. 24th July, 2018.

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 Company adopts 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 which judiciously balances short term and long term priorities.

The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees, as approved by the Board, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/remuneration-policy.pdf>. There has been no change in the Policy during the year.

Remuneration of Directors

Remuneration of the Managing Director and the other Executive Directors is determined by the Board, on the recommendation of the Nomination & Compensation Committee, subject to the approval of the Shareholders. The Managing Director and the other Executive Directors are entitled to performance bonus for each financial year up to a maximum of 300% and 200% of their basic / consolidated salary, respectively, 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, ranging between ₹ 70,00,000/- and ₹ 1,00,00,000/- 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. Mr. Y. C. Deveshwar, in view of his enlarged role, was entitled to additional remuneration and benefits as approved by the Shareholders. Non-Executive Directors are also entitled to sitting fees for attending the meetings of the Board and its Committees. The sitting fees as determined by the Board are ₹ 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.

Details of Remuneration paid to the Directors during the financial year ended 31st March, 2019

(₹ in Lakhs)

Director	Basic/ Consolidated Salary/ Remuneration	Perquisites / other Benefits	Performance Bonus / Commission	Sitting Fees	Total
Y. C. Deveshwar ¹	1200.00	389.80	60.00	12.50	1662.30
S. Puri	144.00	40.00	432.00	-	616.00
N. Anand	101.87	68.70	192.00	-	362.57
B. Sumant ²	36.00	9.30	-	-	45.30 [#]
R. Tandon	96.00	32.22	192.00	-	320.22
S. Banerjee	-	-	60.00	11.50	71.50
H. Bhargava ³	-	-	-	7.00 *	7.00
A. Duggal	-	-	60.00	12.50	72.50
S. B. Mathur	-	-	60.00	12.50	72.50
J. Pulinthanam ⁴	-	-	-	2.60 *	2.60
N. Rao	-	-	60.00	7.50	67.50
S. S. H. Rehman	-	-	60.00	16.50	76.50
M. Shankar	-	-	60.00	13.00	73.00
D. R. Simpson	-	-	60.00	9.50	69.50
Z. Alam ⁵	-	-	58.03 *	-	58.03
S. B. Mainak ⁶	-	-	60.00 *	-	60.00
A. Malik ⁷	-	-	18.41 *	-	18.41
P. B. Ramanujam ⁸	-	-	20.05 [@]	-	20.05

[#] Subject to the approval of the Shareholders.

* Paid to the Public Financial Institution the Director represents / represented.

[@] Paid to Mrs. S. Ramanujam, spouse of Late P. B. Ramanujam.

1. Passed away on 11th May, 2019.

2. Appointed Executive Director w.e.f. 16th November, 2018.

3. Appointed Non-Executive Director w.e.f. 28th July, 2018.

4. Appointed Non-Executive Director w.e.f. 16th May, 2018.

5. Resigned as Non-Executive Director w.e.f. 20th March, 2018.

6. Resigned as Non-Executive Director w.e.f. 24th July, 2018.

7. Appointed Non-Executive Director w.e.f. 11th April, 2017 and resigned w.e.f. 1st August, 2017.

8. Resigned as Non-Executive Director w.e.f. 1st August, 2017.

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

Employee Stock Option Schemes

The Company granted 6,88,425 Options during the financial year to certain eligible employees and Directors of the Company, other than Independent Directors.

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.

Options granted vest as per the following schedule:

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, 2019	No. of Options granted during the financial year
Y. C. Deveshwar [#]	4,45,950	10,000
S. Puri	87,500	2,16,000
N. Anand	Nil	1,08,000
B. Sumant	2,08,057	39,400 *
R. Tandon	1,83,750	1,08,000
S. Banerjee	Nil	Nil
H. Bhargava	Nil	Nil
A. Duggal	Nil	Nil
S. B. Mathur	1,70,500	Nil
J. Pulinthanam	Nil	Nil
N. Rao	Nil	Nil
S. S. H. Rehman	32,790	Nil
M. Shankar	Nil	Nil
D. R. Simpson	Nil	Nil

[#] Passed away on 11th May, 2019.

* 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.

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

Report on Corporate Governance

Service Contract, Severance Fee and Notice Period

The appointment of the Managing Director and the other 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.

Performance Evaluation

Performance evaluation of the Board, the Board Committees and the individual Directors was carried out by the Board in accordance with the Policy approved by the Nomination & Compensation Committee in this regard; brief details of the same are provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.

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 of share certificates, 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 an Independent Director. The Company Secretary is the Secretary to the Committee.

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, 2019, nineteen meetings of the Securityholders Relationship Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	13th April, 2018	3	3
2	3rd May, 2018	3	3
3	16th May, 2018	3	3
4	13th June, 2018	3	2
5	16th July, 2018	3	2
6	26th July, 2018	3	3
7	2nd August, 2018	4	3
8	10th August, 2018	4	3
9	24th September, 2018	4	3
10	10th October, 2018	4	3
11	26th October, 2018	4	3
12	15th November, 2018	4	4
13	21st November, 2018	4	3
14	6th December, 2018	4	2
15	19th December, 2018	4	2
16	23rd January, 2019	4	3
17	14th February, 2019	4	3
18	14th March, 2019	4	4
19	19th March, 2019	4	2

Attendance at Securityholders Relationship Committee Meetings during the financial year

Member	No. of meetings attended
S. S. H. Rehman	10
J. Pulinthanam ¹	6
S. Puri	19
R. Tandon	19

1. Appointed Member w.e.f. 28th July, 2018.

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.

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 Company Secretary is the Secretary to 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, 2019, three meetings of the CSR and Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	13th April, 2018	5	4
2	16th May, 2018	5	4
3	26th October, 2018	6	4

Attendance at CSR and Sustainability Committee Meetings during the financial year

Member	No. of meetings attended
Y. C. Deveshwar ¹	3
H. Bhargava ²	1
J. Pulinthanam ³	0
N. Rao	2
M. Shankar	3
D. R. Simpson	3
S. B. Mainak ⁴	0

1. Passed away on 11th May, 2019.

2. Appointed Member w.e.f. 28th July, 2018.

3. Appointed Member w.e.f. 16th May, 2018.

4. Ceased to be Member w.e.f. 24th July, 2018.

V. INDEPENDENT DIRECTORS COMMITTEE

The statutory role of the Independent Directors Committee of the Board is to review the performance of the non-Independent Directors, including the Chairman of the Company, and the Board, 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, whose names are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Independent Directors Committee Meeting during the financial year

During the financial year ended 31st March, 2019, one meeting of the Independent Directors Committee was held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	13th April, 2018	6	6

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

Attendance at Independent Directors Committee Meeting during the financial year

Member	No. of meeting attended
S. Banerjee	1
A. Duggal	1
S. B. Mathur	1
N. Rao	1
S. S. H. Rehman	1
M. Shankar	1

CORPORATE MANAGEMENT COMMITTEE

The primary role of the CMC is strategic management of the Company's businesses within Board approved direction / framework and realisation of Company goals. The CMC, inter alia, formulates the Company's business plans and organisational policies, systems & processes, reviews business performance against approved plans and operates under the strategic supervision and control of the Board.

Composition

The CMC presently comprises all the Executive Directors and four senior members of management. The Chairman & Managing Director of the Company is the Chairman of the Committee. The composition of the CMC is determined by the Board on the recommendation of the Nomination & Compensation Committee. The Company Secretary is the Secretary to the CMC.

The names of the members of the CMC, 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 / CMC Member, backed by comprehensive background information, along with DMC's recommendation / approval, where applicable. Minutes of CMC meetings are placed before the Board for its information.

Details of Corporate Management Committee Meetings during the financial year

During the financial year ended 31st March, 2019, forty one meetings of the CMC were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	2nd April, 2018	9	8
2	30th April, 2018	9	9
3	11th May, 2018	9	7
4	14th & 15th June, 2018	9	9
5	11th, 12th, 13th & 16th July, 2018	9	8
6	24th July, 2018	9	9
7	7th August, 2018	9	9
8	18th August, 2018	9	9
9	22nd & 23rd August, 2018	9	8
10	13th September, 2018	9	9
11	25th, 26th & 27th September, 2018	9	9
12	12th October, 2018	9	8
13	15th October, 2018	9	7
14	10th November, 2018	9	8
15	22nd & 23rd November, 2018	9	8
16	17th & 18th December, 2018	9	9
17	15th January, 2019	9	8
18	5th February, 2019	8	8
19	5th February, 2019	8	8
20	6th February, 2019	8	8
21	11th February, 2019	8	7
22	11th February, 2019	8	7
23	12th February, 2019	8	8
24	15th February, 2019	8	8
25	21st February, 2019	8	7
26	21st & 22nd February, 2019	8	8
27	22nd February, 2019	8	8
28	26th & 27th February, 2019	8	8
29	27th February, 2019	8	6
30	4th, 5th, 11th, 12th, 13th & 26th March, 2019	8	8
31	5th March, 2019	8	7
32	11th March, 2019	8	8
33	13th March, 2019	8	8
34	18th March, 2019	8	7
35	18th March, 2019	8	7
36	20th March, 2019	8	6
37	20th March, 2019	8	6
38	22nd March, 2019	8	8
39	25th March, 2019	8	8
40	29th March, 2019	8	8
41	29th March, 2019	8	8

Attendance at Corporate Management Committee Meetings during the financial year

Member	No. of meetings attended
S. Puri	41
N. Anand	37
B. Sumant	38
R. Tandon	40
C. Dar	38
S. K. Singh	36
S. Sivakumar	39
K. S. Suresh	37
R. Sridhar ¹	16

1. Ceased to be Member on retirement w.e.f. 5th February, 2019.

RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee, constituted pursuant to the Listing Regulations 2015, is inter alia to approve the strategic risk management framework of the Company, and review the risk mitigation strategies and results of risk identification, prioritisation & mitigation plans for all business units / corporate functions, as also the measures taken for cyber security.

Composition

The Risk Management Committee presently comprises all the Executive Directors and some senior members of management. The Chairman & Managing Director of the Company is the Chairman of the Committee. The Head of Internal Audit is an Invitee to meetings of the Committee and the Chief Risk Officer is the Secretary to the Committee.

The names of the members of the Risk Management Committee, including its Chairman, are provided below.

Meetings and Attendance
Details of Risk Management Committee Meetings during the financial year

During the financial year ended 31st March, 2019, three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	13th August, 2018	7	7
2	24th December, 2018	7	7
3	6th March, 2019	7	7

Attendance at Risk Management Committee Meetings during the financial year

Member	No. of meetings attended
S. Puri (Chairman)	3
N. Anand	3
B. Sumant	3
R. Tandon	3
S. Sivakumar	3
Invitee	No. of meetings attended
M. Ganesan ¹	3
S. K. Singh	3
R. Parasuram ²	N.A.

1. Invitee to the Committee w.e.f. 4th May, 2018.

2. Ceased to be Invitee on retirement w.e.f. 4th May, 2018.

SUBSIDIARY COMPANIES

All subsidiaries of the Company are managed by their respective Board of Directors in the best interest of those companies and their shareholders. Pursuant to the Listing Regulations 2015, the minutes of Board meetings of the subsidiary companies and details of significant transactions and arrangements entered into by them are placed before the Board of Directors of the Company. The financial statements of the subsidiary companies are reviewed by the Audit Committee of the Company. Performance review reports of wholly owned subsidiaries are also placed before the Board of Directors of the Company on a half-yearly basis.

The Company does not have any material subsidiary. The Company's Policy for determination of a material subsidiary, as approved by the Board, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/policy-on-material-subsiidiaries.aspx>.

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,

Report on Corporate Governance

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 <https://www.itcportal.com/about-itc/leadership/images/directors-familiarisation-programme.pdf>.

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 financial results of the Company were announced within a month from the end of the quarter. Audited annual results along with the results for the fourth quarter were announced within sixty days from the end of the financial year. Extract of these results were published, inter alia, in 'The Times of India' and 'Aajkal' / 'Bartaman' from Kolkata, and on an all India basis in major newspapers, and also in 'Luxemburger Wort', Luxembourg; annual results were also published in 'Financial Times', London. Further, quarterly results, shareholding pattern and other material events & important information relating to the Company were submitted to the Stock Exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites. The Company publishes its quarterly, half-yearly and annual financial results and also posts such results on its corporate website www.itcportal.com. The Company's presentations on the results, quarterly results updates along with FAQs are also made available on the said website.
- The Company's corporate website provides comprehensive information on ITC's portfolio of businesses, CSR and sustainability initiatives, EHS performance, shareholding pattern, key Company Policies, and contact details of the 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 the quarterly, half-yearly and annual financial results are available in downloadable formats under the section 'Shareholder Value' on the Company's corporate website as a measure of added convenience to the 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 2015.

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 2015

All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2019.

Gurugram, 13th May, 2019.

S. Puri
Chairman &
Managing Director

WHISTLEBLOWER POLICY

Synopsis of the Whistleblower Policy of the Company is provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts. The Whistleblower Policy is also available on the Company's corporate website.

POLICY ON RELATED PARTY TRANSACTIONS

The Policy, as approved by the Board, may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/policies/policy-on-rpt.aspx>.

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2019

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

OTHER DISCLOSURES

- Details of non-compliances, penalties and 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
- Details of utilisation of funds raised through preferential allotment or qualified institutions placement:
Not Applicable
- Credit rating(s) obtained by the Company for any debt instrument, fixed deposit programme or any other scheme involving mobilisation of funds:
None

- None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory Authorities, which has also been confirmed by Messrs. S. M. Gupta & Co., Practising Company Secretaries.
- Confirmation by the Board with respect to the Independent Directors is provided in the 'Report of the Board of Directors & Management Discussion and Analysis', forming part of the Report and Accounts.
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility Report', forming part of the Report and Accounts.
- 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' and in the 'Notes to the Financial Statements', forming part of the Report and Accounts.

In view of the diversified business portfolio of the Company, its exposure in none of the individual commodities which are sourced either for use as inputs in its businesses or for agri-commodity trading, is material in the context of its overall operations, and also in terms of the 'Policy for determination of materiality of events and information for disclosure to the Stock Exchanges', as approved by the Board. Accordingly, the disclosure requirements prescribed under the SEBI Circular dated 15th November, 2018 are not applicable for the Company.

- The total fees paid by the Company and its subsidiaries to Messrs. Deloitte Haskins & Sells, Statutory Auditors of the Company, and all other entities forming part of the same network, aggregate ₹ 6.79 crores.
- Compliance Officer under the Listing Regulations 2015:

R. K. Singhi, Executive Vice President & Company Secretary

DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS 2015

The status of compliance with the discretionary requirements under the Listing Regulations 2015 is provided below:

1. **Separate posts of Chairman and Chief Executive Officer:**

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.

It may be recalled that Mr. Y. C. Deveshwar, at the request of the Nomination & Compensation Committee and the Board, had agreed to continue as Chairman in non-executive capacity, as an interim measure, for orderly transition in a company of ITC's size and complexity and to provide guidance and mentorship to the new executive management which was planned to be put in place.

Accordingly, as on 31st March, 2019, the Company had a Chairman in non-executive capacity and a Managing Director.

Consequent to the demise of Mr. Deveshwar on 11th May, 2019, the Board, on the recommendation of the Nomination & Compensation Committee, appointed Mr. S. Puri, Managing Director, also as the Chairman of the Company with effect from 13th May, 2019.

2. **Chairman's Office:**

During the year ended 31st March, 2019, Chairman's Office was maintained by the Company and expenses towards performance of the Chairman's duties were borne by the Company / reimbursed to him.

3. **Shareholder Rights:**

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

4. **Audit Opinion:**

It has always been the Company's endeavour to present financial statements with unmodified audit opinion i.e. without any qualification. The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31st March, 2019.

5. **Internal Audit:**

The Head of Internal Audit reports to the Audit Committee of the Board.

GENERAL SHAREHOLDER INFORMATION

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

CONFIRMATION OF COMPLIANCE

It is confirmed that the Company has complied with the requirements prescribed under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations 2015. 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', forming part of the Report and Accounts.

Notes:

1. Reference to Division / Divisional Business includes Strategic Business Unit (SBU), Business Vertical and Shared Services.
2. Reference to Divisional Management Committee includes SBU Management Committee, Shared Services Management Committee and Executive Committee for Business Vertical.
3. Reference to Divisional Chief Executive includes Heads of SBU, Business Vertical and Shared Services.

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

ANNEXURE TO THE REPORT ON CORPORATE GOVERNANCE

SKILLS, EXPERTISE AND COMPETENCIES OF DIRECTORS

ITC believes that it is the collective effectiveness of the Board that impacts Company performance and therefore members of the Board amongst themselves should have a balance of skills, experience and diversity of perspectives appropriate to the Company.

Given the Company's size, scale and diversified nature of its businesses, the Directors should possess one or more of the following skills, expertise and competencies:

1. Organisational Purpose

Ability to comprehend the socio-economic, political, regulatory and competitive environment, both domestic and global, in which the Company is operating and insight to identify opportunities and threats for the Company's businesses.

Ability to contribute towards creating an inspiring Vision for the Company with superordinate societal goals and appreciate the Company's triple bottom line philosophy of building synergy between serving the society and creating economic value for the Company.

2. Strategic Insight

Ability to evaluate competitive corporate and business strategies and, based thereon, contribute towards progressive refinement of the Company's strategies for fulfilment of its goals.

Ability to comprehend strategy of organisation of a diversified company like ITC, in the context of its unique sources of competitive advantage and assess its strengths and weaknesses.

3. Organisational Capacity Building

Acumen to evaluate organisational capacity and readiness across relevant parameters and provide guidance on bridging gaps in capacity building.

Ability to understand the talent market and the Company's talent quotient so as to help finetune strategies to attract, retain and nurture competitively superior talent.

Ability to appreciate and critique the need for in-depth specialisation across business critical areas such as manufacturing, marketing, legal, information technology, public advocacy etc., as well as the breadth of general management capabilities.

4. Stakeholder Value Creation

Ability to understand processes for shareholder value creation and its contributory elements and critique interventions towards value creation for the other stakeholders.

5. Commercial Acumen

Commercial acumen to critique the Company's financial performance and evaluate the Company's strategies and action plans in the context of their financial outcomes.

6. Risk Management and Compliance

Ability to appreciate key risks impacting the Company's businesses and contribute towards development of systems and controls for risk mitigation & compliance management and review and refine the same periodically.

7. Policy Evaluation

Ability to comprehend the Company's governance philosophy and contribute towards its refinement periodically.

Ability to evaluate policies, systems and processes in the context of the Company's businesses, and review the same periodically.

8. Culture Building

Ability to contribute to the Board's role towards promoting an ethical organisational culture, eliminating conflict of interest, and setting & upholding the highest standards of ethics, integrity and organisational conduct.

9. Board Cohesion

Ability to comprehend the statutory roles and responsibilities of a Director and of the Board as a whole.

Ability to encourage and sustain a cohesive working environment and to listen to multiple views and thought processes and synergise a range of ideas for organisational benefit.

Shareholder Information

AGM Details

Date	Friday, 12th July, 2019
Venue	Science City JBS Haldane Avenue Kolkata 700 046
Time	10.00 a.m.
Book Closure Dates	Friday, 24th May, 2019 to Monday, 27th May, 2019 (both days inclusive)
Dividend Payment Date	Tuesday, 16th July, 2019

Share Transfer Agent (in-house)

The Investor Service Centre of the Company (ISC), accredited with ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India (SEBI) as Category II Share Transfer Agent for providing in-house share registration and related services to the Shareholders and Investors. ISC continues to provide contemporary and efficient services to the Shareholders and Investors, in compliance with the applicable statutory requirements.

Shareholder / Investor complaints

The Company attends to Shareholder / Investor complaints within five working days except where constrained by disputes or legal impediments. Pending cases relating to disputes over title to shares in which the Company has been made a party, are not material in nature.

During the financial year, two investor complaints (both relating to dividend), in terms of the Complaint Identification Policy of the Company approved by the Securityholders Relationship Committee, were received and were promptly resolved.

National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited have confirmed that there were no investor complaints pending against the Company at the end of each quarter as also on 31st March, 2019; the same position was 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.

Share and Debenture Transfer Committee

The Share and Debenture Transfer Committee of the Company met twenty seven times during the financial year ended 31st March, 2019 to approve share transfers.

The processing activities with respect to requests received for share transfers were generally completed within three to five working days. There were no share transfers pending as on 31st March, 2019.

The Committee presently comprises the following:

- R. Tandon, Executive Director & Chief Financial Officer - Chairman
- K. S. Suresh, General Counsel - Member
- R. K. Singhi, Executive Vice President & Company Secretary - Member

T. K. Ghosal, Assistant 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.

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 financial year, 3,36,92,308 shares of the Company, covered in 6,812 requests and constituting 0.27% of the issued and subscribed Share Capital of the Company, were dematerialised. The processing activities with respect to requests received for dematerialisation were generally completed within three to seven working days.

The Company's shares are amongst 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 ₹ 3,64,388 Crores (US\$ 52.69 billion) as on 31st March, 2019.

Distribution of Shareholding as on 31st March, 2019

No. of Shares Slab	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 – 5000	26,556	7,88,928	8,15,484	95.07	2,01,34,704	24,01,03,347	26,02,38,051	2.12
5001 – 10000	2,242	14,814	17,056	1.99	1,68,72,791	10,93,17,865	12,61,90,656	1.03
10001 – 20000	1,420	9,892	11,312	1.32	1,93,45,667	13,98,48,689	15,91,94,356	1.30
20001 – 30000	625	4,393	5,018	0.58	1,53,37,305	10,86,52,342	12,39,89,647	1.01
30001 – 40000	210	1,914	2,124	0.25	71,18,080	6,63,35,452	7,34,53,532	0.60
40001 – 50000	130	1,310	1,440	0.17	58,16,475	5,87,59,868	6,45,76,343	0.53
50001 – 100000	259	2,418	2,677	0.31	1,80,89,407	16,81,17,992	18,62,07,399	1.52
100001 and above	103	2,515	2,618	0.31	3,64,07,39,905	7,62,40,41,712	11,26,47,81,617	91.89
Total	31,545	8,26,184	8,57,729	100.00	3,74,34,54,334	8,51,51,77,267	12,25,86,31,601	100.00

Categories of Shareholders as on 31st March, 2019

Category	No. of Shares held	%
(A) Institutional Shareholding		
Financial Institutions, Insurance Companies, Mutual Funds, Banks and Others	4,67,44,84,750	38.13
Foreign Portfolio Investors and Foreign Institutional Investors	2,08,53,48,209	17.01
Sub-Total (A)	6,75,98,32,959	55.14
(B) Non-Institutional Shareholding		
Foreign Companies	3,62,01,34,708	29.53
NRIs, OCIs and Foreign Nationals	7,52,45,511	0.62
Bodies Corporate	50,42,10,756	4.11
Public and Others	1,27,84,88,737	10.43
Sub-Total (B)	5,47,80,79,712	44.69
Public Shareholding (A+B)	12,23,79,12,671	99.83
Shares underlying Global Depository Receipts	2,07,18,930	0.17
Total	12,25,86,31,601	100.00

Global Depository Receipts

Pursuant to the offer of Global Depository Receipts (GDRs) made in 1993 by the Company, 2,07,18,930 GDRs, representing 2,07,18,930 underlying shares i.e. 0.17% of the issued and subscribed Share Capital of the Company, were outstanding as on 31st March, 2019.

The Company's GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919) at Societe de la Bourse de Luxembourg S.A., 35A Boulevard Joseph II, L-1840, Luxembourg. The Listing Fee for the calendar year 2019 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 Limited (NSE) Exchange Plaza, Plot No. C/1, 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 Limited (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 Limited (CSE) 7, Lyons Range Kolkata 700 001 Telephone no. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : cseadm@se-india.com Website : www.cse-india.com	10000018

The Listing Fees for the financial year 2019-20 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.)
2018 APRIL	283.85	255.45	2,02,890	283.75	255.50	11,452	N.A.	N.A.	Nil
MAY	289.70	268.75	1,95,458	289.55	268.70	11,785	4.74	3.98	13
JUNE	274.60	259.00	1,92,470	274.00	258.90	13,808	N.A.	N.A.	Nil
JULY	307.15	260.05	3,48,466	307.00	260.35	22,034	4.40	3.82	5
AUGUST	322.60	296.10	2,63,507	322.60	296.10	16,602	4.52	4.24	31
SEPTEMBER	322.95	289.50	2,33,947	322.70	289.50	16,916	N.A.	N.A.	Nil
OCTOBER	302.95	263.65	2,52,722	302.95	263.60	15,797	N.A.	N.A.	Nil
NOVEMBER	290.00	273.15	1,83,522	290.05	273.25	11,797	4.12	3.76	5
DECEMBER	289.50	268.20	1,88,635	289.40	268.20	13,108	4.08	3.60	15
2019 JANUARY	297.40	273.60	2,63,252	297.35	273.70	15,466	4.20	3.70	25
FEBRUARY	285.20	268.45	3,27,891	284.90	268.50	11,064	N.A.	N.A.	Nil
MARCH	303.00	276.05	2,46,357	302.95	276.10	10,111	4.34	3.66	15

There was no trading in the Company's shares on CSE during the financial year 2018-19.

ITC Share Price vis-à-vis Nifty 50



Note: Indicates monthly closing positions.

During the financial year, the Company's shares outperformed the market. While the Nifty 50 rose by 14.93%, the Company's share price rose by 16.34%.

ITC Share Price and Volume traded on NSE



Note: Indicates monthly high & low share price and 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 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)
2018-19	5.75 *	7,048.71	1,448.88	8,497.59
2017-18	5.15	6,285.21	1,291.94	7,577.15
2016-17	4.75 \$	5,770.01	1,174.64	6,944.65
2015-16	8.50 ^	6,840.13	1,392.48	8,232.61
2014-15	6.25	5,009.71	1,019.86	6,029.57
2013-14	6.00	4,771.91	810.99	5,582.90
2012-13	5.25	4,148.46	705.03	4,853.49
2011-12	4.50	3,518.29	570.75	4,089.04
2010-11	4.45 @	3,443.48	558.62	4,002.10
2009-10	10.00 #	3,818.18	634.15	4,452.33

* Subject to the approval of the Shareholders.

\$ On expanded Share Capital arising out of Bonus Shares issued in the ratio of 1:2.

^ 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 2019-20 (1st April - 31st March)		
1	First Quarter Results	July / August 2019
2	Second Quarter and Half-Year Results	October / November 2019
3	Third Quarter Results	January / February 2020
4	Fourth Quarter and Annual Results	May 2020

Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
107th	2017-18	Science City JBS Haldane Avenue Kolkata 700 046	27/07/2018	10.00 a.m.	<ul style="list-style-type: none"> Approval to remuneration of Mr. Y. C. Deveshwar * as Chairman for the period from 1st April, 2019 to 4th February, 2020. Approval to continuation of Mr. S. S. H. Rehman as Independent Director for the period from 20th March, 2019 to 14th September, 2019. Re-appointment of Mr. S. Banerjee as Independent Director with effect from 30th July, 2019.
106th	2016-17		28/07/2017		—
105th	2015-16		22/07/2016		—

* Passed away on 11th May, 2019.

Postal Ballot and E-voting

- During the financial year, special resolutions for granting, offering and issuing Equity Settled Stock Appreciation Rights to the eligible employees of the Company and its subsidiaries under an Employee Stock Appreciation Rights Scheme were proposed for the approval of the Members through postal ballot and e-voting. These resolutions were not passed by the Members.

Brief particulars of the postal ballot and e-voting are provided below:

- The Board of Directors of the Company appointed Mr. R. L. Auddy, Senior Solicitor and Partner, Messrs. Sandersons & Morgans, Advocates & Solicitors, as the Scrutinizer for scrutinizing the postal ballot and e-voting process;
 - Despatch of the Postal Ballot Notice dated 10th August, 2018, along with the Explanatory Statement and Postal Ballot Form, to the Members of the Company was completed on 1st September, 2018;
 - Voting through postal ballot and e-voting commenced on 2nd September, 2018 and ended on 1st October, 2018;
 - Based on the Scrutinizer's Report, the results of the postal ballot and e-voting were declared on 3rd October, 2018 at the Registered Office of the Company.
- No special resolution requiring postal ballot is being proposed for the ensuing AGM.

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
District East Godavari
Andhra Pradesh 533 342

Chirala

2. Chirala
District Prakasam
Andhra Pradesh 523 157

Nanjangud

3. Thandya Industrial Area
Immavu & Adakanahalli Villages
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, Jinnaram Mandal
District Sangareddy
Telangana 502 325

Sarapaka

2. Sarapaka Village
Burgampahad Mandal
District Bhadradi Kothagudem
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

Haridwar

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

Kamrup

2. NH - 37, Borteipur
Mouza Rampur
Kukurmara, District Kamrup
Assam 781 134

Kapurthala

3. Plot Nos. A-1-A & A-1-B
Integrated Mixed Use Industrial Park
Village Jhalthikriwal, District Kapurthala
Punjab 144 601

Malur

4. Survey Nos. 15/1 & 15/2
Madivala Gram Panchayat
Yeshwanthpura Village
District Kolar
Karnataka 563 130

Munger

5. Sitakund Industrial Area
Village Nandlalpur, District Munger
Bihar 811 202

Nanjangud

6. Survey No. 77/3
Thandya Industrial Area
Immavu & Adakanahalli Villages
Nanjangud Taluk, District Mysuru
Karnataka 571 302

Panchla

7. Mouza Kulai, J. L. No. 26
P.S. Panchla, District Howrah
West Bengal 711 322

Pudukkottai

8. Vadugapatti & Velur Villages
Taluk Illupur, District Pudukkottai
Tamil Nadu 621 316

Pune

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

Uluberia

10. Mouza Amraberia, J. L. No. 8
P.S. Uluberia, District Howrah
West Bengal 711 303

PERSONAL CARE PRODUCTS FACTORIES

Haridwar

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

Kamrup

2. NH - 37, Borteipur
Mouza Rampur
Kukurmara, District Kamrup
Assam 781 134

Shareholder Information

Manpura

- Village Manpura
Tehsil Baddi, District Solan
Himachal Pradesh 174 101

LIFESTYLE RETAILING

Design & Technology Centre

Manesar

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

PLANTS UNDER CONSTRUCTION

Ambarnath

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

Gollapudi

- Note Book Manufacturing Plant
Gollapudi Village & Post, R.S. No. 595/A
Vijayawada Rural Mandal, District Krishna
Andhra Pradesh 521 225

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

HOTELS

Owned Hotels

Agra

- ITC Mughal
Taj Ganj, Agra
Uttar Pradesh 282 001

Bengaluru

- ITC Gardenia
1, Residency Road, Bengaluru
Karnataka 560 025
- ITC Windsor
25, Windsor Square
Golf Course Road, Bengaluru
Karnataka 560 052
- WelcomHotel Bengaluru
46, Richmond Road, Bengaluru
Karnataka 560 025

Chennai

- ITC Grand Chola
63, Mount Road, Guindy, Chennai
Tamil Nadu 600 032
- WelcomHotel Chennai
Cathedral Road, Chennai
Tamil Nadu 600 086

Coimbatore

- WelcomHotel Coimbatore
1266/14, West Club Road
Race Course Area
Coimbatore
Tamil Nadu 641 018

Goa

- ITC Grand Goa Resort & Spa
Arossim Beach Road, Cansaulim
Goa 403 712

Hyderabad

- ITC Kohenur
Plot No. 5, Hyderabad Knowledge City
Madhapur, Hyderabad
Telangana 500 081

Jaipur

- ITC Rajputana
Palace Road, Jaipur
Rajasthan 302 006

Kolkata

- ITC Sonar
1, JBS Haldane Avenue, Kolkata
West Bengal 700 046

Mumbai

- ITC Maratha
Sahar, Mumbai
Maharashtra 400 099
- ITC Grand Central
287, Dr. B. Ambedkar Road
Parel, Mumbai
Maharashtra 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
Gujarat 380 006

Gurugram

- ITC Grand Bharat
P.O. Hasanpur, Tauru, District Mewat
Gurugram
Haryana 122 105

Kota

- WelcomHeritage Umed Bhawan Palace
Palace Road, Kota
Rajasthan 324 001

Port Blair

- Fortune Resort Bay Island
Marine Hill, Port Blair
Andaman & Nicobar Islands 744 101

Vadodara

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

Hotels under Operating Services

Aurangabad

- WelcomHotel Rama International
R - 3, Chikalthana, Jalna Road
Aurangabad
Maharashtra 431 003

Hyderabad

- ITC Kakatiya
6-3-1187, Begumpet, Hyderabad
Telangana 500 016

Jodhpur

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

Khimsar

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

Mamallapuram

- WelcomHotel Kences Palm Beach
No. 53, Devaneri Village
East Coast Road, District Kanchipuram
Mamallapuram
Tamil Nadu 603 104

Mussoorie

- WelcomHotel The Savoy
Library Bazar, Gandhi Chowk
P.O. Savoy, Mussoorie
Uttarakhand 248 179

New Delhi

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

Pahalgam

- WelcomHotel Pine-n-Peak
Aru Road, Near Amusement Park
Pahalgam
Jammu & Kashmir 192 126

Panchkula

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

Visakhapatnam

- WelcomHotel Grand Bay
Beach Road, Visakhapatnam
Andhra Pradesh 530 002

CHOUPAL SAAGARS – RURAL SERVICES CENTRES

Amravati

- Old Survey Nos. 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

- Arazi Nos. 10 & 12/3 (Part)
Village Khunak, Tehsil & District Badaun
Uttar Pradesh 243 601

Shareholder Information

Bahraich

3. Khasra Nos. 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 Nos. 57-62 & 641
Village Muhabatpur
Ganj Khwaja, Pargana Dhoos
Tehsil Mughal Sarai
District Chandouli
Uttar Pradesh 232 104

Chindwara

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

Jagdishpur

12. Khasra Nos. 2377-2380
Village Kathura, Pargana Jagdishpur
Tehsil Musafirkhana, District Amethi
Uttar Pradesh 227 817

Mandsaur

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

Mhow

14. Survey Nos. 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 Nos. 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 Nos. 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 Nos. 208-209
Patwari Halka No. 36
Village Rafiqganj
Tehsil & District Sehore
Madhya Pradesh 466 001

Ujjain

20. Survey Nos. 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 Nos. 18 & 18/2
Patwari Halka Nos. 35 & 45
Village Bais
Tehsil & District Vidisha
Madhya Pradesh 464 001

Wardha

22. Survey Nos. 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

Transfer of Shares in certificate form

Effective 1st April, 2019, transfer of shares of a listed company can only be effected in dematerialised form in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations 2015). Shareholders holding shares in the certificate form are therefore requested to dematerialise their shares in their own interest. Communication in this respect has been sent by the Company during the year to the concerned Shareholders. However, transfer deeds which were lodged with the Company on or before 31st March, 2019, but were returned due to any deficiency, will be processed upon re-lodgement.

Transfer of Dividend and corresponding Ordinary Shares to the Investor Education and Protection Fund

During the financial year 2018-19, unclaimed dividend for the financial year 2010-11 aggregating ₹ 13,23,00,220/- and the corresponding 1,31,72,126 Ordinary Shares in respect of which dividend entitlements remained unclaimed for seven consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund established by the Central Government (IEPF), pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Shareholder Referencer

Transfer of Dividend and corresponding Ordinary Shares to the Investor Education and Protection Fund (Contd.)

Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2010-11 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority www.iepf.gov.in, the access link of which is also available on the Company's corporate website www.itcportal.com under the section 'Investor Relations'.

The unclaimed dividend for the undernoted years and the corresponding shares will be transferred by the Company to the IEPF in accordance with the schedule given below. Attention in particular is drawn that the unclaimed dividend for the financial year 2011-12 and the corresponding shares will be due for transfer to the IEPF on 2nd September, 2019, for which purpose communication has been sent to the concerned Shareholders advising them to write to the Investor Service Centre of the Company (ISC) to claim their dividend. Notices in this regard have also been published in newspapers. Details of such unclaimed dividend and corresponding shares are available on the Company's corporate website under the section 'Investor Relations'.

Financial Year	Dividend Identification No.	Date of declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2019		Due date for transfer to IEPF
				(₹)	%	
2011-12	82nd	27th July, 2012	35,18,29,33,284	14,01,93,282	0.40	2nd September, 2019*
2012-13	83rd	26th July, 2013	41,48,46,73,429	16,46,07,825	0.40	1st September, 2020
2013-14	84th	30th July, 2014	47,71,90,97,700	19,89,16,416	0.42	5th September, 2021
2014-15	85th	31st July, 2015	50,09,70,66,528	20,87,47,350	0.42	5th September, 2022
2015-16	86th	22nd July, 2016	68,40,13,10,170	33,16,13,274	0.48	27th August, 2023
2016-17	87th	28th July, 2017	57,70,01,46,310	31,02,71,004	0.54	2nd September, 2024
2017-18	88th	27th July, 2018	62,85,22,11,487	32,31,78,695	0.51	27th August, 2025

* ISC will not be able to entertain any claim received after 30th August, 2019.

Unclaimed Shares

The status of unclaimed shares of the Company transferred to the demat account, 'ITC Limited - Unclaimed Suspense Account', in accordance with the Listing Regulations 2015, 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, 2018	7,044	1,33,66,138
Number of Shareholders who approached the Company during the year for transfer of shares from the Unclaimed Suspense Account	172	6,17,932
Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	148	4,59,433
Number of shares in respect of which dividend entitlements remained unclaimed for seven consecutive years and transferred from the Unclaimed Suspense Account to the IEPF	3,048	54,57,421
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2019	6,896	74,49,284 *

* Voting rights in respect of these shares will remain frozen till the time such shares are transferred from the Unclaimed Suspense Account to the concerned Shareholders.

Note: 155 requests for transfer of 6,05,443 shares from the Unclaimed Suspense Account were pending as on 31st March, 2019 for want of necessary documents from the Shareholders.

Service of Documents

The Company sends Notices, Report and Accounts and other communications 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 register or update their e-mail addresses with the Company may use the registration / updation Form sent along with the Report and Accounts; this Form can also be downloaded from the Company's corporate website under the section 'Investor Relations' or can be furnished by ISC on request.

Remittance of Dividend through Electronic Mode

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

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

Shareholders holding shares in the certificate form may use the Mandate Form for this purpose, which can be downloaded from the Company's corporate website under the section 'Investor Relations' or can be furnished by ISC on request.

Address and Bank Details

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

Shareholders are advised that as a measure of protection against fraudulent encashment, their bank details or address, as available with the Company, will be printed on the dividend warrants or demand drafts where dividend cannot be remitted through electronic mode.

Permanent Account Number (PAN)

Shareholders holding shares in the certificate form are requested to send copies of their PAN Cards to ISC to facilitate better servicing.

Furnishing of PAN Card, however, is mandatory as follows:

- 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; this 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. The contact details of the Depositories are given below:

National Securities Depository Limited

Trade World, 'A' Wing, 4th Floor
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

Marathon Futurex, 'A' Wing, 25th Floor
Mafatlal Mills Compound
N. M. Joshi Marg, Lower Parel
Mumbai 400 013

Telephone no. : 022-2302 3333
Facsimile no. : 022-2300 2035
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

Telephone nos. : 1800-345-8152 (toll free), 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 the respective DPs, other than for dividend and Report and Accounts, which should be addressed to ISC.

In all correspondence with ISC, DP ID & Client ID numbers / Registered Folio 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

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2019

SOCIO-ECONOMIC ENVIRONMENT

After two successive years of robust expansion, global economic growth softened to 3.6% in 2018, representing a marked slowdown compared to the 3.9% growth anticipated at the beginning of the year. While the US economy grew by 2.9% against 2.2% in 2017, sharp declines were witnessed in the Euro area (2.4% to 1.8%) and Japan (1.9% to 0.8%). Growth in Emerging Market economies also decelerated from 4.8% to 4.5% with both China (6.8% to 6.6%) and India slowing down. Going forward, global growth in 2019 is projected to decline further to 3.3% in the base case with risks to the downside emanating from political uncertainties, rising trade tensions, escalating protectionism and tighter financial conditions.

The US economy is projected to witness a sharp decline in growth to 2.3% in 2019 due to unwinding of the fiscal stimulus and lower government expenditure. Growth in Emerging Markets & Developing Economies is also likely to decelerate marginally to 4.4% in 2019. The Chinese economy is expected to slow down further to 6.3% in 2019 largely due to regulatory tightening to rein in debt.

2018-19 turned out to be another challenging year for the Indian economy. Despite a relatively soft base, GDP growth declined to 7.0% (as per 2nd Advance Estimates) compared to 7.2% in 2017-18 and 7.3% anticipated at the beginning of the year. On the supply side, the Agriculture and Services sectors underperformed while Government Final Consumption Expenditure

decelerated (off a relatively high base) on the demand side. Private Capital Expenditure remained sluggish as evident from the decline in new project announcements. The much anticipated pick-up in Private Final Consumption Expenditure (PFCE) also remained elusive - attributable largely to distress in the agrarian sector, low rate of rural wage growth, subdued urban consumer sentiment and tight liquidity conditions. PFCE growth, in fact, decelerated in the second half of the year and particularly in the last 3-4 months as borne out by most major FMCG companies reporting slowdown in sales growth.

On the positive side, inflation stayed well within RBI's comfort zone prompting a 50 bps policy rate cut in recent months while the external account stabilised in the second half of the year with the normalisation of crude oil prices from a peak of US\$ 86 per barrel and a pick-up in capital inflows especially from foreign portfolio investors. Capital markets stayed buoyant with the Sensex advancing by 17% during the year. Tax revenues also witnessed robust growth during the year.

The key monitorables in the near term include volatility in crude oil prices, concerns over fiscal deficit, progress of the monsoon in 2019 and a slowdown in global growth.

While India remains one of the fastest growing major economies in the world, the pace of economic growth in recent years has remained below the country's potential. With structural drivers of growth firmly in place – favourable demographics, rapid urbanisation,

With structural drivers of growth firmly in place – favourable demographics, rapid urbanisation, accelerated digitalisation and connectivity, and improvement in infrastructure - the pace of economic growth is expected to pick-up over time.

accelerated digitalisation and connectivity, and improvement in infrastructure - the pace of economic growth is expected to pick-up over time. Implementation of key reforms such as Goods and Services Tax, direct benefit transfer schemes, Insolvency and Bankruptcy Code among others augur well for the growth prospects of the economy in the medium to long-term.

The successful implementation of structural initiatives identified by the Government towards improving the ease of doing business and fostering greater levels of value addition within the country would be crucial to boost the performance of the Indian economy and realise its full potential.

Enhancing agricultural productivity and value addition to international standards while simultaneously improving market linkages remain critical for the growth of the agricultural sector and significantly increasing farmers' income. It is pertinent to note that substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher level of food processing in the economy can create a much larger pull for quality agri-commodities, thereby reducing farm wastages and raising farm incomes. This calls for investment in product-specific climate-controlled infrastructure as well as in branded products that benefit large agri value chains. Corporate participation is essential not only to invest in requisite infrastructure, but also to provide assured market linkages to farmers. A big thrust on India's Food Processing sector can lead to significant job creation, enhance rural incomes and help manage food inflation. Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully

constrained by policies that not only prevent job creation in India but also promote avoidable imports. By providing crucial policy support, the entire wood-based value chain can substantially support rural livelihoods and create new opportunities for farmers and skilled artisans that add value to wood. Supportive policies in the area of agro-forestry would go a long way in creating sustainable livelihoods while simultaneously augmenting the nation's environmental capital.

In line with the Government's vision of significantly enhancing farmer income, recognising the potential multiplier effect on the economy, your Company has implemented a pilot 'Baareh Mahine Hariyali' programme in certain districts of Uttar Pradesh (Allahabad, Chandauli, Ghazipur and Varanasi) and Bihar (Munger). The programme focuses on specific interventions such as crop intensification, income diversification, capability building with appropriate market linkages leveraging your Company's e-Choupal network and Choupal Pradarshan Khets (demonstration farms). Your Company is also working towards developing village level institutions and fostering micro-entrepreneurship by promoting custom hiring centres for farm mechanisation, post-harvest product management infrastructure and community managed seed banks for self-reliance in quality seed material. Your Company promotes environmentally sustainable farm practices including zero till sowing, micro-irrigation and watershed development. Your Company is also partnering with the NITI Aayog to boost agricultural and allied activities in 27 districts under the Aspirational Districts programme with a view to scaling up your Company's contribution to the national goal of enhancing farmer incomes. Under this initiative, over two lakh farmers

In line with the Government's vision of significantly enhancing farmer income, recognising the potential multiplier effect on the economy, your Company has implemented a pilot 'Baareh Mahine Hariyali' programme to build capacity of farmers in certain districts of Uttar Pradesh and Bihar.

Report of the Board of Directors

have been trained in package of practices appropriate for the dominant crop of the region.

Given India's disproportionately low share of global natural resources relative to its large population and where millions continue to live in abject poverty, the focus both at the national and corporate level should be on fashioning strategies that foster sustainable, equitable and inclusive growth. 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 in 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 focusing on uni-dimensional 'shareholder value' creation, 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 17 years), 'carbon positive' (for 14 years), and 'solid waste recycling positive' (for 12 years). The focus on creating unique business models that generate substantial livelihoods across the value chains has led to your Company's Businesses supporting six million sustainable livelihoods, many of whom belong to the weakest in society. The following sections outline your Company's progress in pursuit of the 'Triple Bottom Line'.

FINANCIAL PERFORMANCE

Your Company delivered another year of resilient performance despite a challenging operating environment. The Cigarettes Business, impacted by steep increase in taxes under the GST regime, sharpened focus on delivering world-class products through continuous innovation along with best-in-class execution thereby consolidating its market standing. Amidst a subdued demand environment, the non-cigarette FMCG segment grew ahead of industry recording robust growth in revenue and significant improvement in profitability despite heightened competitive intensity, elevated input costs, gestation costs of new products/categories and manufacturing facilities, and ongoing restructuring of Lifestyle Retailing Business. The Hotels Business delivered robust performance driven by improvement in RevPar and addition of two world-class properties to its portfolio. The Paperboards, Paper and Packaging segment had a stellar year recording strong growth in revenue and profits on the back of capacity addition, product mix enrichment, strategic investments in pulp import substitution, process innovation and a cost-competitive fibre chain. While the Agri Business posted healthy growth in revenue, leaf cost escalation pertaining to the Andhra 2017 crop and business mix weighed on margins.

On a comparable basis, Gross Sales Value (net of rebates/discounts)¹ for the year stood at ₹ 75309.36 crores, representing a growth of 12.3% over 2017-18 driven mainly by Agri Business, Branded Packaged

¹ Gross Sales Value includes GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable for the reported periods.

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.

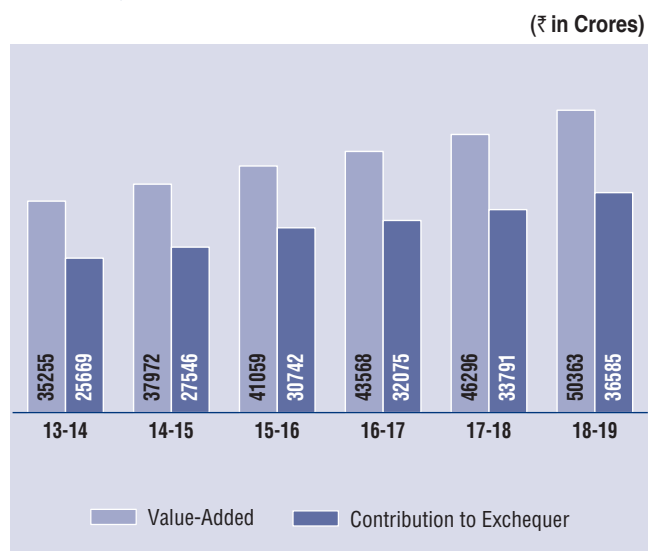
Foods, Education & Stationery Products Business, Hotels and Paperboards. Excluding Exceptional items, Profit Before Tax and Profit After Tax grew by 12.2% and 13.8% respectively.

Profit After Tax at ₹ 12464.32 crores registered growth of 11.1% over the previous year. Total Comprehensive Income for the year stood at ₹ 12826.88 crores (previous year ₹ 11605.59 crores). Earnings Per Share for the year stood at ₹ 10.19 (previous year ₹ 9.22).

Cash generated from operations aggregated ₹ 17234.93 crores.

The Directors are pleased to recommend an Ordinary Dividend of ₹ 5.75 per share (previous year Ordinary Dividend of ₹ 5.15 per share) for the year ended 31st March, 2019. Total cash outflow in this regard will be ₹ 8497.59 crores including Dividend Distribution Tax of ₹ 1448.88 crores.

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER



Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated around ₹ 220000 crores of which over ₹ 160000 crores accrued to the Exchequer.

Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represented about 80% 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\$ 7.2 billion, of which agri exports constituted 56%. 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 2018-19, your Company and its subsidiaries earned ₹ 4673 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 3828 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency aggregated ₹ 2373 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1947 crores and import of capital goods at ₹ 426 crores.

Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represented about 80% of its Value-Added during the year. ITC remains amongst the Top 3 Indian corporates in the private sector in terms of Contribution to Exchequer.

Report of the Board of Directors

PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in Crores)

PROFITS	2019	2018
a) Profit Before Tax [@]	18444.16	16851.70
b) Tax Expense		
– Current Tax	5849.24	5599.83
– Deferred Tax	130.60	28.62
c) Profit for the year [@]	12464.32	11223.25
d) Other Comprehensive Income	362.56	382.34
e) Total Comprehensive Income	12826.88	11605.59
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	21991.24	17576.81
b) Add: Profit for the year	12464.32	11223.25
c) Add: Other Comprehensive Income (net of tax)	5.59	52.78
d) Add: Transfer from share option on exercise and lapse	3.88	18.65
e) Less: Dividend		
– Ordinary Dividend of ₹ 5.15 (2018: ₹ 4.75) per share	6285.21	5770.01
– Income Tax on Dividend paid	1201.69	1110.24
f) At the end of the year	26978.13	21991.24

[@] Previous year includes Exceptional items representing provisions for earlier years in respect of Tamil Nadu entry tax that were written back based on a favourable order of the Honourable Supreme Court.

FMCG Cigarettes

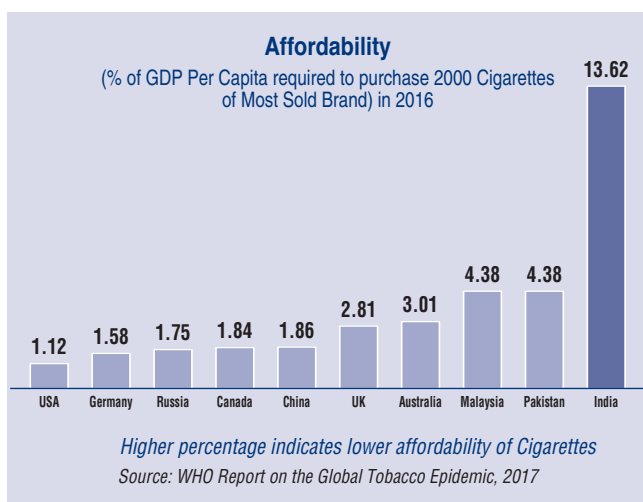
A punitive and discriminatory taxation and regulatory regime, together with sharp increase in illegal trade in recent years, continue to pose significant operating challenges to the legal cigarette industry in the country.

Contrary to indications from the Government that the transition to GST would be based on principles of maintaining revenue neutrality, tax incidence on cigarettes has risen sharply under the GST regime and the discrimination vis-à-vis other tobacco products continues. The legal cigarette industry, already reeling under the cumulative impact of steep increase in taxation over the previous five years in the pre-GST regime and intense regulatory pressures, was further impacted by a sharp increase of 13% in tax incidence on cigarettes (19% increase for the king-size filter segment) under the GST regime. Coupled with the increase in Excise Duty rates announced in the Union Budget 2017, this resulted in an incremental tax incidence of over 20% on cigarettes, post implementation of GST.

It is pertinent to note that the tax incidence on cigarettes has nearly trebled (on a comparable basis) between 2011-12 and 2017-18 and taxes on cigarettes are effectively about 55 times higher than taxes on other tobacco products on a per kg basis.

Excessive taxation has made legal, duty-paid cigarettes in India amongst the costliest in the world in terms of per capita affordability.

A punitive and discriminatory taxation and regulatory regime, together with sharp increase in illegal trade in recent years, continue to pose significant operating challenges to the legal cigarette industry in the country.



The high rates of tax on cigarettes provide attractive tax arbitrage opportunities for illicit trade allowing sale of these cigarettes to consumers at prices much lower than those of duty-paid domestic cigarettes. This has encouraged mushrooming of unscrupulous operators who indulge in clandestine manufacturing of cigarettes across the country and also provided a huge impetus to large-scale smuggling of international brands into the country. Seizure of large quantum of smuggled cigarettes by enforcement agencies across the country over the recent years confirm the growing menace of illegal cigarette trade in the country. While the legitimate cigarette industry has declined steadily since 2010-11 at a compound annual rate of over 4% p.a., illegal cigarette volumes in contrast have grown at nearly 5% p.a. during the same period, making India one of the fastest growing illegal cigarette markets in the world. It may be noted that, according to Euromonitor International, India is now the 4th largest illegal cigarette market in the world.

Due to the high rates of taxes on legal cigarettes and the consequent shift to illegal cigarettes and other forms of tobacco consumption, duty-paid cigarettes constitute only 10% of total tobacco consumption in India and per

capita consumption of cigarettes in India is among the lowest in the world.

The disparity in taxation on tobacco products has caused a progressive migration from consumption of duty-paid cigarettes to other lightly taxed/ tax-evaded forms of tobacco products, comprising illegal cigarettes and bidi, chewing tobacco, gutkha, zarda, snuff, etc. As a consequence, while the share of legal cigarettes in total tobacco consumption in the country has declined considerably over the years, aggregate tobacco consumption has increased over the same period. As a result, despite accounting for merely 10% of the tobacco consumed in the country, duty-paid cigarettes contribute more than 86% of the revenue generated from the tobacco sector. It is estimated that on account of illegal cigarettes alone, the revenue loss to the Government is more than ₹ 13000 crores per annum. In respect of the other tobacco products also, the revenue losses are significant since about 68%² of the tobacco consumed in the country remains outside the tax net.

The cost disadvantage faced by duty-paid cigarettes as compared to illegal cigarettes is exacerbated by the fact that duty-paid cigarettes comply fully with provisions of applicable Indian legislation like The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) and bear the statutorily mandated pictorial and textual warnings covering 85% of the surface area of the packet (one of the largest in the world). On the other hand, the smuggled illegal cigarettes do not bear any such pictorial or textual warnings or bear much smaller pictorial warnings as per the tobacco laws of the countries from where these cigarettes are sourced. As reported in prior years, findings from research conducted by IMRB International, an independent market research organisation, show

² Report on the impact of current tax framework on the tobacco sector in India and suggestions for its improvement - 2014, by ASSOCHAM and KPMG.

It is estimated that on account of illegal cigarettes alone, the revenue loss to the Government is more than ₹ 13000 crores per annum. About 68% of the tobacco consumed in the country remains outside the tax net.

Report of the Board of Directors

that the lack of pictorial warnings on packets of smuggled cigarettes or their diminutive size creates a perception in the consumer's mind that smuggled cigarettes are 'safer' than domestic duty-paid cigarettes that carry the 85% pictorial warnings. Along with low prices to consumers (enabled through tax evasion), this has opened the floodgates for contraband cigarettes.

It is pertinent to note that several other major tobacco producing countries, including the USA have framed regulatory frameworks for tobacco taking into consideration the economic interests of their tobacco farmers in deciding whether or not to adopt large or excessive pictorial warnings. The inadvertent and unforeseen consequence of the stringent Indian tobacco regulations is one of continuing losses to the Indian tobacco farmer with corresponding gains to tobacco farmers in the countries that have opted for moderate and equitable tobacco regulations. These developments have had a devastating impact on the Indian tobacco farmer and the 46 million livelihoods dependent on the tobacco value chain.

As reported last year, your Company and several other stakeholders had challenged the validity of the pictorial warnings. The Karnataka High Court, by its judgement in December 2017 held the 85% pictorial warnings with extremely gruesome imagery to be factually incorrect and unconstitutional. Upon a Special Leave Petition filed by the Government, the Honourable Supreme Court has stayed the Order of the High Court. Pending the final hearing of this matter, the regime of the extremely repugnant 85% pictorial warnings continues. In fact, new pictorial warnings with even more gruesome images have been introduced from 1st September 2018.

In India, cigarettes are manufactured largely using flavourful Flue Cured Virginia Tobacco (FCV) which is grown in the states of Andhra Pradesh, Telangana and Karnataka. FCV tobaccos are also traded internationally and India is an exporter of this commodity. Since

smuggled international brands of cigarettes do not use Indian tobaccos, in addition to revenue losses, the growth of the illegal cigarette trade has also resulted in a drop in demand for Indian FCV tobaccos in the domestic market. This decline in domestic demand, together with lack of export opportunities (favourable prices of competing origins and lower Indian crop) has adversely impacted earnings of the Indian tobacco farmer. It is estimated that in the four years since 2013-14, Indian tobacco farmers have suffered a cumulative drop in earnings of over ₹ 4000 crores³. Ensuring stability in domestic demand will aid in cushioning the impact of any volatility in the international markets.

India is the 2nd largest tobacco grower in the world. Tobacco occupies a prime place in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors⁴. However, the extremely stringent regulations along with the discriminatory and steep taxation on cigarettes have had numerous negative, albeit unintended repercussions. These include:

- continuing decline in legal cigarette volumes in favour of lightly taxed and tax-evaded tobacco products, resulting in sub-optimisation of the revenue potential of the tobacco sector and significant loss to the Exchequer.
- further fillip to the growth of illegal cigarettes in the absence of statutory pictorial and textual warnings on smuggled international brands.
- widespread availability of illegal cigarettes and other tobacco products of dubious quality and hygiene to consumers at extremely affordable prices.

³ Based on statistics published by the Tobacco Board, Ministry of Commerce & Industry, Gov.

⁴ Report on Tobacco Control in India, Ministry of Health & Family Welfare, Gov, 2004 (Jointly supported by Centers for Disease Control and Prevention, USA and the World Health Organisation).

The inadvertent and unforeseen consequence of the stringent Indian tobacco regulations is one of continuing losses to the Indian tobacco farmer with corresponding gains to tobacco farmers in the countries that have opted for moderate and equitable tobacco regulations.

- a large component of tobacco consumption in the country, aggregating around 68% remaining outside the tax net.
- persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco. Studies by the Central Tobacco Research Institute (CTRI) indicate that on account of agro-climatic conditions, there is no equally remunerative alternate crop that can be grown in the FCV tobacco growing regions of the country.

As in the past, your Company continues to represent with policy makers for equitable, non-discriminatory, pragmatic, evidence based regulations and taxation policies that balance the economic imperatives of the country and the tobacco control objectives, having regard to the unique tobacco consumption pattern in India. Due to the cumulative impact of increase in tax incidence on cigarettes over the last five years, especially the sharp escalation post transition to the GST regime in 2017-18, legal cigarette industry volumes remain under severe pressure. While stability in taxes during the year provided some relief to the legal cigarette industry, it is pertinent to note that the legal cigarette industry volumes remain significantly below June'14 levels. Moderation in taxes is critical for addressing the interests of all the stakeholders of this industry, including the tobacco farmers, the Exchequer and the consumers.

Your Company's unwavering focus on nurturing a portfolio of world-class products, superior consumer insights and a strategy of continuous innovation and value creation helped sustain its leadership position in the industry. Deep consumer insights and a robust innovation pipeline enabled the Business to introduce new variants catering to the continuously evolving consumer preferences. These include Classic Rich & Smooth, Classic Verve Low Smell and Gold Flake NEO which have received positive response in the market.

Similarly, recently introduced brands/variants such as American Club, Player's Gold Leaf and Wave strengthened their market standing during the year.

As in the past, the research and development initiatives of your Company continue to add to the country's bank of Intellectual Property Rights (IPR). In addition to grant of several patents in previous years, your Company has been granted two more patents during the year in respect of cigarettes.

On the supply-chain side, the Business continued to modernise its manufacturing facilities by inducting contemporary technologies to secure higher levels of productivity and product excellence. Cutting-edge technologies such as Industry 4.0 and Data Science were deployed towards driving operational excellence. These interventions are poised to bring about a digital transformation in manufacturing processes and enhance the Business' competitive advantage. Continuing the journey of benchmarking the manufacturing processes against industry best practices, the Saharanpur unit was recognised as 'Future Ready Factory - Platinum Rating: FMCG Sector, Mega Large Business' under the aegis of IMEA (India Manufacturing Excellence Awards – a highly acclaimed and robust on-site assessment program) by Frost & Sullivan. Various other manufacturing initiatives and projects were adjudged winners in the Frost & Sullivan's 'Project Evaluation and Recognition Program (PERP) 2018' under Quality Enterprise Leadership and Cost Leadership in Manufacturing Sector. Upgradation and digitisation of on-line, real time quality assurance systems and induction of state-of-the-art technology for several product and packaging variants were carried out during the year. These initiatives, coupled with in-house design and development expertise and innovation capabilities, have further improved the speed-to-market for new launches and augmented the innovation pipeline of the

Your Company's unwavering focus on nurturing a portfolio of world-class products, superior consumer insights and a strategy of continuous innovation and value creation helped sustain its leadership position in the industry.

Report of the Board of Directors

Business. Further, a long-term agreement was concluded successfully with the unionised workforce at the Saharanpur unit, which will help the Business achieve further improvements in productivity.

In line with your Company's commitment to the 'Triple Bottom Line', the Business has ramped up usage of renewable energy to a record high of 55% of the total energy consumed. This was achieved through sustained investments in wind, bio-waste and solar energy sources. Further, all the manufacturing facilities of the Business are IGBC Green Building certified at the highest 'Platinum' rating. The Munger unit was honoured with the 'National Energy Leader' Award (the highest category of award) at the 19th National Award for 'Excellence in Energy Management' organised by Confederation of Indian Industry (CII) and the 'Winner Award for Excellence in Energy Conservation' by CII, Eastern Region. The Munger unit was also the recipient of 'Environment Excellence Award' (runner-up prize) by Indian Chamber of Commerce (ICC). The Ranjangaon unit was recognised with the 'Shreshtha Suraksha Puraskar' Award by National Safety Council of India (NSCI) and 'Safety Innovation Award' by The Institution of Engineers (India). As a testimony to the success of the investments made in effective capability building by leveraging digital technology, your Company was adjudged as a winner in the 2018 Frost & Sullivan Project Evaluation and Recognition Program.

'Electronic Nicotine Delivery Systems' (ENDS) broadly refer to both Electronic Vaping Devices (EVD), commonly called 'e-cigarettes' as well as 'electronic Heat Not Burn (eHNB)' products. As many as 27 countries including Singapore, Australia, Thailand, Taiwan, UAE, Brazil and Argentina have prohibited ENDS. In India, 12 States have prohibited or restricted this category. Regulatory issues are also being contested in Indian

courts. Your Company's EON brand in the EVD segment is being marketed in select states. Your Company is closely following the regulatory developments, while initiating appropriate investments, enhancing capability and gearing up to be in a state of readiness in this emerging segment.

The operating environment for the legal cigarette industry is likely to remain challenging in view of the high levels of taxation and illegal trade, and disproportionate regulatory pressures. Notwithstanding these challenges, your Company remains confident of fortifying its market standing in the legal cigarette industry leveraging its superior strategies, execution excellence, investments in cutting-edge technology and a future ready product portfolio.

FMCG - Others

After continued sluggishness over the last two years, there was anticipation of significant pick-up in the FMCG industry. However, after a promising first half, growth in the second half of the year and particularly in the last 3-4 months was muted due to tight liquidity conditions and sluggish rural demand. Notwithstanding these short-term pressures, the structural drivers of long-term growth such as rising disposable incomes & consumer awareness, low levels of penetration of consumer goods, favourable demographics and increasing urbanisation amongst others, remain firmly in place which augurs well for the FMCG industry.

Despite the challenging conditions prevailing during the year, your Company's FMCG-Others Segment Revenue at ₹ 12505.28 crores grew ahead of industry and recorded an increase of 12% (on a comparable basis and excluding the impact of ongoing restructuring in Lifestyle Retailing Business). Most major categories enhanced their market standing during the year. While 'Bingo!' snacks, 'Aashirvaad' atta,

The structural drivers of long-term growth such as rising disposable incomes & consumer awareness, low levels of penetration of consumer goods, favourable demographics and increasing urbanisation amongst others, remain firmly in place which augurs well for the FMCG industry.

‘YiPPee!’ noodles and ‘Dark Fantasy Choco Fills’ super-premium cream biscuits were the key drivers of growth in the Branded Packaged Foods Businesses, ‘Engage’ deodorants, ‘Vivel’/‘Fiama’ shower gels & bodywash and ‘Savlon’ handwash reported robust growth in the Personal Care Products Business.

The Education and Stationery Products Business posted a strong performance during the year led by ‘Classmate’ notebooks, which consolidated its leadership position in the industry. As part of the ongoing restructuring of the Lifestyle Retailing Business, your Company divested the ‘John Players’ trademark/copyright and its variants in the apparel category along with related goodwill.

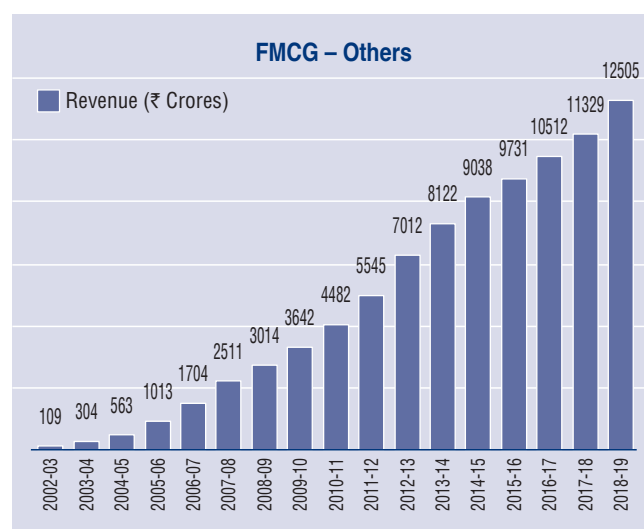
Segment EBITDA for the year registered a robust growth of 51% to ₹ 688.25 crores from ₹ 455.58 crores in 2017-18. Segment Results for the year (excl. net gain on restructuring of Lifestyle Retailing Business) posted significant improvement to ₹ 315.72 crores from ₹ 164.12 crores in 2017-18. This was driven by enhanced scale, product mix enrichment and strategic cost management initiatives after absorbing the impact of sustained investment in brand building, gestation costs of new categories and facilities, and costs associated with the ongoing structural interventions in the Lifestyle Retailing Business.

Your Company continued to make investments during the year towards enhancing brand salience and consumer connect while simultaneously implementing strategic cost management measures across the value chain.

During the year, your Company commissioned a world-class Integrated Consumer Goods Manufacturing and Logistics facility (ICML) at Pudukkottai (Tamil Nadu) while operations of ICMLs at Kapurthala (Punjab),

Panchla (West Bengal) and Guwahati (Assam) were further ramped up. Significant progress was also made in constructing several other state-of-the-art owned ICMLs across regions towards supporting the scale up plans in the FMCG Businesses. Currently, several projects are underway and in various stages of development – from land acquisition/site development to construction of buildings and other infrastructure. The Businesses deployed ‘Industry 4.0’ technologies including advanced analytics, big data and industrial Internet of Things (IoT) in areas such as overall equipment efficiency, energy management, quality and traceability. Your Company is leveraging emerging digital technologies such as mobility solutions, analytics and social media to reduce cycle time and cost of operations, and engage better with consumers & customers.

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.



FMCG - Others Segment EBITDA for the year registered a robust growth of 51% to ₹ 688.25 crores from ₹ 455.58 crores in 2017-18.

Report of the Board of Directors

Today, your Company's vibrant portfolio of brands represents an annual consumer spend of over ₹ 18000 crores in aggregate. Over 25 world-class Indian brands, have been built largely 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' is today over ₹ 4500 crores; 'Sunfeast' over ₹ 3800 crores; 'Bingo!' nearly ₹ 2500 crores; 'Classmate' over ₹ 1400 crores; 'YiPPee!' over ₹ 1100 crores and 'Vivel', 'Mangaldeep' & 'Candyman' are over ₹ 500 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.

Your Company's FMCG brands have achieved impressive market standing in a relatively short span of time. Today, Aashirvaad is No. 1 in Branded Atta, Bingo! is No. 1 in Bridges segment of Snack Foods (No.2 overall), Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, YiPPee! is No. 2 in Noodles, Engage is No. 2 in Deodorants (No. 1 in women's segment) and Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment).

'Many Indias within one India' is both a challenge as well as an opportunity for consumer goods companies. Your Company remains extremely agile and responsive to the emerging trends shaping the future of the industry. Some of the noteworthy consumer trends include the emergence of health and wellness products as a key consumer need; increasing preference for products rooted to 'Indianness' and with regional/cultural connects; increasing need for customised products and experiences; growth in demand for 'on-the-go' consumption formats in low-unit packs and rising influence of social media and digitalisation on consumer preferences and shopping behaviour. It has become

imperative for companies to identify micro-segments and address the needs of each micro-segment in a unique way, tailoring their offerings to meet diverse needs.

The FMCG market construct is likely to undergo rapid change driven by exponential growth in Tier-II/III towns and rural India and the emergence of relatively new channels, Modern Trade and e-commerce. These new channels are disrupting the way the industry operates and provide a platform with touchpoints to showcase and test out a wide range and portfolio of products. Adaptation, assortment, pricing, shopper experience and execution have been the key strategic drivers for businesses to gain competitive advantage in Modern Trade. Several initiatives were implemented during the year towards leveraging the fast growing e-commerce channel with a view to enhancing the reach of your Company's products and harnessing digital and social media platforms for deeper consumer engagement. Your Company continues to leverage its deep rural linkages and its understanding of the rural economy to devise unique strategies to rapidly grow in these markets. Your Company continues to invest in cutting-edge digital technologies to tap into unexplored touch points for brand communication, predictive analytics to enhance informed decision making and customised mobility solutions for better distribution reach.

The Indian FMCG market is at an inflection point and winning in the market place will be an outcome of capitalising on the trends as well as building efficiencies in business operations. Your Company seeks to significantly scale up the FMCG Businesses leveraging its institutional strengths viz. deep consumer insight, proven brand building capability, agri-commodity sourcing expertise, cuisine knowledge, strong rural linkages, a deep and wide channel-tailored distribution network

Your Company's vibrant portfolio of brands in the FMCG - Others Segment, represents an annual consumer spend of over ₹ 18000 crores in aggregate.

and packaging know-how. In addition, your Company continues to make significant investments in Research & Development, strengthen supply chain capability, focus on consumer insight discovery and harness digital technology to develop and launch disruptive and breakthrough products in the market place. With these interventions, your Company is well poised to strengthen its market standing and seize growth opportunities in the FMCG industry.

Highlights of progress in each category are set out below.

Branded Packaged Foods

Against the backdrop of a challenging operating environment as aforesaid, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive products customised to address regional tastes and preferences along with an efficient supply chain and distribution network. The Business implemented several initiatives encompassing cost management, supply chain optimisation, smart procurement, alternative fuel usage and productivity improvement through automation which helped in absorbing escalation in input costs, start-up costs of new facilities and strategic investments in brand building for new categories viz. Dairy, Juices, Chocolates and Coffee.

Your Company's Branded Packaged Foods Businesses continued to make significant investments towards brand building and supporting the launch of new variants. Cut-through advertising and brand engagement platforms touching millions of consumers through market development efforts strengthened the market standing of its brands across categories. Your Company's vibrant food brands such as 'Aashirvaad', 'Sunfeast', 'Bingo!',

'YiPPee!' and 'B Natural' amongst others, enable strong forward linkages for domestic agri-value chains, thereby enhancing their competitiveness and making a meaningful contribution to boost farmer earnings. Encouraged by consumer response, your Company is scaling up presence in Juices, Chocolates, Coffee and Dairy in a calibrated fashion.

Relentless focus on delivering superior quality products to consumers remains a key source of competitive advantage for the Branded Packaged Foods Businesses. The 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 products. In addition, each of your Company's branded packaged food products is manufactured in HACCP/ISO-certified manufacturing locations ensuring compliance with all applicable laws and adherence to the highest quality norms.

The Business launched several innovative, distinctive and first-to-market products during the year leveraging robust product development processes, the capabilities of your Company's Life Sciences and Technology Centre and the cuisine expertise resident in your Company's Hotels Business.

Your Company's brands featured prominently amongst India's Most Trusted Brands 2018 in the Brand Equity survey undertaken by The Economic Times, with Sunfeast at No. 6, Aashirvaad at No. 8, Sunfeast YiPPee! at No. 12 and Bingo! at No. 20 under the Food Products Category. Sunfeast and Aashirvaad also featured among Top 100 Most Trusted Brands across all categories.

Several manufacturing units of your Company's Branded Packaged Foods Businesses, competing with both the best within and outside the industry, received various awards and accolades during the year bearing testimony

Your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive products customised to address regional tastes and preferences along with an efficient supply chain and distribution network.

Report of the Board of Directors

to your Company's focus on manufacturing excellence, safety and quality.

Notable awards included 'Platinum' rating for Haridwar biscuits plant at India Manufacturing Excellence Awards by Frost & Sullivan and 'Outstanding Performance in Food Safety Excellence' Award by CII for biscuits plant in Bengaluru demonstrating your Company's commitment to excellence in manufacturing processes and food safety.

Your Company was recognised for 'Overall Procurement Excellence (FMCG)' at the 5th Inflection Summit and Awards organised by Alden Global in association with NASSCOM along with Council of Supply Chain Professionals, USA & Singapore Institute of Materials Management.

Your Company continues to make investments in Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) towards augmenting the manufacturing and sourcing footprint across categories with a view to improving market responsiveness, leveraging fiscal incentives and reducing the cost of servicing proximal markets. New manufacturing lines were commissioned across categories such as Biscuits, Beverages, Noodles, Potato Chips, Finger Snacks at various locations viz. Kapurthala, Trichy, Panchla and Guwahati. These ICMLs are expected to set new benchmarks in quality, productivity and cost efficiency.

Your Company sustained its market standing as the 3rd largest food company in the country (publicly listed) and its brands have been successful in penetrating into one out of every two Indian households.

Your Company continues to enter into new categories and industry segments besides strengthening its existing portfolio of products with new launches. In addition, it experimented with innovative distribution channels to

enhance reach and offer convenience to consumers in line with emerging consumer trends.

- The Staples Business posted yet another year of robust performance growing well ahead of the industry. Aashirvaad atta fortified its market standing across geographies and its leadership position in the industry. Variants in the value-added portfolio such as Multigrain Atta and Select Atta continued to record robust growth driven by higher salience in Modern Trade and e-commerce channels.

Your Company had to contend with increased competitive intensity post the implementation of 5% GST on branded Atta. While it has been the Government's intention to provide relief of nil rate of GST only to small and local manufacturers thereby benefiting consumers with lower priced staple products, many manufacturers have used this distinction in rates as an attractive tax-evasion/ avoidance opportunity by classifying their products as unbranded or with a declaration that 'We hereby voluntarily forego all types of actionable claim or enforceable right in respect of brand name printed on this pack' and continue to market the product with brand names and distinct trademarks. This inequitable GST differential between branded and unbranded players has resulted in market distortion, widening the price gap between national registered brands and local unregistered brands.

It may be recalled that there was a concerted attack on Aashirvaad atta on social media in late 2017-18. Through 360 degree campaigns reassuring consumers and dispelling the baseless rumours surrounding Aashirvaad atta, your Company has been successful in regaining consumer's confidence and reviving growth, especially in the second half of the year. Focused marketing inputs, consumer activations and region-specific interventions

The Business launched several innovative, distinctive and first-to-market products during the year leveraging robust product development processes, the capabilities of your Company's Life Sciences and Technology Centre and the cuisine expertise resident in your Company's Hotels Business.

supported by media investments have enabled Aashirvaad improve on brand health parameters.

Your Company takes utmost care in manufacturing its products at HACCP/ISO-certified manufacturing locations ensuring compliance with all applicable laws and adherence to the highest quality norms. Powered by the trust reposed by over 2.5 crore households, your Company is confident of sustaining Aashirvaad's position as India's No. 1 atta brand going forward.

Supported by its new positioning – sun-dried and made from natural sea salt crystals – backed up by on-ground activations, visibility and media investments, Aashirvaad salt gained traction in key geographies and posted strong performance during the year.

In the branded Spices category, the Aashirvaad range of spices registered robust revenue growth. New blended spices variants were launched catering to regional tastes and preferences such as 'Chicken 65' & 'Mutton Chukka Masala' in Tamil Nadu and 'Garam Masala' in Uttar Pradesh. With extension of the portfolio to the new geographies of North India and Gujarat, Aashirvaad range of spices is now available in most states of India.

- In the Snacks and Meals Business, the Bingo! range of snacks recorded robust growth during the year driven by new product launches, portfolio renovation and extensions, expansion of distribution footprint, tailor-made trade marketing support and consistent and impactful communication. Bingo! sustained market leadership in the bridges segment and Tedhe Medhe emerged as India's most distributed brand in the category. The Business strengthened its product range with the launch of several innovative variants such as Mad Angles Very Peri Peri,

Mad Angles Fillos & Tedhe Medhe Wakhra Style. These products have garnered encouraging consumer traction and are being rolled out to other markets. Bingo! potato chips recorded impressive market share gains and consolidated its leadership position in the South. Bingo! No Rulz, launched in the previous year, continued to gain consumer franchise with its unique value proposition of multiple shapes in a single pack.

In the Instant Noodles category, YiPPee! noodles sustained its growth momentum during the year despite increasing competitive intensity from national and several regional discount players. The Business continued to focus on premiumising its product portfolio and enhancing brand affinity. During the year, the Business launched limited edition variants under the 'My' range sub-brand. Available in four exciting variants, the range has been crafted keeping in mind the taste preferences of young adults and has received good response from consumers.

- The Confections Business continued to premiumise its portfolio and augment its range with the introduction of low-unit packs and channel-specific SKUs to its assortment. In the Biscuits category, the Business consolidated its leadership position in the Super-Premium Creams segment with continued focus on enhancing brand affinity, strengthening the supply chain and expanding distribution reach. Consistent and impactful communication, coupled with focused marketing inputs helped improve penetration and brand health metrics. Dark Fantasy Choco Fills witnessed further acceleration in growth momentum driven by superior product attributes, focused communication and consumer activation. During the year, the Business augmented its portfolio in the rapidly growing Cakes segment through the launch of layered cakes under the Sunfeast Bounce

'Bingo!' sustained market leadership in the bridges segment and 'Tedhe Medhe' emerged as India's most distributed brand in the category.

Report of the Board of Directors

brand and expanded the offerings in the Marie & Cookies segment with the launch of Sunfeast Marie Light Vita & Sunfeast Mom's Magic Choco Chip cookies. Various innovative and first-to-market launches such as Bounce minis and Dark Fantasy Jellifills also led to premiumising the portfolio. Tailored and contextual content on digital platforms were deployed to enhance reach and drive brand imagery.

In the Confectionery category, the Business continued to focus on premiumising its product portfolio with its differentiated and unique offerings at 'Rupee 1 and above' price points with greater thrust on Multi-unit pack portfolio. During the year, the Business augmented its portfolio with the launch of Candyman Tadka Time, a unique first-to-market format of masala coated jelly beans and forayed into bridged chocolate segment with the launch of Candyman Fantastik – an innovative offering of wafer sticks with chocolate crème filling. These products have received encouraging consumer response.

- In the Dairy & Beverages Business, the 'B Natural' range of juices leveraged its 'Not from Concentrate' platform to deepen consumer connect by providing a more nutritive and natural tasting experience whilst simultaneously promoting fruit pulp procured from Indian farmers, thereby supporting the Indian farm and food processing sector. The entire range of B Natural Beverages is 'made with 100% Indian Fruit & 0% concentrate'. The Business also launched a premium range of juices comprising Ratnagiri Alphonso, Himalayan Mixed Fruit and Dakshin Guava in an appealing transparent bottle format providing an exotic and rich fruit experience which has received an excellent initial response from the target consumers. In the Dairy segment, Business extended Aashirvaad pouch milk to Kolkata and Patna, and scaled up presence in existing markets. The product

received excellent response in a relatively short period of time. 'Aashirvaad Svasti' Ghee continues to gain consumer traction and excellent product feedback. The Aashirvaad Svasti portfolio was augmented with the introduction of pouch curd and paneer. The Business also forayed into the Dairy Beverages segment with the launch of four differentiated variants of milkshakes under the 'Sunfeast Wonderz' brand. The product has received encouraging consumer response and is being rolled out to target markets.

- In the Chocolates category, the Business launched a range of premium chocolate bars crafted in two unique product formats – 'Fabelle Soft Centres' (centre filled chocolate bars) and 'Fabelle Choco Deck' (layered chocolate bars) in select markets, which is gaining consumer traction. Presence in the luxury segment portfolio was strengthened by leveraging the world-class Fabelle boutiques, new launches in the boxed chocolate segment and continued communication across key digital media. In the boxed chocolate range, the Business launched India's first Ruby Chocolate, Ruby Gianduja.

'Sunbean' gourmet coffee, which is available across all ITC Hotels, continues to receive excellent response from discerning consumers. The Business is also piloting ready-to-use beaten instant coffee paste in select markets.

A big thrust on India's Food Processing sector can lead to significant job creation, enhance rural incomes and help manage food inflation. In view of the immense potential of this industry, your Company is making significant investments in food processing and remains focused on establishing itself as the 'most trusted provider of food products in the Indian market' driven by superior product quality, a differentiated product portfolio, deep understanding of consumer needs and

Your Company is making significant investments in food processing and remains focused on establishing itself as the 'most trusted provider of food products in the Indian market' driven by superior product quality, a differentiated product portfolio, deep understanding of consumer needs and preferences, R&D, innovation and operational excellence across the value chain.

preferences, R&D, innovation and operational excellence across the value chain. Your Company will continue to make investments towards establishing a distributed manufacturing footprint, driving cost efficiencies in a structural manner and focus on supply chain optimisation to support the rapid and profitable growth of the Branded Packaged Foods Businesses in the years ahead.

Personal Care Products

Your Company's Personal Care Products Business delivered a healthy performance during the year and continued to enhance its market standing in the Hand Hygiene, Fragrance, Bodywash and Skin Care categories. This was driven by sustained focus on innovation, portfolio premiumisation, expansion of distribution reach and proactive cost management.

In the Fragrance category, Engage recorded impressive gains, consolidating its leadership position in the women's segment and No. 2 position overall. The Business continues to garner robust consumer traction in the fast-growing small pack format of pocket perfumes despite intense competition. The Business also launched a new variant namely Mikkil Verde in the Fine Fragrance space under the Essenza Di Wills (EDW) brand.

In the Personal Wash category, new bar soap variants such as Vivel Cool received positive consumer response in the markets of launch. In the bodywash segment, Fiama continued to garner increasing consumer franchise. During the year, the Business introduced Vivel Bodywash in select markets at an attractive price point to offer bar soap users an enhanced bathing experience. Savlon handwash recorded significant gains during the year across brand health metrics and emerged as one of the fastest growing brands in the market.

The Business strengthened its presence in the Skincare space with the launch of 'Dermafique' range of premium skincare products which have been developed at the Company's state-of-the-art Life Sciences and Technology Centre leveraging the latest breakthroughs in bioscience, nanotechnology and derma science. Designed and validated for the Indian consumer, the innovative premium range of products include anti-ageing, specialised hydrating creams, body serum, cleansing and toning products. In the popular Skincare space, the Business restaged 'Charmis' skin cream with a fresh look and enhanced sensorial experience supported by a focussed marketing campaign. The new product innovations and launches in the Skincare space have received encouraging response from target consumers.

Several new and exciting consumer friendly offerings were launched during the year, which include Savlon Hand Sanitizer in a child-friendly pen format and Savlon Antiseptic Liquid in a 'Braille' pack for the visually impaired.

The Business continued to leverage creative brand campaigns and social media platforms towards deepening consumer engagement. Savlon Healthy Hands Chalk Sticks won the coveted 'Creative Effectiveness Grand Prix' at Cannes, a first ever for India. Savlon 'Healthy Hands' Chalksticks initiatives was ranked amongst the top two most effective campaigns in the world by World Advertising Research Center, U.K. (WARC) which recognises excellence in advertising and communication across the world. Savlon won a 'Gold' at the Asia Pacific Effie Awards for unique strategy and execution in Handwash category amongst school children. Winning the prestigious 'Silver Lion' at the 'Cannes Young Lions' competition for marketers, bears testimony to the talent resident amongst our young employees.

The Personal Care Products Business strengthened its presence in the Skincare space with the launch of 'Dermafique' range of premium skincare products which have been developed at the Company's state-of-the-art Life Sciences and Technology Centre leveraging the latest breakthroughs in bioscience, nanotechnology and derma science.

Report of the Board of Directors

During the year, the Business forayed into the Floor Cleaner market with the recently acquired 'Nimyle' brand. Leveraging its 100% natural brand positioning, Nimyle has attained leadership position in West Bengal and is being extended to other parts of India.

Your Company continues to accord the highest priority to manufacturing excellence. The Guwahati facility became the first in the Personal Care industry in India to receive the prestigious Five-S certification by JUSE (Union of Japanese Scientists and Engineers) bearing testimony to your Company's focus on manufacturing excellence, safety and quality.

Your Company continues to strengthen its presence in the Personal Care space in view of the robust long-term prospects of the industry given the low levels of per capita consumption currently, rising disposable incomes, increasing urbanisation and growing consumer preference for enhanced personal grooming. Your Company is well positioned to seize the emerging opportunities 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, the Stationery industry witnessed heightened competitive intensity along with a sharp escalation in paper prices. Despite these challenging conditions, the Business posted robust growth in revenue and sustained its leadership position in the industry anchored on a portfolio of world-class brands and products, and an efficient distribution network.

The Business continued to leverage its dedicated product development cell and your Company's Life Sciences and Technology Centre to develop and launch innovative

and superior products in the market. During the year, the product portfolio was augmented with the launch of several new products including paper and filing solutions, range of vibrant colour options and gift packs under the 'Paperkraft' portfolio and several offerings in the pens category. The Business also scaled up presence in the value segment of the notebook industry through the 'Saathi' brand with a view to consolidating its leadership position.

The Business continued to deepen consumer engagement with the launch of 'MyClassmate' app – a 'Perfect Buddy' to the students offering a range of innovative features and enabling them to traverse their learning journey. The app has received encouraging response from consumers, garnering close to 1.5 lakh downloads. 'Classmateshop.com', a first-to-market initiative that offers consumers the option to personalise the images to be printed on notebook covers, was enhanced through a mobile optimised version. 'Be Better Than Yourself' campaign helped Classmate consolidate its consumer mindshare and preference. The Business continued its association with 'Classmate Spellbee' and 'Classmate activation programmes' in key towns. These engagement programmes collectively reach out to over a million children across 1600 schools.

The concerted efforts of the Business to enhance brand affinity and consumer connect has enabled Classmate to earn the 'Superbrand' status in 2018.

In the area of supply chain, initiatives on quality and cost management through network optimisation yielded superior product quality and enhanced operational efficiency. The thrust on expanding distribution continued with specific focus on institutional channel and enhancing market penetration and outlet coverage. Sales and distribution systems were

The Education and Stationery Products Business continued to deepen consumer engagement with the launch of 'MyClassmate' app – a 'Perfect Buddy' to the students offering a range of innovative features and enabling them to traverse their learning journey.

strengthened further through innovative processes and superior technology interventions.

Classmate and Paperkraft notebooks leverage your Company's world-class fibre line at Bhadrachalam - India's first ozone treated elemental chlorine free facility - and embody the environmental capital built by your Company in its paper business. During the year, the Business scaled up the Paperkraft range of notebooks using Forest Stewardship Council (FSC) certified paper, made at your Company's paper mill, matching the best quality paper in the world. The project for setting up your Company's dedicated manufacturing facility for notebooks is nearing completion. Equipped with state-of-the-art machinery, the facility will enable large-scale automation of processes which is expected to bring in higher operational efficiencies.

The Indian Education and Stationery Products industry is poised for exponential growth driven by growing literacy, increasing enrolment ratios, Government's thrust on the education sector through various policy initiatives like Sarva Shiksha Abhiyan, Right to Education etc. and a favourable demographic profile of the country's population. Your Company, with its strong brands and robust product portfolio, and collaborative linkages with small & medium enterprises is well poised to strengthen its leadership position in the Indian stationery market.

Incense Sticks (Agarbattis) and Safety Matches

The Agarbatti category witnessed premiumisation with consumers seeking better product experience and more culturally relevant fragrances. Apart from the introduction of newer formats and modern fragrances, the industry witnessed heightened media and promotion spends from many regional and local players. Notwithstanding such competitive intensity, Mangaldeep's household penetration increased in urban & rural markets during

the year in both the Agarbatti and Dhoop formats. The brand sustained its position as the second largest brand in the Agarbatti category and a leader in the Dhoop segment.

Mangaldeep enhanced its market standing by focusing on driving brand salience through sharply targeted media investments, on-ground consumer activations and a differentiated and superior product experience. Mix enrichment and cost optimisation initiatives continued to be the other key focus areas for the Business.

The unique and innovative Mangaldeep app, currently available in nine languages on both the Android & iOS platforms, caters to the everyday devotional needs of consumers. The content on the app covers information and steps to perform various pujas, popular devotional songs, panchang (Hindu calendar and almanac), chant counter and temple locator amongst others. The app has garnered over five lakh downloads and enjoys a healthy rating of 4.6/5, which is the highest in the devotional space amongst apps of comparable dimensions. Dwell-time per user has more than doubled over the previous year. The app is being continually improvised to expand the scope of devotional journey of consumers.

The Agarbatti industry continues to import raw battis and bamboo sticks, although bamboo and charcoal – the principal raw materials – are available in India in plenty. This is resulting in loss of livelihood creation opportunities for women and tribals in rural areas, particularly in the North East. In this regard, the Business is indigenising raw batti sourcing, by enhancing domestic manufacturing capacity through technology upgradation and standardisation of processes. Work has also been initiated on augmenting bamboo plantations in the North East region and indigenisation of bamboo stick production, which will encourage manufacture of raw battis from domestic bamboo and facilitate creation of sustainable livelihood opportunities amongst small

‘Mangaldeep’ sustained its position as the second largest brand in the Agarbatti category and a leader in the Dhoop segment.
 ‘AIM’ continues to be the largest selling Safety Matches brand in the industry.

Report of the Board of Directors

and marginal farmers. The Business has also partnered with various State Government bodies to manufacture raw battis & branded finished goods in this regard.

In line with your Company's commitment to enhancing the competitiveness of Indian value chains linked to its operations, the Business has implemented several measures including facilitating the mechanisation of agarbatti manufacturing and backward integration into raw batti manufacturing using indigenous inputs at small scale vendor locations.

While demand conditions in the Safety Matches industry remained sluggish, the Business sustained its market leadership position through portfolio premiumisation and by leveraging a robust portfolio of offerings across market segments. 'AIM' continues to be the largest selling brand in the industry. Inflationary pressures on account of a rise in cost of input materials were mitigated through value engineering and strategic cost management initiatives to maintain profitability.

Lifestyle Retailing Business

The Business continued to execute the structural interventions initiated in the previous year across the value chain including restructuring its retail footprint & rationalising the store network, modifying the design language of its offerings, restructuring the terms of trade with business partners and sharpening working capital management. During the year, your Company divested the 'John Players' trademark/copyright and its variants in the apparel category along with related goodwill.

Trade Marketing & Distribution

Your Company's Trade Marketing & Distribution (TM&D) vertical has, over the years, developed critical insights into customer behaviour and channel-specific trends in the FMCG industry. Given the diverse needs of your Company's FMCG businesses, the TM&D vertical has

crafted a differentiated and comprehensive market / outlet specific strategy to address the opportunities in the FMCG industry.

Your Company's formidable distribution network, which facilitates availability of its products in over six million retail outlets across various trade channels was further strengthened during the year with the addition of more markets and outlets to its servicing base. Market standing of your Company's products improved in the urban areas as your Company continued its customised servicing and engagement programmes for the top outlets. Given the higher growth rates in rural markets, your Company continues to rollout business models and market specific interventions to enhance its footprint in these markets.

During the year, your Company sustained its leadership position in the convenience channel while consolidating its market standing in premium grocery outlets. Your Company's trade loyalty programmes in the grocery channel continued to gain traction during the year.

Your Company's sales continued to grow robustly in the Modern Trade channel driven through focused joint business planning, increased use of customised packs and assortment, higher level of category engagement and continued focus on in-store sell-out activities.

The FMCG e-commerce industry is coming into its own through multiple platforms and is growing at a rapid pace. Your Company continues to strengthen its position in this emerging space through collaborative planning, constant endeavour to drive customisation as required by the online shoppers and through higher discoverability of its offers across various platforms. Your Company will adapt, innovate and collaborate with established and emerging e-commerce players to stay ahead in further evolution of this channel.

Your Company's formidable distribution network, which facilitates availability of its products in over six million retail outlets across various trade channels was further strengthened during the year with the addition of more markets and outlets to its servicing base.

The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, gain valuable consumer/ trade insights, understand the changing trade/ consumer behaviour and provide speed and scale of execution for launches across geographies. During the year, your Company executed more than 50 new product launches across geographies apart from extending distribution reach of several existing products in the portfolio.

Your Company's robust supply chain and logistics capabilities continue to play a vital role in enabling superior market servicing while continuously reducing cost of market servicing. During the year, several initiatives were undertaken to enhance supply chain responsiveness and cost competitiveness. These include reducing distance to market, enhancing flexibility to cater to new launches and contingencies, and reconfiguring market servicing infrastructure. Robust capability of your Company's supply chain enabled it to quickly respond to and overcome the disruptions caused by the unprecedented floods in Kerala during the year. Your Company has also created an end-to-end cold chain catering to the requirements of new categories such as chocolates and frozen snacks. In addition, innovative distribution models were implemented to optimise inventory holding and reduce transit time by increasing direct market servicing. Your Company is also in the process of setting up several state-of-the-art warehouses co-located with the Integrated Consumer Goods Manufacturing facilities. Construction of such modern warehouses, which are expected to provide long-term benefits by improving operating efficiency and enhancing product freshness in the market, is progressing as per schedule.

Technology enablement in the form of customised mobility solutions, data analytics comprising insightful visualisation tools and predictive analysis are being

leveraged increasingly to enable quick and accurate data capture, informed decision making in real time, scientific design of trade inputs and drive sales. With one of the largest distributed workforce in the FMCG industry, your Company continues its focus on human resource competency development, productivity enhancement and sustained engagement.

Your Company continues to invest in augmenting the depth and width of its distribution network while adopting a differentiated approach to address the unique needs of its diverse FMCG product portfolio, market segments and trade channels. With its robust systems and processes, an agile and responsive supply chain, synergies arising from distributing various kinds of products through common channels and relationships built with its channel partners, the distribution highway is a source of sustainable competitive advantage for your Company and is well poised to support the rapid scale up of operations in the ensuing years.

HOTELS

The operating environment in the hospitality sector reflected its growth trajectory with foreign tourist arrivals growing by over 5% in the year 2018. Healthy growth rate in demand along with a lower rate of new supply aided in boosting room realisations. Segment Revenue recorded robust growth driven by increase in average room rates, improvement in occupancy and higher Food & Beverage revenue from existing hotels and addition of new properties to the portfolio. Improved operating leverage, notwithstanding gestation costs of newer hotels in the portfolio boosted profitability.

Your Company's Hotels business remains amongst the fastest growing hospitality chains in the country with over 105 properties under four distinct brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotels' in the Upper-Upscale segment, 'Fortune' in the Mid-market to

During the year, your Company executed more than 50 new product launches across geographies apart from extending distribution reach of several existing products in the portfolio.

Report of the Board of Directors

Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment. The Business continues to focus on strengthening the equity of the ITC Hotels brand anchored on unique and path breaking 'Responsible Luxury' initiatives, culinary excellence and personalisation of guest services through hotels that are the truest representation of the region's culture and ethos.

'Club ITC', your Company's pan-ITC consumer loyalty programme, continues to gain franchise amongst the premium clientele of ITC hotels and WLS. The programme continues to leverage its strategic partnership with Marriott Bonvoy, the combined loyalty programme of Marriott International. The dining loyalty programme, 'Club ITC Culinare', registered robust growth in membership base.

During the year, the Business continued to strengthen 'Book Direct' proposition on digital channels through targeted e-commerce activations for direct conversions, leading to increased reach and engagement with customers in both domestic and international markets. The Business leveraged social media communications to garner approximately 75 million impressions & 8 lakh engagements, thereby amplifying brand messaging and augmenting guest relationships. Key campaigns for the year included those for the launch of ITC Kohenur and ITC Grand Goa Resort & Spa.

The world-class ambience of your Company's luxury hotels continues to be leveraged for the gourmet luxury chocolates range under the Fabelle brand with exclusive boutiques across eight ITC Hotels. In addition to selling Fabelle's packaged luxury chocolates, the Fabelle chocolate boutiques offer a range of exquisitely crafted desserts and cocoa beverages, created live by Fabelle Master Chocolatiers enabling experiences across range, quality and flavours thus establishing the brand position at the luxury end of the market. The 'Fabelle Société

de Chocolat', an exclusive chocolate-making programme designed by the master chocolatiers of Fabelle at ITC luxury hotels for budding chocolatiers and chocolate lovers was further scaled up in the current year. The programme which enables appreciation of the nuances of chocolate making is growing in popularity.

Sunbean gourmet coffee has established itself as the beverage of choice in your Company's luxury hotels. 'Sunbean Ambassadors' – the specially trained in-house master baristas continue to bring alive the brand story supported by delightful creations.

Your Company's Hotels Business sustained its pre-eminent position in the hospitality industry receiving several coveted accolades and recognition during the year. The Travel+Leisure magazine acknowledged ITC Hotels as the 'Best Luxury Hotel Chain', ITC Kohenur as the 'Best New Luxury Hotel (Editor's Choice Award)' and ITC Grand Bharat Retreat as the 'Best Luxury Resort - Domestic' at the 'India's Best Awards 2018'. ITC Grand Bharat Retreat was ranked amongst the Top 50 resorts in Asia by Conde Nast Traveller USA.

The Food & Beverage segment continues to be a major strength of your Company's Hotels Business with some of the most iconic brands in the country. Your Company's culinary brands continue to retain their leadership position with 'Bukhara', 'Dum Pukht', 'Royal Vega', 'Dakshin', 'Avartana', 'Kebabs & Kurries', 'Ottimo', 'EDO', 'Pan Asian' and 'West View' having received the coveted Times Food Award. 'Fabelle' received the Times Food Award as the 'Best Confectionery Destination in the Fine Dining category' in Mumbai, New Delhi, Bengaluru and Chennai & the 'Best Chocolatier' in Kolkata and Hyderabad. Epicurean Guild Awards awarded 'Bukhara' as an 'Iconic Restaurant'; Pan Asian, ITC Maratha – 'Best Multi-Asian restaurant'; and Royal Vega, ITC Grand Chola – 'Best New Indian Restaurant'. 'Avartana', ITC Grand Chola was recognised as the 'Best South

Your Company's Hotels business remains amongst the fastest growing hospitality chains in the country with over 105 properties under four distinct brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotels' in the Upper-Upscale segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.

Indian restaurant’ at Travel+Leisure Delicious Food Awards besides being included in the list of Top 50 restaurants of the year 2018 along with ‘Bukhara’ and ‘EDO’ by Conde Nast Traveller.

Your Company’s Hotels Business continuously strives to reduce water and energy consumption and enhance the usage of renewable energy to meet its overall energy requirements. Such commitment to the Triple Bottom Line is manifest in the Business’s ‘Responsible Luxury’ ethos making it a trailblazer in green hoteliering globally. Overall energy requirements in several ITC hotels are being fully met by renewable energy sources.

In view of the long-term potential of the Indian hospitality sector, your Company remains committed to enhancing the scale of the Business by adopting an ‘asset-right’ strategy that envisages building world-class tourism assets for the nation and growing the footprint of managed properties by leveraging its hotel management expertise. Managed properties now account for more than 50% of room inventory of ITC hotels group. During the year, the Business commissioned ITC Kohenur, Hyderabad. Strategically situated in the heart of HITEC city, in close proximity to the central business and commercial district, the hotel offers the finest accommodation and dining experiences. In its first year of operations, the hotel has been able to establish a pre-eminent position in the luxury hospitality landscape of Hyderabad.

As reported earlier, on 19th March, 2018, the Honourable Supreme Court upheld the sale of the 250-room luxury beach resort located in South Goa operating under the name Park Hyatt Goa Resort & Spa by IFCI Limited to your Company and directed that the hotel property be handed over within six months. Your Company obtained possession of the hotel on 19th September, 2018, and successfully commenced operations under the brand name ‘ITC Grand Goa Resort & Spa’ from

15th October, 2018. With direct access to the pristine Arossim beach, this beach-side, village-styled resort’s architecture draws inspiration from the Indo-Portuguese vintage and a distinctive regional allure that is infused in its service, cuisine, rituals and more - promising a truly immersive experience. Reconfigured with the acknowledged ITC Hotels personalised service design and infused with an improved food and beverage portfolio, the hotel has been well accepted by guests – both domestic and international.

The Business made steady progress during the year in the construction of luxury hotels at Kolkata and Ahmedabad. Construction of ITC Royal Bengal in Kolkata is nearing completion and is expected to be commissioned in the first quarter of 2019-20. ITC Royal Bengal and ITC Sonar together offer one of the largest meetings and convention space in the East with a total of 693 rooms and suites, and appx. 1,00,000 sq. ft. of banqueting space and 15 dining destinations.

In the Upper-Upscale segment, the ‘Welcomhotels’ brand continues to build on the ‘asset-right’ strategy with distinctive brand proposition of addressing traveller needs beyond traditional service design. The Business seeks to scale up the brand going forward with the addition of owned hotels under construction at Amritsar, Guntur and Bhubaneswar along with a robust pipeline of managed properties.

The ‘Fortune’ brand sustained its pre-eminent position in the Mid-market to Upscale segment, with a sharpened brand positioning of ‘*First class, full service hotels - an affordable alternative*’. The Fortune brand presently comprises 47 hotels across 41 cities. The ‘WelcomHeritage’ brand remains the country’s most successful and largest chain of heritage hotels with 34 operational hotels.

Your Company, with continued thrust on ‘asset-right’ strategy, is well-positioned to sustain its leadership

Your Company remains committed to enhancing the scale of the Business by adopting an ‘asset-right’ strategy that envisages building world-class tourism assets for the nation and growing the footprint of managed properties by leveraging its hotel management expertise.

Report of the Board of Directors

status in the Indian Hospitality industry, given its portfolio of world-class properties, iconic cuisine brands and best-in-class levels of service excellence.

PAPERBOARDS, PAPER AND PACKAGING

After a sluggish year in 2017-18 when the industry was affected due to GST transition and ban on sale of liquor in outlets along highways, the Domestic Paperboard, Paper and Packaging Industry, witnessed demand recovery across end-user segments. The restrictions imposed by China on import of mixed waste had a major impact on the global fibre trade and kept international fibre prices at an elevated level, which also reflected in the relatively higher paper and paperboard realisations during the year under review. This was further aggravated by pulp supply disruptions in certain origins and rupee depreciation. Your Company's strategic investments in pulp import substitution, proactive capacity addition in value-added paperboard, process innovations and a cost-competitive fibre chain supported by effective go-to-market strategies helped deliver robust growth in revenue and substantial improvement in profitability.

Paperboards & Specialty Papers

Global demand for Paper & Paperboard in 2018 grew by 1% appx. to 417 million tonnes, with the paperboard segment registering a growth of 2.4% during the same period. Going forward, global demand for Paper & Paperboard is projected to grow at a subdued pace of 1% to 1.5% CAGR driven mainly by Paperboard segment. The growth in the Paperboard segment is expected to be driven by consumer goods, pharmaceuticals and e-commerce. The Writing & Printing and Newsprint segments, on the other hand, are expected to remain under pressure largely due to increasing adoption of digital media and proliferation of smartphone usage.

Domestic demand for Paper & Paperboard was firm during the year, across end-use segments. Over the next five years, domestic industry is projected to grow at 5.5% to 6.5% CAGR to reach 24 million tonnes by 2024 with Paperboard (54% of the market) and Writing & Printing paper (28% of the market) segments estimated to grow at around 7% CAGR and 5% CAGR respectively. Within Paperboards, demand for Value-Added Paperboards (VAP) in India is projected to grow at a healthy rate of around 10.5% CAGR driven by growth in the FMCG, Pharma, Publishing and Food & Beverages industries. In the Writing & Printing paper segment, cut-size paper is projected to register the fastest growth at 9% CAGR, driven by the education and office stationery segments.

During the year, import of paper and paperboard from China, ASEAN and South Korea dropped by 39% while overall imports dropped by 25%. This decline in imports is primarily attributable to higher international fibre prices and imposition of anti-dumping duty on cut-size copier. Given the cyclical nature of the Industry, imports are bound to increase when pulp and product prices soften. In fact, correction in global fibre prices was witnessed in the second half of the year.

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. There is clearly a need to review the current import duty structure and re-examine the existing Free Trade Agreements (FTAs) and the new ones under formulation towards providing a level playing field to the domestic industry and encouraging commercial farming of wood in India. Legislative changes along with appropriate environmental safeguards need to be implemented to enable private sector participation in commercial forestry on drylands and wastelands.

Your Company's strategic investments in pulp import substitution, proactive capacity addition in value-added paperboard, process innovations and a cost-competitive fibre chain supported by effective go-to-market strategies helped deliver robust growth in revenue and substantial improvement in profitability.

Your Company remains a clear leader in the VAP segment and continues to consolidate its preferred supplier position amongst leading end-use customers and brands. Your Company's capacity augmentation in VAP segment at Bhadrachalam mill was commissioned during the year. The machine, equipped with latest technology, is operating at near-full capacity, delivering superior quality board which has been well accepted in the market. During the year, your Company entered the art board market with the launch of 'Safire Graphik Duo' which has received positive response. Furthermore, traction was gained in packaging boards based on renewable and recyclable material. The Business sustained its leadership position in the sale of eco-labelled products, volumes of which grew by appx. 33% during the year.

The Business continues to be a leading quality player in the Writing & Printing paper segment, leveraging strong forward linkages with your Company's Education and Stationery Products Business. In the Specialty Papers segment, the new Décor machine commissioned last year is operating at optimum capacity and the diverse product range has been well accepted by discerning customers. The Décor Papers portfolio was further enhanced with the launch of new surfacing and print base grades.

Your Company continues to source its wood requirements from sustainable sources. Research on clonal development has resulted in introduction of high yielding and disease resistant clones that are adaptable to a wide variety of agro-climatic conditions which aid in securing greater consistency in farmer earnings. In this context, your Company's Life Sciences and Technology Centre is engaged in developing a stream of higher yielding second generation clones with enhanced pest and 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 over 37,000 hectares of plantations involving over 32,000 farmers. During the year, over 97,000 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 complied with all requirements during the year, thereby sustaining your Company's position as the leading supplier of FSC-certified paper and paperboard in India.

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 1,17,000 tonnes of waste paper during the year, thereby sustaining your Company's overall positive solid waste recycling footprint.

Your Company's manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with your Company's focus on sustainable business practices. The Bhadrachalam unit won the prestigious 'National Energy Leader' award under Pulp & Paper sector from Confederation of Indian Industry (CII). Kovai unit received the Energy Efficiency award from CII. Kovai unit and Bollaram unit were awarded with 5-star rating by CII Southern Region for EHS Excellence. Tribeni unit received the award for Excellence in Water Management 2018 from CII.

In line with the objective of enhancing share of renewable energy in its operations, the Business has implemented

Your Company remains a clear leader in the Value-Added Paperboards segment and continues to consolidate its preferred supplier position amongst leading end-use customers and brands.

Report of the Board of Directors

several initiatives including investments in a green boiler, soda recovery boilers, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel. With these initiatives, renewable sources presently account for 42% of total energy consumed at the Bhadrachalam, Bollaram, Tribeni and Kovai units. Your Company has commenced work at Bhadrachalam mill for replacement of conventional Soda Recovery Boilers with the state-of-the-art High Pressure Recovery Boiler. This investment is expected to lead to increased in-house pulp production thereby further reducing our dependence on imported pulp, reduction in carbon footprint through savings in coal consumption and increase in overall share of renewable energy. The project is expected to be commissioned by 2022.

The 46 MW windmill in Andhra Pradesh is wheeling power to various Business units of your Company located in Andhra Pradesh, Telangana, Karnataka, Uttar Pradesh, Uttarakhand and Bihar. Usage of wind energy has led to a reduction of carbon footprint by lowering consumption of coal at Bhadrachalam mill by 35000 tonnes during the year. The regulatory framework for levy of charges and banking of power on inter-state wheeling of renewable energy is still evolving. Consequently, your Company continues to bear charges/levies at multiple points which have adversely impacted the returns on this large investment. Your Company continues to engage with State and Central regulatory authorities towards seeking relief from such additional levies/charges.

The Business continues to make structural interventions in the areas of strategic cost management and import substitution. These include augmentation of in-house pulp manufacturing capacity, efficiency improvements of existing equipment and developing alternative sources of supply for key inputs on an ongoing basis. Capacity

utilisation of Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at Bhadrachalam unit was further scaled up during the year, leading to reduced dependence on imported pulp and thereby cost savings. Innovations in the pulp mill have resulted in higher pulp production and improvement in pulp quality and pulp yield. Initiatives such as bund plantation and plantation in core catchment area in Odisha (Malkangiri) will help in reducing lead distance of wood sourcing for Bhadrachalam mill. In order to ensure that farmers get the right price for their wood produce, Business has introduced system of direct purchases from farmers and enabled online payment to them. More than one lakh tonnes has been procured during the year through this new initiative. Further, farmer helpline has been created to address their concerns, if any.

Your Company has been practising principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade now and has reaped substantial benefits through its Business Excellence initiative. The Business embarked on an 'Industry 4.0' journey last year at Bhadrachalam mill. The initiative has yielded benefits and shown significant potential in improving manufacturing and supply chain efficiencies. Your Company has now initiated large scale implementation of Industry 4.0 focusing on areas such as Internet of Things (IoT), Artificial Intelligence and Advanced Analytics. These interventions will further help in sustaining and enhancing your Company's competitive advantage.

The integrated nature of the business model comprising access to high-quality fibre from the economic vicinity of the Bhadrachalam mill, in-house pulp mill and state-of-the-art manufacturing facilities along with clear market leadership in value-added paperboards, world-class product quality and a robust forward linkage with the Education and Stationery Products Business

The Paperboards & Specialty Papers Business sustained its leadership position in the sale of eco-labelled products, volumes of which grew by appx. 33% during the year.

strategically positions your Company to further consolidate and enhance its leadership status in the Indian Paperboard and Paper industry.

Packaging and Printing

Your Company's Packaging and Printing Business is a leading provider of superior value-added packaging for the consumer packaged goods industry. The Business also provides strategic support to your Company's FMCG Businesses by facilitating faster turnaround for new launches, design changes, ensuring security of supplies and delivering benchmarked international quality at competitive cost.

The Business caters to the packaging requirements of leading players across several industry segments viz. Food & Beverage, Personal Care, Home care, Footwear, Consumer Electronics, Pharma, Liquor and Tobacco. With its comprehensive capability-set across multiple platforms, coupled with in-house cylinder making and blown film manufacturing lines, the Business continues to provide innovative solutions to several key customers in India and overseas.

Amidst intense competition in the marketplace, the Business continued to aggressively pursue new business development across segments and to focus on new product development as a key driver for growth, some of which include antifungal coated cartons, micro-perforation for specific laminates, braille feature for labels and cold seal laminates for chocolates. The Business in close coordination with the Cigarettes Business ensured smooth transition to the new Graphical Health warnings on cigarette packs.

As in previous years, the Business won several awards for operational excellence and creative packaging solutions. During the year, the Business has been recognised as the 'Green Printing Company of the year

2018' and 'Packaging convertor of the year 2018' by Print Week. The Business continues to be acknowledged as a key associate by several large FMCG companies in the country for providing superior packaging solutions. The manufacturing facilities at Tiruvottiyur, Haridwar and Munger maintained 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 9001:2015, ISO 14001:2015, 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, Haridwar Unit received 'Shreshtha Suraksha Puraskar' by National Safety Council of India and 'National Safety Award' by Ministry of Labour and Employment while Tiruvottiyur Unit received 'CII-SR EHS Excellence Award 2018'. The Risk Management Framework of the Business was re-certified under ISO 31000:2009 during the year. The 14 MW wind energy farm in Tamil Nadu, set up in 2008, continues to provide clean energy to the Tiruvottiyur facility, contributing towards reducing your Company's carbon footprint.

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

With world-class technology across a diverse range of packaging platforms, best-in-class quality management systems, intensive investment in skill development and a distributed manufacturing footprint, the Packaging and Printing Business is well positioned to grow its external business while continuing to service the requirements of ITC's FMCG Businesses.

AGRI BUSINESS

Leaf Tobacco

Global production of Flue Cured Virginia (FCV) tobacco registered a further decline of 5.3% in 2018 over the previous year, primarily impacted by continued calibration in China's crop output. After three successive years of decline, Indian crop output in 2018 increased by 6 million kgs. to 218 million kgs. However, it still remains far below the levels of 2014 representing a cumulative drop of over 30%.

Extremely high rates of taxes are levied on Cigarettes in India which apart from impacting domestic legal Cigarette industry, has also resulted in significant pressure on leaf tobacco crop. This, together with declining trend of global cigarette demand and relative strength of the Indian Rupee compared to currencies of competing origins, has culminated in reduced demand for Indian tobacco with leaf tobacco exports declining to a decade low of approximately 180 million kgs. The Indian tobacco farmers are thus exposed to significant demand fluctuations both in Indian and export markets. Stable domestic base would enable the Indian farmer to weather the volatility associated with international market.

Despite such challenging market conditions, your Company consolidated its leadership position as the largest Indian exporter of unmanufactured tobacco with further improvement in market standing. This was achieved through new business development and enhanced value delivery to existing customers by leveraging the Business's expertise in crop development, superior leaf procurement processes and world-class processing facilities. The Business aggressively pursued and acquired new customers to widen the customer base by leveraging long-term supply arrangements and collaborative crop development. The Business continued

to provide strategic sourcing support to your Company's Cigarettes Business meeting all requirements at competitive prices.

Your Company's leadership in sustainability was reinforced with the Business remaining 'carbon positive' in the tobacco farm value chain as per ISO 14064-1 standard for 'Green House Gas (GHG) Management'.

Strategic cost management across the value chain continues to be a key focus area for the Business. The Business implemented several initiatives during the year including improvement in processing yields and manufacturing efficiencies, reduction in specific consumption of power and logistics optimisation to drive down costs. Several Lean and Six Sigma projects covering various facets of business operations - from processing, waste reduction, manpower rationalisation to data analytics - were successfully concluded resulting in improved process efficiencies and cost savings.

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

The Business remains committed to the highest standards of EHS and quality and continues to win recognition in these areas. During the year, the Chirala and Anaparti GLTs received the 'Best Management Award' from Andhra Pradesh Labour Department and the 'Systematic actions towards sustainable Energy Performance' award from Society of Energy Engineers & Managers.

Despite such challenging market conditions, your Company consolidated its leadership position as the largest Indian exporter of unmanufactured tobacco with further improvement in market standing.

A secular decline in crop output and exports as aforesaid along with sustained pressure on domestic legal cigarette volumes due to steep escalation in tax incidence and stringent regulations, have led to severe stress on farmer earnings which have declined by over ₹ 4000 crores in the four years since 2013-14. In addition, emerging trend of New Generation Products (NGPs) viz. ENDS, EVDs, etc. could pose a threat to global leaf tobacco trade. Illicit cigarettes as well as smuggled NGPs in the country are a threat to the Indian leaf tobacco trade as these products do not use Indian tobacco. Accordingly, a more balanced regulatory and taxation regime that cognises for the unique tobacco consumption pattern prevalent in India and the economic realities of the country is the need of the hour to support the Indian tobacco farmer and the 46 million livelihoods dependent on tobacco. Restoring export incentives to earlier levels would also go a long way in enhancing the competitiveness of Indian tobacco exports and contribute to increasing farmer earnings.

The Business will continue to provide strategic sourcing support to your Company's Cigarette Business even as it sustains its leadership position as a major exporter of quality Indian tobacco thereby catalysing the multiplier impact of increased farmer incomes to benefit the rural economy. With its strong R&D capability, modern processing facilities, crop development and extension expertise, and deep understanding of customer and farmer needs, your Company is well poised to sustain its position as a world-class leaf tobacco organisation.

Other Agri Commodities

Domestic food grain production for 2018 crop year stood at 277 million tonnes, representing a muted growth over the previous year. Production of wheat declined by 1.4% to 97.1 million tonnes, rice production increased by 1.2% to 111 million tonnes and coarse cereals production

increased by 3.8% to 45.4 million tonnes. Oilseed production increased by 5.3% to 31.5 million tonnes mainly due to higher soybean output, which increased by 20% to 13.7 million tonnes. Based on current expectations of a normal monsoon in 2019 crop year, food grain production is estimated at around 281 million tonnes.

During 2018-19, world wheat output decreased by 30 million tonnes to about 733 million tonnes mainly due to lower production in European Union, Russia and Australia. Exports from India were negligible due to uncompetitive prices compared to competing origins such as Russia and Ukraine. India witnessed a lower production by 1.4 million tonnes which coupled with increase in government procurement by five million tonnes resulted in a lower surplus available for domestic trade. Further, increased import duty at 30% coupled with marked rupee depreciation made imports unviable. However, release of about eight million tonnes of Wheat under Open Market Sales Scheme (OMSS) presented opportunities for the Business to trade in such Wheat auctioned by the Government.

Soymeal exports from India remained low as Indian meal continued to be uncompetitive due to cheaper supplies from South America and USA. The Business leveraged its geographical presence and risk management capabilities to capture opportunities during the season in domestic trade of Soya bean. The Business also continued to service orders from customers in both domestic and export trade in selected varieties of Rice. The Coffee business continued to export to select markets.

Your Company's deep rural linkages and expertise in agri-commodity sourcing, coupled with differentiation through value-added services of identity preservation, traceability and certification is a critical source of competitive advantage for the Branded Packaged Foods

Your Company's deep rural linkages and expertise in agri-commodity sourcing, coupled with differentiation through value-added services of identity preservation, traceability and certification is a critical source of competitive advantage for the Branded Packaged Foods Businesses.

Report of the Board of Directors

Businesses. Given the volatile market conditions caused by climatic variations, changes in Government policies and global demand-supply dynamics, your Company has invested significantly in building competitively superior agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure. These capabilities and infrastructure have created structural advantages that facilitate competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses. The Business continues to focus on developing capabilities and vectors of differentiation for potential foray into branded consumer and institutional segments while increasing the overall efficiency of procurement and logistics operations by consistently pursuing cost optimisation initiatives and eliminating non value-adding activities.

With regard to Aashirvaad atta, the Business leveraged its wide geographical sourcing network and multiple sourcing models to secure supplies of critical grades with benchmark quality towards meeting the growing requirements of the brand. The Business delivered substantial savings to your Company through efficient logistics management and other cost optimisation initiatives. In recognition of the various supply chain initiatives undertaken by the Business, your Company has been awarded by the Confederation of Indian Industry (CII) with the 'Supply Chain and Logistics Excellence (SCALE)' Award for excellence in supply chain transformation. The Institute for Supply Management (ISM-India) also conferred awards in the areas of Overall Excellence in Procurement, Excellence in use of Technology and Excellence in Risk Mitigation.

The Business continues to collaborate with reputed research organisations such as Indian Agricultural Research Institute, Indian Institute of Wheat & Barley Research, Punjab Agricultural University and Agharkar

Research Institute towards building an efficient and cost competitive agri-value chain. As part of its wheat crop development programme, the Business has facilitated the introduction of location-specific new and improved seed varieties along with appropriate package of practices in nearly 1,50,000 acres across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Punjab, Jharkhand, Madhya Pradesh and Maharashtra. With a view to supporting the future requirements of your Company, the Business continues to focus on deepening capabilities in proprietary crop intelligence, scaling up the sourcing and delivery network, and developing blends based on customer requirements.

The Business leveraged its extensive sourcing network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages to source high quality fruit pulp for your Company's 'B Natural' juices brand. The Business tailored its sourcing and supply chain network to enable migration of the entire B Natural juices portfolio to 'made with 100% Indian Fruit & 0% Concentrate' proposition – a first in the industry, benefitting both consumers through higher retention of natural nutrients as well as the Indian farmers. The Business is working closely with small and marginal farmers across several states in building scale and sourcing options.

During the year, the Business also strengthened its milk procurement network for 'Aashirvaad Svasti' Dairy Products with significant increase in daily milk collection. During the year, the Business expanded its milk sourcing network to Kolkata for Fresh Dairy Products and to Punjab for meeting the requirement of Dairy Beverages under the Brand 'Sunfeast Wonderz'. In this regard, the Business provided farmers with the required infrastructure (such as milking machines, automatic milk testing equipment and chilling units) and package of practices to improve operational

The year also marked your Company's foray into branded packaged frozen snacks under the 'ITC Master Chef' brand in select cities for the retail segment, leveraging the culinary expertise of ITC Hotels.

efficiency and to maintain quality with identity preservation and traceability.

Your Company's Spices Business continued to expand in Food Safe Markets viz. US, EU and Japan, leveraging its strong backward integration and customer focused strategies. Exports of spices grew at a healthy pace driven by the addition of new customers and foray into new markets. During the year, the Business scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner. The Business continues to partner with the various state governments for production of food safe spices. Your Company's Spices Business has maintained an unblemished track record on food safety parameters leveraging its superior processes and custody of supply chain, thereby consolidating its position as a preferred supplier for food safe customers.

The Spices business was awarded 'CII Food Safety Award 2018' for 'Significant Achievement on Food Safety' for its Integrated Sterilisation and Grinding plant in Guntur. As a recognition for the adherence to sustainable farm management practices, the Business also received Rainforest Alliance certification during the year.

The Business was awarded a 'Certificate of Merit' by Spices Board India, Ministry of Commerce & Industry, Government of India recognising meritorious performance in the export of Spices & Spice products.

In the Agri Business, your Company remains focused on enhancing its presence in the high value-added segment. Branded frozen prawns and packaged frozen snacks are some of the recent additions in these high value-added segments. The branded prawns under the 'ITC Master Chef' range are 'Super Safe' frozen prawns which adhere to the same stringent standards prevalent in USA, Europe, and Japan. These products go through rigorous testing (240+ tests) and are 'individually quick frozen' to ensure freshness. Launched in six cities,

leveraging ITC's experience of catering to customers in international markets, the range has been well appreciated for its taste and quality.

The year also marked your Company's foray into branded packaged frozen snacks under the 'ITC Master Chef' brand in select cities for the retail segment, leveraging the culinary expertise of ITC Hotels. The Business continues to expand its footprint in branded apples and potatoes by offering differentiated varieties of low Sugar, antioxidant, baby potatoes and french fry potatoes.

Nearly two decades ago, your Company conceptualised and rolled out the e-Choupal network as a unique delivery mechanism towards enhancing agricultural growth and productivity, and fostering sustainable rural development. Your Company continues to focus on providing a range of value-added services in rural areas towards enhancing the competitiveness of Indian agriculture and playing a critical enabling role in integrating farmers, input vendors and government agencies besides facilitating the necessary market linkages.

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

Your Company believes that it is imperative to take an integrated and holistic view of the agricultural value chain. This requires a joint participatory approach from all the stakeholders such as farmers, input vendors, traders, processors and government agencies. In this regard, the Government's initiative to develop a uniform

Your Company continues to focus on providing a range of value-added services in rural areas towards enhancing the competitiveness of Indian agriculture and playing a critical enabling role in integrating farmers, input vendors and government agencies besides facilitating the necessary market linkages.

Report of the Board of Directors

and suitable legal framework to undertake reforms in marketing of agricultural produce through a Central Agricultural Produce Market Committee (APMC) Act as well as introduction of e-auctions to facilitate transparency of transactions and superior price discovery at the Mandis are welcome steps towards stimulating agricultural growth in the country.

Your Company will continue to leverage the unique e-Choupal platform to serve as a unique delivery mechanism towards enhancing agricultural growth and productivity, and fostering sustainable rural development. The Agri Business, with its deep rural linkages and agri-commodity sourcing expertise, is well positioned to scale up in identified areas that lend to higher value addition while meeting the increasing requirements for high quality agricultural produce thereby creating a unique source of sustainable competitive advantage for your Company's Branded Packaged Foods Businesses.

NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements prepared in accordance with Indian Accounting Standard 110. 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 is also available under the 'Shareholder Value' section of your Company's website, www.itcportal.com, in a downloadable format. During the year, no new subsidiary has been incorporated/acquired. On 10th July, 2018, ITC Global Holdings Pte. Limited, Singapore ('Global'), a subsidiary of your Company which had been under winding up, was dissolved vide the Order of the High Court of the Republic of Singapore. Consequently, Global ceased to be a subsidiary of your Company. The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, can be accessed on your Company's corporate website at <https://www.itcportal.com/about-itc/policies/policy-on-material-subsidiaries.aspx>. Presently, your Company does not have any material subsidiary.

Surya Nepal Private Limited

The economy of Nepal grew by 5.9% during the year ended July 2018 as against 7.4% during previous year, which had a low base due to lingering effects of the devastating earthquake in 2015 and severe trade disruptions in 2016. Pick-up in economic activity following a decade of tepid growth is being supported by ongoing reconstruction, successive favourable monsoons, improved power supply and, expansionary fiscal and monetary policies. As per a recent IMF report, the near term outlook of the economy is favourable and growth is expected to reach 6.5% in the fiscal year ending July 2019. However, the widening current account deficit resulting from exponential increase in trade deficit and a drop in foreign exchange reserves continue to build up external sector vulnerabilities in the economy.

The Government of Nepal continued to focus on policies and reforms towards promoting the country as an attractive investment location by enacting the Foreign Investment and Technology Transfer Act, Public Private Partnership and Investment Act, Consumer Protection Act, etc. While these reforms have the potential to boost investor confidence, it is essential that these policy measures are supported by regulations which enhance the ease of doing business and encourage investment in the country.

During the year, the company's Revenue from Operations at Nepalese Rupees (NRs.) 3576 crores (previous year NRs. 3181 crores) and Profit After Tax at NRs. 945 crores (previous year NRs. 857 crores) recorded a growth of 12% and 10% respectively. The company continues to be one of the largest contributors to the exchequer, accounting for about 3% of the total revenues of the Government of Nepal.

In spite of significant pressures due to the substantial increase in taxation, the company reinforced its market standing by leveraging its strong portfolio of brands, superior product quality and a robust distribution network. During the year, the company's differentiated and innovative offerings such as Surya 24 Carat Arctic Burst received positive consumer response. The relentless focus on developing world-class products anchored on innovation and benchmarked international quality standards is a key source of sustainable competitive advantage for the company.

The persistent pursuit of operational excellence by the company resulted in the manufacturing systems setting benchmarks in sustainability, responsiveness, quality and productivity. The company also continued to strengthen its quality processes and hygiene standards. During the year, long-term agreements were concluded with the employees of Simara and Seratar factory, anchored on the company's philosophy of maintaining harmonious employee relations.

During the year, the company sustained the growth momentum in the Agarbatti business and continued to strengthen its market standing driven by a robust portfolio of offerings catering to all consumer segments. In the Safety Matches business, the company enhanced its market standing and leadership position in both wax and wooden matches segments.

With the objective of creating new drivers of growth, the company completed the launch of confectionery products comprising Hard Boiled Candy, Éclairs, Jelly and Toffee across major geographies of the country during the year. The company's manufacturing facility is at an advanced stage of completion at Biratnagar in eastern Nepal, which would enable scaling up the business through indigenous production of various confectionery products.

The company continues to support and invest in initiatives aimed at enhancing the social and economic capital of the nation including in areas relating to environmental preservation, social empowerment and promoting and improving education in public schools. As part of the ongoing interventions in this area, the company continues to:

- provide assistance to farmers in agro-forestry, agri-infrastructure and vermi-composting in villages situated in the economic vicinity of its operating locations;
- impart training and development to farmers for improvements in productivity and other income generating activities;
- support the animal husbandry sector by facilitating extension services covering animal breeding, health and nutrition in order to drive yield improvement and generate higher returns for farmers;

- promote improvement in quality of education in public schools in the economic vicinity of its operating locations.

The company declared a dividend of NRs. 453/- per equity share of NRs. 100/- each for the year ended 16th July, 2018 (32nd Ashadh, 2075) amounting to NRs. 913.25 crores.

With structural reforms being initiated by the Nepalese Government, the company is well positioned to leverage the investments made over the years to pursue sustainable growth opportunities over the long-term.

ITC Infotech India Limited and its subsidiaries

The IT services industry continues to witness rapid transformation driven by increasing adoption of digital technologies, emergence of new models of customer value delivery, enhanced focus on experience journeys and client demands for efficiency, especially in traditional service lines through automation. The industry is also focusing on creating Centres of Excellence (CoEs), experience and design centers to collaborate with customers and develop proofs of concept and solutions in emerging digital technologies.

The Indian IT- BPM industry witnessed an improvement in performance with an estimated growth of ~8.4% in constant currency dollar terms on the back of strong growth in digital technologies.

Technology spending is witnessing a clear shift in favour of digital technologies, which are estimated to account for 80% of incremental IT spends. With traditional lines of businesses and business models coming under increasing pressure, the fragmented IT Services market is gearing up to meet these challenges by strengthening alternative delivery models and accelerating investments in digital capabilities.

In this context, the company remains focused on providing domain-led digital services and solutions to customers in its targeted industry verticals. The company's revenue growth was fuelled by strong growth in its digital lines of businesses.

During the year, the company's consolidated Total Income was ₹ 2019.91 crores (previous year

Report of the Board of Directors

₹ 1652.10 crores), with Profit Before Tax of ₹ 155.40 crores (previous year ₹ 81.69 crores). Net Profit stood at ₹ 103.90 crores (previous year ₹ 40.42 crores). Revenue growth was driven by increasing traction with existing customers as well as new client additions, especially in digital technologies across the company's focus geographic markets. For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 1212.68 crores (previous year ₹ 1002.93 crores) and Net Profit of ₹ 76.46 crores (previous year ₹ 27.68 crores). For the year under review, the company paid a dividend of ₹ 8.25 per Equity Share of ₹ 10/- each aggregating ₹ 70.29 crores (previous year: ₹ 6/- per Equity Share of ₹ 10/- each aggregating ₹ 51.12 crores).
- b. ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Revenue of GBP 49.11 million (previous year GBP 42.44 million) and Net Profit of GBP 1.57 million (previous year GBP 1.27 million).
- c. ITC Infotech (USA), Inc., (ITC Infotech USA), a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Indivate Inc., recorded Revenue of US\$ 96.98 million (previous year US\$ 88.11 million) and Net Profit of US\$ 3.68 million (previous year US\$ 1.97 million). For the year under review, the company paid a dividend of US\$ 10 per share on 1,82,000 Common Shares (without par value) aggregating US\$1.82 million (previous year: US\$ 8 per share aggregating US\$ 1.46 million).

The company's superior service delivery capability continues to earn global recognition. During the year, the company successfully qualified for CMMI level 5 certification which will further augment the company's processes towards delivering high quality services with predictability. The company was also recognised in the 'Leadership Zone' for Enterprise Software in Zinnov Zones ER&D 2018 report and was recognised amongst 'High Performers' in the HfS Blueprint report on Software Product Engineering Services. During the year, the company's automation capabilities were also acknowledged in the Gartner report on Consulting and

System Integration Service Providers for Robotic Process Automation and in Avasant's report on Intelligent Automation RadarView 2018.

The outlook for the Indian IT Industry in the near term continues to remain uncertain with NASSCOM not providing a forecast growth rate for 2019-2020. The company remains committed to its transformation journey with a sharper focus on providing differentiated, business-friendly offerings to select industry verticals and technology areas. The company will continue to focus on building domain-specific digital solutions across identified areas and driving efficiencies through automation in delivery, investments in developing employees in emergent technologies and other internal processes.

Technico Pty Limited and its subsidiaries

The company continues to focus on upgradation and commercialisation of its TECHNITUBER® Seed technology and customising its application across various geographies. Besides, the company is engaged in the marketing of TECHNITUBER® seed to global customers produced at the facilities of its subsidiaries in China and Canada and Technico Agri Sciences Limited, India, a wholly-owned subsidiary of your Company.

For the year under review:

- a. Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 2.41 million (previous year A\$ 2.52 million) and a Net Profit of A\$ 1.25 million (previous year A\$ 1.45 million).
- 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

The company's leadership in production of early generation seed potatoes and strength in agronomy continues to support the Bingo! range of potato chips of your Company and in servicing the seed potato requirements of the farmer base of your Company's Agri Business.

The year under review continued to remain an extremely challenging one for the seed potato industry.

Potato prices that had remained firm till November 2018 dropped sharply due to excess left over stocks in cold stores as well as the upcoming fresh potato crop. This adversely impacted the seed markets across the country, especially in West Bengal and Gujarat. In spite of such adverse conditions, the company leveraged the strength of its brand, superior product quality, better on-field performance and strong trade and customer relationships to increase its Revenue from Operations to ₹ 160.26 crores (previous year ₹ 76.89 crores) with a Net Profit of ₹ 8.20 crores (previous year (-) ₹ 14.07 crores). Total Comprehensive Income for the year stood at ₹ 8.23 crores (previous year (-) ₹ 14.02 crores).

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') comprising a luxury hotel and a super-premium residential apartment complex situated on 5.86 acres of prime sea-facing land in Colombo.

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 steady progress on construction of the project. Both the hotel and residential towers are progressing as per scheduled timelines. The Experience Centre, showcasing the features of the super-premium residential apartments, was commissioned during the year. The company also launched the sale of its luxury apartments 'Sapphire Residences' – positioned as the best residential address in Colombo, with launch events at Colombo and London. The recent socio-economic stress in Sri Lanka has adversely affected the economic and business environment of the country. The company has put in place appropriate measures to ensure adequate safeguard of its assets and people in Sri Lanka.

Your Company's investment in WLPL stood at US\$ 208 million as at 31st March, 2019.

Landbase India Limited

The company owns 'ITC Grand Bharat' – a 104-key all-suite luxury retreat at Gurugram, which has been licensed to your Company. The Retreat, an oasis of unhurried luxury, is co-located with the company's prestigious Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course.

ITC Grand Bharat has received several accolades, establishing itself amongst the top luxury resort destination hotels in the world. During the year, the property was listed amongst the 'Top 50 Resorts in Asia' by Conde Nast Traveller, USA and was accorded the Editor's Choice Award by Travel+Leisure magazine for the 'Best Luxury Resort – Domestic'.

The Classic Golf & Country Club continued to host various prestigious tournaments and sustained its leadership position in the corporate tournament segment. The Club enjoys strong brand equity with its members, guests and the golfing fraternity and continues to receive the patronage of professional and amateur golfers in the country. During the year ended 31st March, 2019, the company recorded Total Income of ₹ 26.57 crores (previous year ₹ 30.54 crores) and Net Profit of ₹ 3.11 crores (previous year ₹ 9.84 crores). Total Comprehensive Income for the year stood at ₹ 3.13 crores (previous year ₹ 9.89 crores, including a once-off net gain of ₹ 6.88 crores on account of Award for compulsory acquisition of land under the Land Acquisition Act).

Srinivasa Resorts Limited

The company's hotel 'ITC Kakatiya' in Hyderabad continued to face sluggish demand conditions during the year. While room occupancy rates and average room rates remained under pressure, Food and Beverages recorded robust growth.

The company recorded Total Income of ₹ 60.49 crores (previous year ₹ 58.37 crores) for the year ended 31st March, 2019 with Net Loss of ₹ 2.12 crores (previous year Net Profit of ₹ 0.48 crore). Total Comprehensive Income for the year stood at (-) ₹ 2.13 crores (previous year ₹ 0.40 crore).

'Dakshin', the South Indian fine dining restaurant at the hotel, was adjudged the 'Best South Indian Fine Dining Restaurant' at the Times Food Guide Nightlife Award

Report of the Board of Directors

2019 for the 9th consecutive year. 'Dakshin' was also among the Top 3 in the list of Top 10 Restaurants in India and amongst the Top 10 in the list of top 25 restaurants in Asia at TripAdvisor's Travellers' Choice Awards 2018.

During the year, the company's 101-key full service hotel under development on leased land in Amritsar was sold to your Company along with assignment of the leased land on an arm's length basis.

Fortune Park Hotels Limited

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 4,000 rooms spread over 53 properties of which 47 are operating hotels. Of the balance six properties, one is slated to be commissioned in the ensuing year while five are in various stages of development.

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.

During the year, the company bagged the 'Today's Traveller Award 2018' as well as the 'Hospitality India Travel Award 2018' in the 'Best Premier Class Business Hotel Chain' category. It was also awarded the 'Versatile Excellence Travel Award (VETA) 2018' in the 'Best Business Hotel Chain' category by Travelscapes.

During the year ended 31st March, 2019, the company recorded Total Income of ₹ 29.98 crores (previous year ₹ 27.59 crores) and Net Profit of ₹ 6.61 crores (previous year ₹ 1.93 crores). Total Comprehensive Income for the year stood at ₹ 6.63 crores (previous year ₹ 2.05 crores). The Board of Directors of the company has recommended a dividend of ₹ 12.50 per Equity Share of ₹ 10/- each for the year ended 31st March, 2019 (previous year ₹ 12.50 per Equity Share).

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. A comprehensive renovation and expansion programme towards

enhancing the market standing of the hotel is currently underway with the first phase (24 rooms) being commissioned during the year. The second phase of renovation (24 rooms) is expected to be completed over the next year.

During the year ended 31st March, 2019, the company recorded Total Income of ₹ 1.61 crores (previous year ₹ 1.33 crores) and Net Profit of ₹ 1.10 crores (previous year ₹ 0.97 crore). Total Comprehensive Income for the year stood at ₹ 1.10 crores (previous year ₹ 0.97 crore).

The Board of Directors of the company has recommended a dividend of ₹ 70.00 per Equity Share of ₹ 100/- each for the year ended 31st March, 2019 (previous year ₹ 70.00 per Equity Share).

Wimco Limited

The company's business activities comprise fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling including conveyor solutions and engineering services for the FMCG and Pharmaceutical industries.

The company's Revenue from Operations for the year stood at ₹ 9.68 crores (previous year ₹ 8.77 crores) with a Net Profit of ₹ 0.04 crore (previous year (-) ₹ 3.03 crores). Total Comprehensive Income for the year stood at ₹ 0.06 crore (previous year (-) ₹ 3.01 crores).

The company continues to focus on 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. In August 2015, the company commissioned a state-of-the-art facility comprising three biscuit manufacturing lines in Mangaldoi, Assam.

During the year, the company implemented several initiatives which resulted in improvement in operational efficiency and productivity. Such initiatives, coupled with improvement in sales mix and implementation of various cost management initiatives, led to the delivery of strong

financial performance during the year. During the year, the company also received a Capital Subsidy under the North East Industrial & Investment Promotion Policy, 2007 for setting up its unit in Assam, apart from actualising fiscal incentives under the schemes of Central and the State government.

Revenue from Operations for the year stood at ₹ 161.69 crores (previous year ₹ 150.30 crores). The company recorded a Net Profit of ₹ 9.05 crores (previous year ₹ 3.15 crores) while Total Comprehensive Income for the year stood at ₹ 9.12 crores (previous year ₹ 3.30 crores).

Russell Credit Limited

During the year, the company registered Total Income of ₹ 61.35 crores (previous year ₹ 82.88 crores) and Net Profit of ₹ 37.84 crores (previous year ₹ 64.03 crores). Total Comprehensive Income for the year stood at ₹ 65.42 crores (previous year ₹ 89.82 crores). Total Income and Net Profit/Total Comprehensive Income for the previous year included ₹ 33.78 crores and ₹ 18.48 crores respectively attributable to one-off sale of Non-Convertible Preference Shares of ICICI Bank Limited. Temporary surplus liquidity of the company is mainly deployed in bonds, debt mutual funds, bank certificate of deposits and bank fixed deposits. The company continues to explore opportunities to make strategic investments for the ITC Group.

Gold Flake Corporation Limited

During the year, the company registered Total Income of ₹ 4.01 crores (previous year ₹ 3.44 crores) and Net Profit of ₹ 2.86 crores (previous year ₹ 2.37 crores). The company holds 50% equity stake in ITC Essentra Limited – a joint venture with Essentra Group, UK.

Greenacre Holdings Limited

During the year, the company recorded Total Income of ₹ 5.33 crores (previous year ₹ 5.45 crores) and Net Profit of ₹ 1.78 crores (previous year ₹ 1.87 crores). The company continues to provide maintenance services for commercial office buildings.

ITC Investments & Holdings Limited

The company, a Core Investment Company within the meaning of the Core Investment Companies

(Reserve Bank) Directions, 2016, recorded Total Revenue of ₹ 0.06 crore during the year (previous year ₹ 0.06 crore) and Net Profit of ₹ 0.02 crore (previous year ₹ 0.03 crore).

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 Income 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.

Since the operations of the company continue to be adversely impacted pursuant to the said order, the Management has completed separation of the non-managerial staff under the Industrial Disputes Act, 1947.

During the year, the company recorded Total Revenue of ₹ 0.10 crore (previous year ₹ 0.16 crore) and Net Loss of ₹ 0.55 crore (previous year (-) ₹ 0.29 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 ₹ 0.05 crore (previous year ₹ 0.07 crore) and Net Loss of ₹ 0.007 crore (previous year (-) ₹ 0.004 crore).

Report of the Board of Directors

NOTES ON JOINT VENTURES

ITC Essentra Limited

The relentless pressure on volumes of the legal cigarette industry on account of steep taxation regime coupled with intense regulatory burden continues to exert pressure on the demand for cigarette filters.

Despite such challenging business conditions, the company was able to increase its revenue and profits on the back of improved sales mix and various cost management initiatives. The company retained its leadership position of being the preferred supply chain partner for several well-known national and international brands leveraging its core strengths – strong customer relationships, access to world-class innovation, superior execution, consistent delivery and best-in-class quality.

During the year ended 31st March, 2019, on a comparable basis, the company's revenue from sale of products (net of all taxes) stood at ₹ 356.05 crores (previous year ₹ 245.05 crores). Net Profit during the year stood at ₹ 32.79 crores (previous year ₹ 16.45 crores).

During the year, the company scaled up its capability for manufacturing capsule filters to cater to the growth in this segment. Investments continue to be made in technology induction and capability building towards sustaining the company's position as the innovation and quality benchmark in the Indian cigarette filter industry.

In celebration of the company completing 25 years, the Board of Directors has recommended a Special Dividend of ₹ 15 per Ordinary Share in addition to a dividend of ₹ 15 per Ordinary Share of ₹ 10/- each (previous year ₹ 12 per share) for the year ended 31st March, 2019.

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 34 heritage properties across 13 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 2019, the company recorded Total Income of ₹ 3.82 crores (previous year ₹ 4.06 crores) and Net Loss of ₹ 0.14 crore (previous year (-) ₹ 0.33 crore). Total Comprehensive Income for the year stood at (-) ₹ 0.15 crore (previous year (-) ₹ 0.33 crore).

During the year, the WelcomHeritage hotels brand was awarded 'The Best Heritage Hotel Chain' by Golden Star Awards, 'The Best Heritage Hotel Chain' by Today's Traveller and 'Most Preferred Heritage Hotel Chain' by ET Now.

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 upon commissioning of the hotel.

As reported in the previous year, 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 the relevant market.

Your Company continues to explore its options in this regard.

Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2019.

Logix Developers Private Limited

Logix Developers Private Limited (LDPL) is a joint venture between your Company and Logix Estates Private Limited for developing 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 holds 27.9% equity stake in LDPL and will, inter alia, provide hotel operating services, upon commissioning of the hotel by LDPL.

As reported in the previous year, your Company reiterated its position with the JV partner that it was committed to 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 proposed by the JV partner. However, the JV partner refused to progress the project and instead expressed its intent to exit from the JV by selling its stake to your Company.

Subsequently, the JV partner proposed that both parties should find a third party to sell the entire shareholding in LDPL. In view of these developments, your Company had filed a petition before the erstwhile Company Law Board submitting that the affairs of the JV entity were being conducted in a manner that was prejudicial to the interest of your Company and the JV entity. The matter is currently before the National Company Law Tribunal (NCLT). The JV partner had also filed a petition before the Honourable Delhi High Court for winding up the JV company, which was transferred to the NCLT by the Honourable Delhi High Court. The matter was heard before the NCLT on several occasions during the year and hearing for final arguments of the Company has concluded and the matter is scheduled for 27th May, 2019 for the JV partner to conclude its submissions.

During the year ended 31st March, 2019, the company recorded a Net Loss of ₹ 30.09 crores (previous year ₹ 24.87 crores). The Net Worth of the company stood at (-) ₹ 31.98 crores as at 31st March, 2019 (previous year (-) ₹ 1.89 crores). Your Company's total investment in LDPL was ₹ 41.95 crores. In view of the aforesaid developments, your Company had made a provision of ₹ 23.45 crores towards diminution in the carrying value of investment in LDPL in the previous year.

The financial statements of LDPL for the year ended 31st March, 2019 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, 2019 have been prepared based on the financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

International Travel House Limited

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.

During the year ended 31st March, 2019, the company recorded a Total Income of ₹ 210.64 crores (previous year ₹ 207.69 crores) and Net Profit for the year of ₹ 2.68 crores (previous year ₹ 6.95 crores). Total Comprehensive Income for the year stood at ₹ 1.98 crores (previous year ₹ 6.02 crores).

The Board of Directors of the company has recommended a dividend of ₹ 2.50 per Equity Share of ₹ 10/- each for the year ended 31st March, 2019 (previous year ₹ 4.25 per Equity Share).

Gujarat Hotels Limited

The company's hotel, 'Welcomhotel Vadodara', at Vadodara is operated by your Company under an Operating License Agreement.

During the year ended 31st March, 2019, the company recorded Total Income of ₹ 5.66 crores (previous year ₹ 5.02 crores), Net Profit and Total Comprehensive Income of ₹ 4.08 crores (previous year ₹ 3.37 crores).

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, 2019 (previous year ₹ 3.50 per Equity Share).

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 ₹ 23.67 crores (previous year ₹ 23.13 crores) and Net Profit of ₹ 0.31 crore (previous year ₹ 0.66 crore).

The company continued to maintain high levels of operational responsiveness and benchmark quality in its manufacturing operations. During the year, the company was conferred the 'Suraksha Puraskar' by the National Safety Council of India, Platinum Award for Safety Systems Excellence by the Federation of Indian Chambers of Commerce & Industry and '4 Star Rating' for commitment to Environment, Health & Safety practices by the Confederation of Indian Industry (Southern Region).

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Income of ₹ 6.01 crores (previous year ₹ 4.47 crores) and

Report of the Board of Directors

Net Profit of ₹ 4.80 crores (previous year ₹ 3.60 crores). The company continues to explore opportunities to make investments.

Divya Management Limited

During the year, the company recorded Total Income of ₹ 0.57 crore (previous year ₹ 0.49 crore) and Net Profit of ₹ 0.24 crore (previous year ₹ 0.21 crore). The company continues to explore opportunities to make investments.

Antrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.28 crore (previous year ₹ 0.28 crore) and Net Profit of ₹ 0.05 crore (previous year ₹ 0.10 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 your 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 approved by the Board, clearly lays 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 your 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 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.
- 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 accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

Your Company endeavours to continually sharpen its Risk Management systems and processes in line with a rapidly changing business environment. In this regard, it is pertinent to note that some of the key businesses of your Company have adopted the ISO 31000 Standard and the Risk Management systems and processes prevalent in these businesses have been independently assessed to be compliant with the said global Standard on Risk Management. This year two more businesses were assessed for compliance to ISO 31000 Standard. This intervention provides further assurance on the robust nature of risk management practices prevalent in your Company.

The centrally anchored initiative of conducting external independent reviews of key business processes with high 'value at risk' continued during the year. The Risk Management Committee met thrice during the year and 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.

A Cyber Security Committee was set up to provide specific focus on cyber security related risks, primary responsibility being to track emerging practices, vendors and technologies and provide suitable recommendations for enhancing security of the IT systems and infrastructure.

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.

In respect of commodities sourced for use as inputs in its businesses, your Company has well laid out policies to manage the risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics towards making informed sourcing decisions; well defined inventory holding norms based on considerations such as seasonality and the strategic nature of the commodity concerned; entering into long-term contracts with suppliers to secure supply of critical items at competitive

Report of the Board of Directors

cost and continuous diversification of supplier base. Multiple sourcing models, wide geographical spread, extensive supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages ensures sourcing high quality agri-commodities at competitive cost.

Your Company's strategy of backward integration in sourcing of agri-commodities such as wheat, potato, fruit pulp, spices and leaf tobacco; in-house manufacturing of paperboards, paper and packaging (including pulp production and print cylinder making facilities); wood procurement from the economic vicinity of the Bhadrachalam unit, 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 price.

In respect of Agri-commodity trading, your Company has a well laid out policy to manage the risks associated with sourcing of such commodities. This includes:

- segregation of duties and robust internal controls through a system of checks and balances embedded in the organisation and governance structure;
- clearly defined limits for trading position (long and short) and net cash loss for specific commodities/commodity groups;
- mitigation of price, liquidity and counter party risks in respect of commodities such as soya, mustard and chana through hedging on commodity exchanges (mainly NCDEX). Correlation between prices prevailing in the physical market and those on the commodity exchange is analysed regularly to ensure effectiveness of hedging;
- robust monitoring and review mechanisms of net open positions and 'value at risk'.

The combination of policies and processes as outlined above adequately addresses the various risks associated with sourcing of commodities for 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, timely preparation of reliable financial information and compliance with the requirements with respect to related party transactions.

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.

Independent consultants have confirmed compliance of Internal Audit systems and processes with the Standards on Internal Audit (SIA) issued by the Institute of Chartered Accountants of India (ICAI). Although the Standards continue to be recommendatory in nature, such validation evidences the contemporariness of the Internal Audit function.

The Internal Audit function consisting of professionally qualified accountants, engineers and Information Technology (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. Information Technology systems undergo pre-implementation audit before being deployed for usage in businesses, thereby delivering an independent assurance with respect to the rigour of implementation. The usage of data analytics in audits was augmented across the organisation.

Qualified engineers in the Internal Audit function review the quality of design, planning and execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate and yield 'value for money'. Internal Audit continues to use state-of-the-art tools and software for conducting project audits.

Processes in the Internal Audit function have been continuously strengthened for enhanced effectiveness and productivity including the deployment of best-in-class tools for analytics in the Audit domain, certification as complying with ISO 9001:2015 Quality Standards in its processes, ongoing knowledge improvement programmes for staff, etc. The Audit methodology is also designed to validate effectiveness of critical IT controls that are embedded in the business systems, leading to greater alignment with the business process environment.

The Audit Committee of your Board met eight 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 of statutory mandates.

HUMAN RESOURCE DEVELOPMENT

The talent management strategy of your Company focuses on sustaining ITC's position as one of India's most valuable corporations, remaining customer-focused, competitively-superior, performance-driven and future-ready. The initiatives and processes strive to deliver the unique talent promise of Building Winning Businesses, Developing Business Leaders and Creating Value for India. The talent development practices help create, foster and strengthen the capability of human capital to deliver critical outcomes on the vectors of strategic effectiveness, operational efficiency and capital productivity.

Your Company's 'Strategy of Organisation' is based on the approach of distributed leadership enabled through a three-tier governance structure. Such an approach allows businesses, through their management committees, to focus, develop and execute business plans relevant to their product-market spaces while leveraging the institutional strengths of your Company and the opportunities for synergy between businesses.

Your Company's strong employer equity has enabled the attraction and retention of high quality talent. The management trainee programme augmented with

recruitment of high quality talent when required, is an integral part of our leadership pipeline development process. We continue to draw the finest technical, managerial and financial talent from premier institutions in the country and are ranked amongst the leading companies in these institutions. A recent survey conducted by Nielsen amongst MBA students featured ITC amongst the Top 8 most preferred employers. Your Company's intensive engagement with campuses over decades to communicate ITC's talent proposition through case study competitions, knowledge sharing programmes by senior managers and the annual internship programmes have all contributed to create a compelling reason for the best candidates to aspire for a career with ITC.

Your Company's approach to talent development is founded on the belief that learning initiatives must remain synergistic and aligned to business outcomes, emphasise experiential learning, provide an enabling and supportive environment and promote learning agility. Deep functional expertise is fostered through immersion in solving complex customer problems by the application of domain expertise early in managerial careers. Key talent is provided critical experiences in high impact roles and mentored by senior managers. Managers are assessed on your Company's behavioral competency framework and provided with learning and development support to address any areas identified for improvement. As part of your Company's managerial development and capability building strategy, five platform areas have been identified - Strategic, Value Chain, Leadership, Innovation and Human Resources Development. Various programmes have been designed and customised to your Company's requirements under these platforms, delivered by leading international faculty. Learning is further supplemented with on demand, online programmes made accessible to employees through globally recognised content platforms. Your Company's investments in creating an internal technical training infrastructure and academy was recently acknowledged by Frost & Sullivan when the institute, ITC Gurukul, won the 'Project Evaluation and Recognition Program 2018' for 'Enhancing Learning Effectiveness by Leveraging Technology'.

Your Company has further strengthened its performance management system and its culture of accountability through renewed emphasis on Management by

Report of the Board of Directors

Objectives which includes clearly defined goals, outcomes based assessment and even sharper alignment of performance and rewards.

Your Company continued with the practice of periodically assessing employee engagement through a Company-wide survey in 2018. During the year, comprehensive action plans were formulated and implemented which included the launch and strengthening of various recognition initiatives, systems for career dialoguing, employee wellbeing programmes, periodic communication by the leadership teams in each business as well as through the novel digital platform 'Studio One'.

Driven by an ambitious growth agenda, your Company has already commissioned several world-class Integrated Consumer Goods Manufacturing and Logistics facilities across the country and the footprint is in the process of being expanded further. Your Company believes that alignment of all employees to a shared vision and purpose is vital for winning in the marketplace. It also recognises the mutuality of interests with key stakeholders and is committed to building harmonious employee relations. Your Company remains dedicated to an Employee Relations climate of partnership and mutuality while ensuring operations are cost competitive, flexible and responsive. 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 long-term agreements at several of its manufacturing units and hotel properties, ensured smooth commencement of operations at greenfield locations and the execution of productivity improvement practices. Several initiatives have been taken to foster a culture of commitment amongst the demographically diverse workforce in these new facilities.

Your Company believes that the drive for progress is in never being satisfied with the status quo. We are confident that every one of your Company's 27,000 plus employees will relentlessly strive to meet the bold growth agenda, deliver world-class performance, innovate newer and better ways of doing things, uphold human dignity, foster team spirit and discharge their role as 'trustees' of all stakeholders with true faith and allegiance.

Your Company is committed to perpetuate this vitality of ITC – its growth in dimensions and also as a great institution – so that it continues to succeed in its relentless pursuit of creating enduring value.

Details of constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the 'Business Responsibility Report', forming part of Report and Accounts.

WHISTLEBLOWER POLICY

Your 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 leak of unpublished price sensitive information, or any violation of the ITC Code of Conduct, that could adversely impact your Company's operations, business performance and / or reputation. The Policy provides that your 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 your 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 your Company's corporate website 'www.itcportal.com'.

SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

Inspired by the opportunity to sub-serve larger national priorities, your Company redefined its Vision to not only reposition the organisation for extreme competitiveness but also make societal value creation and environmental replenishment 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, social and environmental 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 six 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 carbon positive (for 14 consecutive years), water positive (for 17 years in a row) and solid waste recycling positive (for 12 years in succession).

To contribute to the nation's efforts in combating 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, achievement of international benchmarks in energy and water consumption. During the year, about 41% of your Company's total energy requirements were met from renewable energy sources - a creditable performance given its expanding manufacturing base.

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 mitigating the impacts along the value chain of each business.

Your Company's 15th Sustainability Report, published during the year details the progress made across all dimensions of the 'Triple Bottom Line' for the year 2017-18. This report is in conformance with the Global Reporting Initiative (GRI) standards 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 16th Sustainability Report, covering the sustainability performance of your Company for the year 2018-19, is being prepared in accordance with the GRI Standards and will be made available shortly.

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

Corporate Social Responsibility (CSR)

Your Company's overarching commitment 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, your Company adopted a comprehensive CSR Policy in 2014-15 outlining programmes, projects and activities that your Company plans to undertake to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Schedule VII read with 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:

- Deepen engagement in identified core operational geographies to promote holistic development and design interventions in order to respond to the most significant development challenges of your Company's stakeholder groups.
- Strengthen capabilities of Non-Government Organisations (NGOs) / Community Based Organisations (CBOs) in all the project catchments for participatory planning, ownership and sustainability of interventions.
- Drive the development agenda in a manner that benefits the poor and marginalised communities in your Company's factory and agri-catchments, thereby significantly improving Human Development Indices (HDI).
- Ensure behavioural change through focus on demand generation for all interventions, thereby enabling participation, contribution and asset creation for the community.
- Continue to strive for scale by leveraging government partnerships and accessing the most contemporary knowledge / technical know-how.

Report of the Board of Directors

Your Company's stakeholders are confronted with multi-dimensional and inter-related concerns, 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 projects is spread over 27 States/Union Territories covering 235 districts.

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme greened 33,982 acres during the year. It is currently spread across 16 districts in six States covering 3.29 lakh acres in 5,087 villages, impacting over 1,21,557 poor households. Together with your Company's Farm Forestry programme, this initiative has greened nearly 7.33 lakh acres till date, and generated about 135 million person days of employment for rural households, including poor tribal and marginal farmers. Integral to the Social Forestry programme is the Agro-Forestry initiative, which cumulatively extends to over 1.12 lakh acres and ensures food, fodder and wood security.

Besides enhancing farm level employment, generating incomes and increasing green cover, this large-scale initiative also contributes meaningfully to the nation's endeavour to create additional carbon sinks for tackling climate change.

In addition to the above, the Social and Farm Forestry initiative of your Company, through a multiplier effect, has led to improvement in pulpwood and fuelwood availability in Andhra Pradesh, Telangana, Karnataka, Chhattisgarh and Odisha. In the state of Tripura, this initiative is also creating bamboo wood source that is suitable for agarbatti manufacturing.

Soil and Moisture Conservation

The Soil and Moisture Conservation programme aims to ensure water security for all stakeholders in the factory catchments and to drought-proof the agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. The programme promotes the development and management of local water resources in moisture-stressed areas by facilitating community

participation in planning and implementing measures such as building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 43 districts of 15 States. During the year, the area under watershed increased by 1,37,105 acres, taking the cumulative coverage area till 2018-19 to over 10.12 lakh acres. 2,646 water-harvesting structures were built during the year, creating 3.39 million kilolitres of rainwater harvesting potential, taking the total number of water harvesting structures to 15,086 and total net rainwater harvesting potential to 34.64 million kilolitres.

Biodiversity

The focus of the programme is on reviving ecosystem services provided to agriculture by nature such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered 5,937 acres in seven states and 18 districts, taking the cumulative area under biodiversity conservation to 22,031 acres. While the conservation work is being carried out in select plots of village commons, this intervention significantly benefits agricultural activity in the vicinity of these plots through soil moisture retention, carbon sequestration and by acting as hosts to insects and birds.

Sustainable Agriculture

The Sustainable Agriculture programme attempts to de-risk farmers from erratic weather events through the promotion of climate-smart agriculture premised on dissemination of relevant package of practices, adoption of appropriate mechanisation and provision of institutional services. Currently, 3.95 lakh acres are covered under the programme, which has a significant multiplier effect in terms of adoption by the farming community. During the year, knowledge was disseminated through 4,747 Farmer Field Schools and Choupal Pradarshan Khets benefiting around 1.34 lakh farmers. 351 Agri Business Centres delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire. In pursuit of your Company's long-term sustainability objective of increasing soil organic carbon, a total of 3,169 compost units were constructed during the year taking the total number till date to over 40,699 units.

The 'Village Adoption Programme' pioneered by your Company's Agri Business presently covers 250 model villages in the states of Andhra Pradesh, Karnataka, Telangana and Rajasthan. This initiative is aligned to the Prime Minister's Sansad Adarsh Gram Yojana (SAGY), an initiative to promote holistic rural development. Your Company had entered into a partnership with NITI Aayog in April, 2018 to improve agriculture and other allied services in 27 aspirational districts of eight states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh). The plan was to train government officers who, in turn, would cascade the methodology to farmers. During the year, your Company succeeded in creating 402 block level agri-officers as Master Trainers (MT), who in turn trained 2,259 village level personnel as Village Resource Persons (VRPs) to train farmers directly. These VRPs have so far covered 2.05 lakh farmers in package of practices appropriate for the dominant crop of the region.

Livestock Development

The programme provides an opportunity for farmers to improve their livestock based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices. The programme provided extension services, including breeding, fodder propagation and training of farmers in six States and 21 districts. During the year, 1.46 lakh artificial inseminations (AIs) were carried out which led to the birth of 0.62 lakh high yielding progeny. Cumulatively, the figures for AIs and calving stand at 23.67 lakh and 8.13 lakh respectively.

Your Company is also working with dairy farmers in Bihar and Punjab to improve farm productivity through several extension services and to facilitate higher milk production. Qualified teams comprising veterinarians and para-veterinarians have been deployed to facilitate animal breeding, animal nutrition and animal health services towards improving farm productivity and promoting commercial dairy farming among farmers. During the year, 1.29 lakh cattle of 55,074 dairy farmers across 426 villages in six districts of Bihar were supported through training programmes on clean milk production, mastitis control and animal husbandry services like deworming, ectoparasite control, etc.

Women Empowerment

This initiative provided a range of gainful employment opportunities to over 64,000 poor women cumulatively, supported with capacity building and financial assistance by way of loans and grants. Included in the total are 22,700 ultra-poor women in your Company's core catchments, who have access to sustainable sources of income through non-farm livelihood opportunities. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was rolled out in 765 villages across 11 districts during the year.

Education

The Primary Education Programme aims to provide children from weaker sections of society in your Company's factory catchments access to education with focus on learning outcomes and retention. Operational in 24 districts of 14 states, the programme covered 1.15 lakh children during the year, thus taking the total coverage to around 6.91 lakh children. In addition, nearly 27,000 children were covered through support in teaching and learning material. 199 government primary schools were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units, and furniture, taking the total number of government primary schools covered till date to 1,802. To ensure sustainable operations and maintenance of infrastructure provided, 682 School Management Committees were strengthened and 566 Child Cabinets and Water and Sanitation (WATSAN) Committees cumulatively were formed in various schools with the active involvement of students and teachers.

Skilling & Vocational Training

The Skilling & Vocational Training programme provides training in market linked skills to youth to enable them to compete in the job market. 12,172 youth were enrolled under different courses during the year of which 44% were female and 36% belonged to the SC/ST communities. The programme is operational in 32 districts of 17 States. In addition, 785 youth were trained with requisite skills and provided increased opportunities for entrepreneurial development.

The Company continues to work with the Welcomgroup Graduate School of Hotel Administration (WGSHA) together with Dr TMA Pai Foundation to cater to the

Report of the Board of Directors

ever-growing need for professionally trained human resources in the hospitality industry. In addition, since the inception of ITC Culinary Skills Training Centre, Chhindwara in 2014, 103 trainee chefs have successfully completed the six-month programme wherein cooking skills are imparted to youth from economically marginalised communities.

Health & Sanitation

Your Company continues to adopt a multi-pronged approach towards improving public health and hygiene. To promote a hygienic environment through prevention of open defecation and to reduce incidence of water-borne diseases, 4,443 Individual Household Toilets (IHHT) were constructed in 26 districts of 15 States in collaboration with the respective State Governments/District sanitation departments. With this, a total of 35,916 IHHTs have been constructed so far in your Company's catchment areas. In addition, 32 community toilets were constructed/renovated in Bihar, West Bengal and New Delhi during the year, taking the cumulative to 62. Along with sanitation infrastructure development, special focus was given to awareness campaigns to create demand and drive behavioural change.

To make potable water available to local communities in three districts of Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in villages with poor quality water. 26 new RO plants were established in 2018-19 taking the total to 127, which provide safe drinking water to over 150,000 rural people.

The Company continued to enhance awareness on various health related issues through a network of 415 women Village Health Champions (VHCs) who covered nearly 3.22 lakh women, adolescent girls and school children during the year. The programme is operational in seven districts of Uttar Pradesh and four districts of Madhya Pradesh. The VHCs conducted over 7,000 village meetings and participated in over 4,000 group events, apart from making door-to-door visits focusing on aspects like sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition.

Through your Company's 'Swasth India Mission', a combination of audio-visual aids, games and practical

training was leveraged to encourage healthy hygiene habits. Nearly 19.2 lakh children from around 5,247 schools in 60 cities in 12 states were covered during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to all the students covered in these 5,247 schools.

Over 77,000 beneficiaries were covered under Mother and Child Health initiative aimed at improving the health-nutrition status of women, adolescents and children in the catchments of a few of your Company's factories with high maternal and infant mortality indices. This was achieved by strengthening institutional capacity, promoting greater convergence with existing government schemes and increasing access to basic services on maternal, child, and adolescent health, nutrition and child protection.

Solid Waste Management

Your Company's waste recycling programme, 'WOW – Well-Being Out of Waste', enables the creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. The programme continued to be executed in Coimbatore, Chennai, Bengaluru, Delhi, Muzaffarpur (Bihar), several districts of Telangana and Andhra Pradesh and now expanded to Mysuru and Chikmagalur districts during the year. The quantum of dry waste collected during the year was 51,696 tonnes from 651 wards. The programme has covered 89 lakh citizens, 48 lakh school children and 2,000 corporates since its inception. It creates sustainable livelihoods for 14,745 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. The intervention has also created over 178 social entrepreneurs who are involved in maximising value capture from dry waste collected.

In addition to WOW Programme, another programme on solid waste management which deals with both dry and wet waste has spread to 15 districts of 10 States covering 2.12 lakh households and collected 12,608 tonnes of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by 10,892 households. Under this programme, in 2018-19, 8,462 tonnes of wet waste was composted,

2,383 tonnes of dry waste recycled and only 14% of the total waste was sent to landfills.

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA), which was established in 1977, is an embodiment of your Company's sustained commitment to a priceless national heritage. The Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC SRA in furthering its objective of preserving and propagating Hindustani classical music in the age-old principle of the 'Guru-Shishya Parampara'. The eminent Gurus of the Academy, most of whom reside in the Academy's campus, impart intensive training and quality education in Hindustani Classical Music to the Scholars. The present Gurus of the Academy are Padma Shri Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar. The Academy's focus continues to be on nurturing exceptionally gifted students selected from across India through a system of multi-level audition. Full scholarship is provided to them to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians. The creation of the next generation of masters of Hindustani classical music for the propagation of a precious legacy continues to be the Academy's objective.

Forging Partnerships with NGOs

The meaningful contribution made by your Company's Social Investments Programme 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, DSC, FES, DHAN Foundation, MYRADA, Pratham, SEWA Bharat, Outreach, WASH Institute 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 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 & practices and verified 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 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. Accordingly, all factories incorporate appropriate green features and premium luxury hotels and office complexes continue to be certified at the highest level by either the US Green Building Council, Indian Green Building Council or the Bureau of Energy Efficiency (BEE).

Report of the Board of Directors

Despite capacity augmentation during the year in FMCG, Hotels and Paperboards Businesses, about 41% of your Company's total energy requirements were met from renewable sources such as biomass, wind and solar.

Your Company continues its efforts to achieve a 50% renewable energy share in its total energy consumption based on a mix of energy conservation and renewable energy investments, despite significant enhancement in its scale of operations going forward.

Water Security

With water scarcity increasingly becoming an area of serious concern, your Company continues to focus on an integrated water management approach that includes water conservation and harvesting initiatives at its units – while at the same time working towards meeting the water security needs of all stakeholders at the local watershed level. Interventions have been rolled out to improve water-use efficiencies by adopting latest technologies and increasing reuse and recycling practices within the fence while also working with farmers and other community members towards improving their water-use efficiencies. The supply side interventions include enhancing capture and storage of rainwater (in soil and storage ponds) and recharging aquifers. These initiatives have resulted in the creation of rainwater harvesting potential that is over three times the net water consumption of your Company's operations.

Greenhouse Gases and Carbon Sequestration

The greenhouse gas (GHG) inventory of your Company for the year 2018-19 compiled as per the ISO 14064 Standard has been assured, as in the earlier years, at the highest 'Reasonable Level' by an independent third party.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', premium luxury hotels of your Company are Leadership in Energy & Environmental Design (LEED®) Platinum certified, making it a trailblazer in green hoteliering globally. Your Company is a pioneer in the green buildings movement. In 2004, the ITC Green Centre at Gurugram was certified as the largest platinum rated building in the world by the US Green Building Council (USGBC-LEED).

ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest

LEED® Platinum certified green hotels, besides holding a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC.

Several of your Company's factories and office complexes have also received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from USGBC and star ratings from the Bureau of Energy Efficiency (BEE). Large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate your Company's commitment to green buildings. To date, 24 buildings of your Company have achieved Platinum certification by USGBC/IGBC. In order to continually reduce your Company's energy footprint, green features are integrated in all new constructions and also incorporated in existing hotels, manufacturing units, warehouses and office complexes.

Over twice the amount of Carbon Dioxide emissions from your Company's operations, are being sequestered through its Social and Farm Forestry initiatives. Besides mitigating the impact of increasing levels of GHG emissions in the atmosphere, these initiatives help greening of degraded wasteland, prevent soil erosion, enhance organic matter content in soil and enhance 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 the associated problems of soil and groundwater contamination and GHG emissions, all of which can adversely 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 89% of the total waste generated in your Company, recycling 99.9% of the total waste generated by its operations. During the year, this

Business also recycled around 89,000 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Circular Economy Approach to Plastic Packaging

ITC aims to go beyond the requirements of Plastic Waste Management Rules, 2016 to ensure that, over the next decade, 100% of packaging is reusable, recyclable or compostable. Your Company is working towards optimising packaging in a way that it reduces the environmental impact arising out of post-consumer packaging waste without affecting integrity of the product. This is being done in a structured manner by optimising design, identifying alternative packaging material with lower environmental impact and suitable end-of-life solutions for packaging waste. ITC is also working towards establishing scalable, replicable and sustainable models of municipal solid waste management based on circular economy principles. ITC's approach is centred around treating waste as a resource and ensuring that zero waste goes to landfill, which can be achieved only when waste is segregated at source. These initiatives focus on educating citizens on segregating waste at source into dry and wet waste streams and ensuring that value is derived from these resources and in the process create sustainable livelihood for waste collectors and rag-pickers. These models operate on a public-private partnership basis with active involvement of Urban Local Bodies, Civil Society and the informal sector of waste collectors.

Under its flagship 'Well-Being Out of Waste' (WOW) programme running across various cities in Karnataka, Bihar, Delhi, Tamil Nadu, Andhra Pradesh and Telangana, around 16,000 tonnes of post-consumer plastic waste including around 7400 tonnes of Low Value Plastics (LVP), comprising of multi-layered plastic and thin films, is being collected annually. In 2018-19, your Company also launched an LVP waste collection programme in Pune in collaboration with SWaCH, a cooperative of waste pickers with decade long experience in implementing source segregation and door-to-door collection in Pune. The collection programme was operationalised in January 2019 and has successfully started channelising post-consumer LVP waste to an authorised recycler and is targeting a collection of around 200 tonnes of LVP waste per month.

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 has been to institutionalise safety as a value-led concept with focus on inculcating a sense of ownership at all levels in order to drive behavioural change. In line with this approach, several of your Company's operating units are progressively implementing behaviour-based safety initiatives and customised risk assessment supported by planned job observation programmes to strengthen their safety culture.

Your Company continuously strives to improve on safety performance by incorporating best-in-class engineering standards in the design and project execution phase itself for all investments in the built environment, besides optimising costs. Environment, Health & Safety audits before commissioning and during the operation of units continue to be 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 endeavour to promote sustainable business practices amongst Indian enterprises. The major highlights during the year include the following:

- The 13th edition of the Centre's flagship event, the 'Sustainability Summit: Everyone's Future', was held on 6th & 7th September, 2018 in New Delhi with focus on the 'Circular Economy Mission' (CEM) under the European Union Resource Efficiency Initiative. Key dignitaries included Dr Harsh Vardhan, Minister for Environment, Forest & Climate Change, Science & Technology, and Earth Sciences, Mr Suresh Prabhu, Minister of Commerce & Industry and Civil Aviation, Mr Hardeep Singh Puri, Minister for State (I/C) Housing and Urban Affairs, Mr Karmenu Vella, Commissioner for Environment, Maritime Affairs and Fisheries, European Commission and Mr Sanjiv Puri, ITC Limited. 80 delegates from 16 different countries with their representatives from industry, business associations and academia as well as research institutions were present at the EU-CEM.

Report of the Board of Directors

- The circular economy guidebook for CEOs, titled 'Circular Economy: A New Source of Competitiveness', which discusses alternatives to current business models by adopting the concept of circular economy, was launched at the Sustainability Summit.
- A high-level B2G Partnership Conclave on Sustainable Development Goals (SDGs) was jointly organised by the Centre, NITI Aayog and the UNDP. The conclave focused on three core areas— water, energy and green industry—which have been identified as fast tracks for the 2030 Agenda. Key dignitaries included Mr. Raj Kumar Singh, Hon'ble Minister of State (I/C), Power and New & Renewable Energy and Mr. Amitabh Kant, CEO, NITI Aayog. A three-year partnership MoU was signed between CII and NITI Aayog at the Conclave. This partnership aims to showcase the efforts of Indian businesses to the Government and the UNDP, increase awareness amongst businesses, share best practices and build a tracking mechanism for further improving industry engagement to achieve SDGs by 2030. The Centre also launched a report during the event titled 'Indian Solutions for the World to Achieve SDGs'.
- The Centre's India Business & Biodiversity Initiative (IBBI) participated in the Business & Biodiversity Forum of the 14th Meeting of the Conference of the Parties (COP 14) to the UN Convention on Biological Diversity (CBD) held in Sharm El Sheikh, Egypt from 17th to 29th November 2018 with the theme of 'Investing in biodiversity for people and planet'. The Centre took an Indian industry delegation to participate in the forum to present Indian companies' initiatives and best-practice case studies on mainstreaming biodiversity into the sectors of energy, mining, infrastructure, manufacturing and processing and health.
- The Centre organised a session on voluntary climate adaptation framework for industry at the 24th Conference of Parties under United Nations Framework Convention on Climate Change (COP24) held at Katowice, Poland in December 2018.
- The 13th CII-ITC Sustainability Awards 2018 took place in December 2018. Since 2006, 878 businesses have applied for the Awards, of which 275 have been

recognised so far. In 2018, out of 77 applicants, 39 companies were declared winners in various categories.

- The Centre promoted capacity building in sustainability through a range of training and consulting assignments. In 2018, almost 2,000 participants were covered through 75 programmes, conducted both in India and abroad. Topics included Value Innovation, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, Cluster Platform for Transformative Solutions, Human Rights and Biodiversity.

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's Life Sciences & Technology Centre (LSTC), Bengaluru, continues to focus on its mandate to develop unique sources of competitive advantage and build future readiness. LSTC seeks to achieve this by harnessing contemporary advances in several relevant areas of science and technology and blending the same with classical concepts of product development often leveraging cross-business synergies. Competencies are constantly evolving at LSTC as it strives for scientific rigour at par with the best our global competitors have to offer. LSTC is resourced with 350 highly qualified scientists, world-class measurement systems and state-of-the-art facilities to conduct experimental research, rapid prototyping and process development. Several Centres of Excellence have been established over the past few years in these areas in LSTC. In addition, a number of areas centred around these capabilities have secured global quality certifications.

The Agrisciences R&D team continues to engage in evaluating and introducing several germplasm lines of identified crops including Casuarina and Eucalyptus to increase the genetic and trait diversities in these species. This intervention would facilitate the development of new varieties with higher yields, better quality and other traits relevant for your Company's businesses. These new lines are being introduced commercially and will enable farmers increase their revenues and earnings

significantly on account of productivity gains and improved disease resistance. Besides pulpwood species, the Agrisciences team continues to focus on delivering world-class solutions using contemporary technologies in crops such as wheat, soya, potato and rice. This includes evaluating and building research collaborations with globally recognised centres of excellence with a view to accelerating the journey towards demonstrating multiple 'proofs of concept'. These collaborations, covering identified crops and 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 crops that are more adaptable to varied agro-climatic conditions thereby providing farmers relatively safer and more profitable alternatives, whilst helping secure your Company's supply chain and contributing to the vitality and competitiveness of your Company's Branded Packaged Foods Businesses. Further, these outcomes have a strong potential to contribute towards augmenting the nation's ecological capital and biodiversity as well.

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. In keeping with the above, during the year, your Company launched a variety of potatoes which are low in sugar content and rich in antioxidants. LSTC's Biosciences team has designed and developed several long-term research platforms for 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. Consumer insight driven 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. Several of these initiatives have completed clinical assessment of safety and efficacy of products in line with global standards and specifically for the Indian population. These interventions will go a long way in enabling your Company to become a world-class producer of

nutritionally superior food products in the near-term. Similar advances have been made in the skin care, hair care and health/hygiene arena. New best-in-class initiatives, such as data analytics, consumer experience labs and Industry 4.0 are being seeded across LSTC with a view to further strengthen your Company's long-term competitiveness. Intellectual properties arising from these efforts have also been secured as appropriate and as of 31st March, 2019, your Company has filed 836 patents. The product development teams at LSTC were instrumental in developing over 50 unique products that were launched during the year by our FMCG Businesses.

LSTC has a clear vision and road map for long-term R&D, backed by a well-crafted Intellectual Property strategy. With scale, speed, science and sustainability considerations, LSTC is poised to deliver long-term competitive advantage 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 Rating System' (PQRS) which measures competitive superiority of your Company's product offerings.

Report of the Board of Directors

PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

In the proceedings initiated by the Enforcement Directorate in 1997, 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.

In respect of some of the remaining memoranda, your Company filed writ petitions, challenging their validity before the Honourable Calcutta High Court, which have been allowed, and the proceedings in respect of these memoranda have been quashed. 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.

The first half of the financial year witnessed a sharp spike in global price of crude oil leading to concerns on retail inflation and the Government's ability to adhere to the fiscal deficit target. Further, exit by Foreign Institutional Investors from the capital markets led to currency depreciation, which accentuated the negative sentiment. In response, RBI increased policy interest rates. In addition, credit growth outpacing deposit growth, increase in currency holding by the public and default in debt repayment by a large non-banking finance company contributed to volatility and increase in market interest rates. In the second half of the financial year, market concerns started to abate as price of crude oil corrected significantly and domestic retail inflation remained anchored within the targeted range. Consequently, market interest rates normalised, supported by RBI reducing policy interest rates and infusing unprecedented amount of liquidity into the Banking system through open-market purchase of Government Securities.

All investment decisions relating to deployment of surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. Treasury operations focused on proactive rebalancing of portfolio duration and mix in line with the evolving interest rate environment.

Your Company's risk management processes ensured that investment of surplus liquidity was made after proper evaluation of underlying risk while remaining focused on capturing market opportunities.

US\$ strength was a dominant theme in global currency markets during the year, attributed to a strong US economy (pick-up in economic growth, decline in unemployment rate) and monetary policy normalisation by the US Federal Reserve through interest rate hikes. By mid-October, the Indian Rupee (INR) depreciated by over 14% against the US\$ (from 65 to 74.48). Other factors, which contributed to Rupee weakness include widening Current Account Deficit and global risk aversion due to economic/political crisis in some of the Emerging Markets. Thereafter, as global risk sentiment towards Emerging Markets improved, Rupee regained some of the losses to close the year at ₹ 69.16. In this scenario, your Company adopted a proactive forex exposure management strategy, which included the use of foreign exchange forward contracts and plain vanilla options to protect business margins and reduce risks/costs.

As in earlier years, commensurate with the size of the temporary surplus liquidity under management, treasury operations continue to be supported by appropriate control mechanisms, including 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, 2019, there were no deposits due for repayment except in respect of two 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. Yogesh Chander Deveshwar, Chairman of the Company since 1st January, 1996, passed away on 11th May, 2019. Your Directors express their sincere condolences on the demise of Mr. Deveshwar and place on record their deep appreciation for his legendary stewardship of the Company for more than two decades.

Spearheading a journey of stellar growth, Mr. Deveshwar's leadership transformed ITC into a valuable and admired multi-business conglomerate with a robust portfolio of front-ranking businesses in FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business. His vision to make societal value creation a bedrock of corporate strategy also led ITC to become a global exemplar in sustainability and the only company in the world of comparable dimensions to be carbon positive, water positive and solid waste recycling positive for over a decade, creating over six million livelihoods, many of whom represent the most disadvantaged in society.

Mr. Deveshwar's outstanding contribution and foresight helped in creation of world-class Indian brands which capture and retain larger value in the country and national assets in the form of intellectual property, state-of-the-art manufacturing facilities and iconic hospitality properties. Mr. Deveshwar's inspiring vision will continue to guide your Company in the journey ahead.

The Board of Directors of your Company ('the Board'), on the recommendation of the Nomination & Compensation Committee ('the Committee'), appointed Mr. Sanjiv Puri, Managing Director, also as the Chairman of the Company with effect from 13th May, 2019.

Mr. Suryakant Balkrishna Mainak [representing the Life Insurance Corporation of India ('LIC')] resigned from the Board with effect from 24th July, 2018. Your Directors place on record their appreciation for the services rendered by Mr. Mainak.

Mr. John Pulinthanam was appointed, with your approval, as a Non-Executive Director of the Company with effect from 27th July, 2018, representing the General Insurers' (Public Sector) Association of India.

On the recommendation of the Committee, the Board at the meeting held on 27th July, 2018, appointed

Mr. Hemant Bhargava as an Additional Non-Executive Director of your Company with effect from 28th July, 2018, representing LIC.

Mr. Sumant Bhargavan, on the recommendation of the Committee, was appointed by the Board at the meeting held on 15th November, 2018, as an Additional Director of your Company and, subject to the approval of the Members, also as a Wholetime Director, with effect from 16th November, 2018.

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. Bhargava and Sumant will vacate office at the ensuing Annual General Meeting ('AGM') of your Company.

The Board at the meeting held on 13th May, 2019, on the recommendation of the Committee, recommended for the approval of the Members (a) appointment of Mr. Bhargava as a Non-Executive Director of your Company, liable to retire by rotation, for a period of three years from the date of the ensuing AGM, and (b) appointment of Mr. Sumant as a Director, liable to retire by rotation, and also as a Wholetime Director of your Company, for a period of three years from the date of the ensuing AGM.

Further, the Board at the meeting held on 13th May, 2019, on the recommendation of the Committee, recommended for the approval of the Members, the re-appointment of Mr. Arun Duggal, Mr. Sunil Behari Mathur and Ms. Meera Shankar as Independent Directors of your Company 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 ('Listing Regulations 2015') with effect from 15th September, 2019.

Requisite Notices under Section 160 of the Act have been received in respect of Messrs. Bhargava, Sumant, Duggal and Mathur and Ms. Shankar, who have filed their consents to act as Directors of the Company, if appointed.

Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 108th 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

Report of the Board of Directors

the Company, Messrs. David Robert Simpson and John Pulinthanam will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-election. The Board has recommended their re-election.

Number of Board Meetings

Eight meetings of the Board were held during the year ended 31st March, 2019.

Attributes, Qualifications & Independence of Directors and their Appointment

The Nomination & Compensation Committee, as reported in earlier years, adopted the criteria for determining qualifications, positive attributes and independence of Directors, including Independent Directors, pursuant to the Act and the Rules thereunder. The Corporate Governance Policy, inter alia, requires that Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Board Diversity Policy of your Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The skills, expertise and competencies of the Directors as identified by the Board, are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

The Articles of Association of your 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 and as may be determined by the Board from time to time. 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 (a) they meet the criteria of Independence as prescribed under Section 149 of the Act and Regulation 16 of the Listing Regulations 2015, and (b) they are not aware of any circumstance or situation, which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. Further, in the opinion of the Board, the Independent Directors fulfil the

conditions prescribed under the Listing Regulations 2015 and are independent of the management of the Company.

Details of the Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees is provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

Board Evaluation

The Nomination & Compensation Committee, as reported in earlier years, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation, and also specified that such evaluation will be done by the Board, pursuant to the Act and the Rules thereunder and the Listing Regulations 2015.

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's 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 Listing 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 to 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 against the laid down parameters, anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before the Board by the Committee Chairmen. The Independent Directors Committee of the Board also reviewed the performance of the non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations 2015.

KEY MANAGERIAL PERSONNEL

During the year, Mr. Sumant Bhargavan was appointed as an Additional Wholetime Director of the Company, as stated above. There were no other changes in the Key Managerial Personnel of your Company.

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 Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, who were appointed with your approval at the 103rd AGM for a period of five years, will complete their present term on conclusion of the ensuing 108th AGM of the Company.

The Board, on the recommendation of the Audit Committee, recommended for the approval of the Members, the appointment of Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), as the Auditors of the Company for a period of five years from the conclusion of the ensuing 108th AGM till the conclusion of the 113th AGM. On the recommendation of the Audit Committee, the Board also recommended for the approval of the Members, the remuneration of SRBC for the financial year 2019-20. Appropriate resolution seeking your approval to the appointment and remuneration of SRBC as the Statutory Auditors is appearing in the Notice convening the 108th AGM of the Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed for the financial year 2019-20:

- (i) Mr. P. Raju Iyer, Cost Accountant, for audit of Cost Records maintained by the Company in respect of 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products.
- (ii) Messrs. S. Mahadevan & Co., Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of the Company, other than 'Wood Pulp', 'Paper and Paperboard' and 'Nicotine Gum' products.

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate

resolutions seeking your ratification to the remuneration of the aforesaid Cost Auditors are appearing in the Notice convening the 108th AGM of the Company.

The Company maintains necessary cost records as specified by Central Government under sub-section 1 of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

Secretarial Auditors

Your Board appointed Messrs. Vinod Kothari & Company, Practising Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2019. The Report of Messrs. Vinod Kothari & Company is provided in the Annexure forming part of this Report, pursuant to Section 204 of the Act.

CHANGES IN SHARE CAPITAL

During the year, 5,43,36,690 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 54,33,669 Options under the Company's Employee Stock Option Schemes.

Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2019, stands increased to ₹ 1225,86,31,601/- divided into 1225,86,31,601 Ordinary Shares of ₹ 1/- each.

The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

EMPLOYEE STOCK OPTION SCHEMES

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 Employee Stock Option Schemes of the Company have been implemented in accordance with the Regulations and the resolutions passed by the Members in this regard.

Report of the Board of Directors

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), accredited with ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services. ISC continues to focus on upgrading its infrastructure, systems and processes for providing contemporary and efficient services to the shareholders and investors of your Company, in compliance with the applicable statutory requirements.

During the year, Messrs. Det Norske Veritas, accredited agency for ISO certification, accorded the highest possible 'Level 5' rating to ISC's systems and processes for the tenth consecutive year, exemplifying the excellence achieved by ISC in providing quality investor services.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All such contracts or arrangements have been approved by the Audit Committee, as applicable. No material contracts or arrangements with related parties were entered into during the year under review. Further, the prescribed details of related party transaction 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 <https://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;

- 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;
- prepared the Annual Accounts on a going concern basis;
- laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively; and
- 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 ('the Group'), Associates and Joint Venture entities, in terms of the requirements of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

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 and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 Report

The certificate from your Company's Auditors, Messrs. Deloitte Haskins & Sells, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations 2015, is annexed.

Integrated Report

The Company has voluntarily prepared its Integrated Report for the financial year 2018-19. As a green initiative, the Report has been hosted on the Company's corporate website at <https://www.itcportal.com/about-itc/shareholder-value/index.aspx#sectionb2>.

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 provided in the Annexure forming part of this Report.

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 4, 5, 6, 9 and 27 (v) (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.

Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company

Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

Employees

The total number of employees as on 31st March, 2019 stood at 27,279.

There were 91 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 102 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 8.5 lakhs per month or more during the financial year ended 31st March, 2019. 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.

Dividend Distribution Policy

The Company's Dividend Distribution Policy is provided in the Annexure forming part of this Report and is also available on the Company's corporate website 'www.itcportal.com'. There has been no change in the Policy during the year.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2019, are 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.

Report of the Board of Directors

CONCLUSION

Inspired by the opportunity to serve a larger national purpose, your Company redefined its Vision about two decades ago to transform itself into a vibrant engine of growth that would make a substantial contribution to the Indian economy, whilst rewarding shareholders by creating growing value for the Indian society.

Over the last 23 years, your Company has created multiple drivers of growth by developing a portfolio of world-class businesses across all sectors of the national economy spanning agriculture, manufacturing and services. Your Company ranks amongst the Top 3 in the private sector in terms of Contribution to the Exchequer. Over the last 23 years, your Company's Value Addition aggregated ₹ 4.6 lakh crores of which nearly 75% accrued to the Exchequer at the Central and State levels. During this period, your Company's net revenue and post-tax profit have recorded an impressive compound annual growth of 13.3% and 18.3% respectively. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 22.3% per annum during this period, placing your Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

Your Company's non-cigarette businesses have grown over 21-fold since 1996 and presently constitute appx. 60% of net segment revenue. In aggregate, the non-cigarette businesses account for over 80% of your Company's operating capital employed, about 90% of the employee base and over 80% of annual investments.

Your Company today is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboard and Packaging industry, a pioneering

trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices.

Aligned with the Government's Make in India Vision, your Company is building national assets in the manufacturing and tourism sector. As stated earlier in this Report, several world-class Integrated Consumer Manufacturing & Logistics facilities are being built to deliver sustainable competitive advantage to your Company's FMCG businesses. Several projects with an aggregate outlay of ₹ 25000 crores are in various stages of implementation / planning across the length and breadth of the country facilitating regional and national economic development. Recognising that tomorrow's world will belong to those who create, own and nurture intellectual capital, your Company continues to invest in augmenting the capability of its globally benchmarked Life Sciences and Technology Centre to ensure that its Businesses are future-ready and contribute to building intellectual property assets for the nation.

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 anchored on 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.

13th May, 2019
Gurugram
India

On behalf of the Board

S. PURI *Chairman & Managing Director*
R. TANDON *Director & Chief Financial Officer*

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2019

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. The CSR Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>.

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is, inter alia, to formulate, 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. 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).
- **Health:** Focus on maternal and child care (MCH) through a network of women Village Health Champions (VHC) and by generation of demand by at-risk women and children for institutional support in MCH.
- **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.
- **Solid Waste Management:** Create a clean and green environment through source segregation and recycling of dry waste, and create sustainable livelihoods for rag pickers and waste collectors.
- **Poverty Alleviation:** These programmes are targeted at the needy and poor who are provided with basic needs like clothing and food as a part of the implementation agency's 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 conform 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 and entrepreneurial opportunities to poor women supported with financial assistance by way of loans and grants.

iv. Ensuring Environmental Sustainability (Schedule VII – iv):

- **Social Forestry:** Provide food, fuel and fodder security to small farmers through social forestry.
- **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. Composition of the CSR and Sustainability Committee as on 31st March, 2019:

Mr. Y. C. Deveshwar *	Chairman
Mr. H. Bhargava	Member
Mr. J. Pulinthanam	Member
Ms. N. Rao	Member
Ms. M. Shankar	Member
Mr. D. R. Simpson	Member
Mr. R. K. Singhi	Secretary to the Committee

* Passed away on 11th May, 2019. Mr. S. Puri is the Chairman of the CSR and Sustainability Committee with effect from 13th May, 2019.

3. Average Net Profit of the company for last three financial years: ₹ 15327.74 crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 306.55 crores for FY 2018-19

5. Details of CSR Spent during the financial year:

The total CSR expenditure for the financial year 2018-19 stood at ₹ 306.95 crores. Please refer attached statement for details.

6. Details of implementing agencies:

Your 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:

- Eminent NGOs / Trusts such as BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, Foundation for Ecological Security, etc.;
- ITC Sangeet Research Academy (ITC SRA), a true embodiment of your Company's sustained commitment to a priceless national heritage;
- ITC Rural Development Trust, a Public Charitable Trust, involved in undertaking various programmes of rural development;
- 'CII-ITC Centre of Excellence for Sustainable Development', established by your 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 CSR Policy and Objectives of the Company.

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman – CSR Committee
Director & Chief Financial Officer

Statement of details of CSR spends during the financial year 2018-19

₹ 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 (budget) project or programme wise	Amount spent on the projects or programmes		Cumulative expenditure up to the reporting period	Amount spent: Direct or Through Implementing Agency
					1. Direct expenditure on projects or programmes	2. Overheads		
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, Assam, Chhattisgarh, Gujarat, Meghalaya, Odisha, Rajasthan, Punjab, Delhi, Jharkhand, Arunachal Pradesh, Tripura, Manipur, Nagaland	13037	12316	467	12783	**Through Project Implementing Agencies, Government & 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 Promotion	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Rajasthan, Himachal Pradesh, Madhya Pradesh, Maharashtra, Assam, Odisha, Punjab, Delhi, Chhattisgarh, Jammu & Kashmir, Kerala, Gujarat, Haryana	4977	2278 1556 324 175	116 142 34 0	2394 1698 358 175	**Through Project Implementing Agencies & 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, Maharashtra, Uttarakhand, Himachal Pradesh	1551	1202	110	1312	**Through Project Implementing Agencies & 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 Social Forestry	Local & Others *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Rajasthan, Maharashtra, Madhya Pradesh, Delhi, Punjab, Uttar Pradesh, Tripura, Chhattisgarh, Odisha, Uttarakhand, Assam, Haryana	6607	5348 458	395 49	5743 507	**Through Project Implementing Agencies & 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	557	378	0	378	**Through Project Implementing Agencies & 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, Chhattisgarh, Assam, Uttarakhand, Jharkhand, Haryana, Himachal Pradesh	4071	5145	202	5347	**Through Project Implementing Agencies & Direct
Total				30700	29180	1515	30695	

* The CSR programmes are carried out primarily in the following district of the States / Union Territories as mentioned below:
 Andhra Pradesh – East Godavari, Guntur, Krishna, Nellore, Prakasam, Srikakulam, Visakhapatnam, West Godavari, Chittoor, Anaparthi, Kurnool, Kadapa
 Assam – Baka, Borge, Darrang, Dhubri, Goalpara, Kamrup, Cachar, Karimganj, Dibrugarh
 Bihar – Araria, Begusarai, Buxar, Khatkar, Lakhisarai, Munger, Samastipur, Sheikhpura, Sitamarhi, Patna, Saran, Muzaffarpur, East Champaran (Mothriani), Rongas, Nalanda, Kaimur (Bhabua), Kriegaria, Bhagalpur, Gaya
 Chhattisgarh – Sukma, Naryanpur, Bilaspur, Raipur
 Himachal Pradesh – Solan, Shimla
 Jammu & Kashmir – Srinagar, Jammu, Pulwama
 Jharkhand – Pakur, Sahibganj, East Singhbhum, Jamtara, Deoghar, Ramchi, Hazaribag, Dhanbad, Bokaro
 Karnataka – Bengaluru, Chikkaballapur, Hassan, Kolar, Mandya, Mysuru, Dakshina Kannada, Bengaluru Urban, Kodagu, Bellary (Belary), Bagalkot, Udupi, Chikmagalur, (Chikmagalur)
 Madhya Pradesh – Agar Malwa, Barwani, Bhopal, Chhatarpur, Chhindwara, Damoh, Dewas, Dhar, Guna,
 Hoshangabad, Indore, Khandwa, Mandla, Raipur, Raigarh, Raisen, Raigarh, Ralam, Sagar, Sehore, Shivpuri, Neemuch, Singrauli, Ujjain, Vidisha, Jabalpur
 Maharashtra – Ahmednagar, Amravati, Nanded, Parbhani, Pune, Raigarh, Satara, Warananagar, Solapur, Nashik, Thane
 Nagpur, Chandrapur, Sangli, Mumbai City, Akola, Nanded, Solapur, Nashik, Thane
 Delhi – South Delhi, New Delhi
 Odisha – Ganjam, Kalahandi, Khordha, Malkangiri, Rayagada, Puri, Bhubaneswar, Cuttack, Sundargarh
 Punjab – Kapurthala, Amritsar
 Rajasthan – Baran, Bhiwara, Bundi, Jaisalmer, Jhalawar, Kota, Pali, Jhunjhunu, Barmer, Jalore, Jaipur
 Tamil Nadu – Chennai, Coimbatore, Krishnagiri, Madurai, Pudukkottai, Theni, Tiruvallur, Tiruchirappalli, Thoothukudi (Tuticorin), Tiruvannamur, Nilgiris, Vellore, Ramanaipattanam, Sivaganga, Erode, Thanjavur, Cuddalore, Tiruppur, Tirunelveli, Kanyakumari, Salem, Kanchipuram
 Telangana – Bhadrachalam, Khammam, Hyderabad, Mahabubnagar, Suryapet, Warangal, Siddipet, Rajanna Sircilla, Medak, Mahabubnagar, Karimnagar
 Tripura – West Tripura, Unakoti
 Uttar Pradesh – Bahraich, Balrampur, Chandauli, Chitrakoot, Ghazipur, Gorakhpur, Hathras, Kaushambi, Lucknow, Saharanpur, Shravasti, Sonbhadra, Kanpur, Mathura, Varanasi, Allahabad, Ghaziabad, Gaudam Buddha Nagar, Lucknow, Agra, Bareilly, Meerut, Jhansi, Shahjahanpur, Moradabad, Aligarh
 Uttarakhand – Haridwar, Champawat, Dehradun
 West Bengal – Birbhum, Hooghly, Howrah, Kolkata, Jalpaiguri, Darjeeling, Malda, Murshidabad, Purulia, Bankura, North 24 Parganas, South 24 Parganas, Purba Medinipur, Paschim Medinipur, Purba Bardhaman (Bardhaman), Cooch Behar, Nadia, Paschim Bardhaman (Bardhaman)
 Arunachal Pradesh – West Siang, Tirap
 Gujarat – Devbhoomi Dwarka, Valsad, Surat, Ahmedabad
 Kerala – Ernakulam, Kozhikode, Malappuram, Pathanamthitta, Wayanad, Thrissur, Thiruvananthapuram
 Manipur – Imphal
 Meghalaya – East Khasi Hills
 Nagaland – Dimapur
 Haryana – Gurugram
 ** 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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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 a manner that provided us a reasonable basis for evaluating the corporate conduct / 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 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, the Company has, during the period covered by our audit, that is to say, from April 01, 2018 to March 31, 2019 (hereinafter referred to as 'Audit Period' or 'Period under Review'), complied with the 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 till March 31, 2019, according to the 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. The 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;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - **The in-house Investor Service Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services.**
6. Specific laws applicable as mentioned hereunder:
 - a. The Tobacco Board Act, 1975 and the Rules made thereunder;
 - b. The 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 and other laws relating to manufacture and sale of Tobacco;
 - c. The Food Safety and Standards Act, 2006 and the Rules made thereunder;
 - d. The Drugs and Cosmetics Act, 1940 and the Rules made thereunder.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

We report that during the Period under Review, the Company has complied with the provisions of the Laws, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Period under Review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Dissenting members' views were not required to be captured and recorded as part of the minutes as there was no such instance.

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 applicable Laws, Rules, Regulations and Guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific events / actions that can have a bearing on the Company's compliance responsibility in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., except as follows:

Issue and allotment of 5,43,36,690 Ordinary Shares of ₹ 1/- each, fully paid-up, upon exercise of Stock Options under the Employee Stock Option Schemes of the Company, from time to time.

**For Vinod Kothari & Company
Practising Company Secretaries**

Kolkata

29-04-2019

Encl: Annexure 'A' forming an integral part of this Report

**Vinod Kothari
Managing Partner**

Membership No.: A4718

CP No.: 1391

Annexure 'A'

To
The Members
ITC Limited
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and books of account of the Company;
4. Wherever required, we have obtained Management Representation about the compliance of Laws, Rules and Regulations and happening of events etc.;
5. The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations, Standards etc. is the responsibility of management. Our examination was limited to the verification of procedures on test basis;
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Vinod Kothari & Company
Practising Company Secretaries**

Kolkata

29-04-2019

**Vinod Kothari
Managing Partner**

Membership No.: A4718

CP No.: 1391

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2019

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	Surya Nepal Private Limited (SNPL), a subsidiary company
(b) Nature of contracts / arrangements / transactions	Licensing of certain trademarks
(c) Duration of the contracts / arrangements / transactions	Five years from the Effective Date [i.e., the date of signing of the agreement, or the date on which the last of the statutory approval(s), if any, required to make the Agreement operational, is granted].
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Licensing of 'Surya', 'Khukuri' and 'Shikhar' trademarks owned by the Company in certain Gulf Cooperation Council (GCC) countries, for export of cigarettes bearing the said trademarks by SNPL to the GCC countries. In view of the current regulatory environment in Nepal, a token license fee of Nepalese Rupees 100/- is proposed to be charged by the Company.
(e) Justification for entering into such contracts or arrangements or transactions	SNPL presently manufactures cigarettes under the aforesaid brands in Nepal and it is anticipated that offerings by SNPL bearing 'Made in Nepal' markings will generate positive response among the Nepalese cigarette consumers in the GCC countries. The launch of products under the Company's trademarks by SNPL will help in reinforcing saliency of the trademarks of the Company in GCC markets and unlocking their value over time.
(f) Date(s) of approval by the Board	23rd January, 2019
(g) Amount paid as advances, if any	N.A.
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	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

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors

EXTRACT OF ANNUAL RETURN (FORM NO. MGT-9)

as on the Financial Year ended on 31st March, 2019

[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 no. : 033-2288 2358 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	FMCG			
	- Cigarettes etc.	12003, 46307, 21002, 46909	45.80%	44.82%
	- Branded Packaged Food Products	10501, 10502, 10504, 10611, 10612, 10795, 10798, 10712, 10732, 10733, 10735, 10740, 10750, 10308, 10304, 10792	21.38%	21.77%
	- Others (Personal Care Products, Apparel, Education and Stationery Products, Safety Matches, Agarbattis etc.)	20231, 20234, 20236, 20237, 20293, 46491, 46497, 47711, 46496, 46909	6.23%	6.35%
2	Hotels			
	- Hotels Sales / Income from Hotel Services	55101, 56101, 56210, 56301, 74909	3.65%	3.71%
3	Agri Business			
	- Wheat, Soya, Spices, Coffee, Unmanufactured Tobacco, Aqua etc.	10795, 10209, 10304, 10309, 10406, 10611, 10792, 46201, 46207, 46209, 46301, 46305, 46306, 47190, 47300, 47737, 20213, 12001, 10202, 10302	13.42%	13.66%
4	Paperboards, Paper & Packaging			
	- Paperboards and Paper	17016	8.22%	8.37%
	- Printed Material	17022, 17029, 22203	1.30%	1.32%

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	Technico Agri Sciences Limited 25 Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U01111DL1999PLC098646	Subsidiary	100%	2(87)
4	Technico Pty Limited 49 Bowral Street Bowral, NSW 2576 Australia	N.A.	Subsidiary	100%	2(87)
5	Technico Technologies Inc. c/o Stewart McKelvey Stirling Scales Suite 600, Frederick Square 77 Westmoreland, Fredericton New Brunswick E3B 5B4 Canada	N.A.	Wholly owned subsidiary of Technico Pty Limited, referred to in Sl. No. 4	–	2(87)
6	Technico Asia Holdings Pty Limited 49 Bowral Street Bowral, NSW 2576 Australia	N.A.	Wholly owned subsidiary of Technico Pty Limited, referred to in Sl. No. 4	–	2(87)
7	Technico Horticultural (Kunming) Co. Limited A-38, Yanglin Industrial Development Zone Songming, Yunnan Province People's Republic of China	N.A.	Wholly owned subsidiary of Technico Asia Holdings Pty Limited, referred to in Sl. No. 6	–	2(87)
8	Srinivasa Resorts Limited 6-3-1187, Begumpet Hyderabad 500 016	U74999TG1984PLC005192	Subsidiary	68%	2(87)
9	Fortune Park Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U55101HR1995PLC052281	Subsidiary	100%	2(87)
10	Bay Islands Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U74899HR1976PLC052282	Subsidiary	100%	2(87)
11	ITC Infotech India Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65991WB1996PLC077341	Subsidiary	100%	2(87)
12	ITC Infotech Limited Building 5, Caldecotte Lake Drive Caldecotte, Milton Keynes Buckinghamshire England, MK7 8LF	N.A.	Wholly owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 11	–	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
13	ITC Infotech (USA), Inc. 12 Route, 17 North Suite 303, Paramus New Jersey 07652 United States of America	N.A.	Wholly owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 11	–	2(87)
14	Indivate Inc. 820 Bear Tavern Road West Trenton New Jersey 08628 United States of America	N.A.	Wholly owned subsidiary of ITC Infotech (USA), Inc., referred to in Sl. No. 13	–	2(87)
15	Gold Flake Corporation Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U16003WB1935PLC008314	Subsidiary	100%	2(87)
16	Landbase India Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U74899HR1992PLC052412	Subsidiary	100%	2(87)
17	Wimco Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U24291MH1923PLC001082	Subsidiary	98.21%	2(87)
18	Pavan Poplar Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1995PLC128849	Subsidiary	100%	2(87)
19	Prag Agro Farm Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1997PLC128846	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	N.A.	Subsidiary	59%	2(87)
23	WelcomHotels Lanka (Private) Limited 216 De Saram Place, Colombo 10 Sri Lanka	N.A.	Subsidiary	100%	2(87)
24	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
25	Gujarat Hotels Limited WelcomHotel Vadodara R. C. Dutt Road, Alkapuri Vadodara 390 007	L55100GJ1982PLC005408	Associate	45.78%	2(6)
26	International Travel House Limited Travel House, T-2 Community Centre Sheikh Sarai, Phase I New Delhi 110 017	L63040DL1981PLC011941	Associate	3.60%	2(6)
27	Russell Investments Limited 21 Prafulla Sarkar Street Kolkata 700 072	U65993WB1987PLC043324	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
28	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)
29	Antrang Finance Limited 4 Ripon Street Kolkata 700 016	U65993WB1993PLC060271	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
30	ATC Limited 35 Rajaji Nagar Hosur 635 126	U16000TZ1973PLC018100	Associate of Gold Flake Corporation Limited, referred to in Sl. No. 15	–	2(6)
31	Maharaja Heritage Resorts Limited 25 Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U74899DL1995PLC099649	Joint Venture	25%	2(6)
32	Espirit Hotels Private Limited 810-818 Swapnalok Complex 92/93 S. D. Road Secunderabad 500 003	U55101TG2009PTC063757	Joint Venture	26%	2(6)
33	Logix Developers Private Limited 301-A World Trade Tower Barakhamba Lane, Connaught Place New Delhi 110 001	U70101DL2010PTC207640	Joint Venture	27.90%	2(6)
34	ITC Essentra Limited Survey No. 139/140, Veerapura Village Kasaba Hobli Doddaballapur Taluk Bengaluru 561 203	U85110KA1993PLC014278	Joint Venture of Gold Flake Corporation Limited, referred to in Sl. No. 15	–	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up 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	
A. Promoters									
(1) Indian									
(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
Sub-total (A)(1):-	0	0	0	0	0	0	0	0	0
(2) Foreign									
(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
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	77,13,95,288	1,04,490	77,14,99,778	6.32	1,04,47,97,853	68,749	1,04,48,66,602	8.52	2.20
(b) Banks / FI	1,04,16,58,047	11,76,365	1,04,28,34,412	8.55	98,91,39,938	11,57,460	99,02,97,398	8.08	(0.47)
(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	2,70,32,03,708	83,227	2,70,32,86,935	22.15	2,63,59,40,676	53,067	2,63,59,93,743	21.50	(0.65)
(g) FPIs / FII	2,19,19,58,865	3,46,005	2,19,23,04,870	17.96	2,08,50,60,614	2,87,595	2,08,53,48,209	17.01	(0.95)
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others:									
(i) Alternative Investment Funds	11,08,632	0	11,08,632	0.01	33,23,424	0	33,23,424	0.03	0.02
(ii) Qualified Institutional Buyers	0	0	0	0	3,583	0	3,583	...	...
Sub-total (B)(1):-	6,70,93,24,540	17,10,087	6,71,10,34,627	54.99	6,75,82,66,088	15,66,871	6,75,98,32,959	55.14	0.15
(2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	49,63,79,635	12,30,462	49,76,10,097	4.08	50,31,26,437	10,84,319	50,42,10,756	4.11	0.03
(ii) Overseas	6,78,312	3,61,96,14,150	3,62,02,92,462	29.66	5,20,558	3,61,96,14,150	3,62,01,34,708	29.53	(0.13)
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh	79,47,16,543	12,48,30,078	91,95,46,621	7.54	80,18,04,708	9,08,32,452	89,26,37,160	7.28	(0.26)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	25,04,07,077	2,41,23,660	27,45,30,737	2.25	24,76,29,005	1,93,30,195	26,69,59,200	2.18	(0.07)
(c) Others:									
(i) NRIs / OCIs	6,04,25,731	1,22,40,087	7,26,65,818	0.60	6,42,59,664	1,07,63,727	7,50,23,391	0.61	0.01
(ii) Foreign Nationals	0	4,44,240	4,44,240	...	0	2,22,120	2,22,120	...	...
(iii) Trusts	6,93,54,630	0	6,93,54,630	0.57	8,50,03,142	0	8,50,03,142	0.70	0.13
(iv) Clearing Members / Clearing House	64,43,926	0	64,43,926	0.05	1,30,37,275	0	1,30,37,275	0.11	0.06
(v) Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	76,79,834	0	76,79,834	0.06	2,08,51,960	0	2,08,51,960	0.17	0.11
Sub-total (B)(2):-	1,68,60,85,688	3,78,24,82,677	5,46,85,68,365	44.81	1,73,62,32,749	3,74,18,46,963	5,47,80,79,712	44.69	(0.12)
Total Public Shareholding (B) = (B)(1)+(B)(2)	8,39,54,10,228	3,78,41,92,764	12,17,96,02,992	99.80	8,49,44,98,837	3,74,34,13,834	12,23,79,12,671	99.83	0.03
C. Shares held by Custodian for GDRs & ADRs	2,46,51,419	40,500	2,46,91,919	0.20	2,06,78,430	40,500	2,07,18,930	0.17	(0.03)
Grand Total (A+B+C)	8,42,00,61,647	3,78,42,33,264	12,20,42,94,911	100.00	8,51,51,77,267	3,74,34,54,334	12,25,86,31,601	100.00	0

(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	Tobacco Manufacturers (India) Limited				
	At the beginning of the year	2,97,83,47,320	24.40		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			2,97,83,47,320	24.30 [@]
2	Life Insurance Corporation of India				
	At the beginning of the year	1,97,50,75,980	16.18		
	Increase / Decrease in Shareholding during the year:				
	15/03/2019	25,54,659	0.02	1,97,76,30,639	16.14
	22/03/2019	21,34,000	0.02	1,97,97,64,639	16.15
31/03/2019	17,85,081	0.01	1,98,15,49,720	16.16	
At the end of the year			1,98,15,49,720	16.16	
3	Specified Undertaking of the Unit Trust of India				
	At the beginning of the year	1,02,52,89,805	8.40		
	Increase / Decrease in Shareholding during the year:				
	15/06/2018	(5,66,32,664)	0.46	96,86,57,141	7.94
06/07/2018	58,74,286	0.05	97,45,31,427	7.98	
At the end of the year			97,45,31,427	7.95 [@]	
4	Myddleton Investment Company Limited				
	At the beginning of the year	48,63,11,940	3.99		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
At the end of the year			48,63,11,940	3.97 [@]	
5	General Insurance Corporation of India				
	At the beginning of the year	21,08,75,828	1.73		
	Increase / Decrease in Shareholding during the year:				
	06/04/2018	(3,75,000)	0.00	21,05,00,828	1.72
	11/05/2018	(2,00,000)	0.00	21,03,00,828	1.72
	18/05/2018	(1,00,000)	0.00	21,02,00,828	1.72
	30/06/2018	(4,00,000)	0.00	20,98,00,828	1.72
	27/07/2018	(1,00,000)	0.00	20,97,00,828	1.72
	03/08/2018	(2,80,000)	0.00	20,94,20,828	1.71
	10/08/2018	(2,20,000)	0.00	20,92,00,828	1.71
	24/08/2018	(2,00,000)	0.00	20,90,00,828	1.71
	31/08/2018	(4,50,000)	0.00	20,85,50,828	1.71
	07/09/2018	(4,60,000)	0.00	20,80,90,828	1.70
	14/09/2018	(3,40,000)	0.00	20,77,50,828	1.70
	21/09/2018	(4,00,000)	0.00	20,73,50,828	1.69
	30/09/2018	(6,00,000)	0.00	20,67,50,828	1.69
	18/01/2019	13,75,755	0.01	20,81,26,583	1.70
	25/01/2019	2,94,245	0.00	20,84,20,828	1.70
	15/02/2019	35,000	0.00	20,84,55,828	1.70
	22/02/2019	1,70,000	0.00	20,86,25,828	1.70
	01/03/2019	1,32,002	0.00	20,87,57,830	1.70
08/03/2019	2,00,000	0.00	20,89,57,830	1.71	
At the end of the year			20,89,57,830	1.70 [@]	
6	The New India Assurance Company Limited				
	At the beginning of the year	19,53,10,738	1.60		
	Increase / Decrease in Shareholding during the year:				
	13/04/2018	(25,000)	0.00	19,52,85,738	1.60
	04/05/2018	(1,15,000)	0.00	19,51,70,738	1.60
	11/05/2018	(1,85,000)	0.00	19,49,85,738	1.60
	01/06/2018	(9,00,000)	0.01	19,40,85,738	1.59
08/06/2018	(9,20,175)	0.01	19,31,65,563	1.58	

(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
	15/06/2018	(8,79,825)	0.01	19,22,85,738	1.58
	17/08/2018	(1,19,045)	0.00	19,21,66,693	1.57
	24/08/2018	(3,46,101)	0.00	19,18,20,592	1.57
	31/08/2018	(34,854)	0.00	19,17,85,738	1.57
	07/09/2018	(29,090)	0.00	19,17,56,648	1.57
	21/09/2018	(5,45,000)	0.00	19,12,11,648	1.56
	30/09/2018	(11,55,000)	0.01	19,00,56,648	1.55
	05/10/2018	(7,00,000)	0.01	18,93,56,648	1.55
	19/10/2018	(1,86,001)	0.00	18,91,70,647	1.55
	26/10/2018	(4,13,999)	0.00	18,87,56,648	1.54
	09/11/2018	(1,40,000)	0.00	18,86,16,648	1.54
	23/11/2018	(2,86,842)	0.00	18,83,29,806	1.54
	At the end of the year			18,83,29,806	1.54
7	Government of Singapore				
	At the beginning of the year	16,71,16,378	1.37		
	Increase / Decrease in Shareholding during the year:				
	06/04/2018	38,060	0.00	16,71,54,438	1.37
	20/04/2018	(5,28,804)	0.00	16,66,25,634	1.37
	27/04/2018	(24,050)	0.00	16,66,01,584	1.37
	04/05/2018	(35,257)	0.00	16,65,66,327	1.36
	11/05/2018	(7,40,751)	0.01	16,58,25,576	1.36
	18/05/2018	(49,731)	0.00	16,57,75,845	1.36
	25/05/2018	(18,111)	0.00	16,57,57,734	1.36
	01/06/2018	9,51,155	0.01	16,67,08,889	1.37
	08/06/2018	18,74,338	0.02	16,85,83,227	1.38
	15/06/2018	14,07,227	0.01	16,99,90,454	1.39
	22/06/2018	27,418	0.00	17,00,17,872	1.39
	06/07/2018	(5,15,318)	0.00	16,95,02,554	1.39
	13/07/2018	(7,12,975)	0.01	16,87,89,579	1.38
	20/07/2018	(2,58,553)	0.00	16,85,31,026	1.38
	27/07/2018	(2,703)	0.00	16,85,28,323	1.38
	03/08/2018	1,06,92,898	0.09	17,92,21,221	1.47
	10/08/2018	26,59,204	0.02	18,18,80,425	1.49
	17/08/2018	11,54,125	0.01	18,30,34,550	1.50
	24/08/2018	3,00,317	0.00	18,33,34,867	1.50
	31/08/2018	20,07,528	0.02	18,53,42,395	1.52
	07/09/2018	12,73,385	0.01	18,66,15,780	1.53
	14/09/2018	1,79,641	0.00	18,67,95,421	1.53
	21/09/2018	7,01,166	0.01	18,74,96,587	1.53
	30/09/2018	(5,84,831)	0.00	18,69,11,756	1.53
	05/10/2018	(6,07,083)	0.00	18,63,04,673	1.52
	12/10/2018	(15,81,397)	0.01	18,47,23,276	1.51
	19/10/2018	4,22,158	0.00	18,51,45,434	1.51
	26/10/2018	(20,11,800)	0.02	18,31,33,634	1.50
	02/11/2018	(39,00,080)	0.03	17,92,33,554	1.46
	09/11/2018	3,65,329	0.00	17,95,98,883	1.47
	16/11/2018	(3,400)	0.00	17,95,95,483	1.47
	23/11/2018	4,02,276	0.00	17,99,97,759	1.47
	30/11/2018	22,68,377	0.02	18,22,66,136	1.49
	07/12/2018	1,85,880	0.00	18,24,52,016	1.49
	14/12/2018	1,08,864	0.00	18,25,60,880	1.49
	21/12/2018	15,06,871	0.01	18,40,67,751	1.50
	31/12/2018	(29,338)	0.00	18,40,38,413	1.50

(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
	04/01/2019	6,69,110	0.01	18,47,07,523	1.51
	11/01/2019	1,10,000	0.00	18,48,17,523	1.51
	18/01/2019	(638)	0.00	18,48,16,885	1.51
	08/02/2019	13,61,535	0.01	18,61,78,420	1.52
	15/02/2019	(4,92,603)	0.00	18,56,85,817	1.52
	01/03/2019	(13,04,638)	0.01	18,43,81,179	1.50
	08/03/2019	(8,50,952)	0.01	18,35,30,227	1.50
	15/03/2019	58,167	0.00	18,35,88,394	1.50
	22/03/2019	2,11,858	0.00	18,38,00,252	1.50
	31/03/2019	(28,513)	0.00	18,37,71,739	1.50
	At the end of the year			18,37,71,739	1.50
8	Rothmans International Enterprises Limited				
	At the beginning of the year	15,49,54,890	1.27		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			15,49,54,890	1.26[@]
9	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	12,67,99,778	1.04		
	Increase / Decrease in Shareholding during the year:				
	06/04/2018	18,37,909	0.02	12,86,37,687	1.05
	13/04/2018	8,64,690	0.01	12,95,02,377	1.06
	20/04/2018	(2,94,300)	0.00	12,92,08,077	1.06
	27/04/2018	(1,17,999)	0.00	12,90,90,078	1.06
	04/05/2018	6,593	0.00	12,90,96,671	1.06
	11/05/2018	(28,57,944)	0.02	12,62,38,727	1.03
	18/05/2018	(22,42,613)	0.02	12,39,96,114	1.02
	25/05/2018	(20,47,911)	0.02	12,19,48,203	1.00
	01/06/2018	22,73,008	0.02	12,42,21,211	1.02
	08/06/2018	(9,52,860)	0.01	12,32,68,351	1.01
	15/06/2018	9,07,058	0.01	12,41,75,409	1.02
	22/06/2018	(7,17,809)	0.01	12,34,57,600	1.01
	30/06/2018	(3,23,437)	0.00	12,31,34,163	1.01
	06/07/2018	35,98,923	0.03	12,67,33,086	1.04
	13/07/2018	28,84,098	0.02	12,96,17,184	1.06
	20/07/2018	11,29,976	0.01	13,07,47,160	1.07
	27/07/2018	64,22,348	0.05	13,71,69,508	1.12
	03/08/2018	23,04,407	0.02	13,94,73,915	1.14
	10/08/2018	5,33,445	0.00	14,00,07,360	1.15
	17/08/2018	7,87,454	0.01	14,07,94,814	1.15
	24/08/2018	50,33,229	0.04	14,58,28,043	1.19
	31/08/2018	(8,40,077)	0.01	14,49,87,966	1.19
	07/09/2018	(12,70,630)	0.01	14,37,17,336	1.17
	14/09/2018	(5,26,401)	0.00	14,31,90,935	1.17
	21/09/2018	(5,31,135)	0.00	14,26,59,800	1.17
	30/09/2018	41,021	0.00	14,27,00,821	1.17
	05/10/2018	1,02,76,508	0.08	15,29,77,329	1.25
	12/10/2018	5,43,819	0.00	15,35,21,148	1.25
	19/10/2018	12,81,723	0.01	15,48,02,871	1.26
	26/10/2018	43,89,535	0.04	15,91,92,406	1.30
	02/11/2018	(11,33,673)	0.01	15,80,58,733	1.29
	09/11/2018	(6,75,660)	0.01	15,73,83,073	1.29
	16/11/2018	(1,05,89,571)	0.09	14,67,93,502	1.20
	23/11/2018	(57,70,859)	0.05	14,10,22,643	1.15
	30/11/2018	(13,23,314)	0.01	13,96,99,329	1.14

(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
	07/12/2018	(5,88,613)	0.00	13,91,10,716	1.14
	14/12/2018	(7,89,429)	0.01	13,83,21,287	1.13
	21/12/2018	7,59,843	0.01	13,90,81,130	1.14
	31/12/2018	(17,35,910)	0.01	13,73,45,220	1.12
	04/01/2019	(9,45,544)	0.01	13,63,99,676	1.11
	11/01/2019	(3,56,908)	0.00	13,60,42,768	1.11
	18/01/2019	24,65,428	0.02	13,85,08,196	1.13
	25/01/2019	(41,55,333)	0.03	13,43,52,863	1.10
	01/02/2019	(32,40,028)	0.03	13,11,12,835	1.07
	08/02/2019	(6,95,794)	0.01	13,04,17,041	1.06
	15/02/2019	17,24,319	0.01	13,21,41,360	1.08
	22/02/2019	4,44,745	0.00	13,25,86,105	1.08
	01/03/2019	22,46,238	0.02	13,48,32,343	1.10
	08/03/2019	88,30,497	0.07	14,36,62,840	1.17
	15/03/2019	51,54,493	0.04	14,88,17,333	1.21
	22/03/2019	28,49,343	0.02	15,16,66,676	1.24
	31/03/2019	21,27,851	0.02	15,37,94,527	1.25
	At the end of the year			15,37,94,527	1.25
10	The Oriental Insurance Company Limited				
	At the beginning of the year	15,21,65,492	1.25		
	Increase / Decrease in Shareholding during the year:				
	13/04/2018	(3,00,000)	0.00	15,18,65,492	1.24
	20/04/2018	(6,75,000)	0.01	15,11,90,492	1.24
	27/04/2018	(4,30,000)	0.00	15,07,60,492	1.24
	04/05/2018	(2,68,770)	0.00	15,04,91,722	1.23
	11/05/2018	(5,01,230)	0.00	14,99,90,492	1.23
	18/05/2018	(4,66,926)	0.00	14,95,23,566	1.23
	25/05/2018	(1,33,074)	0.00	14,93,90,492	1.22
	08/06/2018	(3,75,000)	0.00	14,90,15,492	1.22
	15/06/2018	(3,75,000)	0.00	14,86,40,492	1.22
	22/06/2018	(5,75,000)	0.00	14,80,65,492	1.21
	30/06/2018	(7,25,000)	0.01	14,73,40,492	1.21
	06/07/2018	(7,50,000)	0.01	14,65,90,492	1.20
	13/07/2018	(5,50,000)	0.00	14,60,40,492	1.20
	20/07/2018	(7,00,000)	0.01	14,53,40,492	1.19
	27/07/2018	(7,50,000)	0.01	14,45,90,492	1.18
	03/08/2018	(7,50,000)	0.01	14,38,40,492	1.18
	10/08/2018	(5,70,000)	0.00	14,32,70,492	1.17
	17/08/2018	(3,05,000)	0.00	14,29,65,492	1.17
	24/08/2018	(10,00,000)	0.01	14,19,65,492	1.16
	31/08/2018	(10,00,000)	0.01	14,09,65,492	1.15
	07/09/2018	(9,20,000)	0.01	14,00,45,492	1.14
	14/09/2018	(6,05,000)	0.00	13,94,40,492	1.14
	21/09/2018	(10,75,000)	0.01	13,83,65,492	1.13
	30/09/2018	(7,25,000)	0.01	13,76,40,492	1.12
	05/10/2018	(12,75,000)	0.01	13,63,65,492	1.11
	11/01/2019	(40,000)	0.00	13,63,25,492	1.11
	At the end of the year			13,63,25,492	1.11

@ Change in shareholding percentage was consequent to increase in Share Capital on account of allotment of shares under the ITC Employee Stock Option Schemes (ITC ESOS).

Note: 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	Y. C. Deveshwar, Chairman & Non-Executive Director #				
	At the beginning of the year	10,15,000	0.01		
	Increase / Decrease in Shareholding during the year:				
	28/06/2018*	12,15,000	0.01	22,30,000	0.02
	30/07/2018**	(72,000)	0.00	21,58,000	0.02
	31/07/2018**	(11,000)	0.00	21,47,000	0.02
	01/08/2018**	(80,000)	0.00	20,67,000	0.02
	02/08/2018**	(60,000)	0.00	20,07,000	0.02
	03/08/2018**	(1,55,000)	0.00	18,52,000	0.02
	09/08/2018**	(75,000)	0.00	17,77,000	0.01
	10/08/2018**	(1,25,000)	0.00	16,52,000	0.01
	13/08/2018**	(2,25,000)	0.00	14,27,000	0.01
	14/08/2018**	(18,000)	0.00	14,09,000	0.01
	17/08/2018**	(1,50,000)	0.00	12,59,000	0.01
	20/08/2018**	(1,85,000)	0.00	10,74,000	0.01
	05/09/2018**	(1,08,050)	0.00	9,65,950	0.01
	07/09/2018**	(5,000)	0.00	9,60,950	0.01
	21/09/2018**	(3,00,000)	0.00	6,60,950	0.01
	01/02/2019**	(2,15,000)	0.00	4,45,950	0.00
	At the end of the year			4,45,950	0.00
2	S. Puri, Managing Director \$				
	At the beginning of the year	1,00,000	0.00		
	Increase / Decrease in Shareholding during the year:				
	30/07/2018**	(50,000)	0.00	50,000	0.00
	02/08/2018*	1,00,000	0.00	1,50,000	0.00
	03/08/2018**	(50,000)	0.00	1,00,000	0.00
	22/08/2018*	50,000	0.00	1,50,000	0.00
	03/09/2018**	(50,000)	0.00	1,00,000	0.00
	14/09/2018*	25,000	0.00	1,25,000	0.00
	07/03/2019**	(25,000)	0.00	1,00,000	0.00
	12/03/2019**	(25,000)	0.00	75,000	0.00
	19/03/2019*	25,000	0.00	1,00,000	0.00
	28/03/2019**	(12,500)	0.00	87,500	0.00
	At the end of the year			87,500	0.00
3	N. Anand, Executive Director				
	At the beginning of the year	29,475	0.00		
	Increase / Decrease in Shareholding during the year:				
	29/08/2018**	(29,475)	0.00	0	0.00
	At the end of the year			0	N.A.
4	B. Sumant, Executive Director				
	At the beginning of the year	N.A.	N.A.		
	Appointed Director with effect from 16/11/2018	3,42,780	0.00		
	Increase / Decrease in Shareholding during the year i.e. w.e.f. 16/11/2018:				
	07/12/2018**	(20,000)	0.00	3,22,780	0.00
	17/12/2018**	(20,000)	0.00	3,02,780	0.00
	19/12/2018**	(15,000)	0.00	2,87,780	0.00
	21/12/2018**	(8,163)	0.00	2,79,617	0.00
	18/02/2019**	(20,000)	0.00	2,59,617	0.00
	05/03/2019**	(20,000)	0.00	2,39,617	0.00
	06/03/2019**	(40,000)	0.00	1,99,617	0.00
	07/03/2019**	(30,000)	0.00	1,69,617	0.00
	19/03/2019**	(15,000)	0.00	1,54,617	0.00
	19/03/2019*	73,440	0.00	2,28,057	0.00
	20/03/2019**	(5,000)	0.00	2,23,057	0.00
	28/03/2019**	(15,000)	0.00	2,08,057	0.00
	At the end of the year			2,08,057	0.00
5	R. Tandon, Executive Director & Chief Financial Officer				
	At the beginning of the year	2,89,750	0.00		
	Increase / Decrease in Shareholding during the year:				
	30/07/2018**	(60,000)	0.00	2,29,750	0.00
	02/08/2018**	(30,000)	0.00	1,99,750	0.00
	03/08/2018**	(40,000)	0.00	1,59,750	0.00

(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
	06/08/2018**	(10,000)	0.00	1,49,750	0.00
	10/08/2018**	(20,000)	0.00	1,29,750	0.00
	14/08/2018**	(10,000)	0.00	1,19,750	0.00
	17/08/2018**	(4,500)	0.00	1,15,250	0.00
	22/08/2018*	50,000	0.00	1,65,250	0.00
	03/09/2018**	(1,500)	0.00	1,63,750	0.00
	05/03/2019**	(20,000)	0.00	1,43,750	0.00
	06/03/2019**	(20,000)	0.00	1,23,750	0.00
	07/03/2019**	(10,000)	0.00	1,13,750	0.00
	08/03/2019**	(15,000)	0.00	98,750	0.00
	13/03/2019**	(15,000)	0.00	83,750	0.00
	14/03/2019*	1,00,000	0.00	1,83,750	0.00
	At the end of the year			1,83,750	0.00
6	S. B. Mathur, Non-Executive Independent Director				
	At the beginning of the year	1,70,500	0.00		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			1,70,500	0.00
7	S. S. H. Rehman, Non-Executive Independent Director				
	At the beginning of the year	17,732	0.00		
	Increase / Decrease in Shareholding during the year:				
	14/02/2019*	50,000	0.00	67,732	0.00
	25/03/2019**	(5,000)	0.00	62,732	0.00
	27/03/2019**	(5,000)	0.00	57,732	0.00
	28/03/2019**	(4,942)	0.00	52,790	0.00
	29/03/2019**	(20,000)	0.00	32,790	0.00
	At the end of the year			32,790	0.00
8	R. K. Singhi, Executive Vice President & Company Secretary				
	At the beginning of the year	1,35,900	0.00		
	Increase / Decrease in Shareholding during the year:				
	07/06/2018**	(3,900)	0.00	1,32,000	0.00
	30/07/2018**	(3,000)	0.00	1,29,000	0.00
	01/08/2018**	(2,000)	0.00	1,27,000	0.00
	06/08/2018**	(1,000)	0.00	1,26,000	0.00
	14/08/2018**	(2,000)	0.00	1,24,000	0.00
	17/08/2018**	(3,000)	0.00	1,21,000	0.00
	21/08/2018**	(1,000)	0.00	1,20,000	0.00
	30/08/2018**	(5,000)	0.00	1,15,000	0.00
	31/08/2018**	(1,000)	0.00	1,14,000	0.00
	14/09/2018*	15,000	0.00	1,29,000	0.00
	21/09/2018**	(1,000)	0.00	1,28,000	0.00
	28/09/2018**	(3,000)	0.00	1,25,000	0.00
	23/01/2019*	10,000	0.00	1,35,000	0.00
	01/02/2019**	(5,000)	0.00	1,30,000	0.00
	28/02/2019**	(10,900)	0.00	1,19,100	0.00
	01/03/2019**	(10,000)	0.00	1,09,100	0.00
	05/03/2019**	(5,000)	0.00	1,04,100	0.00
	06/03/2019**	(4,100)	0.00	1,00,000	0.00
	12/03/2019**	(1,000)	0.00	99,000	0.00
	19/03/2019**	(4,000)	0.00	95,000	0.00
	19/03/2019*	35,200	0.00	1,30,200	0.00
	28/03/2019**	(6,000)	0.00	1,24,200	0.00
	At the end of the year			1,24,200	0.00

Mr. S. Banerjee, Mr. A. Duggal, Ms. N. Rao, Ms. M. Shankar and Mr. D. R. Simpson, 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.

Mr. H. Bhargava and Mr. J. Pulinthanam, Directors, also did not hold any Shares of the Company either at the time of appointment as Director or at the end of the year or at any time since their appointment till 31st March, 2019.

@ Shares held singly / jointly.

Passed away on 11th May, 2019.

* Allotment of Shares under ITC ESOS; Options were granted to Non-Executive Independent Directors prior to their current tenure.

** Sale of Shares allotted under ITC ESOS.

§ Appointed also as the Chairman of the Company with effect from 13th May, 2019.

Note: Increase / decrease in shareholding, as indicated above, are based on disclosures received from the 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
Indebtedness at the beginning of the financial year				
(i) Principal Amount	0.00	1,799.12	0.20	1,799.32
(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
Total (i+ii+iii)	0.00	1,799.12	0.20	1,799.32
Change in Indebtedness during the financial year				
– Addition	0.00	0.00	0.00	0.00
– Reduction	0.00	686.40	0.00	686.40
Net Change	0.00	(686.40)	0.00	(686.40)
Indebtedness at the end of the financial year				
(i) Principal Amount	0.00	1,112.72	0.20	1,112.92
(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
Total (i+ii+iii)	0.00	1,112.72	0.20	1,112.92

* Includes amounts disclosed under 'Note 14 - Deferred payment liabilities' and 'Note 15 - Current maturities of long-term debt' 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				Total Amount
		S. Puri, Managing Director *	N. Anand, Executive Director	B. Sumant, Executive Director #	R. Tandon, Executive Director & Chief Financial Officer	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	577.50	295.37	36.00	289.50	1,198.37
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 ¹	105.50	53.57	10.62	54.58	224.27
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option ²	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	0.00	0.00	0.00	0.00	0.00
	- 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
	Total (A)	683.00	348.94	46.62	344.08	1,422.64
	Ceiling as per the Act	1,78,856	(Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)			

* Appointed also as the Chairman of the Company with effect from 13th May, 2019.

Executive Director since 16th November, 2018.

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 (additional remuneration and benefits)	
1	Independent Directors				
	S. Banerjee	11.50	60.00	0.00	71.50
	A. Duggal	12.50	60.00	0.00	72.50
	S. B. Mathur	12.50	60.00	0.00	72.50
	N. Rao	7.50	60.00	0.00	67.50
	S. S. H. Rehman	16.50	60.00	0.00	76.50
	M. Shankar	13.00	60.00	0.00	73.00
	Total (B)(1)	73.50	360.00	0.00	433.50
2	Other Non-Executive Directors				
	Y. C. Deveshwar [^]	12.50	60.00	1,589.80	1,662.30
	H. Bhargava [#]	7.00 *	0.00	0.00	7.00
	J. Pulinthanam ^{\$}	2.60 *	0.00	0.00	2.60
	D. R. Simpson	9.50	60.00	0.00	69.50
	Total (B)(2)	31.60	120.00	1,589.80	1,741.40
	Total (B) = (B)(1) + (B)(2)				2,174.90
	Total Managerial Remuneration (A+B)				3,597.54
	Overall Ceiling as per the Act	1,96,742	(Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)		

[^] Passed away on 11th May, 2019.

[#] Non-Executive Director since 28th July, 2018.

^{\$} Non-Executive Director since 16th May, 2018.

* Paid to the Public Financial Institution the Director represents.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	R. K. Singhi, Executive Vice President & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	103.29
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 ¹	8.14
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00
2	Stock Option ²	0.00
3	Sweat Equity	0.00
4	Commission	
	- as % of profit	0.00
	- others, specify	0.00
5	Others, please specify	0.00
	Total Amount	111.43

Notes:

1. Does not include contribution to the approved Pension Fund under the defined benefit scheme which is actuarially determined on an overall Company basis.

2. During the year, the Company granted Stock Options to the Directors and KMP under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration.

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

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
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 product), 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. Installation of energy efficient pulp refiners.
- II. Installation of automatic condensate drain valves to improve efficiency of air compressors.
- III. Installation of high energy efficiency baking ovens.
- IV. Installation of Vapour Absorption Machine (VAM) and thermo-compressors to utilise waste heat.
- V. Installation of thermodynamic steam traps with condensate recovery to improve energy efficiency.
- VI. Installation of heat pump for improving the efficiency of Heating, Ventilation and Air Conditioning (HVAC) system at ITC Hotels.
- VII. Automation of tube cleaning system in HVAC chillers resulting in improved efficiency.
- VIII. Installation of Variable Frequency Drives for ventilation units, blowers, pumps, fans etc.
- IX. Replacement of heat exchanger, UPS, motors, compressors, chillers, air conditioners, pumps, blower and agitators with higher efficiency ones.
- X. Process improvements to enhance productivity and reduce specific energy consumption.

b) Steps taken for utilising alternate sources of energy:

Some of the renewable energy initiatives undertaken during the year are as follows:

- I. Commissioning of additional solar photovoltaic (1.2 MWp) and wind (4.2 MW) power plants.
- II. Generation of biogas from food waste and using it in the kitchen to partially displace fossil fuels.
- III. Continued use of biomass-based fuels for thermal energy generation to reduce dependency on fossil fuels.

c) Capital investment on energy conservation equipment:
₹ 2,839 lakhs

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

- I. Installation of smart utility system with advanced data analytics as part of Industry 4.0 initiative and automation of manufacturing lines including full process automation using Supervisory Control and Data Acquisition (SCADA) system in Branded Packaged Foods Businesses.
- II. Multi-category beverage manufacturing line with a combination of milk and fruit pulp along with inclusion of fruit pieces and dry fruits etc.
- III. Installation of new paper machine with advanced controls such as better refining technology, pulp stock mixing and screening technology etc. in Paperboards and Specialty Papers Business.
- IV. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in Personal Care Products Business.
- V. Induction of contemporary technologies and continuous improvement across businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability.

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. Conservation of resources and improved efficiencies.

c) The expenditure incurred on Research and Development:

	For the year ended 31st March, 2019
Expenditure on R&D:	(₹ in Lakhs)
i) Capital	2,738.16
ii) Revenue	14,533.10
Total	17,271.26
Total Expenditure (as a % of Gross Revenue)	0.38%

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2019

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 *	Chairman & Non-Executive Director	397 : 1	(17)
S Puri [§]	Managing Director	168 : 1	1
N Anand	Executive Director	87 : 1	5
B Sumant	Executive Director (From 16th November, 2018)	12 : 1	-
R Tandon	Executive Director & Chief Financial Officer	87 : 1	3
S Banerjee	Independent Director	17 : 1	3
H Bhargava	Non-Executive Director (From 28th July, 2018)	2 : 1	-
A Duggal	Independent Director	17 : 1	4
S B Mainak	Non-Executive Director (Till 23rd July, 2018)	14 : 1	(18)
S B Mathur	Independent Director	17 : 1	3
J Pulinthanam	Non-Executive Director (From 16th May, 2018)	1 : 1	-
N Rao	Independent Director	16 : 1	2
S S H Rehman	Independent Director	18 : 1	3
M Shankar	Independent Director	17 : 1	3
D R Simpson	Non-Executive Director	17 : 1	3
R K Singhi	Executive V.P. & Company Secretary	27 : 1	14

Based on annualised remuneration

* Passed away on 11th May, 2019

[§] Appointed also as the Chairman of the Company with effect from 13th May, 2019

Notes

- 1) The number of permanent employees as on 31st March, 2019 was 27,279
- 2) Compared to 2017-18, the figures for 2018-19 reflect that:
 - (i) Median remuneration of employees - Decreased by 2%
 - (ii) Average remuneration of employees - Increased by 2%
 - (iii) Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 2%
 - (iv) Remuneration of KMPs - Increased by 14% due to increase in number of KMP and increase in remuneration of the Managing Director
- 3) Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy

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	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Top ten employees in terms of remuneration drawn.								
Puri S*	56	Managing Director	7,03,34,430	3,17,39,709	B.Tech.	34	20.01.1986	TELCO Ltd., Trainee
Tandon R	65	Executive Director & Chief Financial Officer	3,64,16,303	1,56,54,533	B.Sc., F.C.A.	41	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Anand N	62	Executive Director	3,63,06,137	1,60,83,746	B.A. (Hons.)	39	01.12.1979	@
Sivakumar S	58	Group Head - Agri Business	2,40,13,510	1,27,59,751	B.Sc., P.G. Dip. in Rural Mgmt.	36	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Suresh K S	59	General Counsel	2,19,15,850	89,09,043	B.A., B.L., P.G.D.P.M., I.R. & L.W.	37	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Rajput A K	63	Senior V.P. - Corporate Affairs	2,16,85,350	96,20,921	B.Com., M.B.A.	42	10.04.1976	Nil
Sumant B	55	Executive Director	2,15,70,818	85,69,767	B.E.	33	20.01.1986	Nil
Dar C	63	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,03,47,685	89,26,306	B.Tech. (Hons.), P.G.D.M.	40	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Malik H	53	Divisional Chief Executive (FBD)	1,99,09,753	88,43,833	B.A., M.B.A.	29	01.06.1989	Nil
Satpathy S	46	Divisional Chief Executive (PCPBD)	1,95,85,055	88,13,925	B.Com., P.G.D.M.	23	01.12.2015	Marico Ltd., Chief Marketing Officer
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.								
Ahmad S M	65	On deputation	1,34,02,024	58,69,141	B.A., M.A.	42	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Ambasta A (Dr.)	60	Executive V.P. & Head - Social Investments	1,27,67,645	59,42,809	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	32	01.04.2002	Action Aid (India), Sr. Programme Analyst
Arif N	57	Executive V.P. & Head - Corporate Communications	1,62,79,619	71,65,046	B.A. (Hons.), M.A.	33	01.09.2006	Indian Chamber of Commerce, Secretary General
Ashok D	55	General Manager - Strategic Planning	1,20,48,595	56,50,969	B.Com., A.C.S., F.C.M.A.	34	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Bajaj K	46	General Manager - Marketing (ITD)	1,09,20,375	51,87,810	B.A. (Hons.), M.B.A.	24	16.03.2011	Bharti Retail Ltd., Head - Brands
Balakrishnan S	52	Head - Manufacturing Operations (PCPBD)	1,12,53,047	51,17,280	B.E.	31	01.09.1987	Nil
Balar S	44	Brand Group Head - Personal Wash (PCPBD)	1,06,84,793	51,13,747	B.Tech.	18	01.06.2000	Nil
Bezbaroa S K	56	Executive V.P. - Corporate EHS	1,13,64,302	52,37,759	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	36	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bose S	50	Executive V.P. - HR & Learning & Development (HD)	1,40,72,375	72,10,756	B.A., P.G. Dip. in P.M.	24	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations
Chandrasekharan L C (Dr.)	64	Chief Scientist - Research & Technology Innovation (LS & T)	1,55,72,271	90,10,934	Ph.D.	37	01.10.2005	G.E. India, Director, Mfg.
Chaturvedi K	41	Head of Marketing - Staples, Snacks & Meals (FBD)	1,08,67,374	51,81,354	B.A. (Hons.), P.G. Dip. in Communication	17	19.05.2003	Mindshare Fulcrum, Planning Executive
Degan S	50	V.P. - Skin Care & New Product Development (PCPBD)	1,06,38,743	59,90,800	M.B.A.	19	15.07.2014	Britannia Industries Ltd., Category Director - Delight & Lifestyle
Dixit P K	58	General Manager - T & RA (ITD)	1,18,55,034	54,68,561	B.Sc. (Hons.)	35	17.10.1983	Nil
Dutta Saradindu	59	Head - Corporate Accounts	1,28,47,389	56,06,814	B.Com. (Hons.), M.Com., A.C.A.	37	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	52	Corporate Financial Controller	1,49,40,651	63,13,994	B.Com. (Hons.), C.W.A., A.C.A.	28	01.11.1990	Nil
Ganesan M	56	Head - Corporate Internal Audit	1,51,25,552	70,04,693	B.Com., A.C.A., A.C.S.	33	01.03.1986	Nil
Ganesh Kumar S	51	SBU Chief Executive - Staples, Snacks & Meals (FBD)	1,44,97,885	66,47,313	B.E.	27	14.12.1991	Nil
Garg A K	58	Head - Finance & IT (PCPBD)	1,08,50,344	61,66,172	B.A. (Hons.), M.B.A. (U.S.A.)	36	01.08.1985	International Travel House Ltd., Regional Financial Controller
Guha S	57	Executive V.P. - Technical (ITD)	1,28,53,772	58,07,556	B.Tech.	35	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Gupta V	54	Divisional Chief Executive (LRBD)	1,53,30,869	84,26,670	B.E., P.G.D.M.	28	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Haksar D	61	Chief Executive - ITC Hotels/ WelcomHotels (HD)	1,21,18,750	57,09,978	B.Com. (Hons.)	41	01.09.1977	@
Janardanan Anand P	53	V.P. - HR (FBD)	1,04,10,002	48,10,405	B.Com. (Hons.), P.G. Dip. in P.M. & I.R.	28	01.06.1990	Nil
Jasper N K	49	Executive V.P. - Finance & IT (FBD)	1,05,90,859	51,82,972	B.Com. (Hons.), A.C.M.A., A.C.A.	26	25.06.1993	A.F. Ferguson, Asst. Consultant
John R	50	Chief Engineer - Operations (ITD)	1,05,48,183	49,59,260	B.Tech.	27	03.03.2006	Wings Corporation (Indonesia), Operations Director - Nigerian Operations
Kaul S	52	Divisional Chief Executive (ITD)	1,82,08,222	80,94,964	B.E., P.G.D.M.	28	01.06.1990	Nil
Kulkarni V	44	Chief Operating Officer (PSPD)	1,25,86,695	64,92,614	B.Tech.	22	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Kumar A	55	Chief Technologist - Packaging & Graphics Design (ITD)	1,09,21,079	50,01,288	B.Sc., M.B.A.	33	01.07.1990	Uptron India Ltd., Planning Officer
Kumar G K	53	V.P. - Leaf Operations, Tobacco SBU (ABD)	1,03,37,470	54,13,667	B.Sc. (Agriculture)	31	01.08.1987	Nil
Rustagi A K	44	Chief Operating Officer - Chocolates, Coffee & New Category Development (FBD)	1,68,37,610	79,32,110	B.Tech., P.G.P.M.	22	01.10.2017	Unilever Inc. (London), Global Brand Director
Kunchey J K	44	General Manager - Supply Chain & Logistics (ITD)	1,16,41,070	53,93,416	B.Tech., P.G. Dip. in I.E.	21	24.08.2007	Reliance Retail Co., Head - Planning & Logistics
Mukherjee P	57	V.P. - Finance & MIS (PPB - SBU)	1,08,61,775	48,57,310	B.Com. (Hons.), A.C.S., A.C.A.	33	01.09.1987	Khanna & Annadhanam, Chartered Accountants, Asst. Audit
Mukherjee S (Dr.)	53	Chief Scientist and Head R&D (ITD)	1,10,56,716	65,22,495	B.Sc., M.Sc., Ph.D.	23	16.03.1998	ICI India Ltd., Manager Q.A.
Mukherji A	46	Head - Corporate Human Resources	1,15,33,431	64,77,835	B.A., P.G. Dip. in P.M. & I.R., M.I.L.R.	23	01.08.1995	ANZ Grindlays Bank, Mgmt. Trainee
Noronha A R	65	Executive V.P. - Projects (HD)	1,14,11,526	53,52,417	B.E. (Elec.)	41	01.05.1978	@
Prabhakar L	53	Executive V.P. - HR (ABD)	1,05,22,877	52,75,594	B.E. (Mech.), P.G. Dip. in P.M. & I.R.	31	01.05.2006	ITC Infotech India Ltd., G.M. - HR
Puri Sudhir	42	Category Manager - Chocolates & Coffee (FBD)	1,09,70,352	51,82,766	B.Tech.	20	01.06.1998	Nil
Rai R K	56	SBU Chief Executive - Agri Business SBU (ABD)	1,59,81,117	69,32,126	B.A. (Mktg.), P.G.D. in Exports & Imports	36	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rama Prasad H N	53	V.P. - Exports & Supply Chain, Tobacco SBU (ABD)	1,04,70,220	51,63,265	B.Sc. (Agriculture), M.Sc. (Agriculture)	30	26.09.1988	Nil
Ramamurthi S (Dr.)	54	Chief Scientist - Biosciences (LS & T)	1,06,20,914	50,78,196	B.Sc., M.Sc. (Tech.), Ph.D.	25	27.08.2007	Hindustan Unilever Ltd., Sr. Research Scientist
Rangrass S	58	Divisional Chief Executive (ABD)	1,68,35,660	81,04,185	B.Tech.	36	01.07.1982	Nil
Rayavaram R K	46	SBU Chief Executive - Matches & Agarbatti SBU	1,02,00,048	49,69,876	B.E., P.G.P.M.	23	01.06.2003	3M India Ltd., Marketing Analyst
Reddy K V	53	Head Product Development - Staples & Noodles (FBD)	1,03,42,921	58,76,332	B.Tech.	29	01.08.2001	Cargill India Pvt. Ltd., Production Manager
Roy A	53	Executive V.P. - Corporate Finance	1,28,47,496	59,22,122	B.Com. (Hons.), A.C.A.	30	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Sarma C V	57	Executive V.P. - Finance & MIS (PSPD)	1,22,99,528	58,60,808	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	25	03.05.1993	Nil

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	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Senguttuvan R	57	Chief Executive (PPB - SBU)	1,57,76,829	84,34,721	B.E., P.G.D.M.	33	27.05.1991	Asian Paints, Purchase Executive
Shanmuga Sundaram A	52	Senior Deputy General Counsel	1,42,69,627	68,17,478	B.L., M.L.	30	20.10.1997	Maxworth Home Ltd., Manager, Legal
Shenoy T S M	51	Head of Finance (TM & D)	1,03,22,636	49,43,712	B.Com. (Hons.), A.C.A.	31	03.08.1992	A.F. Ferguson & Co., Mgmt. Consultant
Singal S	48	Chief Operating Officer - Dairy & Beverages Cluster (FBD)	1,56,96,863	72,71,924	B.Sc., P.G.D.M.	23	01.07.2016	Dabur India Ltd., Head of Marketing
Singh J	53	Executive V.P. - Finance, IT & Procurement (HD)	1,18,53,052	58,38,564	B.Com. (Hons.), A.C.A.	31	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh S K	62	Group Head - Paper & Packaging and Divisional Chief Executive (PSPD)	1,78,53,626	89,30,041	B.Tech. (Chem.)	42	21.06.1977	#
Singhi R K	54	Executive V.P. and Company Secretary	1,14,93,926	61,62,673	B.Com. (Hons.), LL.B., F.C.S.	34	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Stephanos K G	54	Executive V.P. - Finance, MIS and T & RA (ITD)	1,11,64,600	52,32,952	B.Com. (Hons.), A.C.A.	31	01.07.1988	PricewaterhouseCoopers & Co., Jr. Officer
Sule S	53	Chief Executive Officer (TM & D)	1,50,37,651	67,52,724	B.Com., M.I.B.	29	16.07.1990	Bayer India Ltd., Management Trainee
Tandan S	59	V.P. - Corporate Affairs	1,04,99,717	50,37,715	B.A. (Hons.), A.C.A.	33	01.10.1985	Nil
Thakar A	52	V.P. - Finance (FBD)	1,05,91,354	50,45,709	B.Com. (Hons.), A.C.A., M.B.A.	26	30.06.1992	Nil
Tyagi S	60	SBU Chief Executive (ESPB - SBU)	1,47,00,616	67,11,006	M.Sc., P.G.D.M.	37	01.02.1982	Nil
Venkateswaran K (Dr.)	59	Chief Scientist & Head - Product Development and R&D (PCPBD)	1,19,31,287	71,73,489	B.Sc., M.Sc., Ph.D.	34	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Vijaykrishnan V (Dr.)	52	Senior Principal Scientist (PCPBD)	1,34,34,040	61,98,112	B.Sc., M.Sc., Ph.D.	23	02.05.2017	Unilever Inc., Global R & D - Design Director
Viswanathan K I	58	Executive V.P. - Marketing & Commercial (PSPD)	1,16,18,708	60,97,193	M.B.A.	36	06.09.1982	Nil
Wanchoo S	58	Executive V.P. - Marketing (ITD)	1,25,08,779	56,33,893	B.Com. (Hons.)	37	19.10.1981	Nil
Yadav S M	49	V.P. - Technology & Manufacturing (FBD)	1,39,17,928	64,04,407	B.E., Dip. in International Business	28	24.08.2016	Mondelez International, Associate Director - Asia Pacific (Engineering)
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month.								
Abraham C	55	Chief Executive - Healthcare	1,82,32,038	97,38,146	M.B.B.S., Adv. Dip. in Healthcare Administration	25	02.05.2018	Health City Cayman Islands, CEO & Head of Medical Services
Asthana Nitin K	58	Regional Manager, T & RA - South (TM & D)	20,82,586	14,21,274	B.Sc.	34	01.04.1984	Nil
Balani Bhagwan D	43	General Manager, ITC Grand Goa (HD)	54,47,158	34,86,153	B.A., Dip. in Hotel Mgmt. & Catering Technology	23	29.09.2018	Hilton Mumbai International Airport, India - G.M.
Biswas D	43	Manager - Process Design & Capability (TM & D)	1,00,93,343	44,23,968	B.Com.	21	16.01.2004	Cavin Care, Sr. Commercial Asst.
Chakraborty K	60	Head of Technology & Engineering - Biscuits (FBD)	73,19,713	46,68,192	B.E.	38	21.04.2006	Britannia Industries Ltd., Co. Engg. Services Manager
Ghosh C	52	Head - Competency Development & HR (TM & D)	22,79,507	12,66,791	B.Sc.(Hons.), M.M.S.	27	01.03.2007	Ideact Pvt. Ltd. and Studycats.Com, Director
Gupta P	62	Head - Corporate Taxation	1,15,35,830	66,44,273	B.Com. (Hons.), A.C.A., D.M.A. (I.C.A.)	39	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Joshi A	60	National Sales Manager - Personal Care, Agarbatti & Matches (TM & D)	63,24,147	27,81,959	B.A., M.A., M.B.A.	36	01.01.1982	Nil
Mani M	60	Chief Scientist - Tobacco SBU (ABD)	38,16,629	26,40,310	M.Sc. (Agriculture), Ph.D.	36	01.10.1990	Central Instt. Of Medicinal & Aromatic Plants, Scientist
Mohan A L N Krishna Mukerji A K	55	V.P. - Operations (PSPD)	18,57,572	12,94,466	B.E. (Mech.)	31	16.07.1986	Nil
	60	Corporate Financial Controller	1,28,38,158	77,17,448	B.Com. (Hons.), A.C.A.	36	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Parasuram R	60	Head - Corporate Internal Audit	95,37,287	55,87,318	B.Com. (Hons.), A.C.A.	36	15.09.1982	Nil
Prabhakar K	52	General Manager - Central Projects Organisation	56,83,022	33,96,711	B.E. (Mech.), M.B.A.	30	05.07.2007	GEA Energy Systems (I) Ltd., D.G.M. Projects
Purandare H	60	Regional HR Manager - West (HD)	50,24,386	26,74,317	B.A., Dip. in P.M. & I.R.	37	01.01.1987	@
Rajasekharan V M	60	SBU Chief Executive - Matches & Agarbatti SBU	94,85,337	57,06,862	B.E.	38	01.06.1986	M.M. Rubber Co. Ltd., Sales Mgr.
Rajendran R	60	Production Manager - Tobacco SBU (ABD)	19,51,869	14,52,932	Dip. in Mechanical Engg.	41	30.09.1981	Tamil Nadu Mopeds Ltd., Supervisor
Sharma A	60	Executive V.P. - HR & Learning Services (HD)	82,09,823	43,31,961	B.A., Masters in P.M. & I.R.	35	06.11.1985	@
Sridhar R	60	Head - Corporate Human Resources	1,47,24,911	63,85,396	B.Sc., P.G. Dip. in P.M. & I.R., Fellow in Mgmt.	36	01.06.1982	Nil
Thiruvengadam A	60	Manager - Operations (Matches)	23,21,865	17,96,638	B.Sc. (Physics)	37	01.07.1982	ARV Industries, Sales Executive
Zachariah A	60	Executive V.P. & Head - Central Projects Organisation	1,11,49,674	50,35,897	B.Sc. (Engg.)	36	01.09.2012	Lanco Infratech Ltd., Senior Vice President

Abbreviations denote :

ITD	: India Tobacco Division	PCPBD	: Personal Care Products Business Division
PSPD	: Paperboards & Specialty Papers Division	ESPB	: Education & Stationery Products Business
LRBD	: Lifestyle Retailing Business Division	PPB	: Packaging & Printing Business
ABD	: Agri Business Division	LS & T	: Life Sciences & Technology
HD	: Hotels Division	TM & D	: Trade Marketing & Distribution
FBD	: Foods Business Division	SBU	: Strategic Business Unit

* Appointed also as the Chairman of the Company with effect from 13th May, 2019

@ Previously employed with ITC Hotels Ltd. which was merged with the Company on 23rd March, 2005

Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on 13th March, 2002

Notes :

- Remuneration includes salary, performance bonus, allowances & other benefits/applicable perquisites except contribution to the approved Pension Funds 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.
- During the year, the Company granted Stock Options to the Directors, KMP and certain other employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. The Company also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to eligible employees under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since the Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / ESAR Units, and accordingly the said grant has not been considered as remuneration.
- Net remuneration comprises cash income less : a) income tax, surcharge (as applicable) & education cess deducted at source. b) employees' 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.
- The above list does not include employees who are on deputation and whose cost is not borne by the Company.

On behalf of the Board

Gurugram
13th May, 2019

S. PURI *Chairman & Managing Director*
R. TANDON *Director & Chief Financial Officer*

Annexure to the Report of the Board of Directors

DIVIDEND DISTRIBUTION POLICY

This Dividend Distribution Policy is framed in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dividend Distribution shall take into account the distributable surplus available under law as well as the need to retain earnings, which in turn will take into account foreseeable funding requirements of the Company's businesses, including their growth plans, organic and inorganic, as also the financial capacity that needs to be conserved to address contingencies that may arise. The surplus so determined shall be returned to shareholders over the long term.

Consistent with the above, the Company will strive to declare a steady stream of dividend to its shareholders. The actual quantum of dividend pay-out each year will be guided by the Company's financial performance and cash flow position and will take into account the requirements of funds to sustain the business and growth plans of the Company, as well as the economic and market conditions then prevailing. Dividend distribution will also cognise for foreseeable opportunities and threats in the globalised competitive context.

The Board of Directors of the Company (hereinafter referred to as the 'Board') may declare interim dividend(s), at their discretion. The Board's recommendation to the shareholders on the final dividend may include special dividend(s) as considered appropriate.

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2019

KEY FINANCIAL RATIOS

[Pursuant to Schedule V(B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Consequent to the introduction of the Goods and Services Tax (GST) w.e.f 1st July, 2017, Gross Revenue from sale of products and services for the year ended 31st March, 2019 is not comparable with the previous year (refer Note in the 'Statement of Profit and Loss').

Hence, Debtors Turnover ratio, Inventory Turnover ratio, Operating Profit margin and Net Profit margin for the year ended 31st March, 2019 are not comparable with the previous year.

In order to facilitate like for like comparison:

- **Debtors Turnover ratio** has been computed for both years on the basis of Gross Sales Value (net of rebates and discounts) instead of Gross Revenue, and
- **Inventory Turnover, Operating Profit Margin and Net Profit Margin ratios** have been computed on the basis of annualised Gross Revenue for the nine months' period from 1st July, 2018 to 31st March, 2019 and corresponding period in the previous year.

		2019	2018
(i)	Operating Profit Margin (%)	41.1	41.6
(ii)	Net Profit Margin ¹ (%)	28.0	27.8
(iii)	Debtors Turnover ² – Based on Gross Sales Value	20.7	28.5
(iv)	Inventory Turnover	6.1	5.6
(v)	Current Ratio	3.1	2.8
(vi)	Return on Net worth ¹ (%)	21.5	21.3

Notes

1. **Net Profit Margin** and **Return on Net worth ratios** have been computed based on **Profit After Tax (before exceptional items)**.
Return on Net Worth is higher for the year ended 31st March, 2019 due to higher rate of growth in Profit After Tax.
2. The relatively lower **Debtors Turnover ratio** for the year ended 31st March, 2019 is largely attributable to tighter market liquidity conditions, increase in sales volume in the Paperboards & Specialty Papers Division due to capacity additions, new business development in the Agri Business segment and higher sales across operating segments in the last three months of the year. A substantial portion of the Trade Receivables as at 31st March, 2019 has been subsequently collected.
3. **Interest Coverage Ratio** and **Debt Equity ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
ITC Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 15th October, 2018.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of ITC Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the 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.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2019.
9. 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)

P. R. Ramesh
Partner

(Membership No. 70928)

Gurugram, 13th May, 2019

CEO and CFO Compliance Certificate

We, S. Puri, Chairman & Managing Director and R. Tandon, Director & Chief Financial Officer certify that :

- a) We have reviewed the financial statements including the cash flow statement for the year ended 31st March, 2019 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 Indian 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, 2019 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) Changes in accounting policies consequent to the implementation of new Indian Accounting Standards (Ind AS) have been appropriately disclosed in the financial statements. The impact of the new Ind AS on the Company's financials is not material; 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.

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Balance Sheet as at 31st March, 2019

	Note	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3A	17945.65		15120.00	
(b) Capital work-in-progress	3B	3391.47		5016.85	
(c) Intangible assets	3C	540.75		445.99	
(d) Intangible assets under development	3D	9.89		8.73	
(e) Financial Assets					
(i) Investments	4	14071.45		13493.77	
(ii) Loans	5	6.21		7.40	
(iii) Others	6	2380.49	16458.15	1741.28	15242.45
(f) Income Tax Assets (Net)	19	-		18.66	
(g) Other non-current assets	7	1883.05	40228.96	2025.63	37878.31
Current assets					
(a) Inventories	8	7587.24		7237.15	
(b) Financial Assets					
(i) Investments	9	12506.55		9903.45	
(ii) Trade receivables	10	3646.22		2357.01	
(iii) Cash and cash equivalents	11	162.71		96.03	
(iv) Other Bank Balances	12	3606.02		2498.85	
(v) Loans	5	5.02		4.15	
(vi) Others	6	1360.29	21286.81	1147.95	16007.44
(c) Other current assets	7	694.91	29568.96	1258.41	24503.00
TOTAL ASSETS		69797.92		62381.31	
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	13	1225.86		1220.43	
(b) Other Equity		56723.93	57949.79	50179.64	51400.07
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	14	7.89		11.13	
(ii) Other financial liabilities	15	41.90	49.79	35.36	46.49
(b) Provisions	16	132.64		121.91	
(c) Deferred tax liabilities (Net)	17	2044.14		1917.94	
(d) Other non-current liabilities	18	-	2226.57	38.30	2124.64
Current liabilities					
(a) Financial Liabilities					
(i) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		54.32		29.43	
Total outstanding dues of creditors other than micro enterprises and small enterprises		3313.96		3352.85	
(ii) Other financial liabilities	15	972.94	4341.22	778.30	4160.58
(b) Other current liabilities	18	4910.40		4656.78	
(c) Provisions	16	25.24		39.24	
(d) Current Tax Liabilities (Net)	20	344.70	9621.56	-	8856.60
TOTAL EQUITY AND LIABILITIES		69797.92		62381.31	

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

P. R. RAMESH
Partner

Gurugram, 13th May, 2019

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2019

	Note	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
I Revenue From Operations*	21A, 21B	45784.39	44329.77
II Other Income	22	2484.54	2129.84
III Total Income (I+II)		48268.93	46459.61
IV EXPENSES			
Cost of materials consumed		13184.97	11756.21
Purchases of Stock-in-Trade		4300.32	2991.98
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(180.14)	1041.85
Excise duty		788.74	3702.23
Employee benefits expense	23	2728.44	2487.46
Finance costs	24	34.19	86.65
Depreciation and amortization expense		1311.70	1145.37
Other expenses	25	7656.55	6809.06
Total expenses (IV)		29824.77	30020.81
V Profit before exceptional items and tax (III-IV)		18444.16	16438.80
VI Exceptional Items		–	412.90
VII Profit before tax (V+VI)		18444.16	16851.70
VIII Tax expense:			
Current Tax	26	5849.24	5599.83
Deferred Tax	26	130.60	28.62
IX Profit for the year (VII-VIII)		12464.32	11223.25
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	27(vi)(a)	9.26	80.83
– Equity instruments through other comprehensive income		370.11	335.10
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(21.05)	10.29
(ii) Income tax relating to items that will not be reclassified to profit or loss	26	3.69	(31.61)
B (i) Items that will be reclassified to profit or loss:			
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		0.85	(18.69)
(ii) Income tax relating to items that will be reclassified to profit or loss	26	(0.30)	6.42
X Other Comprehensive Income [A (i-ii)+B (i-ii)]		362.56	382.34
XI Total Comprehensive Income for the year (IX+X)		12826.88	11605.59
XII Earnings per equity share (Face Value ₹ 1.00 each):	27(i)		
(1) Basic (in ₹)		10.19	9.22
(2) Diluted (in ₹)		10.13	9.16

* Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise [other than National Calamity Contingent Duty (NCCD) on cigarettes], Value Added Tax (VAT) etc. have been replaced by GST. In accordance with Indian Accounting Standards and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, VAT, etc. are excluded and NCCD is not excluded from Gross Revenue from sale of products and services for applicable periods. In view of the aforesaid restructuring of indirect taxes, Gross Revenue from sale of products and services and Excise duty for the year ended 31st March, 2019 are not comparable with the previous year. Following additional information is being provided to facilitate such comparison:

Gross Sales Value (net of rebates and discounts) (A)	75309.36	67081.92
Taxes other than Excise duty/NCCD (B)@	30087.95	23125.02
Gross Revenue from sale of products and services [C = (A-B)]	45221.41	43956.90
Other Operating Revenues (D)	562.98	372.87
Revenue From Operations [E = (C+D)]	45784.39	44329.77

@ Taxes include GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable for the reported periods.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

P. R. RAMESH
Partner
Gurugram, 13th May, 2019

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI
Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

Statement of changes in equity for the year ended 31st March, 2019

A. Equity Share Capital

(₹ in Crores)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2018	1214.74	5.69	1220.43
For the year ended 31st March, 2019	1220.43	5.43	1225.86

B. Other Equity

(₹ in Crores)

	Reserves and Surplus						Items of other comprehensive income			Total	
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges		Foreign Currency Translation Reserve
Balance as at 31st March, 2017	2.48	6432.24	1599.71	0.30	363.05	17585.31	17576.81	536.50	(10.73)	40.55	44126.22
Profit for the year	-	-	-	-	-	-	11223.25	-	-	-	11223.25
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	52.78	335.10	(5.54)	-	382.34
Total Comprehensive Income for the year	-	-	-	-	-	-	11276.03	335.10	(5.54)	-	11605.59
Issue of equity shares under ITC Employee Stock Option Scheme	-	907.10	-	-	-	-	-	-	-	-	907.10
Dividend	-	-	-	-	-	-	-	-	-	-	-
- Ordinary Dividend (2016-17 - ₹ 4.75 per share)	-	-	-	-	-	-	(5770.01)	-	-	-	(5770.01)
Income tax on Dividend paid	-	-	-	-	-	-	(1110.24)	-	-	-	(1110.24)
Transfer from share option reserve on exercise and lapse	-	105.07	(124.50)	-	-	-	18.65	-	-	-	(0.78)
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	23.00	-	23.00
Recognition of share based payment	-	-	398.76	-	-	-	-	-	-	-	398.76
Balance as at 31st March, 2018	2.48	7444.41	1873.97	0.30	363.05	17585.31	21991.24	871.60	6.73	40.55	50179.64
Profit for the year	-	-	-	-	-	-	12464.32	-	-	-	12464.32
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	5.59	370.11	(13.14)	-	362.56
Total Comprehensive Income for the year	-	-	-	-	-	-	12469.91	370.11	(13.14)	-	12826.88
Issue of equity shares under ITC Employee Stock Option Scheme	-	963.70	-	-	-	-	-	-	-	-	963.70

Statement of changes in equity for the year ended 31st March, 2019

B. Other Equity (Contd.)

(₹ in Crores)

	Reserves and Surplus							Items of other comprehensive income			Total
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Dividend											
– Ordinary Dividend (2017-18 – ₹ 5.15 per share)	–	–	–	–	–	–	(6285.21)	–	–	–	(6285.21)
Income tax on Dividend paid	–	–	–	–	–	–	(1201.69)	–	–	–	(1201.69)
Transfer from share option reserve on exercise and lapse	–	114.65	(119.08)	–	–	–	3.88	–	–	–	(0.55)
Transferred to initial carrying amount of hedged items (net of tax)	–	–	–	–	–	–	–	–	(1.89)	–	(1.89)
Recognition of share based payment	–	–	243.05	–	–	–	–	–	–	–	243.05
Balance as at 31st March, 2019	2.48	8522.76	1997.94	0.30	363.05	17585.31	26978.13	1241.71	(8.30)	40.55	56723.93

The Board of Directors of the Company recommended a dividend of ₹ 5.75 per share (for the year ended 31st March, 2018 - ordinary dividend ₹ 5.15 per share) to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total equity dividend to be paid is ₹ 7048.71 Crores (for the year ended 31st March, 2018 - ₹ 6285.21 Crores). Income tax on proposed dividend being ₹ 1448.88 Crores (for the year ended 31st March, 2018 - ₹ 1291.94 Crores).

Capital Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

Securities Premium: This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Share Options Outstanding Account: This Reserve relates to stock options granted by the Company to employees under ITC Employee Stock Option Schemes. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or cancellation of vested options.

Capital Redemption Reserve: This Reserve has been transferred to the Company in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

Contingency Reserve: This Reserve has been created out of Retained Earnings, as a matter of prudence, to take care of any unforeseen adverse developments in pending legal disputes.

General Reserve: This Reserve is created by an appropriation from one component of equity (generally Retained Earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.

Foreign Currency Translation Reserve: This Reserve contains the accumulated balance of foreign exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation whose functional currency is other than Indian Rupee. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells

Chartered Accountants

P. R. RAMESH

Partner

Gurugram, 13th May, 2019

On behalf of the Board

S. PURI

R. TANDON

R. K. SINGHI

Chairman & Managing Director

Director & Chief Financial Officer

Company Secretary

Cash Flow Statement for the year ended 31st March, 2019

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	18444.16	16851.70
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1311.70	1145.37
Share based payments to employees	232.89	349.28
Finance costs	34.19	86.65
Interest Income	(1242.62)	(917.80)
Dividend Income	(415.90)	(409.79)
Loss on sale of property, plant and equipment - Net	102.11	14.48
Doubtful and bad debts	21.65	25.14
Doubtful and bad advances, loans and deposits	5.30	3.74
Impairment of investment in joint venture	-	23.45
Net gain recognised on disposal of subsidiary	(9.40)	(9.61)
Net (gain)/loss arising on investments mandatorily measured at fair value through profit or loss	(751.79)	(716.81)
Foreign currency translations and transactions - Net	2.30 (709.57)	4.46 (401.44)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17734.59	16450.26
ADJUSTMENTS FOR:		
Trade receivables, loans, advances and other assets	(698.70)	(784.11)
Inventories	(350.09)	626.84
Trade payables, other liabilities and provisions	549.13 (499.66)	2077.43 1920.16
CASH GENERATED FROM OPERATIONS	17234.93	18370.42
Income tax paid	(5485.88)	(5719.57)
NET CASH FROM OPERATING ACTIVITIES	11749.05	12650.85
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles etc.	(2768.64)	(2619.04)
Sale of property, plant and equipment	9.16	71.23
Purchase of current investments	(86963.22)	(89843.68)
Sale/redemption of current investments	88535.08	91080.09
Investment in subsidiaries	(426.48)	(224.19)
Purchase of non-current investments	(3404.69)	(4713.31)
Proceeds on disposal of subsidiary	17.75	17.53
Redemption proceeds of long-term investments	300.29	-
Dividend Income	415.90	409.79
Interest received	1112.91	691.40
Investment in bank deposits (original maturity more than 3 months)	(4527.30)	(3920.32)
Redemption/maturity of bank deposits (original maturity more than 3 months)	2928.78	2997.48
Investment in deposit with housing finance companies	(848.03)	(1135.88)
Redemption/maturity of deposit with housing finance companies	536.42	500.00
Loans given	(5.35)	(7.52)
Loans realised	5.67	5.18
NET CASH USED IN INVESTING ACTIVITIES	(5081.75)	(6691.24)

Cash Flow Statement for the year ended 31st March, 2019

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	969.13	912.79
Repayment of non-current borrowings	(6.87)	(7.84)
Interest paid	(86.68)	(45.32)
Net increase in statutory restricted accounts balances	10.75	0.77
Dividend paid	(6285.21)	(5770.01)
Income tax on dividend paid	(1201.69)	(1110.24)
NET CASH USED IN FINANCING ACTIVITIES	(6600.57)	(6019.85)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	66.73	(60.24)
OPENING CASH AND CASH EQUIVALENTS	96.02	156.26
CLOSING CASH AND CASH EQUIVALENTS	162.75	96.02

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS – 7 "Statement of Cash Flows"

2. **CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents as above	162.75	96.02
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(0.04)	0.01
Cash and cash equivalents (Note 11)	<u>162.71</u>	<u>96.03</u>

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

P. R. RAMESH
Partner
Gurugram, 13th May, 2019

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

Notes to the Financial Statements

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects

only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Operating Cycle

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 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous Generally Accepted Accounting Principles (GAAP).

Cost is 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 for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

The estimated useful lives of property, plant and equipment of the Company are as follows:

Buildings	30 – 60 Years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Plant and Equipment	7 – 25 Years
Furniture and Fixtures	8 – 10 Years
Vehicles	8 – 10 Years
Office Equipment	5 Years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Intangible Assets

Intangible Assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

- for assets acquired in a business combination, at fair value on the date of acquisition
- for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified

period of time by contract or law (e.g. patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g. computer software, design, prototypes) or commercial obsolescence (e.g. lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units 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 or cash generating unit 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 amortization or depreciation) had no impairment loss been recognised in previous years.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Inventories

Inventories are stated 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 present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in Foreign Currency Translation Reserve.

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss/inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Company complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Company documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains/losses relating to the ineffective portion is recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains/losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity is recognised immediately in the Statement of Profit and Loss.

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets.

Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption/settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as Value Added Tax and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

Government Grant

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received upon the Company complying with the conditions attached to the grant. Accordingly, government grants:

- (a) related to or used for assets, are deducted from the carrying amount of the asset.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense 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. In respect of other employees, provident funds are deposited with the Government and recognised as expense.

The Company makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

The Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made, under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

Employee Share Based Compensation

Stock Options

Stock Options are granted to eligible employees under the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee/Board. Eligible employees for this purpose include employees of the Company including Directors and those on deputation and employees of the Company's subsidiary companies including Managing Director/Wholtime Director of a subsidiary.

Under Ind AS, the cost of ITC Stock Options (Stock Options) is recognised based on the fair value of Stock Options as on the grant date.

While the fair value of Stock Options granted are recognised in the Statement of Profit and Loss for employees of the Company (other than those out on deputation), the value of Stock Options, net of reimbursements, to employees on deputation and to employees of the wholly owned and other subsidiary companies are considered as capital contribution/investment.

The Company generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements from:

- (a) Wholly owned subsidiaries who need to conserve financial capacity to sustain their business and growth plans and to address contingencies that may arise, taking into account the economic and market conditions

then prevailing and opportunities and threats in the competitive context.

- (b) Other companies not covered under (a) above, who need to conserve financial capacity to sustain their business and growth plans and where the quantum of reimbursement is not material – the materiality threshold being ₹ 5 Crores for each entity for a financial year.

Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC/Nomination & Compensation Committee/Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently re-measured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Company. In case of employees on deputation to group Companies, the Company generally seeks reimbursements from the concerned group Company. The value of such payments, net of reimbursements, is considered as capital contribution/investment.

Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

"Unallocated Corporate Expenses" include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

Notes to the Financial Statements

2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A. Judgements in applying accounting policies

The judgements, apart from those involving estimations (see note B below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognised in these financial statements pertain to useful life of intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortized over their useful economic life. Refer notes to the financial statements.

B. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of

property, plant and equipment and intangible assets at the end of each reporting period.

2. Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

3. Actuarial Valuation:

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

4. Claims, Provisions and Contingent Liabilities:

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block						
	As at 31st March, 2017	Additions	Withdrawals and adjustments	As at 31st March, 2018	Additions	Withdrawals and adjustments [®]	As at 31st March, 2019
3A. Property, plant and equipment							
Land ¹	1596.48	8.41	0.51	1604.38	331.40	0.40	1935.38
Buildings	4334.03	624.18	8.40	4949.81	1666.26	1.64	6614.43
Leasehold Improvements	27.69	1.32	3.57	25.44	0.64	2.17	23.91
Plant and Equipment	9900.45	1111.65	65.90	10946.20	2055.71	186.59	12815.32
Furniture and Fixtures	437.86	67.09	30.06	474.89	160.26	14.34	620.81
Vehicles	113.01	23.49	10.41	126.09	28.97	12.29	142.77
Office Equipment	21.50	2.49	3.52	20.47	2.75	1.06	22.16
Railway Sidings	1.73	–	–	1.73	–	–	1.73
TOTAL	16432.75	1838.63	122.37	18149.01	4245.99	218.49	22176.51
3B. Capital work-in-progress	3491.33	3325.16	1799.64	5016.85	2588.13	4213.51	3391.47
3C. Intangible Assets (acquired)²							
Trademarks	333.26	7.04	–	340.30	107.00	–	447.30
Computer Software	102.90	71.19	–	174.09	20.94	–	195.03
Know How, Business and Commercial Rights	26.68	–	–	26.68	7.17	–	33.85
TOTAL	462.84	78.23	–	541.07	135.11	–	676.18
3D. Intangible Assets under Development	45.69	35.77	72.73	8.73	123.08	121.92	9.89

The above includes following assets given on operating lease:

Particulars	As at 31st March, 2019			2019	As at 31st March, 2018			2018
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the Year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the Year
Buildings	35.94	1.26	34.68	0.66	3.36	0.60	2.76	0.15
Plant and Equipment	205.50	81.07	124.43	25.35	180.36	55.72	124.64	18.93
TOTAL	241.44	82.33	159.11	26.01	183.72	56.32	127.40	19.08

Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization							Net Book Value	
	Upto 31st March, 2017	For the year	On Withdrawals and adjustments	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
3A. Property, plant and equipment									
Land ¹	–	–	–	–	–	–	–	1935.38	1604.38
Buildings	225.29	131.87	1.00	356.16	165.11	0.19	521.08	6093.35	4593.65
Leasehold Improvements	9.71	3.83	2.02	11.52	3.20	1.71	13.01	10.90	13.92
Plant and Equipment	1566.50	875.32	16.59	2425.23	1006.51	50.98	3380.76	9434.56	8520.97
Furniture and Fixtures	129.26	70.50	11.60	188.16	76.07	9.59	254.64	366.17	286.73
Vehicles	25.09	16.24	4.46	36.87	17.14	6.22	47.79	94.98	89.22
Office Equipment	7.32	4.32	0.96	10.68	3.19	0.81	13.06	9.10	9.79
Railway Sidings	0.26	0.13	–	0.39	0.13	–	0.52	1.21	1.34
TOTAL	1963.43	1102.21	36.63	3029.01	1271.35	69.50	4230.86	17945.65	15120.00
3B. Capital work-in-progress	–	–	–	–	–	–	–	3391.47	5016.85
3C. Intangible Assets (acquired)²									
Trademarks	4.88	2.99	–	7.87	3.15	–	11.02	436.28	332.43
Computer Software	41.36	37.36	–	78.72	33.98	–	112.70	82.33	95.37
Know How, Business and Commercial Rights	5.68	2.81	–	8.49	3.22	–	11.71	22.14	18.19
TOTAL	51.92	43.16	–	95.08	40.35	–	135.43	540.75	445.99
3D. Intangible Assets under Development	–	–	–	–	–	–	–	9.89	8.73

@ Also refer Note 27 (x)(a).

1. Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2018 - ₹ 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.
2. Certain trademarks with a carrying value of ₹ 416.73 Crores (2018 - ₹ 309.73 Crores) have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Intangibles with finite useful life are amortized over a period of 10 years unless shorter useful life is required based on contractual or legal terms. Computer software is amortized over a period of 5 years.
3. The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
4. The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 208.33 Crores (2018 - ₹ 127.92 Crores).

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries (at cost unless stated otherwise)				
Gold Flake Corporation Limited 1,59,98,385 Equity Shares of ₹ 10.00 each, fully paid		16.00		16.00
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		205.22		186.61
Landbase India Limited 31,70,00,000 Equity Shares of ₹ 10.00 each, fully paid		325.57		325.57
ITC Global Holdings Pte. Limited (since dissolved) Nil (2018 - 89,99,645) Ordinary Shares of US \$ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully impaired, written-off)		–		–
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 13,96,42,260 Shares with no par value		641.85		641.85
Wimco Limited 18,50,81,193 Equity Shares of ₹ 1.00 each, fully paid		3.57		3.46
Technico Pty Limited 1,00,15,502 Ordinary Shares with no par value (₹ 16.29 Crores impaired)		31.88		31.88
Technico Agri Sciences Limited 3,79,62,800 Equity Shares of ₹ 10.00 each, fully paid		121.00		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 Equity Shares of ₹ 10.00 each, fully paid		55.48		55.48
Pavan Poplar Limited 55,10,004 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 5.99 Crores, fully impaired)		–		–
Prag Agro Farm Limited 1,28,00,020 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 12.82 Crores, fully impaired)		–		–
In Associates (at cost unless stated otherwise)				
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
In Joint Ventures (at cost unless stated otherwise)				
Espirit Hotels Private Limited 4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid		46.51		46.51
Carried over	2.59	2139.34	2.59	2120.62

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	2.59	2139.34	2.59	2120.62
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)				
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 (₹ 23.45 Crores impaired)		18.50		18.50
In Others (at fair value through other comprehensive income)				
VST Industries Limited 476 Equity Shares of ₹ 10.00 each, fully paid	0.16		0.14	
Hotel Leelaventure Limited 4,99,53,055 Equity Shares of ₹ 2.00 each, fully paid	54.45		85.42	
EIH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	1763.37		1362.24	
Punjab Anand Batteries Limited (since dissolved) Nil (2018 - 11,86,157) Equity Shares of ₹ 10.00 each, fully paid		–		–
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.30		0.38	
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 13,605 (2018 - 13,072) Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid		–		–
Bilaspur Cane Development Corporation Limited (written off) Nil (2018 - 100) Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)		–		...
INVESTMENT IN PREFERENCE SHARES				
In Subsidiaries (at cost unless stated otherwise)				
North East Nutrients Private Limited (at amortised cost) 18,00,000 Redeemable Preference Shares of ₹ 100.00 each, fully paid		18.00		18.00
WelcomHotels Lanka (Private) Limited 16,64,54,140 (2018 - 6,26,41,900) Redeemable Preference Shares of Sri Lankan Rupee 100.00 each, fully paid		691.22		264.74
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
Government Securities (cost ₹ 74000.00) National savings certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)		0.01		0.01
	
INVESTMENT IN BONDS/DEBENTURES				
In Others (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2018 - 30) 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid		–	30.09	
Nil (2018 - 170) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid		–	171.48	
Carried over	1820.87	2870.34	1652.34	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	1820.87	2870.34	1652.34	2425.14
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2018 - 255) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid	–		257.31	
90 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	90.93		91.52	
800 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	40.39		40.71	
Nil (2018 - 1,700) 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid	–		86.55	
Nil (2018 - 600) 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid	–		61.55	
Nil (2018 - 2,100) 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid	–		214.85	
50 (2018 - Nil) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 10000000.00 each, fully paid	51.07		–	
150 (2018 - Nil) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 10000000.00 each, fully paid	154.07		–	
Housing and Urban Development Corporation Limited				
4,300 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	439.01		440.11	
150 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid	15.76		15.85	
3,29,870 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid	34.16		34.42	
7,00,696 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		70.07	
Nil (2018 - 1,000) 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	–		100.00	
3,50,000 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	36.55		37.02	
5,00,000 8.20% For Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche 1 Series - 2 (05 March 2027) of ₹ 1000.00 each, fully paid	56.16		56.75	
850 (2018 - Nil) 8.40% Unsecured Rated Listed Taxable Redeemable Non-Convertible Bonds Series C 2018 (11 April 2022) of ₹ 1000000.00 each, fully paid	85.00		–	
Carried over	2894.04	2870.34	3159.05	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	2894.04	2870.34	3159.05	2425.14
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
ICICI Bank Limited				
2,647 9.15% Unsecured Rated Listed Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June 2023) of ₹ 1000000.00 each, fully paid	264.70		264.70	
2,000 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	200.17		200.24	
3,000 (2018 - Nil) 9.90% ICICI Unsecured Rated Listed Subordinated Perpetual Additional Tier 1 Basel III Compliant Non-Convertible Bonds in the nature of Debentures (with first Call Option on 28 December 2023) of ₹ 1000000.00 each, fully paid	300.00		—	
India Infrastructure Finance Company Limited				
5,00,000 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	51.58		51.86	
3,00,000 7.36% For Category I,II,III & IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid	32.80		33.03	
50,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid	5.35		5.42	
1,175 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	125.71		126.31	
1,300 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	143.38		144.38	
1,780 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	192.36		193.35	
Indian Railway Finance Corporation Limited				
70,498 7.07% (For Category I,II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid	7.34		7.37	
250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid	26.01		26.19	
5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	51.51		51.84	
2,250 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	226.05		226.23	
1,00,000 7.34% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid	11.03		11.12	
3,31,819 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	34.70		35.17	
Carried over	4566.73	2870.34	4536.26	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	4566.73	2870.34	4536.26	2425.14
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid	86.62		87.75	
100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid	10.78		10.92	
1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid	134.08		134.71	
130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	14.02		14.09	
LIC Housing Finance Limited				
400 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	40.29		40.41	
Nil (2018 - 750) 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid	–		75.00	
100 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	10.18		10.25	
Nil (2018 - 750) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid	–		75.62	
800 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	80.66		81.04	
Nil (2018 - 250) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid	–		25.22	
550 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	56.07		56.53	
750 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	75.85		76.47	
250 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	24.94		24.90	
350 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	35.57		35.92	
850 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	86.19		87.04	
50 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	5.07		5.12	
100 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	10.17		10.27	
700 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	70.27		71.03	
Nil (2018 - 3,000) 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of ₹ 1000000.00 each, fully paid	–		300.00	
Nil (2018 - 100) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid	–		10.23	
Carried over	5307.49	2870.34	5768.78	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	5307.49	2870.34	5768.78	2425.14
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
1,250 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	126.81		128.53	
Nil (2018 - 250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid	–		25.57	
239 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	23.93		23.97	
Nil (2018 - 450) 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid	–		45.76	
Nil (2018 - 700) 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid	–		71.40	
Nil (2018 - 350) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid	–		35.88	
500 (2018 - Nil) Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 378 (04 May 2022) of ₹ 1000000.00 each, fully paid	50.42		–	
National Bank for Agriculture and Rural Development				
3,200 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid	316.15		313.90	
2,000 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid	210.24		211.43	
National Highways Authority of India				
2,600 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	260.40		260.46	
8,06,381 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	82.35		82.54	
2,500 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		250.00	
17,49,943 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	184.60		185.16	
5,00,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	58.36		58.96	
2,50,000 8.75% (For Category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	29.91		30.28	
National Housing Bank				
800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid	85.60		86.01	
Carried over	6986.26	2870.34	7578.63	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	6986.26	2870.34	7578.63	2425.14
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Power Finance Corporation Limited				
250 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	24.80		24.58	
600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid	62.74		63.09	
250 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	24.92		24.85	
250 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	24.87		24.76	
500 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	50.04		50.07	
500 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	53.50		53.75	
Nil (2018 - 250) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	—		25.22	
Nil (2018 - 250) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	—		25.30	
2,800 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	282.64		284.61	
3,50,000 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	41.79		42.32	
Nil (2018 - 200) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	—		20.24	
Nil (2018 - 50) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	—		5.07	
Nil (2018 - 750) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	—		76.27	
400 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	40.75		41.27	
Nil (2018 - 850) 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	—		86.72	
Nil (2018 - 200) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	—		20.38	
Carried over	7592.31	2870.34	8447.13	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	7592.31	2870.34	8447.13	2425.14
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
PNB Housing Finance Limited				
Nil (2018 - 1,000) 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	–		100.20	
Nil (2018 - 100) 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	–		10.05	
Nil (2018 - 600) 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid	–		60.08	
Nil (2018 - 400) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	–		40.44	
Rural Electrification Corporation Limited				
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	88.72		89.19	
1,190 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	131.85		132.82	
3,50,000 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid	41.51		42.04	
50 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	5.38		5.41	
1,700 (2018- Nil) 8.45% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	170.85		–	
Nil (2018 - 250) 8.87% Unsecured 7 Year Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2020 113th Series (08 March 2020) of ₹ 1000000.00 each, fully paid	–		25.23	
Nil (2018 - 2,250) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid	–		228.83	
500 (2018 - Nil) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	48.77		–	
Small Industries Development Bank of India				
Nil (2018 - 500) 7% Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020 with Call and Put Option date 21 November 2019) of ₹ 1000000.00 each, fully paid	–		49.52	
State Bank of India				
3,250 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	325.64		325.89	
1,550 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	153.50		152.98	
Carried over	8558.53	2870.34	9709.81	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	8558.53	2870.34	9709.81	2425.14
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
2,350 (2018 - Nil) 9.37% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series II (with first Call Option 21 December 2023) of ₹ 1000000.00 each, fully paid	235.00		–	
7,000 (2018 - Nil) 9.56% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 04 December 2023) of ₹ 1000000.00 each, fully paid	700.00		–	
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)				
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) 4,00,00,000 Units of ₹ 10.00 each	43.75		40.72	
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) 1,00,00,000 Units of ₹ 10.00 each	10.94		10.18	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) 2,00,00,000 Units of ₹ 10.00 each	21.83		20.31	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) 1,50,00,000 Units of ₹ 10.00 each	16.40		15.26	
Aditya Birla Sun Life Fixed Term Plan - Series RP (1239 Days) 5,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	57.64		–	
Aditya Birla Sun Life Fixed Term Plan - Series SF (1161 Days) 40,00,000 (2018 - Nil) Units of ₹ 10.00 each	4.08		–	
Aditya Birla Sun Life Fixed Term Plan - Series SG (1155 Days) 1,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	18.33		–	
Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.27		–	
Aditya Birla Sun Life Fixed Term Plan - Series SI (1141 Days) 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.13		–	
DSP Fixed Maturity Plan - Series 217 - 40 M 1,00,00,000 Units of ₹ 10.00 each	10.93		10.18	
DSP Fixed Maturity Plan - Series 220 - 40 M 1,90,00,000 Units of ₹ 10.00 each	20.67		19.22	
DSP Fixed Maturity Plan - Series 221 - 40 M 2,00,00,000 Units of ₹ 10.00 each	21.75		20.26	
Franklin India Fixed Maturity Plans - Series 2 - Plan A 1,40,00,000 Units of ₹ 10.00 each	15.26		14.22	
HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36 Nil (2018 - 4,00,00,000) Units of ₹ 10.00 each	–		47.08	
HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35 Nil (2018 - 12,80,00,000) Units of ₹ 10.00 each	–		150.73	
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35 Nil (2018 - 4,30,00,000) Units of ₹ 10.00 each	–		50.75	
HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39 6,50,00,000 Units of ₹ 10.00 each	70.80		65.83	
HDFC Fixed Maturity Plan 1232D November 2018 (1) - Series-43 4,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	41.89		–	
Carried over	9888.20	2870.34	10174.55	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9888.20	2870.34	10174.55	2425.14
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.84	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.86	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.75	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.75	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days Nil (2018 - 1,20,00,000) Units of ₹ 10.00 each	–		14.09	
ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days Nil (2018 - 40,00,000) Units of ₹ 10.00 each	–		4.46	
ICICI Prudential Fixed Maturity Plan - Series 81 - 1154 Days - Plan J 50,00,000 Units of ₹ 10.00 each	5.64		5.24	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E 1,30,00,000 Units of ₹ 10.00 each	14.23		13.20	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M 3,50,00,000 Units of ₹ 10.00 each	38.03		35.35	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D 1,90,00,000 Units of ₹ 10.00 each	20.82		19.33	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H 4,50,00,000 Units of ₹ 10.00 each	49.18		45.65	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C 1,00,00,000 Units of ₹ 10.00 each	10.96		10.17	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I 5,00,00,000 Units of ₹ 10.00 each	54.51		50.66	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L 5,00,00,000 Units of ₹ 10.00 each	54.50		50.61	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K 4,50,00,000 Units of ₹ 10.00 each	49.11		45.58	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B 3,70,00,000 Units of ₹ 10.00 each	40.59		37.68	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A 70,00,000 Units of ₹ 10.00 each	7.67		7.13	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1272 Days - Plan Q 1,40,00,000 (2018 - Nil) Units of ₹ 10.00 each	14.55		–	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1279 Days - Plan P 5,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	52.11		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1168 Days - Plan E 50,00,000 (2018 - Nil) Units of ₹ 10.00 each	5.07		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1175 Days - Plan D 40,00,000 (2018 - Nil) Units of ₹ 10.00 each	4.07		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1127 Days - Plan O 30,00,000 (2018 - Nil) Units of ₹ 10.00 each	3.00		–	
Carried over	10312.24	2870.34	10572.90	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10312.24	2870.34	10572.90	2425.14
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days - Plan P 2,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	20.01		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1156 Days - Plan G 60,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.06		–	
IDFC Fixed Term Plan - Series 176 - 1170 Days 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.18		–	
IDFC Fixed Term Plan - Series 177 - 1160 Days 60,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.06		–	
IDFC Fixed Term Plan - Series 178 - 1154 Days 60,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.02		–	
Kotak Fixed Maturity Plan - Series 190 Nil (2018 - 50,00,000) Units of ₹ 10.00 each	–		5.95	
Kotak Fixed Maturity Plan - Series 191 Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.65	
Kotak Fixed Maturity Plan - Series 210 1,00,00,000 Units of ₹ 10.00 each	11.03		10.25	
Kotak Fixed Maturity Plan - Series 212 60,00,000 Units of ₹ 10.00 each	6.56		6.10	
Kotak Fixed Maturity Plan - Series 213 1,10,00,000 Units of ₹ 10.00 each	12.03		11.19	
Kotak Fixed Maturity Plan - Series 214 1,00,00,000 Units of ₹ 10.00 each	10.94		10.17	
Kotak Fixed Maturity Plan - Series 215 1,00,00,000 Units of ₹ 10.00 each	10.93		10.16	
Kotak Fixed Maturity Plan - Series 224 3,50,00,000 Units of ₹ 10.00 each	37.77		35.00	
Kotak Fixed Maturity Plan - Series 252 10,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	104.38		–	
Kotak Fixed Maturity Plan - Series 253 2,20,00,000 (2018 - Nil) Units of ₹ 10.00 each	22.87		–	
Kotak Fixed Maturity Plan - Series 254 2,40,00,000 (2018 - Nil) Units of ₹ 10.00 each	24.90		–	
Kotak Fixed Maturity Plan - Series 255 90,00,000 (2018 - Nil) Units of ₹ 10.00 each	9.28		–	
Kotak Fixed Maturity Plan - Series 259 1,40,00,000 (2018 - Nil) Units of ₹ 10.00 each	14.35		–	
Kotak Fixed Maturity Plan - Series 265 1,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	18.12		–	
Kotak Fixed Maturity Plan - Series 267 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.00		–	
Reliance Fixed Horizon Fund - XXX - Series 5 Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.72	
Reliance Fixed Horizon Fund - XXX - Series 12 Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.80	
Carried over	10653.73	2870.34	10708.89	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10653.73	2870.34	10708.89	2425.14
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Reliance Fixed Horizon Fund - XXX - Series 13 Nil (2018 - 2,00,00,000) Units of ₹ 10.00 each	–		23.62	
Reliance Fixed Horizon Fund - XXX - Series 17 Nil (2018 - 3,50,00,000) Units of ₹ 10.00 each	–		41.16	
Reliance Fixed Horizon Fund - XXX - Series 6 Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.85	
Reliance Fixed Horizon Fund - XXXI - Series 9 Nil (2018 - 1,80,00,000) Units of ₹ 10.00 each	–		20.22	
Reliance Fixed Horizon Fund - XXXV - Series 6 50,00,000 Units of ₹ 10.00 each	5.49		5.10	
Reliance Fixed Horizon Fund - XXXVI - Series 1 1,20,00,000 Units of ₹ 10.00 each	13.06		12.15	
Reliance Fixed Horizon Fund - XXXVI - Series 9 2,00,00,000 Units of ₹ 10.00 each	21.52		20.03	
Reliance Fixed Horizon Fund - XXXV - Series 13 80,00,000 Units of ₹ 10.00 each	8.74		8.13	
Reliance Fixed Horizon Fund - XXXV - Series 14 1,20,00,000 Units of ₹ 10.00 each	13.11		12.19	
Reliance Fixed Horizon Fund - XXXV - Series 15 1,70,00,000 Units of ₹ 10.00 each	18.56		17.26	
Reliance Fixed Horizon Fund - XXXVI - Series 3 50,00,000 Units of ₹ 10.00 each	5.44		5.06	
Reliance Fixed Horizon Fund - XXXVII - Series 4 4,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	49.23		–	
Reliance Fixed Horizon Fund - XXXV - Series 11 50,00,000 Units of ₹ 10.00 each	5.48		5.09	
Reliance Fixed Horizon Fund - XXXV - Series 12 1,50,00,000 Units of ₹ 10.00 each	16.43		15.27	
Reliance Fixed Horizon Fund - XXXIX - Series 15 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	31.61		–	
Reliance Fixed Horizon Fund - XXXX - Series 1 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.50		–	
SBI Debt Fund Series C-7 (1190 Days) 2,00,00,000 Units of ₹ 10.00 each	21.77		20.33	
SBI Debt Fund Series C-8 (1175 Days) 2,00,00,000 Units of ₹ 10.00 each	21.78		20.30	
SBI Debt Fund Series C-9 (1150 Days) 1,50,00,000 Units of ₹ 10.00 each	16.30		15.19	
SBI Debt Fund Series C-48 (1177 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.18		–	
SBI Debt Fund Series C-50 (1177 Days) 2,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	20.03		–	
SBI Debt Fund Series C-32 (1223 Days) 4,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	46.62		–	
Carried over	11009.58	2870.34	10961.84	2425.14

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	11009.58	2870.34	10961.84	2425.14
INVESTMENT IN MUTUAL FUNDS (Contd.)				
SBI Debt Fund Series C-33 (1216 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.99		–	
SBI Debt Fund Series C-34 (1211 Days) 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.29		–	
SBI Debt Fund Series C-35 (1235 Days) 1,70,00,000 (2018 - Nil) Units of ₹ 10.00 each	17.50		–	
SBI Debt Fund Series C-43 (1176 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.57		–	
SBI Debt Fund Series C-44 (1175 Days) 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	15.23		–	
UTI Fixed Term Income Fund Series XXIV - VI (1181 Days) Nil (2018 - 1,20,00,000) Units of ₹ 10.00 each	–		14.25	
UTI Fixed Term Income Fund Series XXIV - VIII (1184 Days) Nil (2018 - 80,00,000) Units of ₹ 10.00 each	–		9.44	
UTI Fixed Term Income Fund Series XXV - V (1100 Days) Nil (2018 - 50,00,000) Units of ₹ 10.00 each	–		5.61	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) 1,50,00,000 Units of ₹ 10.00 each	16.37		15.24	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) 1,90,00,000 Units of ₹ 10.00 each	20.71		19.27	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) 1,50,00,000 Units of ₹ 10.00 each	16.34		15.22	
UTI Fixed Term Income Fund - Series XXVIII - IX (1168 Days) 2,00,00,000 Units of ₹ 10.00 each	21.74		20.26	
INVESTMENT IN ALTERNATIVE INVESTMENT FUND (at fair value through profit or loss)				
Fireside Ventures Investments Fund I 1105 (2018 - 750) Units of ₹ 100000.00 each		11.79		7.50
Aggregate amount of quoted and unquoted investments	11189.32	2882.13	11061.13	2432.64
TOTAL		14071.45		13493.77

Aggregate market value of quoted investments ₹ 11218.74 Crores (2018 - ₹ 11096.58 Crores).
Aggregate amount of impairment in value of investments ₹ 58.55 Crores (2018 - ₹ 84.13 Crores).

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Other Loans				
Others (Employees, suppliers, etc.)				
– Unsecured, considered good*	5.02	6.21	4.15	7.40
TOTAL	5.02	6.21	4.15	7.40

* Includes interest bearing loan to a supplier, M/s MD Fresh Vegetable Private Limited ₹ 1.00 Crore (2018 - ₹ 1.50 Crores) carrying interest @ 12% p.a. for upgrading its infrastructure and enhancement of its factory capacity. Out of the above, current portion of the loan being ₹ 0.50 Crore (2018 - ₹ 0.50 Crore).

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
6. Other Financial assets				
Bank deposits with more than 12 months maturity	–	1517.98	–	1015.88
Other Financial assets				
Advances	4.85	–	2.42	–
Deposits*	706.29	862.51	533.99	725.40
Interest accrued on Loans, Deposits, Investments, etc.	540.29	–	491.72	–
Other Receivables**	108.86	–	119.82	–
TOTAL	1360.29	2380.49	1147.95	1741.28

* Deposits include deposits to directors ₹ 0.08 Crore (2018 - ₹ 0.08 Crore) (Refer Note 29).

** Others comprise receivables on account of claims, interest, rentals, derivatives designated as hedging instrument, etc.

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
7. Other Assets				
Capital Advances	–	352.31	–	412.99
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	3.99	773.03	8.36	886.71
– Others	2.08	102.39	4.29	104.26
Advances to related parties (Refer Note 29)	60.03	–	68.45	19.51
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	537.51	655.32	1109.67	602.16
Other Receivables*	91.30	–	67.64	–
TOTAL	694.91	1883.05	1258.41	2025.63

* Includes receivables on account of export incentives.

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
8. Inventories*				
(At lower of cost and net realisable value)				
Raw materials (including packing materials)		5423.37		5288.47
Work-in-progress		245.37		191.35
Finished goods (manufactured)		1022.63		988.22
Stock-in-trade (goods purchased for resale)		503.92		406.84
Stores and Spares		331.05		296.01
Intermediates - Tissue paper and Paperboards		60.90		66.26
TOTAL		7587.24		7237.15

The above includes goods in transit as under:

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
Raw materials (including packing materials)	194.34	128.27
Stock-in-trade (goods purchased for resale)	0.69	3.14
Stores and spares	1.91	5.14
TOTAL	196.94	136.55

The cost of inventories recognised as an expense includes ₹ 29.02 Crores (2018 - ₹ 28.08 Crores) in respect of write-downs of inventory to net realisable value. Further, a sum of ₹ 1.70 Crores (2018 - ₹ 0.55 Crore) is in respect of reversal of such write-downs. Previous write-downs have been reversed as a result of subsequent increase in realisable value.

Inventories of ₹ 574.91 Crores (2018 - ₹ 710.52 Crores) are expected to be recovered after more than twelve months.

* Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future.

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise)				
INVESTMENT IN PREFERENCE SHARES				
ICICI Bank Limited Nil (2018 - 310) Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018) of ₹ 10000000.00 each, fully paid		–		308.56
INVESTMENT IN BONDS / DEBENTURES				
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid	31.26		31.11	
Indian Railway Finance Corporation Limited 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	101.37		101.68	
20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid	202.57		202.95	
4,35,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid	44.87		45.29	
National Bank for Agriculture and Rural Development Nil (2018 - 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	–		267.66	
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	50.28		50.54	
National Housing Bank Nil (2018 - 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	–		98.51	
Power Finance Corporation Limited 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	45.26		45.94	
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	15.04		15.26	
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	100.11		100.89	
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid	10.06		10.22	
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid	130.56		131.73	
Rural Electrification Corporation Limited 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	292.95		296.60	
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	100.12		100.89	
INVESTMENT IN CERTIFICATE OF DEPOSITS				
Axis Bank Limited Nil (2018 - 20,000) Certificate of Deposit (31 January 2019) of ₹ 100000.00 each, fully paid		–		188.82
Carried over	1124.45	–	1499.27	497.38

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1124.45	–	1499.27	497.38
INVESTMENT IN CERTIFICATE OF DEPOSITS (Contd.)				
ICICI Bank Limited Nil (2018 - 10,000) Certificate of Deposit (29 January 2019) of ₹ 100000.00 each, fully paid		–		94.42
Kotak Mahindra Bank Limited Nil (2018 - 50,000) Certificate of Deposit (19 September 2018) of ₹ 100000.00 each, fully paid		–		484.50
25,000 (2018 - Nil) Certificate of Deposit (27 December 2019) of ₹ 100000.00 each, fully paid		237.08		–
National Bank for Agriculture and Rural Development Nil (2018 - 25,000) Certificate of Deposit (14 February 2019) of ₹ 100000.00 each, fully paid		–		235.40
Small Industries Development Bank of India Nil (2018 - 20,000) Certificate of Deposit (18 January 2019) of ₹ 100000.00 each, fully paid		–		189.21
Nil (2018 - 20,000) Certificate of Deposit (22 January 2019) of ₹ 100000.00 each, fully paid		–		189.14
Nil (2018 - 25,000) Certificate of Deposit (08 February 2019) of ₹ 100000.00 each, fully paid		–		235.67
Nil (2018 - 25,000) Certificate of Deposit (14 February 2019) of ₹ 100000.00 each, fully paid		–		235.40
50,000 (2018 - Nil) Certificate of Deposit (20 November 2019) of ₹ 100000.00 each, fully paid		477.53		–
15,000 (2018 - Nil) Certificate of Deposit (05 December 2019) of ₹ 100000.00 each, fully paid		142.84		–
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Floating Rate Fund - Long Term 1,94,01,569 (2018 - 3,52,34,101) Units of ₹ 100.00 each		452.11		758.68
Aditya Birla Sun Life Savings Fund 1,86,63,673 (2018 - 1,72,75,965) Units of ₹ 100.00 each		692.63		593.23
Aditya Birla Sun Life Corporate Bond Fund (Formerly known as Aditya Birla Sun Life Short Term Fund) 3,38,43,771 (2018 - 2,68,28,196) Units of ₹ 10.00 each		243.89		179.27
Aditya Birla Sun Life Money Manager Fund 40,95,539 (2018 - Nil) Units of ₹ 100.00 each		103.08		–
Axis Short Term Fund 8,89,51,089 Units of ₹ 10.00 each		188.81		174.71
Axis Treasury Advantage Fund 5,46,967 Units of ₹ 1000.00 each		117.36		108.35
DHFL Pramerica Ultra Short Term Fund Nil (2018 - 3,91,50,224) Units of ₹ 10.00 each		–		49.74
DSP Low Duration Fund 26,30,57,340 Units of ₹ 10.00 each		359.25		333.10
DSP Short Term Fund 3,12,12,253 (2018 - Nil) Units of ₹ 10.00 each		102.60		–
HDFC Floating Debt Fund (Formerly known as HDFC Floating Rate Income Fund - Short Term Plan) 10,23,22,267 Units of ₹ 10.00 each		334.63		310.88
Carried over	1124.45	3451.81	1499.27	4669.08

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1124.45	3451.81	1499.27	4669.08
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Corporate Bond Fund (Formerly known as HDFC Medium Term Opportunities Fund) 13,70,31,285 Units of ₹ 10.00 each		286.88		265.95
HDFC Short Term Debt Fund (Formerly known as HDFC Short Term Opportunities Fund) 14,47,53,251 Units of ₹ 10.00 each		298.76		277.56
HDFC Ultra Short Term Fund 9,57,80,853 (2018 - Nil) Units of ₹ 10.00 each		100.32		–
ICICI Prudential Savings Fund (Formerly known as ICICI Prudential - Flexible Income Plan) 53,44,324 Units of ₹ 100.00 each		193.02		179.08
ICICI Prudential Banking & PSU Debt Fund Nil (2018 - 4,92,90,221) Units of ₹ 10.00 each		–		59.96
ICICI Prudential Bond Fund (Formerly known as ICICI Prudential Income Opportunities Fund) 2,11,18,618 Units of ₹ 10.00 each		55.80		52.29
ICICI Prudential Short Term 2,70,17,352 Units of ₹ 10.00 each		109.00		101.33
ICICI Prudential Corporate Bond Fund (Formerly known as ICICI Prudential Ultra - Short Term Plan) 22,03,55,476 Units of ₹ 10.00 each		402.24		374.16
IDFC Money Manager Fund - Investment Plan (Merged with IDFC Super Saver Income Fund - Short Term) Nil (2018 - 1,22,42,641) Units of ₹ 10.00 each		–		128.63
IDFC Bond Fund - Short Term Plan (Formerly known as IDFC Super Saver Income Fund - Short Term) 10,23,94,458 (2018 - 4,72,99,811) Units of ₹ 10.00 each		377.59		172.91
IDFC Low Duration Fund 3,85,46,192 (2018 - Nil) Units of ₹ 10.00 each		103.10		–
IDFC Money Manager Fund - Treasury Plan 4,22,87,680 Units of ₹ 10.00 each		126.57		118.02
IDFC Corporate Bond Fund 15,62,58,545 (2018 - Nil) Units of ₹ 10.00 each		200.95		–
Kotak Bond Short Term 7,68,78,681 Units of ₹ 10.00 each		221.63		204.71
Kotak Liquid Plan 1,32,640 (2018 - Nil) Units of ₹ 1000.00 each		50.04		–
Kotak Savings Fund (Formerly known as Kotak Treasury Advantage Fund) 20,43,75,005 (2018 - 17,04,16,740) Units of ₹ 10.00 each		623.62		481.10
Reliance Floating Rate Fund - Short Term Plan 38,18,89,185 Units of ₹ 10.00 each		512.80		478.59
Reliance Prime Debt Fund (Formerly known as Reliance Medium Term Fund) 4,84,63,633 (2018 - 10,42,77,348) Units of ₹ 10.00 each		194.41		246.09
Reliance Low Duration Fund (Formerly known as Reliance Money Manager Fund) 6,71,878 Units of ₹ 1000.00 each		177.40		163.85
Carried over	1124.45	7485.94	1499.27	7973.31

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1124.45	7485.94	1499.27	7973.31
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Reliance Short Term Fund 2,07,06,236 Units of ₹ 10.00 each		74.70		69.75
SBI Liquid Fund 68,665 (2018 - Nil) Units of ₹ 1000.00 each		20.02		–
SBI Magnum Low Duration Fund 8,30,697 (2018 - Nil) Units of ₹ 1000.00 each		202.05		–
SBI Magnum Ultra Short Duration Fund 2,47,159 (2018 - Nil) Units of ₹ 1000.00 each		103.05		–
UTI Money Market Fund - Institutional Nil (2018 - 3,53,612) Units of ₹ 1000.00 each		–		68.59
INVESTMENT IN BONDS / DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited 30 (2018 - Nil) 7.85% Secured Listed Redeemable Non-Convertible Debentures, Series T - 002 (21 June 2019) of ₹ 10000000.00 each, fully paid	29.93		–	
10 (2018 - Nil) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	9.98		–	
Power Finance Corporation Limited 250 (2018 - Nil) 7.85% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures, Series 145 (15 April 2019) of ₹ 1000000.00 each, fully paid	24.99		–	
Current Portion of Non-Current Investment				
INVESTMENT IN BONDS / DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2018 - 30) 8.45% Secured Redeemable Non-Convertible Debentures Series O - 009 (08 February 2019) of ₹ 10000000.00 each, fully paid	–		30.17	
30 (2018 - Nil) 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid	30.03		–	
170 (2018 - Nil) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	170.33		–	
255 (2018 - Nil) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid	255.57		–	
1,700 (2018 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid	85.69		–	
2,500 (2018 - Nil) 9.11% Secured Listed Redeemable Non-Convertible Debentures Series U - 002 (13 December 2019) of ₹ 1000000.00 each, fully paid	250.00		–	
600 (2018 - Nil) 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid	60.45		–	
2,100 (2018 - Nil) 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid	211.39		–	
Carried over	2252.81	7885.76	1529.44	8111.65

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2252.81	7885.76	1529.44	8111.65
INVESTMENT IN BONDS / DEBENTURES (Contd.)				
Housing and Urban Development Corporation Limited 1,850 (2018 - Nil) 7.70% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	184.17		–	
ICICI Home Finance Company Limited Nil (2018 - 1,900) 7.65% Unsecured Rated Listed Redeemable Senior Non-Convertible Bonds in the nature of Debentures Series HDBFB171 (23 October 2018) of ₹ 500000.00 each, fully paid	–		95.00	
LIC Housing Finance Limited Nil (2018 - 500) 8.38% Secured Redeemable Non-Convertible Debentures Tranche 277 Option 1 (27 February 2019) of ₹ 1000000.00 each, fully paid	–		50.35	
750 (2018 - Nil) 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid	75.00		–	
750 (2018 - Nil) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid	75.23		–	
250 (2018 - Nil) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid	25.08		–	
100 (2018 - Nil) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid	10.11		–	
250 (2018 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid	25.26		–	
450 (2018 - Nil) 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid	45.28		–	
700 (2018 - Nil) 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid	70.40		–	
350 (2018 - Nil) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid	35.27		–	
National Bank for Agriculture and Rural Development 4,370 (2018 - Nil) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19 C (31 January 2022 with Call and Put Option 31 January 2020) of ₹ 1000000.00 each, fully paid	436.27		–	
Power Finance Corporation Limited Nil (2018 - 170) 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	–		17.01	
250 (2018 - Nil) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	25.04		–	
250 (2018 - Nil) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	25.13		–	
Carried over	3285.05	7885.76	1691.80	8111.65

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3285.05	7885.76	1691.80	8111.65
INVESTMENT IN BONDS / DEBENTURES (Contd.)				
200 (2018 - Nil) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	20.10		—	
50 (2018 - Nil) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	5.03		—	
750 (2018 - Nil) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	75.46		—	
850 (2018 - Nil) 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	85.56		—	
200 (2018 - Nil) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	20.11		—	
PNB Housing Finance Limited				
1,000 (2018 - Nil) 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	100.07		—	
100 (2018 - Nil) 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	10.00		—	
600 (2018 - 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	60.02		—	
400 (2018 - Nil) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	40.09		—	
Rural Electrification Corporation Limited				
2,250 (2018 - Nil) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid	226.34		—	
250 (2018 - 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	25.12		—	
Small Industries Development Bank of India				
Nil (2018 - 1,000) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2015-16 (26 February 2019) of ₹ 1000000.00 each, fully paid	—		100.00	
500 (2018 - Nil) 7% Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020 with Call and Put Option date 21 November 2019) of ₹ 1000000.00 each, fully paid	49.81		—	
750 (2018 - Nil) 7.50% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series I of 2018-19 (16 July 2021 with Call and Put Option date 16 July 2019) of ₹ 1000000.00 each, fully paid	74.82		—	
INVESTMENT IN MUTUAL FUNDS				
HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36 4,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	50.38		—	
Carried over	4127.96	7885.76	1791.80	8111.65

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	4127.96	7885.76	1791.80	8111.65
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35 12,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	161.93		—	
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35 4,30,00,000 (2018 - Nil) Units of ₹ 10.00 each	54.55		—	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	19.19		—	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.76		—	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	19.08		—	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.64		—	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days 1,20,00,000 (2018 - Nil) Units of ₹ 10.00 each	15.15		—	
ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days 40,00,000 (2018 - Nil) Units of ₹ 10.00 each	4.80		—	
Kotak Fixed Maturity Plan - Series 190 50,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.40		—	
Kotak Fixed Maturity Plan - Series 191 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	18.96		—	
Reliance Fixed Horizon Fund - XXX - Series 5 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	19.06		—	
Reliance Fixed Horizon Fund - XXX - Series 12 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.69		—	
Reliance Fixed Horizon Fund - XXX - Series 13 2,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	25.39		—	
Reliance Fixed Horizon Fund - XXX - Series 17 3,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	44.23		—	
Reliance Fixed Horizon Fund - XXX - Series 6 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.71		—	
Reliance Fixed Horizon Fund - XXXI - Series 9 1,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	21.78		—	
UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days 1,20,00,000 (2018 - Nil) Units of ₹ 10.00 each	15.32		—	
UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days 80,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.15		—	
UTI Fixed Term Income Fund Series XXV - V - 1100 Days 50,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.04		—	
Aggregate amount of quoted and unquoted Investments	4620.79	7885.76	1791.80	8111.65
TOTAL		12506.55		9903.45

Aggregate market value of quoted investments ₹ 4624.25 Crores (2018 - ₹ 1792.59 Crores).

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
10. Trade Receivables (Current)		
Secured, considered good	38.37	29.06
Unsecured, considered good	3607.85	2327.95
Doubtful	130.24	116.27
Less: Allowance for doubtful receivables	130.24	116.27
TOTAL	3646.22	2357.01

11. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	157.07	91.47
Cheques, drafts on hand	2.30	1.88
Cash on hand	3.34	2.68
TOTAL	162.71	96.03

[@] 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.

12. Other bank balances		
Earmarked balances	169.20	158.45
In deposit accounts*	3436.82	2340.40
TOTAL	3606.02	2498.85

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

Notes to the Financial Statements

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹ in Crores)
13. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	12,25,86,31,601	1225.86	12,20,42,94,911	1220.43
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,20,42,94,911	1220.43	12,14,73,83,071	1214.74
Add: Issue of Shares on exercise of Options	5,43,36,690	5.43	5,69,11,840	5.69
As at end of the year	12,25,86,31,601	1225.86	12,20,42,94,911	1220.43
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.30	2,97,83,47,320	24.40
Life Insurance Corporation of India	1,98,15,49,720	16.16	1,97,50,75,980	16.18
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.95	1,02,52,89,805	8.40
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				
	2019 (No. of Shares)	2018 (No. of Shares)		
Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited	87,761	87,761		
D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2019 (No. of Shares)	2018 (No. of Shares)		
Bonus Shares issued in 2016-17	4,02,66,57,100	4,02,66,57,100		
E) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
F) Shares reserved for issue under Options				
	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2018 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	38,19,09,060	43,30,60,920		

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 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 under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Further details of ITC Employee Stock Option Schemes are provided in Note 27(xii).

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
14. Non-current borrowings		
Unsecured		
Deferred payment liabilities		
Sales tax deferment loans	7.89	11.13
TOTAL	7.89	11.13

Sales tax deferment loans

Interest free deferral period of 14 years and repayable by 2025-26.

The scheduled maturity of the Non-current borrowings are summarised as under:

	Deferred Payment Liabilities	Deferred Payment Liabilities
Borrowings repayable		
In the first year (Refer Note 15)	3.24	6.86
Current maturities of long-term debt	3.24	6.86
In the second year	2.26	3.24
In the third to fifth year	2.34	3.35
After five years	3.29	4.54
Non-current borrowings	7.89	11.13

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
15. Other financial liabilities		
Non-current		
Others (Includes liability in respect of cash-settled share based payments, retention money payable towards property, plant and equipment, etc.)	41.90	35.36
TOTAL	41.90	35.36
Current		
Current maturities of long-term debt (Refer Note 14)	3.24	6.86
Interest accrued	1.97	1.75
Unpaid dividend *	168.97	158.23
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures / bonds and interest accrued thereon **	0.30	0.30
Others (Includes payable for property, plant and equipment, derivatives designated as hedging instruments etc.)	798.46	611.16
TOTAL	972.94	778.30

* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 126 of the Companies Act, 2013 or such amounts in respect of which Prohibitory/Attachment Orders are on record with the Company.

** Represents amounts which are subject matter of a pending legal dispute with a bank for which the Company has filed a suit.

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
16. Provisions				
Provision for employee benefits [Refer Note 27 (vi)]				
Retirement benefits	12.14	91.84	13.18	84.87
Other benefits	13.10	40.80	26.06	37.04
TOTAL	25.24	132.64	39.24	121.91

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	17. Deferred tax liabilities (Net)			
Deferred tax liabilities		2441.18		2329.70
Less: Deferred tax assets		397.04		411.76
TOTAL		2044.14		1917.94

(₹ in Crores)

Movement in deferred tax liabilities/assets balances	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Closing Balance
2018-19						
Deferred Tax liabilities/assets in relation to:						
On fiscal allowances on property, plant and equipment, etc.	2012.46	191.79	–	–	–	2204.25
On excise duty/National Calamity Contingent Duty on closing stock	24.57	(5.95)	–	–	–	18.62
On cash flow hedges	3.61	–	(18.81)	(1.01)	11.75	(4.46)
Other timing differences	289.06	(66.29)	–	–	–	222.77
Total deferred tax liabilities	2329.70	119.55	(18.81)	(1.01)	11.75	2441.18
On employees' separation and retirement etc.	69.20	2.60	(3.67)	–	–	68.13
On provision for doubtful debts/advances	43.97	5.84	–	–	–	49.81
On State and Central taxes etc.	188.89	(48.62)	–	–	–	140.27
Other timing differences	109.70	29.13	–	–	–	138.83
Total deferred tax assets	411.76	(11.05)	(3.67)	–	–	397.04
Deferred tax liabilities (Net)	1917.94	130.60	(15.14)	(1.01)	11.75	2044.14
2017-18						
Deferred Tax liabilities/assets in relation to:						
On fiscal allowances on property, plant and equipment, etc.	1866.58	145.88	–	–	–	2012.46
On excise duty/National Calamity Contingent Duty on closing stock	372.24	(347.67)	–	–	–	24.57
On cash flow hedges	(5.70)	–	12.10	12.17	(14.96)	3.61
Other timing differences	183.83	105.23	–	–	–	289.06
Total deferred tax liabilities	2416.95	(96.56)	12.10	12.17	(14.96)	2329.70
On employees' separation and retirement etc.	86.53	(9.02)	(8.31)	–	–	69.20
On provision for doubtful debts/advances	35.00	8.97	–	–	–	43.97
On State and Central taxes etc.	335.83	(146.94)	–	–	–	188.89
Other timing differences	87.89	21.81	–	–	–	109.70
Total deferred tax assets	545.25	(125.18)	(8.31)	–	–	411.76
Deferred tax liabilities (Net)	1871.70	28.62	20.41	12.17	(14.96)	1917.94

Notes to the Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
18. Other liabilities		
Non-current		
Deferred revenue arising from Government grant [Refer Note 27 (x)]	–	38.30
TOTAL	–	38.30
Current		
Statutory Liabilities	4228.01	3988.60
Advances received from customers	580.63	570.73
Others		
– Deferred revenue arising from Government grant [Refer Note 27 (x)]	–	1.27
– Others (includes deferred revenue, accruals, customer deposits etc.)	101.76	96.18
TOTAL	4910.40	4656.78
19. Income Tax Assets (Net)		
Income Tax Assets (net of provision)	–	18.66
TOTAL	–	18.66
20. Current Tax Liabilities (Net)		
Current taxation (net of advance payment)	344.70	–
TOTAL	344.70	–

Notes to the Financial Statements

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
21A. Revenue from operations		
Sale of Products	43572.06	42552.80
Sale of Services	1649.35	1404.10
Gross Revenue from sale of products and services* [including excise duty/National Calamity Contingent Duty of ₹ 806.08 Crores (2018 - ₹ 4701.64 Crores)] [@]	45221.41	43956.90
Other Operating Revenues [#]	562.98	372.87
TOTAL	45784.39	44329.77

* Net of sales returns and damaged stocks.

[@] Also refer to the note in the 'Statement of Profit and Loss'.

[#] Includes Government grants received of ₹ 100.46 Crores (2018 - ₹ 86.95 Crores) on account of Export Promotion Capital Goods, Served from India Scheme, Service Export from India Scheme, Merchandise Export from India Scheme etc.

21B. Gross Revenue from sale of products and services^{*@}		
FMCG		
– Cigarettes etc.	20712.95	22894.01
– Branded Packaged Food Products	9668.71	8668.72
– Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	2819.13	2645.66
Hotels		
– Hotels Sales/Income from Hotel Services	1648.20	1404.10
Agri Business		
– Unmanufactured Tobacco	1721.15	1696.13
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua etc.)	4345.84	2855.85
Paperboards, Paper and Packaging		
– Paperboards and Paper	3718.79	3221.11
– Printed Materials	586.64	571.32
TOTAL	45221.41	43956.90

* Net of sales returns and damaged stocks.

[@] Also refer to the note in the 'Statement of Profit and Loss'.

Notes to the Financial Statements

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
22. Other income		
Interest income	1242.62	917.80
Dividend income	415.90	409.79
Other non-operating income	28.50	24.25
Other gains and losses	797.52	778.00
TOTAL	2484.54	2129.84
Interest income comprises interest from:		
a) Deposits with banks etc. - carried at amortised cost	261.26	242.63
b) Financial assets mandatorily measured at FVTPL	208.90	156.34
c) Other financial assets measured at amortised cost	738.07	480.87
d) Others (from statutory authorities etc.)	34.39	37.96
TOTAL	1242.62	917.80
Dividend income comprises dividend from:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	7.73	7.73
b) Other investments	408.17	402.06
TOTAL	415.90	409.79
Other gains and losses:		
Net foreign exchange gain/(loss)	(9.32)	42.90
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL*	726.97	748.94
Net gain recognised on disposal of subsidiary	9.40	9.61
Impairment of investment in joint venture	-	(23.45)
Restructuring of Lifestyle Retailing Business (Net) #	70.47	-
TOTAL	797.52	778.00

* Includes ₹ 190.16 Crores (2018 - ₹ 258.09 Crores) being net gain/(loss) on sale of investments.

Net gain on restructuring of the Lifestyle Retailing Business comprising sale proceeds of John Players trademark/copyright and its variants along with related goodwill, write-off of assets and other disengagement costs.

23. Employee benefits expense		
Salaries and wages	2128.14	1805.05
Contribution to Provident and other funds	174.35	165.09
Share based payments to employees [Includes cash-settled share based payments ₹ 17.89 Crores (2018 - Nil)]	232.89	349.28
Staff welfare expenses	225.22	199.57
	2760.60	2518.99
Less: Recoveries made/reimbursements received	32.16	31.53
TOTAL	2728.44	2487.46

24. Finance costs		
Interest expense:		
- On financial liabilities measured at amortised cost	8.22	33.38
- Others	25.97	53.27
TOTAL	34.19	86.65

Notes to the Financial Statements

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
25. Other Expenses		
Power and fuel	714.88	620.92
Consumption of stores and spare parts	293.00	260.69
Contract processing charges	864.52	823.28
Rent [Refer Note 27(viii)]	318.39	314.80
Rates and taxes	244.26	209.60
Insurance	49.78	54.30
Repairs		
– Buildings	60.23	57.80
– Machinery	222.83	206.52
– Others	76.61	59.58
Maintenance and upkeep	254.30	209.09
Outward freight and handling charges	1153.71	886.72
Warehousing charges	147.03	134.87
Advertising/Sales promotion	976.53	886.23
Market research	133.56	131.42
Design and product development	56.93	45.22
Hotel reservation/Marketing expenses	40.64	33.42
Retail accessories	153.41	133.44
Brokerage and discount - sales	13.10	7.89
Commission to selling agents	13.40	26.76
Doubtful and bad debts	21.65	25.14
Doubtful and bad advances, loans and deposits	5.30	3.74
Bank and credit card charges	23.85	22.95
Information technology services	254.08	243.16
Travelling and conveyance	267.84	248.24
Training and development	24.96	24.27
Legal expenses	47.72	39.84
Consultancy/Professional fees	103.77	102.84
Postage, telephone etc.	22.26	23.70
Printing and stationery	18.07	17.30
Loss on sale of property, plant and equipment - Net	102.11	14.48
Loss on sale of stores and spare parts - Net	16.79	3.72
Miscellaneous expenses [@]	961.04	937.13
TOTAL	7656.55	6809.06
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses*		
Audit fees	2.95	2.95
Tax audit fees	0.60	0.60
Fees for limited review	1.02	1.02
Fees for other services [#]	1.29	1.99
Reimbursement of expenses	0.36	0.42
(2) Cost auditors' fees	0.10	0.09

* 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 ₹ 0.32 Crore (2018 - ₹ 0.83 Crore).

@ Includes Contributions amounting ₹ 24.83 Crores (2018 - Nil) made under Section 182 of the Companies Act, 2013.

Notes to the Financial Statements

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
26. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	5982.79	5863.36
Adjustments/(credits) related to previous years - Net	(133.55)	(263.53)
Total current tax	5849.24	5599.83
Deferred tax		
Deferred tax for the year	98.97	(65.70)
Adjustments/(credits) related to previous years - Net	31.63	94.32
Total deferred tax	130.60	28.62
TOTAL	5979.84	5628.45
B. Amount recognised in other comprehensive income		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurements gains/(losses) on defined benefit plans	(3.67)	(28.05)
Related to designated portion of hedging instruments in cash flow hedges	7.36	(3.56)
	3.69	(31.61)
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	(0.30)	6.42
TOTAL	3.39	(25.19)
C. Amount recognised directly in equity		
The income tax (charged)/credited directly to equity during the year is as follows:		
Deferred tax		
Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	(1.01)	12.17
TOTAL	(1.01)	12.17
D. Reconciliation of effective tax rate		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	18444.16	16851.70
Income tax expense calculated @ 34.944% (2018 - 34.608%)	6445.13	5832.04
Effect of tax relating to uncertain tax positions	32.18	78.12
Effect of different tax rate on certain items	(240.67)	(99.68)
Effect of income not taxable	(142.28)	(151.06)
Other differences	108.40	157.02
Benefit of previously unrecognised tax loss to reduce current tax expense	(63.05)	(18.78)
Benefit of previously unrecognised tax loss to reduce deferred tax expense	(57.95)	-
Total	6081.76	5797.66
Adjustments recognised in the current year in relation to the current tax of prior years	(101.92)	(169.21)
Income tax recognised in profit or loss	5979.84	5628.45

The tax rate of 34.944% (30% + surcharge @ 12% and cess @ 4%) used for the year 2018-19 and 34.608% (30% + surcharge @ 12% and cess @ 3%) used for the year 2017-18 is the corporate tax rate payable on taxable profits under the Income Tax Act, 1961.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements

(i) Earnings per share:

		2019	2018
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in Crores)	12464.32	11223.25
(b)	Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,23,11,13,530	12,17,58,14,877
(c)	Effect of potential Ordinary shares on Employee Stock Options outstanding	6,93,50,255	7,09,84,629
(d)	Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,30,04,63,785	12,24,67,99,506
(e)	Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
	– Basic [(a)/(b)]	10.19	9.22
	– Diluted [(a)/(d)]	10.13	9.16

(ii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 306.95 Crores (2018 - ₹ 290.98 Crores) comprising employee benefits expense of ₹ 8.69 Crores (2018 - ₹ 7.84 Crores) and other expenses of ₹ 298.26 Crores (2018 - ₹ 283.14 Crores) of which ₹ 22.23 Crores (2018 - ₹ 14.42 Crores) is accrued for payment as on 31st March, 2019. Such CSR expenditure of ₹ 306.95 Crores (2018 - ₹ 290.98 Crores) excludes ₹ 10.34 Crores (2018 - ₹ 10.29 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 ₹ 145.33 Crores (2018 - ₹ 130.44 Crores).

(iv) Cost of inventory recognised as expense during the year amount to ₹ 21636.53 Crores (2018 - ₹ 22969.81 Crores).

(v) Contingent liabilities and commitments :

(a) Contingent liabilities

(i) Claims against the Company not acknowledged as debts ₹ 770.67 Crores (2018 - ₹ 777.25 Crores), including interest on claims, where applicable, estimated to be ₹ 215.28 Crores (2018 - ₹ 225.17 Crores). These comprise:

- Excise duty, VAT/sales taxes, GST and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 618.84 Crores (2018 - ₹ 626.71 Crores), including interest on claims, where applicable, estimated to be ₹ 204.93 Crores (2018 - ₹ 215.72 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 104.98 Crores (2018 - ₹ 104.21 Crores), including interest on claims, where applicable, estimated to be ₹ 5.14 Crores (2018 - ₹ 5.03 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 39.29 Crores (2018 - ₹ 39.17 Crores), including interest on claims, where applicable, estimated to be ₹ 0.60 Crore (2018 - ₹ 0.48 Crore).
- Other matters ₹ 7.56 Crores (2018 - ₹ 7.16 Crores), including interest on other matters, where applicable, estimated to be ₹ 4.61 Crores (2018 - ₹ 3.94 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 (2018 - ₹ 1.30 Crores).

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 1689.19 Crores (2018 - ₹ 1445.07 Crores).
- Uncalled liability on investments partly paid is ₹ 30.15 Crores (2018 - ₹ 33.90 Crores)

(vi) (a) Defined Benefit Plans/Long Term Compensated Absences: -

Description of Plans

The Company makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deeds, Rules and applicable Statutes. The concerned Trusts are managed by Trustees who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund, Pension and Gratuity Benefits are funded and Leave Encashment Benefits are unfunded in nature. The Defined Benefit Pension Plans are based on employees' pensionable remuneration and length of service. The Pension entitlement for certain category of employees has been enhanced during the year. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. Some Group companies also participate in these Plans. These participating Group companies make contributions to the Plans for their respective employees on a uniform basis and each entity ascertains their obligation through actuarial valuation. The net Defined benefit cost is recognised by these companies in their respective Financial Statements.

Risk Management

The Defined Benefit Plans expose the Company to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risks: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

These Plans have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various statutes.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls. Pension obligation of the employees is secured by purchasing annuities thereby de-risking the Plans from future payment obligation.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

		For the year ended 31st March, 2019 (₹ in Crores)			For the year ended 31st March, 2018 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded		Unfunded	Funded		Unfunded
I	Components of Employer Expense						
	– Recognised in the Statement of Profit and Loss						
1	Current Service Cost	46.60	27.46	8.50	44.47	26.13	7.76
2	Past Service Cost	13.61	–	–	–	6.56	–
3	Net Interest Cost	(8.57)	(2.57)	6.89	(3.48)	(0.07)	6.28
4	Total expense recognised in the Statement of Profit and Loss	51.64	24.89	15.39	40.99	32.62	14.04
	– Re-measurements recognised in Other Comprehensive Income						
5	Return on plan assets (excluding amounts included in Net interest cost)	(2.23)	0.02	–	(1.74)	(4.78)	–
6	Effect of changes in demographic assumptions	(1.38)	(0.18)	(0.05)	(0.48)	(0.37)	(0.39)
7	Effect of changes in financial assumptions	–	–	–	(33.73)	(11.78)	(5.59)
8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
9	Effect of experience adjustments	4.85	(13.15)	2.86	(21.08)	(3.67)	2.78
10	Total re-measurements included in Other Comprehensive Income	1.24	(13.31)	2.81	(57.03)	(20.60)	(3.20)
11	Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	52.88	11.58	18.20	(16.04)	12.02	10.84
	The current service cost, past service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 23. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.						
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	60.38	24.98	–	52.09	24.80	–
III	Net Asset/(Liability) recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	733.03	320.10	103.98	702.21	314.68	98.05
2	Fair Value of Plan Assets	775.01	337.63	–	775.53	329.09	–
3	Status [Surplus/(Deficit)]	41.98	17.53	(103.98)	73.32	14.41	(98.05)
4	Restrictions on Asset Recognised	–	–	–	–	–	–

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(₹ in Crores)

5	Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2019		As at 31st March, 2018	
		Current	Non-current	Current	Non-current
	– Pension	41.98	–	53.81	19.51
	– Gratuity	17.53	–	14.41	–
	– Leave Encashment	(12.14)	(91.84)	(13.18)	(84.87)

IV	Change in Defined Benefit Obligation (DBO)	For the year ended 31st March, 2019 (₹ in Crores)			For the year ended 31st March, 2018 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of DBO at the beginning of the year	702.21	314.68	98.05	722.69	313.11	98.84
2	Current Service Cost	46.60	27.46	8.50	44.47	26.13	7.76
3	Past Service Cost	13.61	–	–	–	6.56	–
4	Interest Cost	49.58	22.43	6.89	46.87	19.95	6.28
5	Remeasurement gains/(losses):						
a.	Effect of changes in demographic assumptions	(1.38)	(0.18)	(0.05)	(0.48)	(0.37)	(0.39)
b.	Effect of changes in financial assumptions	–	–	–	(33.73)	(11.78)	(5.59)
c.	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
d.	Effect of experience adjustments	4.85	(13.15)	2.86	(21.08)	(3.67)	2.78
6	Curtailment Cost/(Credits)	–	–	–	–	–	–
7	Settlement Cost/(Credits)	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	–	–	–	–	–
9	Effect of transfer In/(Out)	(0.06)	–	–	–	–	–
10	Benefits Paid	(82.38)	(31.14)	(12.27)	(56.53)	(35.25)	(11.63)
11	Present Value of DBO at the end of the year	733.03	320.10	103.98	702.21	314.68	98.05

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2019	As at 31st March, 2018
	– Pension	75.74	53.81
	– Gratuity	20.26	17.59

(₹ in Crores)

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

VI	Change in Fair Value of Assets	For the year ended 31st March, 2019 (₹ in Crores)			For the year ended 31st March, 2018 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Plan Assets at the beginning of the year	775.53	329.09	–	716.25	311.55	–
2	Asset acquired in Business Combination	–	–	–	–	–	–
3	Interest Income	58.15	25.00	–	50.35	20.02	–
4	Remeasurement Gains/(Losses) on plan assets	2.23	(0.02)	–	1.74	4.78	–
5	Actual Company Contributions	21.54	14.70	–	63.72	27.99	–
6	Benefits Paid	(82.38)	(31.14)	–	(56.53)	(35.25)	–
7	Effects of transfer In/(Out)	(0.06)	–	–	–	–	–
8	Plan Assets at the end of the year	775.01	337.63	–	775.53	329.09	–

VII	Actuarial Assumptions	As at 31st March, 2019	As at 31st March, 2018
		Discount Rate (%)	Discount Rate (%)
1	Pension	7.50	7.50
2	Gratuity	7.50	7.50
3	Leave Encashment	7.50	7.50

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.

VIII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2019	As at 31st March, 2018
1	Government Securities/Special Deposit with RBI	25.95%	24.09%
2	High Quality Corporate Bonds	15.48%	16.01%
3	Insurer Managed Funds*	46.46%	48.67%
4	Mutual Funds	2.86%	2.34%
5	Cash and Cash Equivalents	6.63%	6.25%
6	Term Deposits	2.62%	2.64%

* 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.

The fair value of Government securities, corporate bonds, mutual funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

Notes to the Financial Statements

27. 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, 2019 (₹ in Crores)			For the year ended 31st March, 2018 (₹ in Crores)		
		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	733.03	320.10	103.98	702.21	314.68	98.05
	2 Fair Value of Plan Assets	775.01	337.63	–	775.53	329.09	–
	3 Status [Surplus/(Deficit)]	41.98	17.53	(103.98)	73.32	14.41	(98.05)
	4 Experience Adjustment of Plan Assets [Gain/(Loss)]	2.23	(0.02)	–	1.74	4.78	–
	5 Experience Adjustment of obligation [(Gain)/Loss]	4.85	(13.15)	2.86	(21.08)	(3.67)	2.78

XI	Sensitivity Analysis
	The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

(₹ in Crores)

		DBO as at 31st March, 2019	DBO as at 31st March, 2018
	1 Discount Rate + 100 basis points	1096.42	1055.58
	2 Discount Rate - 100 basis points	1226.48	1177.68
	3 Salary Increase Rate + 1%	1218.68	1177.75
	4 Salary Increase Rate – 1%	1101.61	1066.85

(₹ in Crores)

Maturity Analysis of the Benefit Payments		As at 31st March, 2019	As at 31st March, 2018
	1 Year 1	165.11	182.31
	2 Year 2	155.03	127.57
	3 Year 3	124.00	118.87
	4 Year 4	134.16	98.82
	5 Year 5	90.44	120.50
	6 Next 5 Years	504.69	460.62

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 23: ₹ 97.82 Crores (2018 - ₹ 91.48 Crores).

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(vii) Micro, Small and Medium scale business entities:

A sum of ₹ 64.91 Crores is payable to Micro and Small Enterprises as at 31st March, 2019 (2018 - ₹ 45.43 Crores). The above amount comprises of ₹ 54.32 Crores (2018 - ₹ 29.43 Crores) on account of trade payable and ₹ 10.59 Crores (2018 - ₹ 16.00 Crores) on account of liabilities other than trade payables. 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, 2019. 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.

(viii) The Company's significant leasing arrangements are in respect of operating leases for premises (land, 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, 2019	As at 31st March, 2018
Not later than one year	14.60	11.52
Later than one year and not later than five years	18.39	22.62
Later than five years	35.08	-

(₹ in Crores)

(ix) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2019 on 30th March, 2019:

- notifying Ind AS 116, 'Leases' and
- amending Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits'.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The Company expects that there will be no material impact on the financial statements resulting from the implementation of these standards.

(x) Impact of implementation of new standards/amendments:

- a) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2018 applicable from the financial year 2018-19 in respect of Indian Accounting Standard (Ind AS) 20 on 'Accounting for Government Grants and Disclosure of Government Assistance'. The Company has exercised the alternative available in the amendment of deducting the amount of Government grants from related assets as against setting up the grants as deferred income. The deferred income as on April 1, 2018 arising out of Government grants related to assets has, therefore, been adjusted against the carrying amount of such assets. The amounts so adjusted are not material (Also refer Note 18).
- b) Effective April 1, 2018 the Company adopted Ind AS – 115 'Revenue from Contracts with Customers' using the cumulative catch-up transition method. There were no major contracts that were not completed as at the date of initial application of the Standard. The effect on adoption of the Standard was not material.
- c) Effective April 1, 2018 the Company has applied Appendix B to Ind AS – 21 'Foreign Currency Transactions and Advance Consideration'. This Appendix clarifies the date of transaction for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on application of this amendment was not material.

(xi) 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 Limited, Noida, the JV partner communicated its intention to explore alternative development plans to which the Company reiterated that it was committed only to the project as envisaged in the JV agreement. The JV partner refused to progress the project and instead expressed its intent to exit the JV by selling its stake to the Company and subsequently proposed that both parties should find a third party to sell the entire shareholding in LDPL. The resultant deadlock has stalled the project. The Company's petition that the affairs of the JV are being conducted in a manner that is prejudicial to the interest of the Company and the JV entity, as also a petition for winding up of LDPL filed by Logix Estates, are currently before the National Company Law Tribunal. The financial statements of LDPL for year ended 31st March, 2019 are yet to be approved by its Board of Directors.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(xii) Information in respect of Options granted under the Company's Employee Stock Option Schemes ('Schemes'):

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes (Adjusted for Bonus Shares issued in terms of Shareholders approval.)	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1.00 each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1.00 each
3.	Vesting Schedule	<p>The vesting period for conversion of Options is as follows:</p> <ul style="list-style-type: none"> 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 	
4.	Pricing Formula	<p>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 Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.</p> <p>The Options have been granted at 'market price' as defined from time to time under the aforesaid Regulations.</p>	
5.	Maximum term of Options granted	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	<p>The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per fair value method for the financial year 2018-19 is ₹ 215.00 Crores (2018 - ₹ 349.28 Crores) and ₹ 28.05 Crores (2018 - ₹ 49.98 Crores) for group entities.</p>	
9.	Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	<p>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 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.</p>	
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	<p>Weighted average exercise price per Option : ₹ 2764.50 Weighted average fair value per Option : ₹ 682.92</p>	

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

SI. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010		
11.	Option movements during the year :				
	a) Options outstanding at the beginning of the year :	10,97,522	4,22,08,570		
	b) Options granted during the year :	–	6,88,425		
	c) Options cancelled and lapsed during the year :	29,475	3,40,467		
	d) Options vested and exercisable during the year (net of Options lapsed and exercised) :	84,974	64,56,266		
	e) Options exercised during the year :	5,92,754	48,40,915		
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year :	59,27,540	4,84,09,150		
	g) Options outstanding at the end of the year :	4,75,293	3,77,15,613		
	h) Options exercisable at the end of the year :	3,82,579	3,03,48,634		
	i) Money realised by exercise of the Options during the year (₹ in Crores) :	66.94	902.19		
12.	Summary of the status of Options :				
	Particulars	As at 31st March, 2019		As at 31st March, 2018	
		No. of Options	Weighted average Exercise Prices (₹)	No. of Options	Weighted average Exercise Prices (₹)
	Outstanding at the beginning of the year :	4,33,06,092	2248.01	4,31,55,908	2066.94
	Add: Granted during the year :	6,88,425	2764.50	65,03,860	2884.88
	Less: Lapsed during the year :	3,69,942	2418.44	6,62,492	2238.58
	Less: Exercised during the year :	54,33,669	1783.57	56,91,184	1603.88
	Outstanding at the end of the year :	3,81,90,906	2321.75	4,33,06,092	2248.01
	Options exercisable at the end of the year :	3,07,31,213	2217.40	2,87,80,335	2082.54

Notes to the Financial Statements

27. 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, 2019 was ₹ 289.39 (2018 - ₹ 286.71).					
14.	Summary of Options outstanding, scheme-wise:							
	Particulars		As at 31st March, 2019			As at 31st March, 2018		
		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 - 2006	:	4,75,293	1349.00 – 2885.50	2.98	10,97,522	974.50 – 2885.50	1.90
	ITC Employee Stock Option Scheme - 2010	:	3,77,15,613	2023.50 – 2885.50	3.34	4,22,08,570	1349.00 – 2885.50	3.30
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 : ₹ 2764.50 Weighted average fair value per Option : ₹ 682.92					
	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					7.46%
			(ii) Expected life					3.47 years
			(iii) Expected volatility					24.20%
			(iv) Expected dividends					1.86%
			(v) The price of the underlying shares in market at the time of Option grant					₹ 2764.50
			<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 annualised 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

27. Additional Notes to the Financial Statements (Contd.)

17.	Options granted to	:	As provided below:-	
	(a) Senior managerial personnel		Name	Designation
				No. of Options granted during the financial year 2018-19
		1	S. Puri	Managing Director
		2	N. Anand	Executive Director
		3	R. Tandon	Executive Director & Chief Financial Officer
		4	B. Sumant*	Executive Director
		5	C. Dar	Group Head - LS&T, Central Projects, EHS & Quality Assurance
		6	S. K. Singh	Divisional Chief Executive (PSPD)
		7	S. Sivakumar	Group Head - Agri Business
		8	K. S. Suresh	General Counsel
		9	R. K. Singhi	Executive Vice President & Company Secretary
				2,16,000
				1,08,000
				1,08,000
				39,400
				39,400
				39,400
				39,400
				39,400
				21,425
	<i>The Optionees were granted Options on 15th November, 2018 at the exercise price of ₹ 2764.50 per Option.</i>			
	<i>* Options granted prior to appointment as Executive Director.</i>			
	(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	

Note: The ITC Employee Stock Option Scheme – 2001 is no longer operative consequent to grant and exercise of Options under the said Scheme having been completed.

Abbreviations denote:

LS&T	Life Sciences & Technology
EHS	Environment, Health & Safety
PSPD	Paperboards & Specialty Papers Division

(xiii) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	:	Details
1	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	:	ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) Under the ITC ESAR Plan, the eligible employees receives cash on vesting of SAR units, equivalent to the difference between the grant price and the market price of the share on vesting subject to the terms and conditions specified in the Plan.
2	Settlement Method	:	Cash Settled.
3	Vesting period and maximum term of SAR units granted	:	Over a period of five years from the date of grant in accordance with the Plan.
4	Method used to estimate the fair value of SAR units granted	:	Black Scholes Option Pricing model. The said model considers inputs such as Risk-free interest rate, Expected life, Expected volatility, Expected dividend, Market Price etc. The number of SAR units outstanding at measurement date is 31,62,350 and the weighted average fair value at measurement date is ₹ 743.98 per SAR units.
5	Total cost recognised in the Statement of Profit and Loss	:	The employee compensation cost has been calculated using the fair value method of accounting for SAR units issued under the ITC ESAR Plan. The employee compensation cost as per the fair value method for the year is ₹ 17.89 Crores (2018 - Nil) and ₹ 0.78 Crore (2018 - Nil) for group entities (Refer Note 23) and the amount carried as a non-current financial liability in the Balance Sheet is ₹ 18.67 Crores (2018 - Nil) (Refer Note 15).

(xiv) The financial statements were approved for issue by the Board of Directors on 13th May, 2019.

Notes to the Financial Statements

28. Segment Reporting

(₹ in Crores)

	2019			2018		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	20712.95	–	20712.95	22894.01	–	22894.01
FMCG - Others	12487.84	17.44	12505.28	11314.38	14.22	11328.60
FMCG - Total	33200.79	17.44	33218.23	34208.39	14.22	34222.61
Hotels	1648.20	17.25	1665.45	1404.10	13.41	1417.51
Agri Business	6066.99	3329.55	9396.54	4551.98	3515.69	8067.67
Paperboards, Paper and Packaging	4305.43	1554.73	5860.16	3792.43	1457.21	5249.64
Segment Total	45221.41	4918.97	50140.38	43956.90	5000.53	48957.43
Eliminations			(4918.97)			(5000.53)
Gross Revenue from sale of products and services			45221.41			43956.90
2. Segment Results						
FMCG - Cigarettes			14551.07			13340.82
FMCG - Others			315.72			164.12
- Restructuring of Lifestyle Retailing Business (Refer Note 22)			70.47			–
FMCG - Total			14937.26			13504.94
Hotels			177.74			139.79
Agri Business			776.63			848.62
Paperboards, Paper and Packaging			1239.23			1042.16
Segment Total			17130.86			15535.51
Eliminations			(13.80)			(93.60)
Consolidated Total			17117.06			15441.91
Unallocated corporate expenses net of unallocated income			1058.42			947.01
Profit before interest etc. and taxation			16058.64			14494.90
Finance Costs			34.19			86.65
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			2419.71			2030.55
Exceptional items			–			412.90
Profit before tax			18444.16			16851.70
Tax expense			5979.84			5628.45
Profit for the year			12464.32			11223.25
3. Other Information						
	2019		2018			
	Segment Assets	Segment Liabilities*	Segment Assets	Segment Liabilities*		
FMCG - Cigarettes	8315.15	4720.75	7956.89	4624.83		
FMCG - Others	8093.09	2017.30	7623.20	1906.52		
FMCG - Total	16408.24	6738.05	15580.09	6531.35		
Hotels	6016.28	608.42	5520.54	521.45		
Agri Business	3901.03	907.32	3407.41	900.18		
Paperboards, Paper and Packaging	6966.69	755.90	6739.83	787.13		
Segment Total	33292.24	9009.69	31247.87	8740.11		
Unallocated Corporate Assets/Liabilities	36505.68	2838.44	31133.44	2241.13		
Total	69797.92	11848.13	62381.31	10981.24		

* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 123.48 Crores (2018 - ₹ 233.02 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

28. Segment reporting (Contd.)

(₹ in Crores)

	2019		2018	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	140.83	245.44	90.09	249.23
FMCG - Others	1321.10	372.51	833.64	291.46
FMCG - Total	1461.93	617.95	923.73	540.69
Hotels	668.97	196.57	610.54	172.60
Agri Business	53.85	71.11	92.43	66.73
Paperboards, Paper and Packaging	258.74	326.24	910.01	274.60
Segment Total	2443.49	1211.87	2536.71	1054.62
Unallocated	313.39	99.83	327.50	90.75
Total	2756.88	1311.70	2864.21	1145.37

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	1.30	2.44
FMCG - Others	66.95	48.55
FMCG - Total	68.25	50.99
Hotels	12.18	4.29
Agri Business	1.23	2.29
Paperboards, Paper and Packaging	62.13	44.32
Segment Total	143.79	101.89

GEOGRAPHICAL INFORMATION

	2019	2018
1. Revenue from external customers		
– Within India	41775.46	40828.12
– Outside India	3445.95	3128.78
Total	45221.41	43956.90
2. Non-Current Assets		
– Within India	23770.80	22616.34
– Outside India	0.01	0.01
Total	23770.81	22616.35

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 Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.
- The business groups comprise the following :

FMCG : Cigarettes : Others Hotels Paperboards, Paper and Packaging Agri Business	– Cigarettes, Cigars, etc. – Branded Packaged Foods Businesses (Staples; Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis. – Hoteliering. – Paperboards, Paper including Specialty Paper and Packaging including Flexibles. – Agri commodities such as soya, spices, coffee and leaf tobacco.
--	---
- The geographical information 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.
- As stock options and stock appreciation linked reward units are granted under the ITC ESOS and ITC ESARP respectively to align the interests of employees with those of shareholders and also to attract and retain talent for the enterprise as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.
- The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes to the Financial Statements

29. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:

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 Technologies Inc., Canada
Technico Asia Holdings Pty Limited, Australia and its subsidiary
Technico Horticultural (Kunming) Co. Limited, China
- h) Technico Agri Sciences Limited
- 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
Indivate Inc., USA
- m) Gold Flake Corporation Limited
- n) ITC Investments & Holdings Limited and its subsidiary
MRR Trading & Investment Company Limited
- o) Surya Nepal Private Limited, Nepal
- p) North East Nutrients Private Limited

The above list does not include ITC Global Holdings Pte. Limited, Singapore, which has been dissolved vide Order dated 10th July, 2018 of the High Court of the Republic of Singapore

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

Associate of the Company's subsidiary

- ATC Limited
– being associate of Gold Flake Corporation Limited

Joint Venture

- Maharaja Heritage Resorts Limited

Joint Venture of the Company's subsidiary

- ITC Essentra Limited
– being joint venture of Gold Flake Corporation Limited

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

ii) a) Key Management Personnel:

Y. C. Deveshwar [#]	Chairman & Non-Executive Director
S. Puri [§]	Managing Director
N. Anand	Executive Director
B. Sumant	Executive Director (w.e.f. 16.11.2018)
R. Tandon	Executive Director & Chief Financial Officer
S. Banerjee*	Non-Executive Director
H. Bhargava	Non-Executive Director (w.e.f. 28.07.2018)
A. Duggal*	Non-Executive Director
S. B. Mainak	Non-Executive Director (up to 23.07.2018)
S. B. Mathur*	Non-Executive Director
J. Pulinthanam	Non-Executive Director (w.e.f. 16.05.2018)
N. Rao*	Non-Executive Director
S. S. H. Rehman*	Non-Executive Director
M. Shankar*	Non-Executive Director
D. R. Simpson	Non-Executive Director

[#] Passed away on 11.05.2019

[§] Managing Director since 16.05.2018, prior to which Mr. Puri was Chief Executive Officer & Executive Director. Also appointed as the Chairman of the Company with effect from 13.05.2019.

* Independent Directors

Members - Corporate Management Committee

S. Puri
 N. Anand
 B. Sumant
 R. Tandon
 C. Dar
 S. K. Singh
 S. Sivakumar
 R. Sridhar (up to 04.02.2019)
 K. S. Suresh
 Company Secretary
 R. K. Singhi

b) Relatives of Key Management Personnel:

Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
 Mrs. R. Tandon (wife of Mr. R. Tandon)
 Mrs. N. Singhi (wife of Mr. R. K. Singhi)

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
- 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

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2019

(₹ 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													
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
1. Sale of Goods/Services	280.53	336.42	0.70	0.67	41.97	17.37							323.20	354.46
2. Purchase of Goods/Services	386.08	337.45	92.50	76.12	272.29	223.23							750.87	636.80
3. Acquisition cost of Property, Plant and Equipment	73.24	1.33											73.24	1.33
4. Investment in Subsidiaries	426.48	224.19											426.48	224.19
5. Value of share based payment														
5A. Capital Contribution for Share Based Payments	18.72	32.88											18.72	32.88
5B. Reimbursement for Share Based Payments	7.69	13.11	1.47	1.94	0.41	0.77							9.57	15.82
6. Rent Received	16.72	17.68	0.90	0.93									17.62	18.61
7. Rent Paid	8.58	8.15	4.36	3.88			0.21	0.25	0.80	0.75			13.95	13.03
8. Remuneration of Managers on Deputation reimbursed	3.02	3.65	5.35	5.25									8.37	8.90
9. Remuneration of Managers on Deputation recovered	22.42	21.11	5.62	4.82	1.16	1.33							29.20	27.26
10. Contribution to Employees' Benefit Plans													87.54	136.77
11. Dividend Income	407.38	401.17	0.73	0.73									408.11	401.90
12. Dividend Payments			1533.85	1414.71			1.61	1.10					1535.46	1415.81
13. Expenses Recovered	19.38	18.34	0.23	0.33	0.31	0.28							19.92	18.95
14. Expenses Reimbursed	12.30	14.87	0.22	0.35	0.01	0.92	0.05	0.03					12.58	16.17
15. Advances Given during the year	0.03	0.24	0.26	0.35									0.29	0.59
16. Adjustment/Receipt towards Refund of Advances	—	0.24	—	0.12									—	0.36
17. Advance Received during the year	175.46	189.11											175.46	189.11
18. Adjustment/Payment towards Refund of Advance	127.76	158.71								0.08			127.76	158.71
19. Deposits Given during the year														
20. Transactions with Key Management Personnel ¹														
20A. – Short term benefits ²							44.09	45.05					44.09	45.05
20B. – Other remuneration							6.99	6.34					6.99	6.34
20C. – Stock options granted ³														
21. Outstanding Balances [#]														
i) Receivables	32.73	44.31	1.75	2.66	3.53	14.81							38.01	61.78
ii) Advances Given	0.03	—	0.49	0.23									60.03	87.96
iii) Deposits Given	0.60	0.60					0.08	0.08	0.40	0.40			1.08	1.08
iv) Advance Taken	177.06	129.36											177.06	129.36
v) Deposits Taken			0.06	0.06									0.06	0.06
vi) Payables	7.37	10.11	8.35	4.76	16.20	9.88							31.92	24.75
22. Impairment of investment in Subsidiaries/ Joint Venture as at the year end	25.29	25.29			23.45	23.45							48.74	48.74
23. Commitments	2.20	0.43											2.20	0.43

[#] The amounts outstanding are unsecured and will be settled in cash

¹ Post employment benefits are actuarially determined on overall basis and hence not separately provided.

² Includes ₹ 1.17 Crores (2018 - Nil) attributable to remuneration of a Director which is subject to approval by the Company in General Meeting.

³ During the year, the Company granted Stock Options to the Directors and KMP under its Employee Stock Option Schemes at 'market price' (within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014). Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration. However, the Company has recorded employee benefits expense by way of share based payments to employees, in accordance with Ind AS - 102, at ₹ 215.00 Crores for the year ended 31st March, 2019 (2018 - ₹ 349.28 Crores), out of which ₹ 43.73 Crores (2018 - ₹ 53.43 Crores) is attributable to Directors and KMP.

Notes to the Financial Statements

29. 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		2019	2018	RELATED PARTY TRANSACTIONS SUMMARY		2019	2018	RELATED PARTY TRANSACTIONS SUMMARY		2019	2018
1.	Sale of Goods/Services			10.	Contribution to Employees' Benefit Plans			20B.	Other Remuneration		
	Surya Nepal Private Limited	273.47	323.09		IATC Provident Fund	30.03	26.73		Mr. Y. C. Deveshwar	0.73	0.61
	ITC Essentra Limited	41.97	17.36		ITC Defined Contribution Pension Fund	21.98	19.54		Mr. S. Banerjee	0.72	0.60
2.	Purchase of Goods/Services				ITC Employees Gratuity Fund	10.00	10.00		Mr. A. Duggal	0.73	0.60
	ITC Infotech India Limited	161.15	159.66		ITC Pension Fund	20.07	59.08		Ms. M. Shankar	0.73	0.61
	North East Nutrients Private Limited	175.10	166.88	11.	Dividend Income				Mr. S. B. Mathur	0.73	0.61
	ITC Essentra Limited	272.04	222.99		Russell Credit Limited	70.29	49.78		Mr. S. S. H. Rehman	0.78	0.65
3.	Acquisition cost of Property, Plant and Equipment				ITC Infotech India Limited	336.44	51.12		Outstanding Balances		
	Srinivasa Resorts Limited	69.06	—		Surya Nepal Private Limited	261.06	261.06		<i>Receivables</i>		
	ITC Infotech India Limited	3.34	1.33		Tobacco Manufacturers (India) Limited, UK	1533.85	1414.71		Surya Nepal Private Limited	28.69	39.55
4.	Investment in Subsidiaries				Expenses Recovered				ITC Essentra Limited	0.20	11.38
	WelcomHotels Lanka (Private) Limited	426.48	206.19	13.	Srinivasa Resorts Limited	3.40	2.41		<i>Advances Given</i>		
5.	Value of share based payment				Fortune Park Hotels Limited	3.49	3.46		Employee Trust - Pension Funds	41.98	73.32
5A.	<i>Capital Contribution for Share Based Payments</i>				ITC Infotech India Limited	7.60	7.75		Employee Trust - Gratuity Funds	17.53	14.41
	ITC Infotech India Limited	18.61	32.68		Surya Nepal Private Limited	2.87	3.48		<i>Deposits Given</i>		
5B.	<i>Reimbursement for Share Based Payments</i>			14.	Expenses Reimbursed				Russell Credit Limited ¹	0.36	0.36
	Fortune Park Hotels Limited	0.57	2.65		Srinivasa Resorts Limited	2.41	1.47		Greenacre Holdings Limited ²	0.24	0.24
	International Travel House Limited	0.99	1.26		Landbase India Limited	4.02	4.07		Mrs. B. Deveshwar	0.38	0.38
	Surya Nepal Private Limited	2.34	3.47		Wimco Limited	2.31	2.00		<i>Advances Taken</i>		
	Technico Agri Sciences Limited	1.30	2.11		ITC Infotech (USA), Inc.	2.85	5.99		Surya Nepal Private Limited	177.05	129.36
	WelcomHotels Lanka (Private) Limited	1.61	2.64	15.	Advances Given during the year				<i>Deposits Taken</i>		
6.	Rent Received				Wimco Limited	0.03	—		International Travel House Limited	0.06	0.06
	ITC Infotech India Limited	13.03	13.15		North East Nutrients Private Limited	—	0.24		<i>Payables</i>		
	Surya Nepal Private Limited	3.42	4.26		International Travel House Limited	0.26	0.35		North East Nutrients Private Limited	5.13	7.78
7.	Rent Paid				Adjustment/Receipt towards Refund of Advances				ITC Essentra Limited	16.20	9.88
	Landbase India Limited	5.31	5.28		North East Nutrients Private Limited	—	0.24		ATC Limited	3.16	1.57
	Technico Agri Sciences Limited	1.32	1.21		International Travel House Limited	—	0.12		Impairment of investment in Subsidiaries/Joint Venture as at the year end		
	Gujarat Hotels Limited	4.36	3.88		Advance Received during the year	175.45	189.10		Prag Agro Farm Limited - Equity Shares	9.00	9.00
8.	Remuneration of Managers on Deputation reimbursed				Surya Nepal Private Limited	—	—		Technico Pty Ltd	16.29	16.29
	Fortune Park Hotels Limited	0.91	1.57		Adjustment/Payment towards Refund of Advance				Logix Developers Private Limited	23.45	23.45
	Bay Islands Hotels Limited	1.58	1.52		Surya Nepal Private Limited	127.76	158.71		Commitments		
	Gujarat Hotels Limited	5.35	5.15		Deposits Given during the year	—	—		ITC Infotech India Limited	2.10	0.43
9.	Remuneration of Managers on Deputation recovered				Mr. B. B. Chatterjee (KMP upto 03.02.2018)	—	0.03				
	Srinivasa Resorts Limited	5.83	6.40	20.	Remuneration to Key Management Personnel #						
	Fortune Park Hotels Limited	3.88	3.44	20A.	<i>Short term benefits</i>	15.90	19.29				
	ITC Infotech India Limited	4.49	4.20		Mr. Y. C. Deveshwar	6.16	6.09				

* In accordance with Ind AS - 102, the Company has recognised employee benefits expense by way of share based payments (refer Note 29.3), of which ₹ 43.73 Crores (2018 - ₹ 53.43 Crores) is attributable to Key Management Personnel:

Mr. Y. C. Deveshwar ₹ 0.51 Crore (2018 - ₹ 0.25 Crore), Mr. S. Puri ₹ 11.84 Crores (2018 - ₹ 10.69 Crores), Mr. N. Anand ₹ 5.62 Crores (2018 - ₹ 10.88 Crores), Mr. R. Tandon ₹ 6.50 Crores (2018 - ₹ 5.83 Crores), Mr. B. Sumant ₹ 2.66 Crores (2018 - ₹ 3.14 Crores) and Mr. R. K. Singhi ₹ 1.06 Crores (2018 - ₹ 0.18 Crore)

¹ The maximum indebtedness during the year was ₹ 0.36 Crore (2018 - ₹ 0.36 Crore).

² The maximum indebtedness during the year was ₹ 0.24 Crore (2018 - ₹ 0.24 Crore).

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures

1. Capital Management

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals and aims at maintaining a strong capital base to support the future growth of its businesses.

During the year, the Company issued 5,43,36,690 equity shares of ₹ 1.00 each amounting to ₹ 5.43 Crores (2018 - ₹ 5.69 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 8552.76 Crores as at 31st March, 2019 (2018 - ₹ 7444.41 Crores).

2. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	11	162.71	162.71	96.03	96.03
ii) Other bank balances	12	3606.02	3606.02	2498.85	2498.85
iii) Investment in Bonds/ Debentures, Preference Shares & Government or Trust Securities	4, 9	10643.80	10656.93	8569.58	8582.42
iv) Loans	5	11.23	10.07	11.55	9.59
v) Trade receivables	10	3646.22	3646.22	2357.01	2357.01
vi) Other financial assets	6	3719.64	3693.06	2877.35	2847.67
Sub-total		21789.62	21775.01	16410.37	16391.57
b) Measured at Fair value through OCI					
i) Equity shares	4	1820.65	1820.65	1450.55	1450.55
Sub-total		1820.65	1820.65	1450.55	1450.55
c) Measured at Fair value through Profit or Loss					
i) Investment in Mutual Funds	4, 9	9267.31	9267.31	7301.85	7301.85
ii) Investment in Bonds/ Debentures, Certificate of Deposits, Preference Shares	9	1981.90	1981.90	3660.39	3660.39
iii) Investment in Alternative Investment Fund	4	11.79	11.79	7.50	7.50
Sub-total		11261.00	11261.00	10969.74	10969.74
d) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	6	3.34	3.34	0.72	0.72
ii) Derivative instruments designated as hedging instruments	6	17.80	17.80	11.16	11.16
Sub-total		21.14	21.14	11.88	11.88
Total financial assets		34892.41	34877.80	28842.54	28823.74

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
B. Financial liabilities					
a) Measured at amortised cost					
i) Sales tax deferment loans	14,15	11.13	7.87	17.99	14.25
ii) Trade payables		3368.28	3368.28	3382.28	3382.28
iii) Other financial liabilities	15	991.17	979.07	803.70	799.38
Sub-total		4370.58	4355.22	4203.97	4195.91
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	15	1.48	1.48	0.64	0.64
ii) Derivative instruments designated as hedging instruments	15	18.95	18.95	2.46	2.46
Sub-total		20.43	20.43	3.10	3.10
Total financial liabilities		4391.01	4375.65	4207.07	4199.01

3. Financial risk management objectives

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Liquidity Risk

The Company's Current assets aggregate ₹ 29568.96 Crores (2018 - ₹ 24503.00 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 16275.28 Crores (2018 - ₹ 12498.33 Crores) against an aggregate Current liability of ₹ 9621.56 Crores (2018 - ₹ 8856.60 Crores); Non-current liabilities due between one year to three years amounting to ₹ 17.83 Crores (2018 - ₹ 39.06 Crores) and Non-current liability due after three years amounting to ₹ 31.96 Crores (2018 - ₹ 7.43 Crores) on the reporting date.

Further, while the Company's total equity stands at ₹ 57949.79 Crores (2018 - ₹ 51400.07 Crores), it has non-current borrowings of ₹ 7.89 Crores (2018 - ₹ 11.13 Crores). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Market Risks

The Company is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through other comprehensive income. The value of investments in such equity instruments as at 31st March, 2019 is ₹ 1820.65 Crores (2018 - ₹ 1450.55 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Further, treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in bonds/debentures, fixed deposits and debt mutual funds. Mark to market movements in respect of the Company's investments in bonds/debentures that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

For select agricultural commodities primarily held for trading, futures contracts are used to hedge price risks till positions in the physical market are matched. Such activities are managed by the business team within an approved policy framework. The carrying value of inventories is adjusted to the extent of fair value movement of the risk being hedged. Such hedges are generally for short time horizons and recognised in profit or loss within the crop cycle and are managed by the business within the approved policy framework. Accordingly, the Company's net exposure to commodity price risk is considered to be insignificant.

Foreign currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Pound Sterling, Euro and Japanese Yen) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, including the Company's net investments in foreign operations (with a functional currency other than Indian Rupee), are also subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial assets and liabilities including derivative contracts, are as follows:

(₹ in Crores)

As at 31st March, 2019	USD	Euro	GBP	JPY	Others	Total
Financial Assets	421.26	18.51	23.84	0.21	3.75	467.57
Financial Liabilities	84.86	37.59	2.11	10.90	5.18	140.64

As at 31st March, 2018	USD	Euro	GBP	JPY	Others	Total
Financial Assets	334.04	12.67	13.62	1.32	13.27	374.92
Financial Liabilities	56.05	52.33	0.42	14.45	2.90	126.15

The Company uses forward exchange contracts and currency options to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions. Accordingly,

a. Forward exchange contracts that were outstanding on respective reporting dates:

(in Million)

Designated under Hedge Accounting		As at 31st March, 2019		As at 31st March, 2018	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	53.98	88.45	43.08	99.53
Euro	US Dollar	21.51	—	18.21	—
AUD	US Dollar	0.16	—	2.76	—
CHF	US Dollar	0.09	—	—	—
GBP	US Dollar	0.15	—	0.65	—
SEK	US Dollar	13.64	—	—	—
SGD	US Dollar	0.04	—	0.04	—
JPY	US Dollar	2220.96	—	437.90	—

The aforesaid hedges have a maturity of less than 1 year from the year end.

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(in Million)

Not designated under Hedge Accounting		As at 31st March, 2019		As at 31st March, 2018	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	10.65	47.40	–	25.84
Euro	US Dollar	5.87	0.74	5.21	–
AUD	US Dollar	0.10	–	–	–
CAD	US Dollar	–	0.74	–	1.08
CHF	US Dollar	0.55	–	0.53	–
GBP	US Dollar	–	5.29	–	1.35
SEK	US Dollar	1.09	–	2.11	–
JPY	US Dollar	236.84	–	634.74	–

b. Currency options that were outstanding on respective reporting dates (Designated under Hedge Accounting):

Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	3.00	–	–

Hedges of foreign currency risk and derivative financial instruments

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss.

The Company may also designate certain hedges, usually for large transactions, as a cash flow hedge under hedge accounting, with the objective of shielding the exposure from variability in cash flows. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

(₹ in Crores)		
Particulars	2019	2018
At the beginning of the year	6.73	(10.73)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(48.46)	26.64
Add: Changes in fair value of effective portion of outstanding cash flow hedges	(5.37)	8.21
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	(32.97)	43.49
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	(0.66)	(0.24)
Less: Amounts transferred to initial cost of non-financial assets	2.90	(35.17)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on Ineffectiveness	–	–
(Less)/Add: Deferred tax	8.07	(9.31)
At the end of the year	(8.30)	6.73
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	(5.36)	1.06

Once the hedged transaction materialises, the amount accumulated in the cash flow hedging reserve will be included in the initial cost of the non-financial hedged item on its initial recognition or reclassified to profit or loss, as applicable, in the anticipated timeframes given below:

(₹ in Crores)		
Outstanding balance in Cash Flow Hedge Reserve to be subsequently recycled from OCI	As at 31st March, 2019	As at 31st March, 2018
Within one year	(4.46)	6.19
Between one and three years	(3.84)	0.54
Total	(8.30)	6.73

Foreign Currency Sensitivity

For every percentage point change in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, including derivative contracts, holding all other variables constant, the profit before tax for the year ended 31st March, 2019 would change by ₹ (0.34) Crore (2018 - ₹ 0.32 Crore) and pre-tax total equity as at 31st March, 2019 would change by ₹ (1.78) Crores [2018 - ₹ (1.62) Crores].

Credit Risk

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and companies; bonds issued by government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. Of this, investments that are held at amortised cost stood at ₹ 17046.07 Crores (2018 - ₹ 13220.19 Crores). With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 3646.22 Crores (2018 - ₹ 2357.01 Crores).

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Company are as under:

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	126.89	106.16
Add: Provisions made (net)	24.34	26.29
Less: Utilisation for impairment/de-recognition	5.14	5.56
Effects of foreign exchange fluctuation	–	–
Closing Balance	146.09	126.89

4. Fair value measurement

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2019	As at 31st March, 2018
A. Financial assets			
a) Measured at amortised cost			
i) Investment in Bonds/Debentures, Preference Shares & Government or Trust Securities	2	10656.93	8582.42
ii) Loans*	3	5.05	5.44
iii) Other Financial assets*	3	2353.91	1711.60
Sub-total		13015.89	10299.46
b) Measured at Fair value through OCI			
i) Equity shares - Quoted	1	1818.28	1448.18
Sub-total		1818.28	1448.18
c) Measured at Fair value through Profit or Loss			
i) Investment in Mutual Funds	1	9267.31	7301.85
ii) Investment in Bonds/Debentures, Certificate of Deposits, Preference Shares	2	1981.90	3660.39
iii) Investment in Alternative Investment Fund	2	11.79	7.50
Sub-total		11261.00	10969.74
d) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	3.34	0.72
ii) Derivative instruments designated as hedging instruments	2	17.80	11.16
Sub-total		21.14	11.88
Total financial assets		26116.31	22729.26

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2019	As at 31st March, 2018
B. Financial liabilities			
a) Measured at amortised cost			
i) Sales Tax deferment loans*	3	4.63	7.39
ii) Other Financial liabilities*	3	29.80	31.04
Sub-total		34.43	38.43
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	1.48	0.64
ii) Derivative instruments designated as hedging instruments	2	18.95	2.46
Sub-total		20.43	3.10
Total financial liabilities		54.86	41.53

*Represents Fair value of Non-current Financial Instruments

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as best estimate of fair value and has been excluded in the fair value measurement disclosed above.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

On behalf of the Board

S. PURI

R. TANDON

R. K. SINGHI

Chairman & Managing Director

Director & Chief Financial Officer

Company Secretary

Independent Auditor's Report

to the Members of ITC Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **ITC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing

specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Revenue Recognition</p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Standalone Financial Statements - Significant Accounting Policies</p>	<p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof. Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. Evaluating the design and implementation of Company's controls in respect of revenue recognition. Testing the effectiveness of such controls over revenue cut off at year-end. Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including

Independent Auditor's Report

Sr. No.	Key Audit Matter	Auditor's Response
		<p>examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.</p> <ul style="list-style-type: none"> Performing analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and testing.
2.	<p>Litigations - Contingencies</p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 27 (v) (a) to the Standalone Financial Statements</p>	<p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings are reviewed, to confirm the operating effectiveness of these controls. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. Additionally, considering the effect of new information in respect of contingencies as at 1st April, 2018 to evaluate whether any change was required in the management's position on these contingencies as at 31st March, 2019.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Report on Corporate Governance, Shareholder information and Report of the Board of Directors & Management Discussion and Analysis, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other

information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

- The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

Independent Auditor's Report

reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity 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 Ind AS specified under section 133 of the Act.
 - (e) on the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. In respect of one director, aggregate remuneration of ₹ 1.17 Crores paid/provided during the year, is subject to the approval of the Members at the forthcoming Annual General Meeting.

- (h) 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, as amended, 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 standalone financial statements in accordance with the generally accepted accounting practice – also refer Note 27 (v) (a) to the standalone 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.
2. 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)

Gurugram,
13th May, 2019

P. R. Ramesh
Partner
(Membership No. 70928)

Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of ITC Limited 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 31st March, 2019 in conjunction with our audit of the standalone Ind AS 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 internal financial controls over financial reporting of the Company 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.

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 31st March, 2019, based on the criteria for internal control over financial reporting 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)

P. R. Ramesh
Partner
(Membership No. 70928)

Gurugram
13th May, 2019

Annexure - B to the Independent Auditor's Report

(Referred to in paragraph 2 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 property, plant and equipment.
 - (b) The property, plant and equipment 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 property, plant and equipment 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 and other documents 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.
- (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, 2013. 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, Goods and Services Tax, Customs Duty, Excise Duty, 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, 2019 on account of disputes are given below:

Name of statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
			Various years covering the period	
Sales Tax and Value Added Tax Laws	Sales tax and VAT	23.44	1987-2017	Appellate Authority – upto Commissioners’/ Revisional authorities level Appellate Authority – Tribunal level High Court
		19.88	1994-2015	
		252.47	2005-2015	
Customs Act, 1962	Customs duty	3.60	2011-2017	Appellate Authority – upto Commissioners’/ Revisional authorities level Appellate Authority – Tribunal level High Court
		0.36	2016	
		40.70	2011-2012	
Central Excise Act, 1944	Excise duty	8.74	1996-2017	Appellate Authority – upto Commissioners’/ Revisional authorities level Appellate Authority – Tribunal level High Court
		95.63	1973-2017	
		4.34	2005-2010	
Finance Act, 1994	Service tax	6.05	2006-2017	Appellate Authority – upto Commissioners’/ Revisional authorities level Appellate Authority – Tribunal level
		63.11	2003-2015	

Out of the total disputed dues aggregating ₹ 518.32 Crores as above, ₹ 374.86 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 one director, aggregate remuneration of ₹ 1.17 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 standalone financial statements etc. as required by the applicable Indian 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 persons 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)

Gurugram
13th May, 2019

P. R. Ramesh
Partner
(Membership No. 70928)

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, which provides estate maintenance services.

Landbase India Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Hospitality, management and operation of golf course and real estate development.

The Company owns the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course. It also owns a 104 key all suite luxury retreat "ITC Grand Bharat" 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 (I2B) and

ITC Infotech (USA), Inc. (I2A)

ITC Infotech (USA), Inc. owns 100% of the shareholding of Indivate Inc. incorporated as a New Jersey Corporation.

I3L, I2A and I2B are engaged in the information technology services business. Indivate Inc. is engaged in providing business consulting services.

Surya Nepal Private Limited, Nepal

Shareholding

59% held by ITC Limited.

Nature of Business

Manufacture and sale of cigarettes and in the business of garments, matches, agarbatti and branded packaged food products.

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 47 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 developing a plot of land in Colombo for a mixed use development project including a luxury hotel.

Wimco Limited

Shareholding

98.21% held by ITC Limited.

Nature of Business

Wimco Limited is engaged in fabrication and assembly of machinery for tube filling, cartoning, wrapping, conveyor solutions and engineering services.

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 & sourcing/supply of fruits and vegetables.

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 Companies are 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 provides Franchise & Marketing Services to 34 operational hotel properties spread across 13 states with its WelcomHeritage brand portfolio comprising of "Legend Hotels", "Heritage Hotels" and "Nature Resorts" provides uniquely differentiated offerings to guests in the cultural, heritage and adventure tourism segments respectively.

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, Uttar Pradesh.

Major Associates of the Group

Gujarat Hotels Limited

ITC Limited holds 45.78% in Gujarat Hotels Limited.

Nature of Business

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

International Travel House Limited

ITC Limited holds 3.60% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

Nature of Business

Air ticketing, car rentals, inbound outbound tourism, domestic holidays, conferences, events & exhibition management and foreign exchange services for travellers.

Note: The full list of the Group’s Associates appears on page 262.

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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013.

Subsidiaries (Ind AS 110)

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.

Profit or loss and each component of other comprehensive income are attributed to the Group as owners and to the non-controlling interest; likewise the non-controlling interests in the net assets of the consolidated subsidiaries is identified and presented separately within Equity 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 and Joint Ventures (Ind AS 28)

An investment in associate and joint venture is initially recognised at cost on the date of the investment, and is inclusive of any goodwill/capital reserve embedded in the cost.

Only share of net profits/losses of associates/joint ventures is considered in Consolidated Statement of Profit and Loss. The carrying amount of the investment in associates/joint ventures is adjusted by the share of net profits/losses in the Consolidated Balance Sheet.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the 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
Name of the Subsidiary Company	ITC Infotech India Limited	ITC Infotech (USA), Inc.	ITC Infotech Limited	Indivate Inc.	Surya Nepal Private Limited	Technico Pty Limited
The date since when subsidiary was acquired	21-Aug-2000	17-Jun-1993	26-Jan-1993	18-Nov-2016	20-Aug-2002	17-Aug-2007
Financial Year ending on	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	14-Mar-2019	31-Mar-2019
Reporting Currency	Indian Rupee	US Dollar	British Pound	US Dollar	Nepalese Rupee	Australian Dollar
Exchange Rate on the last day of the financial year	–	69.1550	90.5253	69.1550	0.6250	49.0200
Share Capital	85.20	125.87	6.21	0.69	126.00	95.54
Reserves & Surplus	370.97	27.22	41.78	(0.25)	596.00	(64.10)
Total Assets	591.78	232.69	133.06	1.41	1002.59	35.91
Total Liabilities	591.78	232.69	133.06	1.41	1002.59	35.91
Investments (excluding Investments made in subsidiaries)	140.11	–	–	–	–	–
Turnover	1238.71	667.09	444.66	3.63	2269.11	12.87
Profit/(Loss) before tax	122.32	30.16	14.89	0.21	854.97	6.59
Provision for tax	(45.86)	(4.91)	(0.68)	–	(264.55)	(0.39)
Profit/(Loss) after tax	76.46	25.25	14.21	0.21	590.42	6.20
Proposed Dividend [®]	70.29	12.59	–	–	570.78	–
% of shareholding	100.00	100.00	100.00	100.00	59.00	100.00

(₹ in Crores)

[®] includes dividend paid during the year

Note: Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	7	8	9	10	11	12
Name of the Subsidiary Company	Technico Agri Sciences Limited	Technico Technologies Inc.	Technico Asia Holdings Pty Limited	Technico Horticultural (Kunming) Co. Limited	Srinivasa Resorts Limited	Fortune Park Hotels Limited
The date since when subsidiary was acquired	17-Aug-2007	17-Aug-2007	17-Aug-2007	17-Aug-2007	06-Feb-1995	06-Mar-1996
Financial Year ending on	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019
Reporting Currency	Indian Rupee	Canadian Dollar	Australian Dollar	Chinese Yuan Renminbi	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	51.5400	49.0200	10.3030	–	–
Share Capital	37.96	5.98	18.06	19.59	24.00	0.45
Reserves & Surplus	37.77	(4.04)	(13.31)	(4.65)	71.01	31.76
Total Assets	130.54	2.13	4.75	15.19	111.81	38.29
Total Liabilities	130.54	2.13	4.75	15.19	111.81	38.29
Investments (excluding Investments made in subsidiaries)	13.02	–	–	–	56.33	12.14
Turnover	162.61	1.17	–	4.54	60.49	29.98
Profit/(Loss) before tax	8.47	0.32	–	0.57	(2.30)	9.36
Provision for tax	(0.28)	–	–	–	0.18	(2.75)
Profit/(Loss) after tax	8.19	0.32	–	0.57	(2.12)	6.61
Proposed Dividend [®]	–	–	–	–	–	0.56
% of shareholding	100.00	100.00	100.00	100.00	68.00	100.00

[®] includes dividend paid during the year

Note: Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

Sl. No.		13	14	15	16	17	18
Name of the Subsidiary Company		Landbase India Limited	Bay Islands Hotels Limited	WelcomHotels Lanka (Private) Limited	Russell Credit Limited	Greenacre Holdings Limited	Wimco Limited
The date since when subsidiary was acquired		09-Sept-2000	08-Mar-1999	04-May-2012	26-Sept-1997	09-Nov-1994	01-Jul-2005
Financial Year ending on		31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019
Reporting Currency		Indian Rupee	Indian Rupee	Sri Lankan Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year		–	–	0.3938	–	–	–
Share Capital		317.00	0.12	1203.11	646.48	42.06	18.85
Reserves & Surplus		(83.10)	16.97	(7.49)	281.18	3.82	(19.09)
Total Assets		276.91	17.56	1209.70	932.44	47.24	6.89
Total Liabilities		276.91	17.56	1209.70	932.44	47.24	6.89
Investments (excluding Investments made in subsidiaries)		9.20	2.50	–	832.62	27.08	–
Turnover		26.57	1.61	0.96	61.35	5.33	9.70
Profit/(Loss) before tax		3.11	1.52	0.59	51.37	2.41	0.16
Provision for tax		–	(0.42)	–	(13.53)	(0.63)	(0.12)
Profit/(Loss) after tax		3.11	1.10	0.59	37.84	1.78	0.04
Proposed Dividend [®]		–	0.08	–	–	–	–
% of shareholding		100.00	100.00	100.00	100.00	100.00	98.21

[®] includes dividend paid during the year

Note: Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	19	20	21	22	23	24
Name of the Subsidiary Company	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
The date since when subsidiary was acquired	29-Jan-1982	17-May-2012	23-Dec-1998	06-Feb-2014	01-Jul-2005	01-Jul-2005
Financial Year ending on	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019
Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	–	–	–	–	–
Share Capital	16.00	4.50	0.05	73.00	1.28	5.51
Reserves & Surplus	9.51	0.94	(0.04)	(1.86)	(0.22)	(5.08)
Total Assets	25.53	5.44	0.03	133.48	1.07	0.67
Total Liabilities	25.53	5.44	0.03	133.48	1.07	0.67
Investments (excluding Investments made in subsidiaries)	6.62	–	–	1.00	–	–
Turnover	4.01	0.06	0.07	161.75	0.05	0.10
Profit/(Loss) before tax	2.94	0.03	...	9.05	(0.01)	(0.54)
Provision for tax	(0.08)	(0.01)	...	–	...	(0.01)
Profit/(Loss) after tax	2.86	0.02	...	9.05	(0.01)	(0.55)
Proposed Dividend[®]	–	–	–	–	–	–
% of shareholding	100.00	100.00	100.00	76.00	100.00	100.00

[®] includes dividend paid during the year

Notes:

i) WelcomHotels Lanka (Private) Limited is yet to commence commercial operations.

ii) No subsidiary was liquidated or sold during the year, other than ITC Global Holdings Pte. Limited, Singapore, which has been dissolved vide Order dated 10th July, 2018 of the High Court of the Republic of Singapore.

iii) Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

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#	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
1. Latest audited Balance Sheet Date	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019	31-Mar-2019
2. Date on which the Associate or Joint Venture was associated or acquired	24-Sept-2010	27-Sept-2011	30-Jun-1994	02-Jul-1997	21-Mar-1982	14-May-1988	12-Sept-1986	23-Nov-2007	18-Jan-1995	21-Jan-2008
3. Shares of Associate/Joint Venture held by the Company on the year end										
Number	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 Associate/Joint Venture (₹ in Crores)	46.17	10.10	65.59	...	91.81	31.12	15.17	7.37	6.92	4.87
Extent of Holding %	26.00	27.90	50.00	50.00	48.96	25.43	45.78	33.33	47.50	33.33
4. Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Associate	Associate	Associate	Associate	Associate	Associate
5. Reason why the Associate/Joint Venture is not consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	46.17	(8.92)	65.17	(0.98)	79.23	31.74	14.02	6.28	6.71	4.78
7. Profit/(Loss) for the year (₹ in Crores)	...	(30.09)	32.80	(0.14)	2.68	5.10	4.08	0.24	0.31	0.05
i. Considered in Consolidation (₹ in Crores)	...	(8.40)	16.40	- \$	1.31	1.30	1.87	0.08	0.15	0.02
ii. Not considered in Consolidation (₹ in Crores)	...	(21.69)	16.40	(0.14)	1.37	3.80	2.21	0.16	0.16	0.03

* Comprises 55,650 shares fully paid up and 1,39,125 shares partly paid up [Refer Note 4 to the Consolidated Financial Statements].

Financial Statements are as certified by the management of Logix Developers Private Limited. [Refer Note 28(ii)(d) to the Consolidated Financial Statements].

\$ Share of profit/(loss) has not been considered in accordance with Ind AS 28 – Investments in Associates and Joint Ventures.

Notes:

- Espirit Hotels Private Limited and Logix Developers Private Limited are yet to commence commercial operations.
- No Associate or Joint Venture was liquidated or sold during the year.

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

Gurugram, 13th May, 2019



Consolidated Financial Statements

Balance Sheet	210
Statement of Profit and Loss	211
Statement of Changes in Equity	212
Cash Flow Statement	214
Notes to the Consolidated Financial Statements	216
Auditor's Report	289

Consolidated Balance Sheet as at 31st March, 2019

	Note	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	3A	18625.74		15863.68	
(b) Capital work-in-progress	3B	4126.18		5499.60	
(c) Goodwill on consolidation		202.53		202.53	
(d) Other Intangible assets	3C	545.92		457.75	
(e) Intangible assets under development	3D	10.24		8.73	
		23510.61		22032.29	
(f) Financial Assets					
(i) Investments	4				
(a) Investment in Associates		157.26		159.79	
(b) Investment in Joint Ventures		121.86		117.14	
(c) Others		11416.87		11206.86	
		11695.99		11483.79	
(ii) Loans	5	8.34		9.69	
(iii) Others	6	2385.17	14089.50	1747.38	13240.86
(g) Deferred tax assets (Net)	7	59.37		47.98	
(h) Income Tax Assets (Net)	21A	28.53		61.56	
(i) Other non-current assets	8	2363.13	40051.14	2512.55	37895.24
Current assets					
(a) Inventories	9	7859.56		7495.09	
(b) Biological assets other than bearer plants	10	84.41		89.44	
(c) Financial Assets					
(i) Investments	11	13347.50		10569.07	
(ii) Trade receivables	12	4035.28		2682.29	
(iii) Cash and cash equivalents	13	317.81		153.07	
(iv) Other Bank Balances	14	3834.22		2746.53	
(v) Loans	5	6.75		5.84	
(vi) Others	6	1499.68	23041.24	1352.84	17509.64
(d) Other current assets	8	762.06	31747.27	1299.45	26393.62
TOTAL ASSETS			71798.41		64288.86
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	15	1225.86		1220.43	
(b) Other Equity		57915.01		51289.68	
Attributable to owners of the parent		59140.87		52510.11	
Non-controlling interests		343.47	59484.34	334.47	52844.58
Liabilities					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	16	8.15		11.50	
(ii) Other financial liabilities	17	73.41	81.56	67.79	79.29
(b) Provisions	18	161.95		149.63	
(c) Deferred tax liabilities (Net)	7	2052.06		1923.02	
(d) Other non-current liabilities	19	6.51	2302.08	42.19	2194.13
Current liabilities					
(a) Financial Liabilities					
(i) Borrowings	20	1.86		17.35	
(ii) Trade payables					
Total outstanding dues of micro enterprises and small enterprises		55.41		30.31	
Total outstanding dues of creditors other than micro enterprises and small enterprises		3454.17	3509.58	3465.87	3496.18
(iii) Other financial liabilities	17	1187.16		993.87	
(b) Other current liabilities	19	4838.32		4610.39	
(c) Provisions	18	51.38		63.80	
(d) Current Tax Liabilities (Net)	21B	423.69	10011.99	68.56	9250.15
TOTAL EQUITY AND LIABILITIES			71798.41		64288.86

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

P. R. RAMESH
Partner
Gurugram, 13th May, 2019

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI
Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

	Note	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
I Revenue From Operations*	22A, 22B	49862.11	47688.55
II Other Income	23	2173.79	1831.86
III Total Income (I+II)		52035.90	49520.41
IV EXPENSES			
Cost of materials consumed		13403.01	11943.75
Purchases of Stock-in-Trade		4220.51	2883.97
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(203.19)	1027.76
Excise duty		1509.43	4239.61
Employee benefits expense	24	4177.88	3760.90
Finance costs	25	45.42	89.91
Depreciation and amortization expense		1396.61	1236.28
Other expenses	26	8348.11	7349.60
Total expenses (IV)		32897.78	32531.78
V Share of profit/(loss) of Associates and Joint Ventures		11.70	7.58
VI Profit before exceptional items and tax (III-IV+V)		19149.82	16996.21
VII Exceptional Items		-	412.90
VIII Profit before tax (VI+VII)		19149.82	17409.11
IX Tax expense:			
Current Tax	27	6191.62	5893.19
Deferred Tax	27	122.30	23.24
X Profit for the year (VIII-IX)		12835.90	11492.68
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
- Remeasurements of the defined benefit plans	28(vii)	10.92	86.17
- Equity instruments through other comprehensive income		397.71	360.84
- Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(21.05)	10.29
- Share of OCI in Associates and Joint Ventures		(4.54)	(7.45)
(ii) Income tax relating to items that will not be reclassified to profit or loss	27	3.04	(33.40)
B (i) Items that will be reclassified to profit or loss:			
- Exchange differences in translating the financial statements of foreign operations		(60.23)	(6.08)
- Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		0.85	(18.69)
(ii) Income tax relating to items that will be reclassified to profit or loss	27	(0.30)	6.42
XI Other Comprehensive Income [A (i+ii)+B (i+ii)]		326.40	398.10
XII Total Comprehensive Income for the year (X+XI)		13162.30	11890.78
Profit for the year			
Attributable to:			
Owners of the parent		12592.33	11271.20
Non-controlling interests		243.57	221.48
Total Comprehensive Income for the year			
Attributable to:			
Owners of the parent		12919.28	11669.47
Non-controlling interests		243.02	221.31
XIII Earnings per equity share (Face Value ₹ 1.00 each):	28(i)		
(1) Basic (in ₹)		10.30	9.26
(2) Diluted (in ₹)		10.24	9.20

* Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise [other than National Calamity Contingent Duty (NCCD) on cigarettes], Value Added Tax (VAT) etc. have been replaced by GST. In accordance with Indian Accounting Standards and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, VAT, etc. are excluded and NCCD is not excluded from Gross Revenue from sale of products and services for applicable periods. In view of the aforesaid restructuring of indirect taxes, Gross Revenue from sale of products and services and Excise duty for the year ended 31st March, 2019 are not comparable with the previous year. Following additional information is being provided to facilitate such comparison:

Gross Sales Value (net of rebates and discounts) (A)	79854.69	70852.18
Taxes other than Excise duty/NCCD (B) @	30506.26	23489.67
Gross Revenue from sale of products and services [C = (A-B)]	49348.43	47362.51
Other Operating Revenues (D)	513.68	326.04
Revenue From Operations [E = (C+D)]	49862.11	47688.55

@ Taxes include GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable for the reported periods.

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

P. R. RAMESH
Partner
Gurugram, 13th May, 2019

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI
Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

Consolidated Statement of changes in equity for the year ended 31st March, 2019

A. Equity Share Capital

(₹ in Crores)

	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended 31st March, 2018	1214.74	5.69	1220.43
For the year ended 31st March, 2019	1220.43	5.43	1225.86

B. Other Equity

(₹ in Crores)

	Reserves and Surplus										Items of other comprehensive income			Attributable to owners of the parent	Non-controlling interests	Total	
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under 45-IC of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Subsidiary Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Related Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges				Exchange differences on translating the financial statements of foreign operations
Balance as at 31st March, 2017	5.46	6403.41	72.67	114.92	102.86	0.23	1599.71	0.22	363.05	17672.57	18200.30	585.59	(10.73)	87.93	45198.19	294.74	45492.93
Profit for the year	-	-	-	-	-	-	-	-	-	-	11271.20	-	-	-	11271.20	221.48	11492.68
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	55.95	353.94	(5.54)	(5.54)	(6.08)	398.27	(0.17)	398.10
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	11327.15	353.94	(5.54)	(5.54)	(6.08)	11669.47	221.31	11890.78
Issue of equity shares under ITC Employee Stock Option Scheme	-	907.10	-	-	-	-	-	-	-	-	-	-	-	-	907.10	-	907.10
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Ordinary Dividend (2016-17 - ₹ 4.75 per share)	-	-	-	-	-	-	-	-	-	(5770.01)	-	-	-	-	(5770.01)	(181.58)	(5951.59)
Income tax on Dividend paid	-	-	-	-	-	-	-	-	-	(1136.83)	-	-	-	-	(1136.83)	-	(1136.83)
Transfer from retained earnings	-	-	-	12.76	7.82	-	-	-	-	(20.58)	-	-	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	-	398.76	-	-	-	-	-	-	-	398.76	-	398.76
Transfer from share option reserve on exercise and lapse	-	105.07	-	-	-	-	(124.50)	-	-	19.43	-	-	-	-	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	23.00	-	-	23.00	-	23.00
Balance as at 31st March, 2018	5.46	7415.58	72.67	127.68	110.68	0.23	1873.97	0.22	363.05	17672.57	22619.46	939.53	6.73	81.85	51289.68	334.47	51624.15
Profit for the year	-	-	-	-	-	-	-	-	-	12592.33	-	-	-	-	12592.33	243.57	12835.90
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	6.84	393.48	(13.14)	(13.14)	(60.23)	326.95	(0.55)	326.40
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	12599.17	393.48	(13.14)	(13.14)	(60.23)	12919.28	243.02	13162.30

Consolidated Statement of changes in equity for the year ended 31st March, 2019

B. Other Equity (Contd.)

(₹ in Crores)

	Reserves and Surplus										Items of other comprehensive income			Attributable to owners of the parent	Non-controlling interests	Total	
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under Section 45-IC of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Subsidy Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Related Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges				Exchange differences on translating the financial statements of foreign operations
Issue of equity shares under ITC Employee Stock Option Scheme	-	963.70	-	-	-	-	-	-	-	-	-	-	-	-	963.70	-	963.70
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Ordinary Dividend (2017-18 - ₹ 5.15 per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6285.21)	(234.02)	(6519.23)
Income tax on Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1213.60)	-	(1213.60)
Transfer from retained earnings	-	-	-	7.57	-	-	-	-	-	-	(7.57)	-	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	243.05
Transfer from share option reserve on exercise and lapse	-	114.65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	(1.89)	-	-	(1.89)	-	(1.89)
Balance as at 31st March, 2019	5.46	8493.93	72.87	135.25	110.68	0.23	1997.94	0.22	363.05	17672.57	27716.68	1333.01	(8.30)	21.62	57915.01	343.47	58258.48

The Board of Directors of the Company recommended a dividend of ₹ 5.75 per share (for the year ended 31st March, 2018 - ordinary dividend ₹ 5.15 per share) to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total equity dividend to be paid is ₹ 7048.71 Crores (for the year ended 31st March, 2018 - ordinary dividend ₹ 6285.21 Crores). Income tax on proposed dividend being ₹ 1448.88 Crores (for the year ended 31st March, 2018 - ₹ 1291.94 Crores).

Capital Reserve and Capital Reserve on Consolidation: This Reserve represents the difference between value of the net assets transferred to the Group in the course of business combinations and the consideration paid for such combinations.
Securities Premium: This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Special Reserve under Section 45-IC of the RBI Act, 1934: This Reserve represents profits transferred before declaration of dividend by companies of the Group which are registered as NBFCs with the Reserve Bank of India (RBI).

Employees Housing Reserve under Nepal labour laws: This Reserve represents the amounts set aside for providing employees' housing as per the provisions of the Nepal Labour Act, 2048. The said Act has since been repealed with effect from 4th September, 2017, consequent to the introduction of the new Labour Act, 2074, which does not require creation of similar Reserve.

Subsidy Reserve: This Reserve represents subsidies received from government authorities for capital investment and amounts taken over by the Group, consequent to business combinations.

Share Options Outstanding Account: This Reserve relates to stock options granted by the Company to employees under ITC Employee Stock Option Schemes. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or cancellation of vested options.
Capital Redemption Reserve: This Reserve has been transferred to the Group in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

Contingency Reserve: This Reserve has been created out of Retained Earnings, as a matter of prudence, to take care of any unforeseen adverse developments in pending legal disputes.

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

P. R. RAMESH
 Partner

Gurugram, 13th May, 2019

On behalf of the Board

S. PURI
 R. TANDON
 R. K. SINGHI

Chairman & Managing Director
 Director & Chief Financial Officer
 Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2019

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	19149.82	17409.11
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1396.61	1236.28
Share based payments to employees	258.23	393.41
Finance costs	45.42	89.91
Interest Income	(1312.79)	(964.74)
Dividend Income	(8.38)	(8.48)
Loss on sale of property, plant and equipment - Net	105.05	8.81
Net gain recognised on disposal of subsidiary	(9.40)	(9.61)
Doubtful and bad debts	32.56	30.82
Doubtful and bad advances, loans and deposits	6.01	4.03
Share of (profit)/loss of associates and joint ventures	(11.70)	(7.58)
Net (gain)/loss arising on investments mandatorily measured at Fair Value through profit or loss	(777.35)	(757.56)
Foreign currency translations and transactions - Net	6.85	3.41
Impairment of investment in joint venture	– (268.89)	4.82 23.52
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	18880.93	17432.63
ADJUSTMENTS FOR:		
Trade receivables, loans, advances and other assets	(754.55)	(963.73)
Inventories and biological assets other than bearer plants	(359.44)	601.62
Trade payables, other liabilities and provisions	619.93 (494.06)	2098.49 1736.38
CASH GENERATED FROM OPERATIONS	18386.87	19169.01
Income tax paid	(5803.46)	(5999.61)
NET CASH FROM OPERATING ACTIVITIES	12583.41	13169.40
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles etc.	(3169.12)	(2878.20)
Sale of property, plant and equipment	27.82	79.72
Purchase of current investments	(90732.22)	(93616.27)
Sale/redemption of current investments	92154.09	95017.00
Purchase of non-current investments	(3454.56)	(4713.31)
Redemption proceeds of long-term investments	300.29	–
Proceeds on disposal of subsidiary	17.75	17.53
Dividend from associates and joint ventures	4.97	4.30
Dividend from others	8.38	8.48
Interest received	1183.95	735.91
Investment in bank deposits (original maturity more than 3 months)	(5053.76)	(4173.57)
Redemption/maturity of bank deposits (original maturity more than 3 months)	3477.97	3041.61
Investment in deposit with housing finance companies	(849.17)	(1136.88)
Redemption/maturity of deposit with housing finance companies	537.49	500.00
Loans given	(9.60)	(7.52)
Loans realised from associates	–	1.40
Loans realised	10.04	5.91
NET CASH USED IN INVESTING ACTIVITIES	(5545.68)	(7113.89)

Consolidated Cash Flow Statement for the year ended 31st March, 2019

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	969.13	912.79
(Repayment) of/proceeds from current borrowings	(10.56)	10.56
Repayment of non-current borrowings	(7.07)	(8.21)
Interest paid	(98.06)	(48.62)
Net increase in statutory restricted accounts balances	10.75	0.77
Dividend paid	(6519.23)	(5951.59)
Income tax on dividend paid	(1213.60)	(1136.83)
NET CASH USED IN FINANCING ACTIVITIES	(6868.64)	(6221.13)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	169.09	(165.62)
OPENING CASH AND CASH EQUIVALENTS	173.79	339.41
CLOSING CASH AND CASH EQUIVALENTS	342.88	173.79
<i>Notes:</i>		
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS – 7 "Statement of Cash Flows".		
2. CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents as above	342.88	173.79
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(26.93)	(27.51)
Cash credit facilities (Note 20)	1.86	6.79
Cash and cash equivalents (Note 13)	<u>317.81</u>	<u>153.07</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

P. R. RAMESH
Partner
Gurugram, 13th May, 2019

On behalf of the Board

S. PURI
R. TANDON
R. K. SINGHI

Chairman & Managing Director
Director & Chief Financial Officer
Company Secretary

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Group adopted Ind AS from 1st April, 2016.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Basis of Consolidation

The Consolidated Financial Statements (CFS) include the financial statements of the Company and its subsidiaries together with the share of the total comprehensive income of joint ventures and associates.

Subsidiaries are entities controlled by the Group. Associates are entities over which the Group exercise significant influence but does not control. An entity / arrangement in which the Group has the ability to exercise control jointly with one or more uncontrolled entities may be a joint venture (“JV”) or a joint operation (“JO”). Unlike in a JV where parties have proportionate interests in the assets and liabilities of the JV entity, parties have rights to and obligations towards specified assets and liabilities in a JO.

Control, significant influence and joint control is assessed annually with reference to the voting power (usually arising from equity shareholdings and potential voting rights) and other rights (usually contractual) enjoyed by the Group in its capacity as an investor that provides it the power and consequential ability to direct the investee’s activities and significantly affect the Group’s returns from its investment. Such assessment requires the exercise of judgement and is disclosed by way of a note to the Financial Statements. The Group is considered not to be in control of entities where it is unclear as to whether it enjoys such power over the investee.

The assets, liabilities, income and expenses of subsidiaries are aggregated and consolidated, line by line, from the date control is acquired by any Group entity to the date it ceases. Profit or loss and each component of other comprehensive income are attributed to the Group as owners and to the non-controlling interests. The Group presents the non-controlling interests in the Balance Sheet within equity, separately from the equity of the Group as owners. The excess of the Group’s investment in a subsidiary over its share in the net worth of such subsidiary on the date control is acquired is treated as goodwill while a deficit is considered as a capital reserve in the CFS. In case of JO, Group’s share of assets, liabilities, income and expenses are consolidated. On disposal of the subsidiary, attributable amount on goodwill is included in the determination of the profit or loss and recognised in the Statement of Profit and Loss. Impairment loss, if any, to the extent the carrying amount exceeds the recoverable amount is charged off to the Statement of Profit and Loss as it arises and is not

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

reversed. For impairment testing, goodwill is allocated to Cash Generating Unit (CGU) or a group of CGUs to which it relates, which is not larger than an operating segment, and is monitored for internal management purposes. An investment in an associate or a JV is initially recognised at cost on the date of the investment, and inclusive of any goodwill / capital reserve embedded in the cost, in the Balance Sheet. The proportionate share of the Group in the net profits / losses as also in the other comprehensive income is recognised in the Statement of Profit and Loss and the carrying value of the investment is adjusted by a like amount (referred as 'equity method').

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Operating Cycle

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 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous Generally Accepted Accounting Principles (GAAP).

Cost is 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 for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying

amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Group are as follows:

Buildings	30 – 60 Years
Leasehold Improvement	Shorter of lease period or estimated useful lives
Plant and Equipment	7 – 25 Years
Furniture and Fixtures	8 – 10 Years
Vehicles	8 – 10 Years
Office Equipment	5 Years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Goodwill on Consolidation

Goodwill arising on consolidation is stated at cost less impairment losses, where applicable. On disposal of a subsidiary, attributable amount of goodwill is included in the determination of the profit or loss recognised in the Statement of Profit and Loss. On acquisition of an associate or joint venture, the goodwill / capital reserve arising from such acquisition is included in the carrying amount of the investment and also disclosed separately.

Impairment loss, if any, to the extent the carrying amount exceed the recoverable amount is charged off to the Statement of Profit and Loss as it arises and is not reversed. For impairment testing, goodwill is allocated to CGU or group of CGUs to which it relates, which is not larger than an operating segment, and is monitored for internal management purposes.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Intangible Assets

Intangible Assets that the Group controls and from which it expects future economic benefits, are capitalised upon acquisition and measured initially:

- a. for assets acquired in a business combination, at fair value on the date of acquisition
- b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g. patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g. computer software, design, prototypes) or commercial obsolescence (e.g. lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units 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 or cash generating unit 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 amortization or depreciation) had no impairment loss been recognised in previous years.

Inventories

Inventories are stated 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 present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Foreign Currency Transactions

The presentation currency of the Group is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

of monetary items are recognised in the Statement of Profit and Loss.

Exchange differences arising on monetary items that, in substance, form part of the Group's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in foreign currency translation reserve.

For the preparation of the consolidated financial statements:

- (a) assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end;
- (b) income and expense items are translated at the average exchange rates prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead.

Differences arising on such translation are accumulated in foreign currency translation reserve and attributed to non-controlling interests proportionately.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the Statement of Profit and Loss. In relation to a partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the Statement of Profit and Loss.

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss / inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Group complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Group documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for

undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

(i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains / losses relating to the ineffective portion is recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains / losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains / losses recognised in other comprehensive income and accumulated in equity at that time remains in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains / losses accumulated in equity is recognised immediately in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Investment in Associate and Joint Venture

Investment in associate and joint venture is accounted for using the 'equity method' less accumulated impairment, if any.

Financial Instruments, Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Group commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include Investments, Trade receivables, Advances, Security deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from

changes in the fair value being recognised in other comprehensive income.

- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Group assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Group shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include excise duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as Value Added Tax and Goods and Services Tax which are payable in respect of sale of goods and services. Revenue from the sale of goods and services is recognised when the Group performs its obligations to its customers

and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

Government Grant

Group entities may receive government grants that require compliance with certain conditions related to the entity's operating activities or are provided to the entity by way of financial assistance on the basis of certain qualifying criteria. Government grants are recognised when there is reasonable assurance that the grant will be received upon the Group entity complying with the conditions attached to the grant. Accordingly, government grants:

- (a) related to or used for assets, are deducted from the carrying amount of the asset.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

Employee Benefits

The Group makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Group recognises contribution payable to such trusts as an expense 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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

India. In respect of other employees, provident funds are deposited with the Government and recognised as expense. The Group makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service. The Group also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Group are entitled to compensated leave for which the Group records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made, under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

Employee Share Based Compensation

Stock Options

Stock Options are granted to eligible employees under the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee / Board. Eligible employees for this purpose include employees of the Group entities, their Directors and those on deputation to joint ventures and associates. Under Ind AS, the cost of ITC Stock Options (Stock Options) is recognised based on the fair value of Stock Options as on the grant date.

While the fair values of Stock Options granted are recognised in the Statement of Profit and Loss for employees of the Group (other than those out on deputation), the value of Stock Options, net of reimbursements, to employees on deputation are considered as capital contribution / investment.

The Group generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements in respect of value of Stock Options from such companies, who need to conserve financial capacity to sustain their business and growth plans

and where the quantum of reimbursement is not material - the materiality threshold being ₹ 5 Crores for each entity for a financial year.

Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC / Nomination & Compensation Committee / Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently re-measured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Group. In case of employees on deputation to group Companies, the Company generally seeks reimbursements from the concerned group Company. The value of such payments, net of reimbursements, is considered as capital contribution / investment.

Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Claims

Claims against the Group not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

Provisions

Provisions are recognised when, as a result of a past event, the Group has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

“Unallocated Corporate Expenses” include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

Financial and Management Information Systems

The Group’s Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

Notes to the Consolidated Financial Statements

2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A. Judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see note B below), that the Group have made in the process of applying the accounting policies and that have a significant effect on the amounts recognised in the consolidated financial statements:

1. Control:

The Group assessed whether or not it has control on its investees based on whether, as an investor, it has the power / rights and consequently the practical ability to direct the relevant activities of its investees unilaterally.

In making this judgement, the Group considered the absolute size of its holding, the relative size of and dispersion of other shareholders, and whether any contractual arrangements exist between the Company (and its subsidiaries) and other shareholders of the investees. Based on this, and in accordance with its Accounting Policy, the Group has determined that the entities listed in the notes to the financial statements are the only entities over which Group has control.

The Company is a settlor for certain trusts, i.e., ITC Sangeet Research Academy, ITC Education Trust and ITC Rural Development Trust. The Group while considering the nature and insignificant variability of its return has concluded that it does not 'control' these trusts.

2. Significant influence:

The Group assessed whether or not it has significant influence on its investees based on its practical ability to participate in the financial and operating policy decisions of the investee, though it is not in control or in joint control of these policies. Based on such assessment, the Group determined that the entities listed in the notes to the financial statements are the only entities over which the Group has significant influence, and accordingly associates.

3. Joint Control:

- (i) The Group holds 50% of the equity share capital of Maharaja Heritage Resorts Limited, a company involved in operation of hotel properties. The Group do not consider that it is able to exercise control over the company as the decisions about relevant activities of the company are made jointly between the Group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (ii) The Group holds 26% of the equity share capital of Espirit Hotels Private Limited, a company involved in development of a luxury hotel complex. The Group has considered that in view of the shareholder agreement, key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 74% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (iii) The Group holds 27.90% of the equity share capital of Logix Developers Private Limited, a company intended for the purpose of developing a luxury hotel-cum-service apartment complex. The Group has concluded that the key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 72.10% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (iv) The Group holds 50% of the equity share capital of ITC Essentra Limited, a company involved in manufacture and sale of filter rods. The Group has concluded that the key decisions about relevant

Notes to the Consolidated Financial Statements

2. Use of estimates and judgements (Contd.)

activities of such company are made jointly between the Group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

4. Useful life of Intangible Assets:

The Group is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortized over their useful economic life. Refer notes to the financial statements.

B. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

2. Fair value measurements and valuation processes:

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses

market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

3. Actuarial Valuation:

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

4. Claims, Provisions and Contingent Liabilities:

The Group has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Gross Block								
	As at 31st March, 2017	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2018	Additions	Withdrawals and adjustments [@]	Foreign Currency Translation Reserve adjustments	As at 31st March, 2019
3A. Property, plant and equipment									
Land ¹	1673.47	12.26	1.01	0.01	1684.73	336.43	0.40	–	2020.76
Buildings	4679.34	625.13	8.40	0.01	5296.08	1667.82	1.98	–	6961.92
Leasehold Improvements	36.76	1.32	3.61	0.01	34.48	1.96	2.86	–	33.58
Plant and Equipment	10384.25	1139.16	70.88	0.09	11452.62	2075.53	212.87	0.22	13315.50
Furniture and Fixtures	459.10	68.16	30.21	–	497.05	161.48	14.74	0.09	643.88
Vehicles	127.57	24.38	12.35	–	139.60	33.72	12.61	(0.07)	160.64
Office Equipment	31.78	3.78	3.67	0.01	31.90	3.84	1.54	0.03	34.23
Railway Sidings	1.73	–	–	–	1.73	–	–	–	1.73
TOTAL	17394.00	1874.19	130.13	0.13	19138.19	4280.78	247.00	0.27	23172.24
3B. Capital work-in-progress	3684.20	3641.14	1820.75	(4.99)	5499.60	2891.25	4228.83	(35.84)	4126.18
3C. Other Intangible Assets (acquired)²									
Trademarks	333.40	7.06	–	–	340.46	107.02	–	–	447.48
Computer Software	137.85	74.02	–	–	211.87	22.53	–	–	234.40
Know How, Business and Commercial Rights	26.65	–	–	–	26.65	7.17	–	–	33.82
TOTAL	497.90	81.08	–	–	578.98	136.72	–	–	715.70
3D. Intangible Assets under Development	45.69	35.77	72.73	–	8.73	123.43	121.92	–	10.24
GRAND TOTAL	21621.79	5632.18	2023.61	(4.86)	25225.50	7432.18	4597.75	(35.57)	28024.36

The above includes following assets given on operating lease:

Particulars	As at 31st March, 2019			2019	As at 31st March, 2018			2018
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Buildings	33.36	0.65	32.71	0.58	1.29	0.07	1.22	0.03
Plant and Equipment	207.25	83.80	123.45	26.10	182.22	57.70	124.52	19.69
TOTAL	240.61	84.45	156.16	26.68	183.51	57.77	125.74	19.72

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization								Net Book Value		
	Upto 31st March, 2017	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2018	For the year	On Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
3A. Property, plant and equipment											
Land ¹	-	-	-	-	-	-	-	-	-	2020.76	1684.73
Buildings	257.66	145.95	1.00	-	402.61	175.51	0.21	-	577.91	6384.01	4893.47
Leasehold Improvements	13.86	6.04	2.05	0.06	17.91	5.34	2.40	-	20.85	12.73	16.57
Plant and Equipment	1683.84	934.33	19.57	0.02	2598.62	1064.32	56.18	0.23	3606.99	9708.51	8854.00
Furniture and Fixtures	134.24	72.89	11.68	(0.03)	195.42	78.50	9.90	0.09	264.11	379.77	301.63
Vehicles	30.21	18.76	6.19	-	42.78	19.35	6.51	-	55.62	105.02	96.82
Office Equipment	11.66	6.17	1.07	0.02	16.78	4.91	1.22	0.03	20.50	13.73	15.12
Railway Sidings	0.26	0.13	-	-	0.39	0.13	-	-	0.52	1.21	1.34
TOTAL	2131.73	1184.27	41.56	0.07	3274.51	1348.06	76.42	0.35	4546.50	18625.74	15863.68
3B. Capital work-in-progress	-	-	-	-	-	-	-	-	-	4126.18	5499.60
3C. Other Intangible Assets (acquired)²											
Trademarks	4.92	3.01	-	-	7.93	3.16	-	-	11.09	436.39	332.53
Computer Software	58.62	46.19	-	-	104.81	42.17	-	-	146.98	87.42	107.06
Know How, Business and Commercial Rights	5.68	2.81	-	-	8.49	3.22	-	-	11.71	22.11	18.16
TOTAL	69.22	52.01	-	-	121.23	48.55	-	-	169.78	545.92	457.75
3D. Intangible Assets under Development	-	-	-	-	-	-	-	-	-	10.24	8.73
GRAND TOTAL	2200.95	1236.28	41.56	0.07	3395.74	1396.61	76.42	0.35	4716.28	23308.08	21829.76

[@] Also refer Note 28 (xi)(a).

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2018 - ₹ 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.
- Certain trademarks with a carrying value of ₹ 416.73 Crores (2018 - ₹ 309.73 Crores) have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Intangibles with finite useful life are amortized over a period of 10 years unless shorter useful life is required based on contractual or legal terms. Computer software is amortized over a period of 5 years.
- The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 208.40 Crores (2018 - ₹ 128.10 Crores).
- The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries (at cost unless stated otherwise)				
ITC Global Holdings Pte. Limited (since dissolved) Nil (2018 - 89,99,645) Ordinary Shares of US \$ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully impaired, written-off)		-		-
In Associates (carrying amount determined using the equity method of accounting)				
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 31.03.2019	21.87		21.87	
	69.94	91.81	70.99	92.86
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 31.03.2019	1.94		1.94	
	13.23	15.17	12.09	14.03
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 31.03.2019 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 31.03.2019		0.83		0.83
		1.54	2.37	1.47
		2.92		2.92
	1.63	4.55	1.50	4.42
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 31.03.2019		4.27		4.27
		26.85	31.12	29.77
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 31.03.2019		6.93		6.93
		0.44	7.37	0.36
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 31.03.2019		4.40		4.40
		0.47	4.87	0.45
In Joint Ventures (carrying amount determined using the equity method of accounting)				
Espirit Hotels Private Limited 4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition Add/(Less): Group Share of Profits/(Losses) upto 31.03.2019		46.17		46.17
		...	46.17	...
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid Cost of acquisition (including goodwill of ₹ 0.13 Crore) Add/(Less): Group Share of Profits/(Losses) upto 31.03.2019		...		...
		-	...	-
Logix Developers Private Limited 77,66,913 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition (including goodwill of ₹ 23.84 Crores) Add/(Less): Group Share of Profits/(Losses) upto 31.03.2019 Add/(Less): Provision for Impairment		42.07		42.07
		(27.15)		(18.75)
		(4.82)	10.10	(4.82)
				18.50
ITC Essentra Limited 22,50,000 Equity Shares of ₹ 10.00 each, fully paid Cost of acquisition Add/(Less): Group Share of Profits/(Losses) upto 31.03.2019		38.85		38.85
		26.74	65.59	13.62
				52.47
In Others (at fair value through other comprehensive income)				
VST Industries Limited 476 Equity Shares of ₹ 10.00 each, fully paid		0.16		0.14
Carried over	107.14	172.14	107.03	170.04

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	107.14	172.14	107.03	170.04
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)				
Hotel Leelaventure Limited 5,49,80,620 Equity Shares of ₹ 2.00 each, fully paid	59.93		94.02	
EIH Limited 9,21,78,024 Equity Shares of ₹ 2.00 each, fully paid	1898.42		1466.55	
Punjab Anand Batteries Limited (since dissolved) Nil (2018 - 11,86,157) Equity Shares of ₹ 10.00 each, fully paid		–		–
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.30		0.38	
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		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		–		–
Bilaspur Cane Development Corporation Limited (written off) Nil (2018 - 100) Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)		–		...
Jupiter Township Limited 150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)		...		...
Woodlands Multispeciality Hospital Limited 13,605 (2018 - 13,072) Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
Government Securities (cost ₹ 74000.00)		0.01		0.01
National Savings Certificate, fully paid (Deposited with Government Authorities) (cost ₹ 5000.00, fully impaired)		–		–
Kisan Vikas Patra, fully Paid (Deposited with Government Authorities) (cost ₹ 5000.00, fully impaired)		–		–
National Saving Certificate (pledged with various Mandi Samitis) (cost ₹ 6000.00)		...		...
INVESTMENT IN BONDS / DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2018 - 30) 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid	–		30.09	
Nil (2018 - 170) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	–		171.48	
Nil (2018 - 255) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid	–		257.31	
90 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	90.93		91.52	
Carried over	2156.72	200.05	2218.38	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	2156.72	200.05	2218.38	197.95
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
800 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	40.39		40.71	
Nil (2018 - 1,700) 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid	–		86.55	
Nil (2018 - 600) 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid	–		61.55	
Nil (2018 - 2,100) 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid	–		214.85	
50 (2018 - Nil) 10.98% Secured Redeemable Non-Convertible Debentures Series R - 007 (18 June 2020) of ₹ 10000000.00 each, fully paid	51.07		–	
150 (2018 - Nil) 11.50% Secured Redeemable Non-Convertible Debentures Series R - 010 (22 June 2020) of ₹ 10000000.00 each, fully paid	154.07		–	
Housing and Urban Development Corporation Limited				
4,300 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	439.01		440.11	
150 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid	15.76		15.85	
3,29,870 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid	34.16		34.42	
7,00,696 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		70.07	
Nil (2018 - 1,000) 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	–		100.00	
3,50,000 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	36.55		37.02	
5,00,000 8.20% For Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche 1 Series - 2 (05 March 2027) of ₹ 1000.00 each, fully paid	56.16		56.75	
850 (2018 - Nil) 8.40% Unsecured Rated Listed Taxable Redeemable Non-Convertible Bonds Series C 2018 (11 April 2022) of ₹ 1000000.00 each, fully paid	85.00		–	
ICICI Bank Limited				
2,647 9.15% Unsecured Rated Listed Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June 2023) of ₹ 1000000.00 each, fully paid	264.70		264.70	
2,000 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	200.17		200.24	
Carried over	3603.83	200.05	3841.20	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	3603.83	200.05	3841.20	197.95
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
3,000 (2018 - Nil) 9.90% ICICI Unsecured Rated Listed Subordinated Perpetual Additional Tier 1 Basel III Compliant Non-Convertible Bonds in the nature of Debentures (with first Call Option on 28 December 2023) of ₹ 1000000.00 each, fully paid	300.00			–
India Infrastructure Finance Company Limited				
5,00,000 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	51.58		51.86	
3,00,000 7.36% For Category I,II,III & IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid	32.80		33.03	
50,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid	5.35		5.42	
1,175 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	125.71		126.31	
1,300 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	143.38		144.38	
1,780 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	192.36		193.35	
Indian Railway Finance Corporation Limited				
70,498 7.07% (For Category I,II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid	7.34		7.37	
250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid	26.01		26.19	
5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	51.51		51.84	
2,250 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	226.05		226.23	
1,00,000 7.34% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid	11.03		11.12	
3,31,819 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	34.70		35.17	
8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid	86.62		87.75	
100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid	10.78		10.92	
1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid	134.08		134.71	
130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	14.02		14.09	
Carried over	5057.15	200.05	5000.94	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	5057.15	200.05	5000.94	197.95
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
LIC Housing Finance Limited				
400 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	40.29		40.41	
Nil (2018 - 750) 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid	–		75.00	
100 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	10.18		10.25	
Nil (2018 - 750) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid	–		75.62	
800 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	80.66		81.04	
Nil (2018 - 250) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid	–		25.22	
550 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	56.07		56.53	
750 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	75.85		76.47	
250 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	24.94		24.90	
350 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	35.57		35.92	
850 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	86.19		87.04	
50 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	5.07		5.12	
100 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	10.17		10.27	
700 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	70.27		71.03	
Nil (2018 - 3,000) 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of ₹ 1000000.00 each, fully paid	–		300.00	
Nil (2018 - 100) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid	–		10.23	
1,250 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	126.81		128.53	
Nil (2018 - 250) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid	–		25.57	
239 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	23.93		23.97	
Carried over	5703.15	200.05	6164.06	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	5703.15	200.05	6164.06	197.95
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
Nil (2018 - 450) 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid	–		45.76	
Nil (2018 - 700) 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid	–		71.40	
Nil (2018 - 350) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid	–		35.88	
500 (2018 - Nil) Zero Coupon Secured Redeemable Non-Convertible Debentures Tranche 378 (04 May 2022) of ₹ 1000000.00 each, fully paid	50.42		–	
National Bank for Agriculture and Rural Development 3,200 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid	316.15		313.90	
2,000 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid	210.24		211.43	
National Highways Authority of India 2,600 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	260.40		260.46	
8,06,381 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	82.35		82.54	
2,500 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		250.00	
17,49,943 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	184.60		185.16	
5,00,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	58.36		58.96	
2,50,000 8.75% (For Category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	29.91		30.28	
National Housing Bank 800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid	85.60		86.01	
Power Finance Corporation Limited 250 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	24.80		24.58	
600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid	62.74		63.09	
250 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	24.92		24.85	
250 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	24.87		24.76	
Carried over	7368.51	200.05	7933.12	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	7368.51	200.05	7933.12	197.95
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
500 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	50.04		50.07	
500 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	53.50		53.75	
Nil (2018 - 250) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	–		25.22	
Nil (2018 - 250) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	–		25.30	
2,800 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	282.64		284.61	
3,50,000 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	41.79		42.32	
Nil (2018 - 200) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	–		20.24	
Nil (2018 - 50) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	–		5.07	
Nil (2018 - 750) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	–		76.27	
400 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call and Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	40.75		41.27	
Nil (2018 - 850) 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	–		86.72	
Nil (2018 - 200) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	–		20.38	
PNB Housing Finance Limited				
Nil (2018 - 1,000) 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	–		100.20	
Nil (2018 - 100) 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	–		10.05	
Nil (2018 - 600) 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid	–		60.08	
Nil (2018 - 400) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	–		40.44	
Rural Electrification Corporation Limited				
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	88.72		89.19	
Carried over	7925.95	200.05	8964.30	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	7925.95	200.05	8964.30	197.95
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
500 (2018 - Nil) 8.37% Secured Redeemable Non-Convertible Taxable Bonds Tranche Series 3A (14 March 2020) of ₹ 1000000.00 each, fully paid	49.91		–	
1,190 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	131.85		132.82	
3,50,000 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid	41.51		42.04	
50 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	5.38		5.41	
1,700 (2018- Nil) 8.45% Unsecured Redeemable Non-Convertible Non - Cumulative Taxable Bonds Series 167 (22 March 2022) of ₹ 1000000.00 each, fully paid	170.85		–	
Nil (2018 - 250) 8.87% Unsecured 7 Year Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2020 113th Series (08 March 2020) of ₹ 1000000.00 each, fully paid	–		25.23	
Nil (2018 - 2,250) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid	–		228.83	
500 (2018 - Nil) 6.87% Unsecured Listed Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 149 (24 September 2020) of ₹ 1000000.00 each, fully paid	48.77		–	
Small Industries Development Bank Of India Nil (2018 - 500) 7% Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020 with Call and Put Option date 21 November 2019) of ₹ 1000000.00 each, fully paid	–		49.52	
State Bank of India 3,250 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	325.64		325.89	
1,550 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	153.50		152.98	
2,350 (2018 - Nil) 9.37% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series II (with first Call Option 21 December 2023) of ₹ 1000000.00 each, fully paid	235.00		–	
7,000 (2018 - Nil) 9.56% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 04 December 2023) of ₹ 1000000.00 each, fully paid	700.00		–	
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)				
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days) 4,00,00,000 Units of ₹ 10.00 each	43.75		40.72	
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) 1,00,00,000 Units of ₹ 10.00 each	10.94		10.18	
Carried over	9843.05	200.05	9977.92	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9843.05	200.05	9977.92	197.95
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) 2,00,00,000 Units of ₹ 10.00 each	21.83		20.31	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) 1,50,00,000 Units of ₹ 10.00 each	16.40		15.26	
Aditya Birla Sun Life Fixed Term Plan - Series RP (1239 Days) 5,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	57.64		–	
Aditya Birla Sun Life Fixed Term Plan - Series SF (1161 Days) 40,00,000 (2018 - Nil) Units of ₹ 10.00 each	4.08		–	
Aditya Birla Sun Life Fixed Term Plan - Series SG (1155 Days) 1,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	18.33		–	
Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.27		–	
Aditya Birla Sun Life Fixed Term Plan - Series SI (1141 Days) 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.13		–	
DSP Fixed Maturity Plan - Series 217 - 40 M 1,00,00,000 Units of ₹ 10.00 each	10.93		10.18	
DSP Fixed Maturity Plan - Series 220 - 40 M 1,90,00,000 Units of ₹ 10.00 each	20.67		19.22	
DSP Fixed Maturity Plan - Series 221 - 40 M 2,00,00,000 Units of ₹ 10.00 each	21.75		20.26	
Franklin India Fixed Maturity Plans - Series 2 - Plan A 1,40,00,000 Units of ₹ 10.00 each	15.26		14.22	
HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36 Nil (2018 - 4,00,00,000) Units of ₹ 10.00 each	–		47.08	
HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35 Nil (2018 - 12,80,00,000) Units of ₹ 10.00 each	–		150.73	
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35 Nil (2018 - 4,30,00,000) Units of ₹ 10.00 each	–		50.75	
HDFC Fixed Maturity Plan - 1158D - February 2018 (1) - Series-39 6,50,00,000 Units of ₹ 10.00 each	70.80		65.83	
HDFC Fixed Maturity Plan - 1232D - November 2018 (1) - Series-43 4,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	41.89		–	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.84	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.86	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.75	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.75	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days Nil (2018 - 1,20,00,000) Units of ₹ 10.00 each	–		14.09	
ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days Nil (2018 - 40,00,000) Units of ₹ 10.00 each	–		4.46	
ICICI Prudential Fixed Maturity Plan - Series 81 - 1154 Days - Plan J 50,00,000 Units of ₹ 10.00 each	5.64		5.24	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E 1,30,00,000 Units of ₹ 10.00 each	14.23		13.20	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M 3,50,00,000 Units of ₹ 10.00 each	38.03		35.35	
Carried over	10240.93	200.05	10523.30	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10240.93	200.05	10523.30	197.95
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D 1,90,00,000 Units of ₹ 10.00 each	20.82		19.33	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H 4,50,00,000 Units of ₹ 10.00 each	49.18		45.65	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C 1,00,00,000 Units of ₹ 10.00 each	10.96		10.17	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I 5,00,00,000 Units of ₹ 10.00 each	54.51		50.66	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L 5,00,00,000 Units of ₹ 10.00 each	54.50		50.61	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K 4,50,00,000 Units of ₹ 10.00 each	49.11		45.58	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B 3,70,00,000 Units of ₹ 10.00 each	40.59		37.68	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A 70,00,000 Units of ₹ 10.00 each	7.67		7.13	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1272 Days - Plan Q 1,40,00,000 (2018 - Nil) Units of ₹ 10.00 each	14.55		–	
ICICI Prudential Fixed Maturity Plan - Series 84 - 1279 Days - Plan P 5,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	52.11		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1168 Days - Plan E 50,00,000 (2018 - Nil) Units of ₹ 10.00 each	5.07		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1175 Days - Plan D 40,00,000 (2018 - Nil) Units of ₹ 10.00 each	4.07		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1127 Days - Plan O 30,00,000 (2018 - Nil) Units of ₹ 10.00 each	3.00		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days - Plan P 2,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	20.01		–	
ICICI Prudential Fixed Maturity Plan - Series 85 - 1156D - Plan G 60,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.06		–	
IDFC Fixed Term Plan - Series 176 - 1170 Days 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.18		–	
IDFC Fixed Term Plan - Series 177 - 1160 Days 60,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.06		–	
IDFC Fixed Term Plan - Series 178 - 1154 Days 60,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.02		–	
Kotak Fixed Maturity Plan - Series 190 Nil (2018 - 50,00,000) Units of ₹ 10.00 each	–		5.95	
Kotak Fixed Maturity Plan - Series 191 Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.65	
Kotak Fixed Maturity Plan - Series 210 1,00,00,000 Units of ₹ 10.00 each	11.03		10.25	
Kotak Fixed Maturity Plan - Series 212 60,00,000 Units of ₹ 10.00 each	6.56		6.10	
Kotak Fixed Maturity Plan - Series 213 1,10,00,000 Units of ₹ 10.00 each	12.03		11.19	
Kotak Fixed Maturity Plan - Series 214 1,00,00,000 Units of ₹ 10.00 each	10.94		10.17	
Kotak Fixed Maturity Plan - Series 215 1,00,00,000 Units of ₹ 10.00 each	10.93		10.16	
Carried over	10706.89	200.05	10861.58	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10706.89	200.05	10861.58	197.95
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Kotak Fixed Maturity Plan - Series 224 3,50,00,000 Units of ₹ 10.00 each	37.77		35.00	
Kotak Fixed Maturity Plan - Series 252 10,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	104.38		–	
Kotak Fixed Maturity Plan - Series 253 2,20,00,000 (2018 - Nil) Units of ₹ 10.00 each	22.87		–	
Kotak Fixed Maturity Plan - Series 254 2,40,00,000 (2018 - Nil) Units of ₹ 10.00 each	24.90		–	
Kotak Fixed Maturity Plan - Series 255 90,00,000 (2018 - Nil) Units of ₹ 10.00 each	9.28		–	
Kotak Fixed Maturity Plan - Series 259 1,40,00,000 (2018 - Nil) Units of ₹ 10.00 each	14.35		–	
Kotak Fixed Maturity Plan - Series 265 1,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	18.12		–	
Kotak Fixed Maturity Plan - Series 267 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.00		–	
Reliance Fixed Horizon Fund - XXX - Series 5 Nil (2018 - 1,50,00,000) Units of ₹ 10.00 each	–		17.72	
Reliance Fixed Horizon Fund - XXX - Series 12 Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.80	
Reliance Fixed Horizon Fund - XXX - Series 13 Nil (2018 - 2,00,00,000) Units of ₹ 10.00 each	–		23.62	
Reliance Fixed Horizon Fund - XXX - Series 17 Nil (2018 - 3,50,00,000) Units of ₹ 10.00 each	–		41.16	
Reliance Fixed Horizon Fund - XXX - Series 6 Nil (2018 - 1,00,00,000) Units of ₹ 10.00 each	–		11.85	
Reliance Fixed Horizon Fund - XXXI - Series 9 Nil (2018 - 1,80,00,000) Units of ₹ 10.00 each	–		20.22	
Reliance Fixed Horizon Fund - XXXV - Series 6 50,00,000 Units of ₹ 10.00 each	5.49		5.10	
Reliance Fixed Horizon Fund - XXXVI - Series 1 1,20,00,000 Units of ₹ 10.00 each	13.06		12.15	
Reliance Fixed Horizon Fund - XXXVI - Series 9 2,00,00,000 Units of ₹ 10.00 each	21.52		20.03	
Reliance Fixed Horizon Fund - XXXV - Series 13 80,00,000 Units of ₹ 10.00 each	8.74		8.13	
Reliance Fixed Horizon Fund - XXXV - Series 14 1,20,00,000 Units of ₹ 10.00 each	13.11		12.19	
Reliance Fixed Horizon Fund - XXXV - Series 15 1,70,00,000 Units of ₹ 10.00 each	18.56		17.26	
Reliance Fixed Horizon Fund - XXXVI - Series 3 50,00,000 Units of ₹ 10.00 each	5.44		5.06	
Reliance Fixed Horizon Fund - XXXVII - Series 4 4,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	49.23		–	
Reliance Fixed Horizon Fund - XXXV - Series 11 50,00,000 Units of ₹ 10.00 each	5.48		5.09	
Reliance Fixed Horizon Fund - XXXV - Series 12 1,50,00,000 Units of ₹ 10.00 each	16.43		15.27	
Reliance Fixed Horizon Fund - XXXIX - Series 15 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	31.61		–	
Carried over	11137.23	200.05	11123.23	197.95

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	11137.23	200.05	11123.23	197.95
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Reliance Fixed Horizon Fund - XXXX - Series 1 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.50		–	
SBI Debt Fund Series C-7 (1190 Days) 2,00,00,000 Units of ₹ 10.00 each	21.77		20.33	
SBI Debt Fund Series C-8 (1175 Days) 2,00,00,000 Units of ₹ 10.00 each	21.78		20.30	
SBI Debt Fund Series C-9 (1150 Days) 1,50,00,000 Units of ₹ 10.00 each	16.30		15.19	
SBI Debt Fund Series C-48 (1177 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.18		–	
SBI Debt Fund Series C-50 (1177 Days) 2,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	20.03		–	
SBI Debt Fund Series C-32 (1223 Days) 4,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	46.62		–	
SBI Debt Fund Series C-33 (1216 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.99		–	
SBI Debt Fund Series C-34 (1211 Days) 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.29		–	
SBI Debt Fund Series C-35 (1235 Days) 1,70,00,000 (2018 - Nil) Units of ₹ 10.00 each	17.50		–	
SBI Debt Fund Series C-43 (1176 Days) 3,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	30.57		–	
SBI Debt Fund Series C-44 (1175 Days) 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	15.23		–	
UTI Fixed Term Income Fund Series XXIV - VI (1181 Days) Nil (2018 - 1,20,00,000) Units of ₹ 10.00 each	–		14.25	
UTI Fixed Term Income Fund Series XXIV - VIII (1184 Days) Nil (2018 - 80,00,000) Units of ₹ 10.00 each	–		9.44	
UTI Fixed Term Income Fund Series XXV - V (1100 Days) Nil (2018 - 50,00,000) Units of ₹ 10.00 each	–		5.61	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) 1,50,00,000 Units of ₹ 10.00 each	16.37		15.24	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) 1,90,00,000 Units of ₹ 10.00 each	20.71		19.27	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days) 1,50,00,000 Units of ₹ 10.00 each	16.34		15.22	
UTI Fixed Term Income Fund Series XXVIII - IX (1168 Days) 2,00,00,000 Units of ₹ 10.00 each	21.74		20.26	
INVESTMENT IN ALTERNATIVE INVESTMENT FUND (at fair value through profit or loss)				
Fireside Ventures Investments Fund I 1105 (2018 - 750) Units of ₹ 100000.00 each		11.79		7.50
Aggregate amount of quoted and unquoted Investments	11484.15	211.84	11278.34	205.45
TOTAL		11695.99		11483.79

Aggregate market value of quoted investments ₹ 11459.86 Crores (2018 - ₹ 11276.13 Crores).

Aggregate amount of impairment in value of investments ₹ 4.82 Crores (2018 - ₹ 30.40 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Other Loans				
Others (Employees, suppliers, etc.)				
– Unsecured, considered good	6.75	8.34	5.84	9.69
– Doubtful	–	0.22	–	0.22
	6.75	8.56	5.84	9.91
Less: Allowance for doubtful loans	–	0.22	–	0.22
	6.75	8.34	5.84	9.69
TOTAL	6.75	8.34	5.84	9.69
6. Other financial assets				
Bank deposits with more than 12 months maturity	–	1520.33	–	1021.88
Other financial assets				
Advances	6.70	–	4.36	0.08
Deposits*	708.34	864.84	544.61	725.42
Interest accrued on Loans, Deposits, Investments, etc.	553.85	–	506.00	–
Other Receivables**	230.79	–	297.87	–
TOTAL	1499.68	2385.17	1352.84	1747.38

* Deposits includes deposits to directors ₹ 0.08 Crore (2018 - ₹ 0.08 Crore) (Refer Note 30).

** Others comprise receivables on account of claims, interest, rentals, derivatives designated as hedging instruments, etc.

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
7. Deferred tax		
Deferred tax liabilities (Net)	2052.06	1923.02
Deferred tax assets (Net)	59.37	47.98
TOTAL	1992.69	1875.04

Movement in deferred tax liabilities/assets balances

(₹ in Crores)

2018-19	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Effect of foreign exchange	Closing Balance
Deferred tax liabilities/assets in relation to:							
On fiscal allowances on property, plant and equipment etc.	2016.43	189.68	-	-	-	-	2206.11
On excise duty/National Calamity Contingent Duty on closing stock	24.57	(5.95)	-	-	-	-	18.62
On cash flow hedges	3.61	-	(18.81)	(1.01)	11.75	-	(4.46)
Other timing differences	295.45	(61.96)	-	-	-	(4.03)	229.46
Total deferred tax liabilities	2340.06	121.77	(18.81)	(1.01)	11.75	(4.03)	2449.73
On fiscal allowances on property, plant and equipment etc.	18.25	1.48	-	-	-	(10.73)	9.00
On employees' separation and retirement etc.	90.25	7.11	(4.32)	-	-	(4.62)	88.42
On provision for doubtful debts/advances	50.34	7.60	-	-	-	0.13	58.07
On State and Central taxes etc.	188.89	(48.62)	-	-	-	-	140.27
On unabsorbed tax losses and depreciation	1.03	0.08	-	-	-	-	1.11
Other timing differences	112.50	29.88	-	-	-	12.09	154.47
Total deferred tax assets before MAT credit entitlement	461.26	(2.47)	(4.32)	-	-	(3.13)	451.34
Total deferred tax liabilities before MAT credit entitlement (Net)	1878.80	124.24	(14.49)	(1.01)	11.75	(0.90)	1998.39
Less: MAT credit entitlement	3.76	1.94	-	-	-	-	5.70
Total deferred tax liabilities (Net)	1875.04	122.30	(14.49)	(1.01)	11.75	(0.90)	1992.69

Notes to the Consolidated Financial Statements

(₹ in Crores)

7. Deferred tax (Contd.)							
2017-18	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Effect of foreign exchange	Closing Balance
Deferred tax liabilities / assets in relation to:							
On fiscal allowances on property, plant and equipment etc.	1874.21	142.22	–	–	–	–	2016.43
On excise duty / National Calamity Contingent Duty on closing stock	372.24	(347.67)	–	–	–	–	24.57
On cash flow hedges	(5.70)	–	12.10	12.17	(14.96)	–	3.61
On employees' separation and retirement etc.	–	(0.02)	0.02	–	–	–	–
Other timing differences	189.47	105.93	–	–	–	0.05	295.45
Total deferred tax liabilities	2430.22	(99.54)	12.12	12.17	(14.96)	0.05	2340.06
On fiscal allowances on property, plant and equipment etc.	16.24	1.95	–	–	–	0.06	18.25
On employees' separation and retirement etc.	106.36	(6.14)	(10.07)	–	–	0.10	90.25
On provision for doubtful debts/advances	42.44	7.89	–	–	–	0.01	50.34
On State and Central taxes etc.	335.83	(146.94)	–	–	–	–	188.89
On unabsorbed tax losses and depreciation	1.14	(0.11)	–	–	–	–	1.03
Other timing differences	91.94	20.57	–	–	–	(0.01)	112.50
Total deferred tax assets before MAT credit entitlement	593.95	(122.78)	(10.07)	–	–	0.16	461.26
Total deferred tax liabilities before MAT credit entitlement (Net)	1836.27	23.24	22.19	12.17	(14.96)	(0.11)	1878.80
Less: MAT credit entitlement	2.45	1.31	–	–	–	–	3.76
Total deferred tax liabilities (Net)	1833.82	21.93	22.19	12.17	(14.96)	(0.11)	1875.04

The Group has losses of ₹ 175.62 Crores (2018 - ₹ 258.34 Crores) for which no deferred tax assets have been recognised. A part of these losses will expire between financial year 2019-20 to 2031-32.

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
8. Other assets				
Capital Advances	–	437.22	–	488.27
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	4.00	777.50	8.36	890.47
– Others	2.08	103.77	4.29	110.59
Advances to related parties (Refer Note 30)	60.00	–	68.45	19.51
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	593.14	1040.12	1150.58	999.19
Other Receivables*	102.84	4.52	67.77	4.52
TOTAL	762.06	2363.13	1299.45	2512.55

* Includes receivables on account of export incentives.

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
9. Inventories*		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	5528.05	5407.07
Work-in-progress	249.88	195.67
Finished goods (manufactured)	1153.56	1097.02
Stock-in-trade (goods purchased for resale)	515.36	412.54
Stores and spares	351.81	316.53
Intermediates - Tissue paper and Paperboards	60.90	66.26
TOTAL	7859.56	7495.09

The above includes goods in transit as under:

Raw materials (including packing materials)	191.08	128.56
Stock-in-trade (goods purchased for resale)	-	0.72
Stores and spares	2.31	5.52
TOTAL	193.39	134.80

The cost of inventories recognised as an expense includes ₹ 29.05 Crores (2018 - ₹ 28.19 Crores) in respect of write-downs of inventory to net realisable value, and the same has been reduced by ₹ 1.70 Crores (2018 - ₹ 0.55 Crore) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of subsequent increase in realisable value.

Inventories of ₹ 574.91 Crores (2018 - ₹ 710.52 Crores) are expected to be recovered after more than twelve months.

* Also Refer Note 20.

10. Biological assets other than bearer plants		
Balance at the beginning of the year	89.44	70.05
Biological assets acquired during the year	0.82	3.82
Cost incurred during the year	87.62	83.40
Changes in fair value*	22.30	(5.80)
Transfer of Biological assets to Inventories	(9.67)	(4.61)
Biological assets sold during the year	(106.09)	(57.64)
Effect of foreign exchange translation	(0.01)	0.22
Balance at the end of the year	84.41	89.44

* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

The Group had 1,52,27,008 numbers of TECHNITUBER® seed potatoes (2018 - 1,46,24,225 numbers).

There were 71567 MT of field generated seed potatoes (2018 - 77582 MT). During the year, output of agricultural produce (potatoes) is 8241 MT (2018 - 4739 MT).

In October 2018 - 13100 MT (October 2017 - 12573 MT) of seed potatoes were planted and in February/March 2019 - 79440 MT (February/March 2018 - 82558 MT) of seed potatoes were harvested as a result of quantitative biological transformation. Estimated amount of contracts remaining to be executed for acquisition/development of biological assets are ₹ 2.43 Crores (2018 - ₹ 0.08 Crore).

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise)				
INVESTMENT IN PREFERENCE SHARES				
ICICI Bank Limited Nil (2018 - 310) Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018) of ₹ 10000000.00 each, fully paid		–		308.56
INVESTMENT IN BONDS/DEBENTURES				
Canfin Homes Limited 500 7.57% Secured Redeemable Non-Convertible Debentures (12 April 2020) of ₹ 1000000.00 each, fully paid	49.60		49.59	
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid	31.26		31.11	
Housing & Urban Development Corporation Limited 500 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	50.10		50.00	
ICICI Bank Limited 350 9.15% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first call option on 20 June 2023) of ₹ 1000000.00 each, fully paid	34.42		35.00	
India Infrastructure Finance Company Limited 1,50,000 7.19% For Category I, II, III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	15.43		15.53	
Infrastructure Leasing & Financial Services Ltd. 7,50,000 8.74% Taxable Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series I Option II (11 August 2018) of ₹ 1000.00 each, fully paid	–		75.12	
Indian Railway Finance Corporation Limited 25,00,000 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	253.42		254.20	
20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid	202.57		202.95	
5,25,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid	54.15		54.66	
National Bank For Agriculture and Rural Development Nil (2018 - 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	–		267.66	
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	50.28		50.54	
1,04,000 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (15 February 2029) of ₹ 1000.00 each, fully paid	11.88		11.98	
National Housing Bank Nil (2018 - 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	–		98.51	
5,000 6.82% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 2012-13 (26 March 2023) of ₹ 10000.00 each, fully paid	5.09		5.10	
Carried over	758.20	–	1201.95	308.56

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	758.20	–	1201.95	308.56
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
PNB Housing Finance Limited 150 7.46% Non-Convertible Non-Cumulative Taxable Bonds in the nature of Promissory Note Series XXXI (30 April 2020) of ₹ 1000000.00 each, fully paid	14.66		14.89	
Power Finance Corporation Limited 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	45.26		45.94	
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	15.04		15.26	
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	100.11		100.89	
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid	10.06		10.22	
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid	130.56		131.73	
Rural Electrification Corporation Limited 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	292.95		296.60	
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	100.12		100.89	
60,000 8.12% For Category I & II Tax Free Secured Redeemable Non-Convertible Bonds (27 March 2027) of ₹ 1000.00 each, fully paid	6.59		6.65	
INVESTMENT IN CERTIFICATE OF DEPOSITS				
Axis Bank Limited Nil (2018 - 20,000) Certificate of Deposit (31 January 2019) of ₹ 100000.00 each, fully paid		–		188.82
ICICI Bank Limited Nil (2018 - 10,000) Certificate of Deposit (29 January 2019) of ₹ 100000.00 each, fully paid		–		94.42
Kotak Mahindra Bank Limited Nil (2018 - 50,000) Certificate of Deposit (19 September 2018) of ₹ 100000.00 each, fully paid		–		484.50
33,997 (2018 - Nil) Certificate of Deposit (27 December 2019) of ₹ 100000.00 each, fully paid		322.40		–
National Bank For Agriculture and Rural Development Nil (2018 - 25,000) Certificate of Deposit (14 February 2019) of ₹ 100000.00 each, fully paid		–		235.40
Small Industries Development Bank Of India Nil (2018 - 20,000) Certificate of Deposit (18 January 2019) of ₹ 100000.00 each, fully paid		–		189.21
Nil (2018 - 20,000) Certificate of Deposit (22 January 2019) of ₹ 100000.00 each, fully paid		–		189.14
Carried over	1473.55	322.40	1925.02	1690.05

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1473.55	322.40	1925.02	1690.05
INVESTMENT IN CERTIFICATE OF DEPOSITS (Contd.)				
Nil (2018 - 25,000) Certificate of Deposit (08 February 2019) of ₹ 100000.00 each, fully paid		–		235.67
Nil (2018 - 25,000) Certificate of Deposit (14 February 2019) of ₹ 100000.00 each, fully paid		–		235.40
50,000 (2018 - Nil) Certificate of Deposit (20 November 2019) of ₹ 100000.00 each, fully paid		477.53		–
15,000 (2018 - Nil) Certificate of Deposit (05 December 2019) of ₹ 100000.00 each, fully paid		142.84		–
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES				
National Saving Certificate pledged at Mandi Samiti (cost ₹ 13000.00)		–		–
National Savings Certificates (cost ₹ 10000.00)		...		...
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Floating Rate Fund - Long Term 1,96,03,366 (2018 - 3,54,35,898) Units of ₹ 100.00 each		456.75		762.97
Aditya Birla Sun Life Savings Fund 2,04,90,928 (2018 - 1,91,06,088) Units of ₹ 100.00 each		760.56		656.17
Aditya Birla Sun Life Floating Rate Fund Short Term Plan Nil (2018 - 5,96,17,262) Units of ₹ 100.00 each		–		2.47
Aditya Birla Sun Life Cash Plus 9,80,827 (2018 - 3,15,512) Units of ₹ 100.00 each		29.32		8.78
Aditya Birla Sun Life Corporate Bond Fund (Formerly known as Aditya Birla Sun Life Short Term Fund) 3,38,43,771 (2018 - 2,68,28,196) Units of ₹ 10.00 each		243.89		179.27
Aditya Birla Sun Life Money Manager Fund 40,95,539 (2018 - Nil) Units of ₹ 100.00 each		103.08		–
Aditya Birla Sun Life Liquid Fund - Growth Direct 14,40,478 (2018 - Nil) Units of ₹ 100.00 each		43.08		–
Aditya Birla Sun Life Cash Plus - Growth - Direct Plan 66,774 (2018 - Nil) Units of ₹ 100.00 each		2.01		–
Axis Short Term Fund 8,89,51,089 Units of ₹ 10.00 each		188.81		174.71
Axis Treasury Advantage Fund 5,46,967 Units of ₹ 1000.00 each		117.36		108.35
DHFL Pramerica Ultra Short Term Fund Nil (2018 - 3,91,50,224) Units of ₹ 10.00 each		–		49.74
DSP Low Duration Fund 26,30,57,340 Units of ₹ 10.00 each		359.25		333.10
DSP Short Term Fund 3,12,12,253 (2018 - Nil) Units of ₹ 10.00 each		102.60		–
HDFC Floating Debt Fund (Formerly known as HDFC Floating Rate Income Fund - Short Term Plan) 10,23,22,267 Units of ₹ 10.00 each		334.63		310.88
HDFC Corporate Bond Fund (Formerly known as HDFC Medium Term Opportunities Fund) 13,70,31,285 Units of ₹ 10.00 each		286.88		265.95
HDFC Short Term Debt Fund (Formerly known as HDFC Short Term Opportunities Fund) 14,47,53,251 Units of ₹ 10.00 each		298.76		277.56
Carried over	1473.55	4269.75	1925.02	5291.07

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1473.55	4269.75	1925.02	5291.07
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Ultra Short Term Fund 9,57,80,853 (2018 - Nil) Units of ₹ 10.00 each		100.32		–
ICICI Prudential Savings Fund (Formerly known as ICICI Prudential - Flexible Income Plan) 57,85,519 (2018 - 58,41,947) Units of ₹ 100.00 each		208.95		195.75
ICICI Prudential Banking & PSU Debt Fund Nil (2018 - 4,92,90,221) Units of ₹ 10.00 each		–		59.96
ICICI Prudential Bond Fund (Formerly known as ICICI Prudential Income Opportunities Fund) 2,11,18,618 Units of ₹ 10.00 each		55.80		52.29
ICICI Prudential Short Term 2,70,17,352 Units of ₹ 10.00 each		109.00		101.33
ICICI Prudential Liquid - Direct Plan - Growth 27,03,484 (2018 - Nil) Units of ₹ 100.00 each		74.55		–
ICICI Prudential - Money Market Fund 9,81,551 (2018 - Nil) Units of ₹ 100.00 each		27.03		–
ICICI Prudential Corporate Bond Fund (Formerly known as ICICI Prudential Ultra - Short Term Plan) 22,03,55,476 Units of ₹ 10.00 each		402.24		374.16
IDFC Money Manager Fund - Investment Plan (Merged with IDFC Super Saver Income Fund - Short Term) Nil (2018 - 1,22,42,641) Units of ₹ 10.00 each		–		128.63
IDFC Bond Fund - Short Term Plan (Formerly known as IDFC Super Saver Income Fund - Short Term) 10,23,94,458 (2018 - 4,72,99,811) Units of ₹ 10.00 each		377.59		172.91
IDFC Low Duration Fund 3,85,46,192 (2018 - Nil) Units of ₹ 10.00 each		103.10		–
IDFC Money Manager Fund - Treasury Plan 4,22,87,680 Units of ₹ 10.00 each		126.57		118.02
IDFC Corporate Bond Fund 15,62,58,545 (2018 - Nil) Units of ₹ 10.00 each		200.95		–
Kotak Bond Short Term 7,68,78,681 Units of ₹ 10.00 each		221.63		204.71
Kotak Liquid Plan 1,91,002 (2018 - Nil) Units of ₹ 1000.00 each		72.06		–
Kotak Savings Fund (Formerly known as Kotak Treasury Advantage Fund) 22,43,93,543 (2018 - 19,04,35,278) Units of ₹ 10.00 each		684.79		537.61
Reliance Floating Rate Fund - Short Term Plan 38,18,89,185 Units of ₹ 10.00 each		512.80		478.59
Reliance Liquid Fund - Treasury Plan Nil (2018 - 9,111) Units of ₹ 1000.00 each		–		3.87
Reliance Prime Debt Fund (Formerly known as Reliance Medium Term Fund) 4,84,63,633 (2018 - 10,42,77,348) Units of ₹ 10.00 each		194.41		246.09
Reliance Low Duration Fund (Formerly known as Reliance Money Manager Fund) 6,71,878 Units of ₹ 1000.00 each		177.40		163.85
Carried over	1473.55	7918.94	1925.02	8128.84

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1473.55	7918.94	1925.02	8128.84
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Reliance Short Term Fund 2,07,06,236 Units of ₹ 10.00 each		74.70		69.75
SBI Liquid Fund 2,70,300 (2018 - Nil) Units of ₹ 1000.00 each		78.87		–
SBI Magnum Insta Cash Fund Nil (2018 - 13,162) Units of ₹ 1000.00 each		–		5.06
SBI Magnum Low Duration Fund 8,30,697 (2018 - Nil) Units of ₹ 1000.00 each		202.05		–
SBI Magnum Ultra Short Duration Fund 2,47,159 (2018 - Nil) Units of ₹ 1000.00 each		103.05		–
UTI Money Market Fund - Institutional Nil (2018 - 7,53,921) Units of ₹ 1000.00 each		–		146.27
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited 30 (2018 - Nil) 7.85% Secured Listed Redeemable Non-Convertible Debentures, Series T-002 (21 June 2019) of ₹ 10000000.00 each, fully paid	29.93		–	
10 (2018 - Nil) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	9.98		–	
Power Finance Corporation Limited 250 (2018 - Nil) 7.85% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures, Series 145 (15 April 2019) of ₹ 1000000.00 each, fully paid	24.99		–	
Current Portion of Non-Current Investment				
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
6.5% Bikash Rinpatra, 2075 (Vikram Samvat Calendar Year)		–		1.60
INVESTMENT IN BONDS/DEBENTURES (at amortised cost)				
Housing Development Finance Corporation Limited Nil (2018 - 30) 8.45% Secured Redeemable Non-Convertible Debentures Series O - 009 (08 February 2019) of ₹ 10000000.00 each, fully paid	–		30.17	
30 (2018 - Nil) 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid	30.03		–	
170 (2018 - Nil) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	170.33		–	
255 (2018 - Nil) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid	255.57		–	
1,700 (2018 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid	85.69		–	
2,500 (2018 - Nil) 9.11% Secured Listed Redeemable Non-Convertible Debentures Series U - 002 (13 December 2019) of ₹ 1000000.00 each, fully paid	250.00		–	
Carried over	2330.07	8377.61	1955.19	8351.52

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	2330.07	8377.61	1955.19	8351.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
600 (2018 - Nil) 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid	60.45		–	
2,100 (2018 - Nil) 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid	211.39		–	
Housing and Urban Development Corporation Limited 1,850 (2018 - Nil) 7.70% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	184.17		–	
ICICI Home Finance Company Limited Nil (2018 - 1,900) 7.65% Unsecured Rated Listed Redeemable Senior Non-Convertible Bonds in the nature of Debentures Series HDBFB171 (23 October 2018) of ₹ 500000.00 each, fully paid	–		95.00	
LIC Housing Finance Limited Nil (2018 - 500) 8.38% Secured Redeemable Non-Convertible Debentures Tranche 277 Option 1 (27 February 2019) of ₹ 1000000.00 each, fully paid	–		50.35	
750 (2018 - Nil) 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid	75.00		–	
750 (2018 - Nil) 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid	75.23		–	
250 (2018 - Nil) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid	25.08		–	
100 (2018 - Nil) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid	10.11		–	
250 (2018 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid	25.26		–	
450 (2018 - Nil) 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid	45.28		–	
700 (2018 - Nil) 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid	70.40		–	
350 (2018 - Nil) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid	35.27		–	
National Bank for Agriculture and Rural Development 4,370 (2018 - Nil) 8.50% Unsecured Rated Listed Redeemable Non-Convertible Taxable Bonds Series 19 C (31 January 2022 with Call and Put Option 31 January 2020) of ₹ 1000000.00 each, fully paid	436.27		–	
Power Finance Corporation Limited Nil (2018 - 170) 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	–		17.01	
Carried over	3583.98	8377.61	2117.55	8351.52

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	3583.98	8377.61	2117.55	8351.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
250 (2018 - Nil) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	25.04		—	
250 (2018 - Nil) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	25.13		—	
200 (2018 - Nil) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	20.10		—	
50 (2018 - Nil) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	5.03		—	
750 (2018 - Nil) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	75.46		—	
850 (2018 - Nil) 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	85.56		—	
200 (2018 - Nil) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	20.11		—	
PNB Housing Finance Limited				
1,000 (2018 - Nil) 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	100.07		—	
100 (2018 - Nil) 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	10.00		—	
600 (2018 - 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	60.02		—	
400 (2018 - Nil) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	40.09		—	
Rural Electrification Corporation Limited				
2,250 (2018 - Nil) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid	226.34		—	
250 (2018 - 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	25.12		—	
Small Industries Development Bank Of India				
Nil (2018 - 1,000) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2015 -16 (26 February 2019) of ₹ 1000000.00 each, fully paid	—		100.00	
500 (2018 - Nil) 7 % Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020 with Call and Put Option date 21 November 2019) of ₹ 1000000.00 each, fully paid	49.81		—	
Carried over	4351.86	8377.61	2217.55	8351.52

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	4351.86	8377.61	2217.55	8351.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
750 (2018 - Nil) 7.50% Unsecured Rated Listed Redeemable Non-Convertible Bonds Series I of 2018-19 (16 July 2021 with Call and Put Option date 16 July 2019) of ₹ 1000000.00 each, fully paid	74.82		–	
INVESTMENT IN MUTUAL FUNDS				
HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series - 36 4,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	50.38		–	
HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series - 35 12,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	161.93		–	
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series - 35 4,30,00,000 (2018 - Nil) Units of ₹ 10.00 each	54.55		–	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	19.19		–	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.76		–	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	19.08		–	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.64		–	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days 1,20,00,000 (2018 - Nil) Units of ₹ 10.00 each	15.15		–	
ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days 40,00,000 (2018 - Nil) Units of ₹ 10.00 each	4.80		–	
Kotak Fixed Maturity Plan - Series 190 50,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.40		–	
Kotak Fixed Maturity Plan - Series 191 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	18.96		–	
Reliance Fixed Horizon Fund - XXX - Series 5 1,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	19.06		–	
Reliance Fixed Horizon Fund - XXX - Series 12 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.69		–	
Reliance Fixed Horizon Fund - XXX - Series 13 2,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	25.39		–	
Reliance Fixed Horizon Fund - XXX - Series 17 3,50,00,000 (2018 - Nil) Units of ₹ 10.00 each	44.23		–	
Reliance Fixed Horizon Fund - XXX - Series 6 1,00,00,000 (2018 - Nil) Units of ₹ 10.00 each	12.71		–	
Reliance Fixed Horizon Fund - XXXI - Series 9 1,80,00,000 (2018 - Nil) Units of ₹ 10.00 each	21.78		–	
UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days 1,20,00,000 (2018 - Nil) Units of ₹ 10.00 each	15.32		–	
UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days 80,00,000 (2018 - Nil) Units of ₹ 10.00 each	10.15		–	
UTI Fixed Term Income Fund Series XXV - V - 1100 Days 50,00,000 (2018 - Nil) Units of ₹ 10.00 each	6.04		–	
Aggregate amount of quoted and unquoted Investments	4969.89	8377.61	2217.55	8351.52
TOTAL		13347.50		10569.07

Aggregate market value of quoted investments ₹ 4973.37 Crores (2018 - ₹ 2394.82 Crores).

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
12. Trade receivables (Current)		
Secured, considered good	38.10	29.41
Unsecured, considered good	3997.18	2652.88
Doubtful	153.11	133.90
Less: Allowance for doubtful receivables	153.11	133.90
TOTAL	4035.28	2682.29

13. Cash and cash equivalents[®]		
Balances with Banks		
Current accounts	252.63	131.52
Deposit accounts	59.13	16.66
Cheques, drafts on hand	2.53	2.10
Cash on hand	3.52	2.79
TOTAL	317.81	153.07

[®] 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.

14. Other bank balances		
Earmarked balances	169.20	158.45
In deposit accounts*	3665.02	2588.08
TOTAL	3834.22	2746.53

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹ in Crores)
15. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	12,25,86,31,601	1225.86	12,20,42,94,911	1220.43
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,20,42,94,911	1220.43	12,14,73,83,071	1214.74
Add: Issue of Shares on exercise of Options	5,43,36,690	5.43	5,69,11,840	5.69
As at end of the year	<u>12,25,86,31,601</u>	<u>1225.86</u>	<u>12,20,42,94,911</u>	<u>1220.43</u>
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2019 %	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.30	2,97,83,47,320	24.40
Life Insurance Corporation of India	1,98,15,49,720	16.16	1,97,50,75,980	16.18
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.95	1,02,52,89,805	8.40
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				
	2019 (No. of Shares)	2018 (No. of Shares)		
Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited	87,761	87,761		
D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2019 (No. of Shares)	2018 (No. of Shares)		
Bonus Shares issued in 2016-17	4,02,66,57,100	4,02,66,57,100		
E) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
F) Shares reserved for issue under Options				
	As at 31st March, 2019 (No. of Shares)	As at 31st March, 2018 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	38,19,09,060	43,30,60,920		

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 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 under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Further details of ITC Employee Stock Option Schemes are provided in Note 28(xii).

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
16. Non-current borrowings		
Unsecured		
Term loans		
– From Others	0.26	0.37
Deferred payment liabilities		
– Sales tax deferment loans	7.89	11.13
TOTAL	8.15	11.50

Terms of borrowings are as under:

Term Loans from Others:

Comprise two interest free loans. One of the loans is repayable by 2019-20 in annual instalments and the other loan stipulates repayment on the basis of 33% (2018 - 33%) of the net profits earned by a subsidiary or the residual balance, whichever is less.

Sales tax deferment loans:

Interest free deferral period of 14 years and repayable by 2025-26.

The scheduled maturity of the Non-current borrowings are summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
Borrowings repayable				
In the first year (Refer Note 17)	0.19	3.24	0.21	6.86
Current maturities of long-term debt	0.19	3.24	0.21	6.86
In the second year	0.02	2.26	0.13	3.24
In the third to fifth year	0.24	2.34	0.24	3.35
After five years	–	3.29	–	4.54
Non-current borrowings	0.26	7.89	0.37	11.13

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
17. Other financial liabilities		
Non-current		
Others		
(Includes liability in respect of cash-settled share based payments, retention money payable towards property, plant and equipment, deposits, etc.)	73.41	67.79
TOTAL	73.41	67.79
Current		
Current maturities of long-term debt (Refer Note 16)	3.43	7.07
Interest accrued	1.97	1.75
Unpaid dividend*	168.97	158.23
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures/bonds and interest accrued thereon**	0.30	0.30
Others		
(Includes payable for property, plant and equipment, derivatives designated as hedging instruments, etc.)	1012.49	826.52
TOTAL	1187.16	993.87

* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 126 of the Companies Act, 2013, or such amounts in respect of which Prohibitory/Attachment Orders are on record with the Company.

** Represents amounts which are subject matter of a pending legal dispute with a bank for which the Company has filed a suit.

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
18. Provisions				
Provision for employee benefits [Refer Note 28(vii)]				
Retirement benefits	22.66	114.50	23.38	104.71
Other benefits	28.72	47.16	40.42	44.63
Provision for standard assets	–	0.29	–	0.29
TOTAL	51.38	161.95	63.80	149.63

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
19. Other liabilities				
Non-current				
Revenue received in advance		6.51		3.89
Deferred revenue arising from Government grant [Refer Note 28(xi)(a)]		–		38.30
TOTAL		6.51		42.19
Current				
Statutory liabilities		4303.87		4038.46
Advances received from customers		422.95		460.53
Revenue received in advance		7.28		11.02
Others				
– Deferred revenue arising from Government grant [Refer Note 28(xi)(a)]		–		1.27
– Others (includes deferred revenue, accruals, customer deposits, etc.)		104.22		99.11
TOTAL		4838.32		4610.39

	As at 31st March, 2019 (₹ in Crores)		As at 31st March, 2018 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
20. Current borrowings				
Secured				
Loans from Banks				
Cash credit facilities*		1.86		6.79
Short term loan from Bank**		–		10.56
TOTAL		1.86		17.35

* Cash credit facilities are secured by hypothecation of certain property, plant and equipment, investments and current assets, both present and future.

** Short term loan from Bank is in the nature of fixed rate short tenure loan @ 8.15% p.a. and is secured by way of charge on certain current assets.

Notes to the Consolidated Financial Statements

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
21A. Income Tax Assets (Net)		
Income Tax Assets (net of provisions)	28.53	61.54
Fringe Benefit Tax (net of provisions)	–	0.02
TOTAL	28.53	61.56
21B. Current Tax liabilities (Net)		
Current taxation (net of advance payment)	423.69	68.56
TOTAL	423.69	68.56
	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
22A. Revenue from operations		
Sale of Products	45758.57	44385.65
Sale of Services	3589.86	2976.86
Gross Revenue from sale of products and services* [including excise duty/National Calamity Contingent Duty/Health Risk Tax of ₹ 1503.00 Crores (2018 - ₹ 5238.80 Crores)] [@]	49348.43	47362.51
Other Operating Revenues [#]	513.68	326.04
TOTAL	49862.11	47688.55
* Net of sales returns and damaged stocks.		
[@] Also refer to the note in the 'Consolidated Statement of Profit and Loss'.		
[#] Includes Government grants received of ₹ 112.23 Crores (2018 - ₹ 94.23 Crores) on account of Export Promotion Capital Goods, Served from India Scheme, Service Export from India Scheme, Merchandise Export from India Scheme, etc.		
22B. Gross revenue from sale of products and services *[@]		
FMCG		
– Cigarettes etc.	22913.27	24848.09
– Branded Packaged Food Products	9670.99	8667.43
– Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, etc.)	2846.08	2671.88
Hotels		
– Hotels Sales/Income from Hotel Services	1728.15	1480.02
Agri Business		
– Unmanufactured Tobacco	1593.61	1538.52
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua, etc.)	4481.69	2935.70
Paperboards, Paper and Packaging		
– Paperboards and Paper	3710.32	3212.12
– Printed Materials	520.08	483.29
Others		
– Others	1884.24	1525.46
TOTAL	49348.43	47362.51
* Net of sales returns and damaged stocks.		
[@] Also refer to the note in the 'Consolidated Statement of Profit and Loss'.		

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
23. Other income		
Interest income	1312.79	964.74
Dividend income	8.38	8.48
Other non-operating income	25.90	19.22
Other gains and losses	826.72	839.42
TOTAL	2173.79	1831.86
Interest income comprises interest from:		
a) Deposits with Banks etc. - carried at amortised cost	298.59	261.27
b) Financial assets mandatorily measured at FVTPL	239.42	183.30
c) Other financial assets measured at amortised cost	740.27	481.86
d) Others (from statutory authorities etc.)	34.51	38.31
TOTAL	1312.79	964.74
Dividend income comprises dividend from:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	8.32	8.32
b) Other investments	0.06	0.16
TOTAL	8.38	8.48
Other gains and losses:		
Net foreign exchange gain/(loss)	(6.95)	47.14
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL*	753.80	787.49
Gain recognised on disposal of subsidiary	9.40	9.61
Impairment of investment in joint venture company	-	(4.82)
Restructuring of Lifestyle Retailing Business (Net)#	70.47	-
TOTAL	826.72	839.42
* Includes ₹ 205.16 Crores (2018 - ₹ 299.11 Crores) being net gain/(loss) on sale of investments.		
# Net gain on restructuring of the Lifestyle Retailing Business comprising sale proceeds of John Players trademark/copyright and its variants alongwith related goodwill, write-off of assets and other disengagement costs.		
24. Employee benefits expense		
Salaries and wages	3451.87	2943.95
Contribution to Provident and other funds	246.93	232.18
Share based payments to employees [Includes cash-settled share based payments ₹ 18.53 Crores (2018 - Nil)]	258.23	393.41
Staff welfare expenses	246.31	218.07
	4203.34	3787.61
Less: Recoveries made/reimbursements received	25.46	26.71
TOTAL	4177.88	3760.90

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
25. Finance costs		
Interest expense:		
– On financial liabilities measured at amortised cost	10.02	36.64
– Others	35.40	53.27
TOTAL	45.42	89.91
26. Other expenses		
Power and fuel	746.73	653.50
Consumption of stores and spare parts	301.34	268.69
Contract processing charges	902.55	862.04
Rent [Refer Note 28 (viii)]	337.84	332.84
Rates and taxes	263.56	222.39
Insurance	84.35	85.68
Repairs		
– Buildings	64.25	61.31
– Machinery	235.44	220.62
– Others	80.55	62.82
Maintenance and upkeep	270.09	222.14
Outward freight and handling charges	1176.49	904.07
Warehousing charges	166.85	152.97
Advertising/Sales promotion	994.63	902.24
Market research	135.20	132.64
Design and product development	57.15	46.49
Hotel reservation/Marketing expenses	42.76	34.80
Retail accessories	155.37	134.36
Brokerage and discount - sales	13.10	7.89
Commission to selling agents	14.43	27.98
Doubtful and bad debts	32.56	30.82
Doubtful and bad advances, loans and deposits	6.01	4.03
Bank and credit card charges	25.98	25.10
Information technology services	171.48	147.16
Travelling and conveyance	400.81	359.98
Training and development	24.71	30.27
Legal expenses	50.00	42.00
Consultancy/Professional fees	405.47	338.40
Postage, telephone, etc.	32.82	34.12
Printing and stationery	19.37	18.59
Loss on sale of property, plant and equipment - Net	105.05	8.81
Loss on sale of stores and spare parts - Net	16.79	3.72
Miscellaneous expenses	1014.38	971.13
TOTAL	8348.11	7349.60

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2019 (₹ in Crores)	For the year ended 31st March, 2018 (₹ in Crores)
27. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	6322.55	6158.16
Adjustments/(credits) related to previous years - Net	(130.93)	(264.97)
Total current tax	6191.62	5893.19
Deferred tax		
Deferred tax for the year	92.61	(71.08)
Adjustments/(credits) related to previous years - Net	31.63	94.32
MAT credit entitlement	(1.94)	-
Total deferred tax	122.30	23.24
TOTAL	6313.92	5916.43
B. Amount recognised in other comprehensive income		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurement gains/(losses) on defined benefit plans	(4.32)	(29.84)
Related to designated portion of hedging instruments in cash flow hedges	7.36	(3.56)
	3.04	(33.40)
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	(0.30)	6.42
TOTAL	2.74	(26.98)
C. Amount recognised directly in equity		
The income tax (charged)/credited directly to equity during the year is as follows:		
Deferred tax		
Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	(1.01)	12.17
TOTAL	(1.01)	12.17
D. Reconciliation of effective tax rate		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	19149.82	17409.11
Income tax expense calculated @ 34.944% (2018: 34.608%)	6691.72	6024.94
Effect of tax relating to uncertain tax positions	38.47	88.95
Effect of different tax rate on certain items	(182.14)	(60.60)
Difference in tax rates of subsidiary companies	(52.19)	(40.15)
Effect of income not taxable	(124.26)	(103.36)
Other differences	169.03	201.93
Benefit of previously unrecognised tax loss to reduce current tax expense	(68.29)	(23.60)
Benefit of previously unrecognised tax loss to reduce deferred tax expense	(59.12)	(1.03)
Total	6413.22	6087.08
Adjustments recognised in the current year in relation to the current tax of prior years	(99.30)	(170.65)
Income tax recognised in profit or loss	6313.92	5916.43

The tax rate of 34.944% (30% + surcharge @ 12% and cess @ 4%) used for the year 2018-19 and 34.608% (30% + surcharge @ 12% and cess @ 3%) used for the year 2017-18 is the corporate tax rate payable on taxable profits under the Income Tax Act, 1961.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements

	2019	2018
(i) Earnings per share:		
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in Crores)	12592.33	11271.20
(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,23,11,13,530	12,17,58,14,877
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	6,93,50,255	7,09,84,629
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,30,04,63,785	12,24,67,99,506
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 10.30	₹ 9.26
– Diluted [(a)/(d)]	₹ 10.24	₹ 9.20

(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, 2019	Percentage of ownership interest as at 31st March, 2018
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
Indivate Inc. [a 100% subsidiary of ITC Infotech (USA), Inc.]	USA	100	100
Surya Nepal Private Limited	Nepal	59	59
Technico Pty Limited	Australia	100	100
Technico Agri Sciences Limited	India	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
Srinivasa Resorts Limited	India	68	68
Fortune Park Hotels Limited	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, 2019	Percentage of ownership interest as at 31st March, 2018
Landbase India Limited	India	100	100
Bay Islands Hotels Limited	India	100	100
WelcomHotels Lanka (Private) Limited	Sri Lanka	100	100
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
Gold Flake Corporation Limited	India	100	100
ITC Investments & Holdings Limited	India	100	100
MRR Trading & Investment Company Limited (a 100% subsidiary of ITC Investments & Holdings Limited)	India	100	100
North East Nutrients Private Limited	India	76	76
Prag Agro Farm Limited	India	100	100
Pavan Poplar Limited	India	100	100

The above does not include ITC Global Holdings Pte. Limited, Singapore, which has been dissolved vide Order dated 10th July, 2018 of the High Court of the Republic of Singapore.

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 14th March, based on the local laws of Nepal where the company is incorporated.

(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, 2019	Percentage of ownership interest as at 31st March, 2018
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
Maharaja Heritage Resorts Limited	India	50	50

Notes to the Consolidated Financial Statements

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

The Group's interests in jointly controlled operations:

Technico Technologies Inc., Canada has terminated the farming arrangement with Shamrock Seed Potato Farm Limited, Canada during the financial year 2018-19. Accordingly, the participating share of Technico Technologies Inc., Canada in the arrangement is Nil (2018 - 35%).

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, 2019	Percentage of ownership interest as at 31st March, 2018
International Travel House Limited	India	48.96	48.96
Russell Investments Limited	India	25.43	25.43
Gujarat Hotels Limited	India	45.78	45.78
Divya Management Limited	India	33.33	33.33
ATC Limited	India	47.50	47.50
Antrang Finance Limited	India	33.33	33.33

The financial statements of all Associates, considered in the Consolidated Accounts, are drawn upto 31st March.

(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 Indian Accounting Standard – 110 (Ind AS 110) on “Consolidated Financial Statements”, Indian Accounting Standard – 28 (Ind AS 28) on “Investments in Associates and Joint Ventures” and Indian Accounting Standard – 111 (Ind AS 111) on “Joint Arrangements” 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.

(iii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 309.72 Crores (2018 - ₹ 294.95 Crores) comprising employee benefits expenses of ₹ 8.69 Crores (2018 - ₹ 7.84 Crores) and other expenses of ₹ 301.03 Crores (2018 - ₹ 287.11 Crores) of which ₹ 22.23 Crores (2018 - ₹ 14.42 Crores) is accrued for payment as on 31st March, 2019. Such CSR expenditure of ₹ 309.72 Crores (2018 - ₹ 294.95 Crores) excludes ₹ 10.34 Crores (2018 - ₹ 10.29 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 ₹ 847.13 Crores (2018 - ₹ 855.74 Crores), including interest on claims, where applicable, estimated to be ₹ 221.14 Crores (2018 - ₹ 237.56 Crores), including share of joint venture Nil (2018 - ₹ 0.11 Crore) and share of associates ₹ 0.15 Crore (2018 - ₹ 0.15 Crore).

Notes to the Consolidated Financial Statements

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

These comprise:

- Excise duty, VAT/sales taxes, GST and other indirect taxes claims disputed by the Group relating to issues of applicability and classification aggregating ₹ 632.56 Crores (2018 - ₹ 640.23 Crores), including interest on claims, where applicable, estimated to be ₹ 206.42 Crores (2018 - ₹ 217.07 Crores), including share of joint venture Nil (2018 - ₹ 0.11 Crore) and share of associates ₹ 0.12 Crore (2018 - ₹ 0.12 Crore).
- Local Authority taxes/cess/royalty on property, utilities etc. claims disputed by the Group relating to issues of applicability and determination aggregating ₹ 106.81 Crores (2018 - ₹ 106.06 Crores), including interest on claims, where applicable, estimated to be ₹ 5.14 Crores (2018 - ₹ 5.03 Crores) including share of associates ₹ 0.03 Crore (2018 - ₹ 0.03 Crore).
- Third party claims arising from disputes relating to contracts aggregating ₹ 39.40 Crores (2018 - ₹ 39.25 Crores), including interest on claims, where applicable, estimated to be ₹ 0.60 Crore (2018 - ₹ 0.48 Crore).
- Other matters aggregating ₹ 68.36 Crores (2018 - ₹ 70.20 Crores), including interest on other matters, where applicable, estimated to be ₹ 8.98 Crores (2018 - ₹ 14.98 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 the 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 Excise authorities and cigarettes produced were duly accounted for and certified as such by the Excise authorities.

As reported in earlier years, the above basis of theoretical production has been rejected by the Hon'ble Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010. In the said order of the Hon'ble 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 Hon'ble Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 and 12th August, 2013 decided administrative review petitions in favour of SNPL setting aside Value Added Tax demands for the financial years 2001-02 and 2007-08 and Income Tax demand for the financial year 2005-06.

Various demands and a Show Cause Notice on theoretical production for different years (as listed below) have been challenged by SNPL by way of writ petitions in the Hon'ble Supreme Court of Nepal, which are pending:

1. Excise demand letters and Show Cause Notice for ₹ 29.66 Crores [Nepalese Rupee (NRs.) 47.45 Crores] relating to the financial years 2003-04 to 2007-08.
2. Value Added Tax (VAT) demand letters for ₹ 10.93 Crores (NRs. 17.49 Crores) relating to financial years 2002-03 to 2006-07.
3. Income Tax demand letters for ₹ 13.45 Crores (NRs. 21.52 Crores) relating to financial years 2002-03 and 2003-04.

Notes to the Consolidated Financial Statements

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

These petitions have been admitted by the Hon'ble Supreme Court of Nepal and notices have been issued to the Inland Revenue Department. In one of the writ petitions, the Hon'ble Supreme Court of Nepal has issued interim order on 7th March, 2010, in relation to a Show Cause Notice for the financial year 2007-08, directing the Inland Revenue Department not to raise excise demand, pending final disposal of the writ petition.

SNPL's counsel has opined that the verdict of the Hon'ble Supreme Court of Nepal dated 29th October, 2009 will add substantial strength to SNPL's pending cases relating to theoretical production.

SNPL also 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 Hon'ble 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 investments partly paid is ₹ 5.00 Crores (2018 - ₹ 8.75 Crores).
- (c) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding ₹ 1.30 Crores (2018 - ₹ 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 ₹ 11.18 Crores (2018 - ₹ 10.28 Crores), are ₹ 2709.10 Crores (2018 - ₹ 2330.67 Crores).
- (v) Research and Development expenses for the year amount to ₹ 145.51 Crores (2018 - ₹ 130.60 Crores).
- (vi) Cost of inventory recognised as expense during the year amount to ₹ 22563.07 Crores (2018 - ₹ 23731.05 Crores).
- (vii) The Group has adopted Indian Accounting Standard – 19 (Ind AS 19) 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.
- (a) Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on 31st March, 2019 and recognised in the financial statements in respect of Employee Benefit Schemes:

Description of Plans

The Group makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deeds, Rules and applicable Statutes. The concerned Trusts are managed by Trustees who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund and Pension Benefits are funded, Gratuity Benefits are both funded as well unfunded; and Leave Encashment Benefits are unfunded in nature. The Defined Benefit Pension Plans are based on employees' pensionable remuneration and length of service. The Pension entitlement for certain category of employees has been enhanced

Notes to the Consolidated Financial Statements

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

during the year. Also, the Defined Benefit plan relating to gratuity benefits for certain employees has, in effect, been replaced by a Defined Contribution plan. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method as at year end. The Group makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

Risk Management

The Defined Benefit Plans expose the Group to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

Investment Risks: This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

Interest Rate Risk: The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

These Plans have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various Statutes.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls. Pension obligation of the employees is secured by purchasing annuities thereby de-risking the Plans from future payment obligation.

Notes to the Consolidated Financial Statements

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

	For the year ended 31st March, 2019 (₹ in Crores)				For the year ended 31st March, 2018 (₹ in Crores)			
	Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
	Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
I Components of Employer Expense								
- Recognised in Profit or Loss								
1 Current Service Cost	48.50	35.43	0.68	12.70	46.30	33.00	0.39	11.43
2 Past Service Cost	13.62	(4.73)	0.05	–	–	7.99	(0.46)	–
3 Net Interest Cost	(8.41)	(2.86)	0.36	7.90	(3.37)	(3.26)	0.05	7.18
4 Total expense recognised in the Statement of Profit and Loss	53.71	27.84	1.09	20.60	42.93	37.73	(0.02)	18.61
- Re-measurements recognised in Other Comprehensive Income								
5 Return on plan assets (excluding amounts included in net interest cost)	(2.37)	(0.06)	–	–	(2.99)	(5.96)	–	–
6 Effect of changes in demographic assumptions	(1.40)	(0.18)	0.01	(0.01)	(0.48)	(0.34)	0.01	(0.37)
7 Effect of changes in financial assumptions	(1.06)	(0.78)	(0.23)	(0.04)	(36.00)	(11.79)	(0.52)	(5.91)
8 Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
9 Effect of experience adjustments	5.54	(12.03)	(0.43)	2.12	(18.24)	(4.64)	(0.56)	1.62
10 Total re-measurements included in Other Comprehensive Income	0.71	(13.05)	(0.65)	2.07	(57.71)	(22.73)	(1.07)	(4.66)
11 Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	54.42	14.79	0.44	22.67	(14.78)	15.00	(1.09)	13.95

The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in “Contribution to Provident and other funds” and Leave Encashment in “Salaries and wages” under Note 24. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.

II Actual Returns	63.04	28.20	–	–	55.46	29.12	–	–
III Net Asset/(Liability) recognised in Balance Sheet								
1 Present Value of Defined Benefit Obligation	771.20	369.26	6.11	120.27	739.61	365.29	5.85	113.23
2 Fair Value of Plan Assets	808.56	380.63	–	–	809.14	374.48	–	–
3 Status [Surplus/(Deficit)]	37.36	11.37	(6.11)	(120.27)	69.53	9.19	(5.85)	(113.23)
4 Restrictions on Asset Recognised	–	–	–	–	–	–	–	–
5 Net (Liability) recognised in Balance Sheet	(4.62)	(6.16)	(6.11)	(120.27)	(3.79)	(5.22)	(5.85)	(113.23)
a. Current	(0.91)	(4.60)	(0.36)	(16.79)	(0.88)	(5.01)	(0.30)	(17.19)
b. Non-Current	(3.71)	(1.56)	(5.75)	(103.48)	(2.91)	(0.21)	(5.55)	(96.04)
6 Net Asset recognised in Balance Sheet	41.98	17.53	–	–	73.32	14.41	–	–
a. Current	41.98	17.53	–	–	53.81	14.41	–	–
b. Non-Current	–	–	–	–	19.51	–	–	–

Notes to the Consolidated Financial Statements

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

IV	Change in Defined Benefit Obligation (DBO)	For the year ended 31st March, 2019 (₹ in Crores)				For the year ended 31st March, 2018 (₹ in Crores)			
		Pension	Gratuity		Leave Encashment	Pension	Gratuity		Leave Encashment
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
1	Present Value of DBO at the beginning of the year	739.61	365.29	5.85	113.23	755.94	359.36	7.35	113.51
2	Current Service Cost	48.50	35.43	0.68	12.70	46.30	33.00	0.39	11.43
3	Past Service Cost	13.62	(4.73)	0.05	–	–	7.99	(0.46)	–
4	Interest Cost	52.26	25.28	0.36	7.90	49.10	19.90	0.05	7.18
5	Re-measurement Gains/(Losses):								
	a. Effect of changes in demographic assumptions	(1.40)	(0.18)	0.01	(0.01)	(0.48)	(0.34)	0.01	(0.37)
	b. Effect of changes in financial assumptions	(1.06)	(0.78)	(0.23)	(0.04)	(36.00)	(11.79)	(0.52)	(5.91)
	c. Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–	–	–
	d. Effect of experience adjustments	5.54	(12.03)	(0.43)	2.12	(18.24)	(4.64)	(0.56)	1.62
6	Curtailment Cost/(Credit)	–	–	–	–	–	–	–	–
7	Settlement Cost/(Credit)	–	–	–	–	–	–	–	–
8	Liabilities assumed in business combination	–	–	–	–	–	–	–	–
9	Effects of transfer in/(out)	(0.06)	–	–	–	–	–	–	–
10	Benefits Paid	(85.81)	(39.02)	(0.18)	(15.63)	(57.01)	(38.19)	(0.41)	(14.23)
11	Present Value of DBO at the end of the year	771.20	369.26	6.11	120.27	739.61	365.29	5.85	113.23

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2019	As at 31st March, 2018
		(₹ in Crores)	(₹ in Crores)
	– Pension	78.79	56.83
	– Gratuity	32.82	29.81

Notes to the Consolidated Financial Statements

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

VI	Change in Fair Value of Assets	For the year ended 31st March, 2019 (₹ in Crores)				For the year ended 31st March, 2018 (₹ in Crores)			
		Pension		Gratuity		Leave Encashment		Leave Encashment	
		Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
1	Plan Assets at the beginning of the year	809.14	374.48	–	–	745.55	352.11	–	–
2	Asset acquired in Business Combination	–	–	–	–	–	–	–	–
3	Interest Income	60.67	28.14	–	–	52.47	23.16	–	–
4	Re-measurement Gains/ (Losses) on plan assets	2.37	0.06	–	–	2.99	5.96	–	–
5	Actual Group Contributions	22.25	16.97	–	–	65.14	31.44	–	–
6	Benefits Paid	(85.81)	(39.02)	–	–	(57.01)	(38.19)	–	–
7	Effects of transfer in/(out)	(0.06)	–	–	–	–	–	–	–
8	Plan Assets at the end of the year	808.56	380.63	–	–	809.14	374.48	–	–

VII	Actuarial Assumptions	As at 31st March, 2019	As at 31st March, 2018
		Discount Rate (%)	Discount Rate (%)
1	Pension	7.50	7.50
2	Gratuity	7.50	7.50
3	Leave Encashment	7.50	7.50

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.

VIII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2019	As at 31st March, 2018
1	Government Securities/Special Deposit with RBI	25.74%	23.85%
2	High Quality Corporate Bonds	15.32%	15.85%
3	Insurer/Citizen Investment Trust Managed Funds*	46.99%	49.26%
4	Mutual Funds	2.83%	2.34%
5	Cash and Cash Equivalents	6.52%	6.14%
6	Term Deposits	2.60%	2.56%

* 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. The fair value of Government Securities, Corporate Bonds, Mutual Funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the participating companies.

Notes to the Consolidated Financial Statements

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

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

X	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2019 (₹ in Crores)				For the year ended 31st March, 2018 (₹ in Crores)			
		Pension		Gratuity		Gratuity		Leave Encashment	
		Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
1	Present Value of Defined Benefit Obligation	771.20	369.26	6.11	120.27	739.61	365.29	5.85	113.23
2	Fair Value of Plan Assets	808.56	380.63	–	–	809.14	374.48	–	–
3	Status [Surplus/(Deficit)]	37.36	11.37	(6.11)	(120.27)	69.53	9.19	(5.85)	(113.23)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	2.37	0.06	–	–	2.99	5.96	–	–
5	Experience Adjustment of obligation [(Gain)/Loss]	5.54	(12.03)	(0.43)	2.12	(18.24)	(4.64)	(0.56)	1.62

XI Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

		DBO as at 31st March, 2019		DBO as at 31st March, 2018	
1	Discount Rate + 100 basis points	1201.36		1158.38	
2	Discount Rate – 100 basis points	1341.45		1292.73	
3	Salary Increase Rate + 1%	1332.83		1291.81	
4	Salary Increase Rate – 1%	1207.21		1170.43	

Maturity Analysis of the Benefit Payments

1	Year 1	183.40	198.46
2	Year 2	171.10	139.86
3	Year 3	139.89	131.60
4	Year 4	147.57	112.61
5	Year 5	103.22	132.26
6	Next 5 Years	546.82	507.67

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 24: - ₹ 165.38 Crores (2018 - ₹ 151.52 Crores).

Notes to the Consolidated Financial Statements

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

(viii) The Group's significant leasing arrangements are in respect of operating leases for land and building 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 26.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows:

	As at 31st March, 2019 (₹ in Crores)	As at 31st March, 2018 (₹ in Crores)
Not later than one year	21.16	14.52
Later than one year and not later than five years	28.70	29.04
Later than five years	35.17	35.15

(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)		Share in Other Comprehensive Income		Share in Total Comprehensive Income		
	As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)	
Parent									
ITC Limited	93.04%	55346.58	93.93%	12056.29	111.08%	362.56	94.35%	12418.85	
Subsidiaries									
Indian									
1	Russell Credit Limited	1.38%	823.54	0.28%	36.30	8.45%	27.59	0.49%	63.89
2	Greenacre Holdings Limited	0.08%	46.12	0.01%	1.78	...	(0.01)	0.01%	1.77
3	Wimco Limited	...	(0.16)	...	0.04	0.01%	0.02	...	0.06
4	Prag Agro Farm Limited	...	1.06	...	(0.01)	-	-	...	(0.01)
5	Pavan Poplar Limited	...	0.43	...	(0.55)	(0.02%)	(0.06)	...	(0.61)
6	Technico Agri Sciences Limited	0.12%	74.11	0.06%	8.19	0.01%	0.04	0.06%	8.23
7	Srinivasa Resorts Limited	0.11%	65.74	(0.01%)	(1.44)	...	(0.01)	(0.01%)	(1.45)
8	Fortune Park Hotels Limited	0.06%	32.77	0.05%	6.61	0.01%	0.02	0.05%	6.63

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)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)
	Indian								
9	Bay Islands Hotels Limited	0.03%	16.49	0.01%	1.10	–	–	0.01%	1.10
10	ITC Infotech India Limited	0.55%	323.84	0.51%	63.91	2.93%	9.54	0.56%	73.45
11	Gold Flake Corporation Limited	0.03%	19.51	...	0.16	...	0.01	...	0.17
12	ITC Investments & Holdings Limited	0.01%	5.17	...	0.02	–	–	...	0.02
13	MRR Trading & Investment Company Limited	...	0.01	...	...	–	–	...	...
14	Landbase India Limited	0.39%	234.10	0.02%	3.11	...	0.01	0.02%	3.12
15	North East Nutrients Private Limited	0.18%	106.96	0.07%	8.68	0.02%	0.05	0.07%	8.73
	Foreign								
1	Technico Pty Limited	0.05%	30.96	0.05%	6.19	(0.16%)	(0.52)	0.04%	5.67
2	Technico Technologies Inc.	...	1.57	...	0.32	–	–	...	0.32
3	Technico Asia Holdings Pty Limited	–	–	–	–	–	–	–	–
4	Technico Horticultural (Kunming) Co. Limited	0.01%	7.74	0.01%	0.97	–	–	0.01%	0.97
5	WelcomHotels Lanka (Private) Limited	2.01%	1196.45	...	0.61	(20.51%)	(66.93)	(0.50%)	(66.32)
6	ITC Infotech Limited	0.15%	87.67	0.11%	14.27	–	–	0.11%	14.27

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)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)
Foreign									
7	ITC Infotech (USA), Inc.	0.27%	160.88	0.20%	25.52	–	–	0.19%	25.52
8	Indivate Inc.	...	0.44	...	0.21	–	–	...	0.21
9	Surya Nepal Private Limited	0.48%	279.77	2.72%	348.35	(0.25%)	(0.82)	2.64%	347.53
Non-Controlling Interest in all subsidiaries		0.58%	343.47	1.90%	243.57	(0.17%)	(0.55)	1.85%	243.02
Associates									
Indian									
1	International Travel House Limited	0.15%	91.81	0.01%	0.95	(0.11%)	(0.34)	...	0.61
2	Gujarat Hotels Limited	0.03%	15.17	0.01%	1.75	–	–	0.01%	1.75
3	Russell Investments Limited	0.05%	31.12	0.01%	1.30	(1.29%)	(4.22)	(0.02%)	(2.92)
4	Divya Management Limited	0.01%	7.37	...	0.08	–	–	...	0.08
5	Antrang Finance Limited	0.01%	4.87	...	0.02	–	–	...	0.02
6	ATC Limited	0.01%	6.92	...	0.15	0.01%	0.05	...	0.20
Joint Ventures									
Indian									
1	ITC Essentra Limited	0.11%	65.59	0.12%	15.85	(0.01%)	(0.03)	0.12%	15.82
2	Maharaja Heritage Resorts Limited	–	–	–	–	–	–	–	–
3	Espirit Hotels Private Limited	0.08%	46.17	...	...	–	–	...	...
4	Logix Developers Private Limited	0.02%	10.10	(0.07%)	(8.40)	–	–	(0.06%)	(8.40)
Total		100.00%	59484.34	100.00%	12835.90	100.00%	326.40	100.00%	13162.30

Notes to the Consolidated Financial Statements

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

Note:

The above does not include ITC Global Holdings Pte. Limited, Singapore, which has been dissolved vide Order dated 10th July, 2018 of the High Court of the Republic of Singapore.

(x) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on 30th March, 2019:

- notifying Ind AS 116 – ‘Leases’ and
- amending Ind AS 12 – ‘Income Taxes’ and Ind AS 19 – ‘Employee Benefits’.

The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2019. The Group expects that there will be no material impact on the financial statements resulting from the implementation of these standards.

(xi) Impact of implementation of new standards/amendments:

- a) The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2018 applicable from the financial year 2018-19 in respect of Indian Accounting Standard – 20 on ‘Accounting for Government Grants and Disclosure of Government Assistance’. The Group has exercised the alternative available in the amendment of deducting the amount of Government grants from related assets as against setting up the grants as deferred income. The deferred income as on April 1, 2018 arising out of Government grants related to assets has, therefore, been adjusted against the carrying amount of such assets. The amounts so adjusted are not material (Also refer Note 19).
- b) Effective April 1, 2018 the Group adopted Ind AS – 115 ‘Revenue from Contracts with Customers’ using the cumulative catch-up transition method. There were no major contracts that were not completed as at the date of initial application of the Standard. The effect on adoption of the Standard was not material.
- c) Effective April 1, 2018 the Group has applied Appendix B to Ind AS – 21 ‘Foreign Currency Transactions and Advance Consideration’. This Appendix clarifies the date of transaction for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on application of this amendment was not material.

(xii) Information in respect of Options granted under the Company’s Employee Stock Option Schemes (‘Schemes’):

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders’ approval :	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes (Adjusted for Bonus Shares issued in terms of Shareholders approval)	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1.00 each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1.00 each
3.	Vesting Schedule :	The vesting period for conversion of Options is as follows: <ul style="list-style-type: none"> • 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 	
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 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 Regulations.	

Notes to the Consolidated Financial Statements

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

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
5.	Maximum term of Options granted	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 fair value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The total fair value cost for the financial year 2018-19 is ₹ 243.05 Crores (2018 - ₹ 398.76 Crores), out of which, ₹ 239.70 Crores (2018 - ₹ 393.41 Crores) relate to employee benefits expense, ₹ 1.61 Crores (2018 - ₹ 2.64 Crores) to property, plant and equipment and ₹ 1.74 Crores (2018 - ₹ 2.71 Crores) to group entities.	
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 ₹ 1.00 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 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.	
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 : ₹ 2764.50 Weighted average fair value per Option : ₹ 682.92	
11.	Option movements during the year		
	a) Options outstanding at the beginning of the year	10,97,522	4,22,08,570
	b) Options granted during the year	–	6,88,425
	c) Options cancelled and lapsed during the year	29,475	3,40,467
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	84,974	64,56,266
	e) Options exercised during the year	5,92,754	48,40,915
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	59,27,540	4,84,09,150
	g) Options outstanding at the end of the year	4,75,293	3,77,15,613
	h) Options exercisable at the end of the year	3,82,579	3,03,48,634
	i) Money realised by exercise of the Options during the year (₹ in Crores)	66.94	902.19

Notes to the Consolidated Financial Statements

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

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010	
12.	Summary of the status of Options			
	Particulars	As at 31st March, 2019		
		No. of Options	Weighted Average Exercise Prices (₹)	
			As at 31st March, 2018	
		No. of Options	Weighted Average Exercise Prices (₹)	
	Outstanding at the beginning of the year	4,33,06,092	2248.01	
	Add: Granted during the year	6,88,425	2764.50	
	Less: Lapsed during the year	3,69,942	2418.44	
	Less: Exercised during the year	54,33,669	1783.57	
	Outstanding at the end of the year	3,81,90,906	2321.75	
	Options exercisable at the end of the year	3,07,31,213	2217.40	
			4,31,55,908	
			2066.94	
			65,03,860	
			2884.88	
			6,62,492	
			2238.58	
			56,91,184	
			1603.88	
			4,33,06,092	
			2248.01	
			2,87,80,335	
			2082.54	
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, 2019 was ₹ 289.39 (2018 - ₹ 286.71).		
14.	Summary of Options outstanding, scheme-wise:			
	Particulars	As at 31st March, 2019		
		No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life
				As at 31st March, 2018
		No. of Options Outstanding	Range of Exercise Prices (₹)	Weighted average remaining contractual life
	ITC Employee Stock Option Scheme - 2006	4,75,293	1349.00 – 2885.50	2.98
	ITC Employee Stock Option Scheme - 2010	3,77,15,613	2023.50 – 2885.50	3.34
				10,97,522
				974.50 – 2885.50
				1.90
				4,22,08,570
				1349.00 – 2885.50
				3.30
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 : ₹ 2764.50 Weighted average fair value per Option : ₹ 682.92		
	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		7.46%
		(ii) Expected life		3.47 years
		(iii) Expected volatility		24.20%
		(iv) Expected dividends		1.86%
		(v) The price of the underlying shares in market at the time of Option grant		₹ 2764.50
		<i>(One Option = 10 Ordinary Shares)</i>		

Notes to the Consolidated Financial Statements

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

16.	Methodology for determination of expected volatility	:	The volatility used in the Black Scholes Option Pricing model is the annualised 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.
-----	--	---	--

Note: The ITC Employee Stock Option Scheme – 2001 is no longer operative consequent to grant and exercise of Options under the said Scheme having been completed.

(xiii) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	:	Details
1	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	:	ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan) Under the ITC ESAR Plan, the eligible employees receive cash on vesting of SAR units, equivalent to the difference between the grant price and the market price of the share on vesting subject to the terms and conditions specified in the Plan.
2	Settlement Method	:	Cash Settled
3	Vesting period and maximum term of SAR units granted	:	Over a period of five years from the date of grant in accordance with the Plan
4	Method used to estimate the fair value of SAR units granted	:	Black Scholes Option Pricing model. The said model considers inputs such as Risk-free interest rate, Expected life, Expected volatility, Expected dividend, Market Price etc. The number of SAR units outstanding at measurement date is 31,62,350 and the weighted average fair value at measurement date is ₹ 743.98 per SAR units.
5	Total cost recognised in the Statement of Profit and Loss	:	The employee compensation cost has been calculated using the fair value method of accounting for SAR units issued under the ITC ESAR Plan. The employee compensation cost as per fair value method for the financial year 2018-19 is ₹ 18.53 Crores (2018 - Nil) and ₹ 0.14 Crore (2018 - Nil) for group entities (Refer Note 24) and the amount carried as a non-current financial liability in the Balance Sheet is ₹ 18.67 Crores (2018 - Nil) (Refer Note 17).

(xiv) The financial statements were approved for issue by the Board of Directors on 13th May, 2019.

Notes to the Consolidated Financial Statements

29. Segment reporting

(₹ in Crores)

	2019			2018		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	22913.27	–	22913.27	24848.09	–	24848.09
FMCG - Others	12517.07	17.97	12535.04	11339.31	18.07	11357.38
FMCG - Total	35430.34	17.97	35448.31	36187.40	18.07	36205.47
Hotels	1728.15	18.59	1746.74	1480.02	14.65	1494.67
Agri Business	6075.30	3490.09	9565.39	4474.22	3680.82	8155.04
Paperboards, Paper and Packaging	4230.40	1629.76	5860.16	3695.41	1554.23	5249.64
Others	1884.24	82.38	1966.62	1525.46	76.97	1602.43
Segment Total	49348.43	5238.79	54587.22	47362.51	5344.74	52707.25
Eliminations			(5238.79)			(5344.74)
Gross Revenue from sale of products and services			49348.43			47362.51
2. Segment Results						
FMCG - Cigarettes			15411.77			14128.12
FMCG - Others			325.55			170.46
- Restructuring of Lifestyle Retailing Business (Refer Note 23)			70.47			–
FMCG - Total			15807.79			14298.58
Hotels			185.69			145.00
Agri Business			793.38			841.49
Paperboards, Paper and Packaging			1239.23			1042.16
Others			172.45			126.81
Segment Total			18198.54			16454.04
Eliminations			(13.80)			(93.60)
Consolidated Total			18184.74			16360.44
Unallocated corporate expenses net of unallocated income			1109.10			1020.29
Profit before interest etc. and taxation			17075.64			15340.15
Finance Costs			45.42			89.91
Interest earned on loans and deposits, income from current and non current investments, profit and loss on sale of investments etc. - Net			2107.90			1738.39
Share of net profit of associates & joint ventures			11.70			7.58
Exceptional items			–			412.90
Profit before tax			19149.82			17409.11
Tax expense			6313.92			5916.43
Profit for the year			12835.90			11492.68
3. Other Information						
		2019		2018		
	Segment Assets	Segment Liabilities*	Segment Assets	Segment Liabilities*		
FMCG - Cigarettes	8863.69	4888.65	8508.42	4756.35		
FMCG - Others	8224.57	2020.85	7760.11	1909.42		
FMCG - Total	17088.26	6909.50	16268.53	6665.77		
Hotels	7302.46	637.39	6564.68	619.34		
Agri Business	4191.18	785.36	3693.37	807.75		
Paperboards, Paper and Packaging	6960.54	755.48	6730.78	786.73		
Others	901.55	296.42	900.81	229.54		
Segment Total	36443.99	9384.15	34158.17	9109.13		
Unallocated Corporate Assets/Liabilities	35354.42	2929.92	30130.69	2335.15		
Total	71798.41	12314.07	64288.86	11444.28		

* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 123.48 Crores (2018 - ₹ 233.02 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)

	2019		2018	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	171.38	285.61	96.23	295.15
FMCG - Others	1324.87	383.81	835.85	301.97
FMCG - Total	1496.25	669.42	932.08	597.12
Hotels	936.48	199.70	918.64	174.98
Agri Business	54.10	72.36	92.90	68.04
Paperboards, Paper and Packaging	258.74	326.24	910.01	274.60
Others	22.09	24.43	16.25	25.68
Segment Total	2767.66	1292.15	2869.88	1140.42
Unallocated	316.36	104.46	327.65	95.86
Total	3084.02	1396.61	3197.53	1236.28

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	1.30	2.44
FMCG - Others	66.95	48.55
FMCG - Total	68.25	50.99
Hotels	15.96	6.89
Agri Business	1.23	2.33
Paperboards, Paper and Packaging	62.13	44.32
Others	11.56	4.89
Segment Total	159.13	109.42

GEOGRAPHICAL INFORMATION

	2019	2018
1. Revenue from external customers		
– Within India	42259.87	41175.15
– Outside India	7088.56	6187.36
Total	49348.43	47362.51
2. Non-Current Assets		
– Within India	24339.84	23341.21
– Outside India	1562.43	1245.68
Total	25902.27	24586.89

NOTES:

- The 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 Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.
- 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 etc.
- The Group companies have been included in segment classification as follows:

FMCG	: Cigarettes	— Surya Nepal Private Limited.
	: Others	— Surya Nepal Private Limited and North East Nutrients Private Limited.
Hotels		— Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited and WelcomHotels Lanka (Private) Limited.
Agri Business		— Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., Technico Asia Holdings Pty Limited and Technico Horticultural (Kunming) Co. Limited.
Others		— ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc. and Indivate Inc., Russell Credit Limited and its subsidiary Greenacre Holdings Limited, Wimco Limited, Pavan Poplar Limited, Prag Agro Farm Limited, ITC Investments & Holdings Limited and its subsidiary MRR Trading & Investment Company Limited, Landbase India Limited and Gold Flake Corporation Limited.
- The geographical information 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.
- As stock options and stock appreciation linked reward units are granted under ITC ESOS and ITC ESARP respectively to align the interests of employees with those of shareholders and also to attract and retain talent for the Group as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.
- The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures

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

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) Russell Investments Limited
- c) ATC Limited
- d) International Travel House Limited
 - being associates of the Group
- e) Tobacco Manufacturers (India) Limited, UK
 - of which the Company is an associate

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) ITC Essentra Limited

ii) a) Key Management Personnel (KMP):

Y. C. Deveshwar [#]	Chairman & Non-Executive Director
S. Puri [§]	Managing Director
N. Anand	Executive Director
B. Sumant	Executive Director (w.e.f. 16.11.2018)
R. Tandon	Executive Director & Chief Financial Officer
S. Banerjee*	Non-Executive Director
H. Bhargava	Non-Executive Director (w.e.f. 28.07.2018)
A. Duggal*	Non-Executive Director
S. B. Mainak	Non-Executive Director (upto 23.07.2018)
S. B. Mathur*	Non-Executive Director
J. Pulinthanam	Non-Executive Director (w.e.f. 16.05.2018)
N. Rao*	Non-Executive Director
S. S. H. Rehman*	Non-Executive Director
M. Shankar*	Non-Executive Director
D. R. Simpson	Non-Executive Director

[#] Passed away on 11.05.2019

[§] Managing Director since 16.05.2018, prior to which Mr. Puri was Chief Executive Officer & Executive Director. Also appointed as the Chairman of the Company with effect from 13.05.2019.

* Independent Directors

Members - Corporate Management Committee

- S. Puri
N. Anand
B. Sumant
R. Tandon
C. Dar
S. K. Singh
S. Sivakumar
R. Sridhar (upto 04.02.2019)
K. S. Suresh

Company Secretary

R. K. Singhi

b) Relatives of Key Management Personnel:

- Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
Mrs. R. Tandon (wife of Mr. R. Tandon)
Mrs. N. Singhi (wife of Mr. R. K. Singhi)

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) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- j) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- l) ITC Hotels Limited Employees Superannuation Scheme
- m) Greenacre Holdings Limited Provident Fund
- n) Greenacre Holdings Limited Gratuity Fund

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

2. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2019

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	1. Sale of Goods/ Services	3.56	3.48	41.97	17.97							45.53
2. Purchase of Goods/ Services	125.16	104.43	272.34	223.28							397.50	327.71
3. Value of share based payment												
— Reimbursement for Share Based Payments	1.47	1.94	0.41	0.77							1.88	2.71
4. Interest Income	—	0.07									—	0.07
5. Interest Paid	—	0.12									—	0.12
6. Rent Received	1.06	1.07									1.06	1.07
7. Rent Paid	4.36	3.88			0.21	0.25	0.80	0.75			5.37	4.88
8. Remuneration of Managers on Deputation reimbursed	5.35	5.25		1.33							5.35	5.25
9. Remuneration of Managers on Deputation recovered	5.62	4.82	1.16								6.78	6.15
10. Contribution to Employees' Benefit Plans									90.44	141.34	90.44	141.34
11. Dividend Income	2.27	2.27	2.70	2.03							4.97	4.30
12. Dividend Payments	1533.85	1414.71			1.61	1.10					1535.46	1415.81
13. Expenses Recovered	0.23	0.33	0.31	0.28	...	...					0.54	0.61
14. Expenses Reimbursed	0.24	0.36	0.01	0.92	0.05	0.03					0.30	1.31
15. Receipt towards Loan Repayment	—	1.40									—	1.40
16. Adjustment/ Payment towards Loan Repayment	—	18.00									—	18.00
17. Advances Given during the year	0.26	0.35									0.26	0.35
18. Adjustment/Receipt towards Refund of Advances	—	0.12									—	0.12
19. Deposits Received during the year	0.01	—						0.08			0.01	—
20. Deposits Given during the year											—	0.12
21. Transactions with Key Management Personnel ¹												
21A. — Short term benefits ²												
21B. — Other remuneration					44.09	45.05					44.09	45.05
21C. — Stock options granted ³					6.99	6.34					6.99	6.34
22. Outstanding Balances [#]												
i) Receivables	1.76	2.67	3.53	14.81							5.29	17.48
ii) Advances Given	0.49	0.23							59.51	87.73	60.00	87.96
iii) Deposits Given											0.48	0.48
iv) Deposits Taken	0.63	0.62					0.40	0.40			0.63	0.62
v) Payables	9.99	5.55	16.21	9.88							26.20	15.43
23. Impairment of investment in Joint Venture as at the year end			4.82	4.82							4.82	4.82

[#] The amounts outstanding are unsecured and will be settled in cash

¹ Post employment benefits are actuarially determined on overall basis and hence not separately provided.

² Includes ₹ 1.17 Crores (2018 - Nil) attributable to remuneration of a Director which is subject to approval by the Company in General Meeting.

³ During the year, the Group granted Stock Options to the Directors and KMP under its Employee Stock Option Schemes at 'market price' (within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014). Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration. However, the Group has recorded employee benefits expense by way of share based payments to employees, in accordance with Ind AS - 102, at ₹ 239.70 Crores for the year ended 31st March, 2019 (2018 - ₹ 393.41 Crores), out of which ₹ 43.73 Crores (2018 - ₹ 53.43 Crores) is attributable to Directors and KMP.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

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

RELATED PARTY TRANSACTIONS SUMMARY	2019	2018	RELATED PARTY TRANSACTIONS SUMMARY	2019	2018
1. Sale of Goods / Services			11. Dividend Income		
International Travel House Limited	3.45	3.36	Gujarat Hotels Limited	0.61	0.61
ITC Essentra Limited	41.97	17.36	International Travel House Limited	1.66	1.66
2. Purchase of Goods / Services			ITC Essentra Limited	2.70	2.03
International Travel House Limited	98.63	79.06	12. Dividend Payments		
ITC Essentra Limited	272.10	223.03	Tobacco Manufacturers (India) Limited, UK	1533.85	1414.71
3. Value of share based payment			13. Expenses Recovered		
<i>Reimbursement for Share Based Payments</i>			International Travel House Limited	0.23	0.33
Maharaja Heritage Resorts Limited	0.23	0.38	Maharaja Heritage Resorts Limited	0.31	0.27
International Travel House Limited	0.99	1.26	14. Expenses Reimbursed		
ITC Essentra Limited	0.18	0.39	Gujarat Hotels Limited	0.22	0.24
ATC Limited	0.48	0.68	ITC Essentra Limited	-	0.90
4. Interest Income			15. Receipt towards Loan Repayment		
ATC Limited	-	0.07	ATC Limited	-	1.40
5. Interest Paid			16. Adjustment/ Payment towards Loan Repayment		
Russell Investments Limited	-	0.12	Russell Investments Limited	-	18.00
6. Rent Received			17. Advances Given during the year		
International Travel House Limited	1.05	1.07	International Travel House Limited	0.26	0.35
7. Rent Paid			18. Adjustment/ Receipt towards Refund of Advances		
Gujarat Hotels Limited	4.36	3.88	International Travel House Limited	-	0.12
Mrs. B. Deveshwar	0.75	0.75	19. Deposit Received during the year		
8. Remuneration of Managers on Deputation reimbursed			International Travel House Limited	0.01	-
Gujarat Hotels Limited	5.35	5.15	20. Deposits Given during the year		
9. Remuneration of Managers on Deputation recovered			Mr. B. B. Chatterjee (KMP upto 03.02.2018)	-	0.03
International Travel House Limited	2.84	2.31	Mrs. B. Deveshwar	-	0.08
ATC Limited	2.19	1.98	21. Remuneration to Key Management Personnel*		
Maharaja Heritage Resorts Limited	0.61	0.84	21A Short term benefits	15.90	19.29
10. Contribution to Employees' Benefit Plans			Mr. Y. C. Deveshwar	6.16	6.09
IATC Provident Fund	30.03	26.73	Mr. S. Puri	-	-
ITC Defined Contribution Pension Fund	21.98	19.54			
ITC Pension Fund	20.79	60.50			
ITC Employees Gratuity Fund	10.00	10.00			

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	2019	2018
21B. Other Remuneration		
Mr. Y. C. Deveshwar	0.73	0.61
Mr. S. Banerjee	0.72	0.60
Mr. A. Duggal	0.73	0.60
Ms. M. Shankar	0.73	0.61
Mr. S. B. Mathur	0.73	0.61
Mr. S. S. H. Rehman	0.78	0.65
22. Outstanding Balances		
<i>i) Receivables</i>		
ATC Limited	1.15	1.22
Maharaja Heritage Resorts Limited	3.33	3.43
International Travel House Limited	0.60	1.45
ITC Essentra Limited	0.20	11.38
<i>ii) Advances Given</i>		
Employee Trust - Pension Funds	41.98	73.32
Employee Trust - Gratuity Funds	17.53	14.41
<i>iii) Deposits Given</i>		
Mr. Y. C. Deveshwar	0.05	0.05
Mrs. B. Deveshwar	0.38	0.38
<i>iv) Deposits Taken</i>		
International Travel House Limited	0.63	0.62
<i>v) Payables</i>		
International Travel House Limited	4.75	2.15
ITC Essentra Limited	16.21	9.88
Gujarat Hotels Limited	2.09	1.83
ATC Limited	3.16	1.57
23. Impairment of investment in Joint Venture as at the year end		
Logix Developers Private Limited	4.82	4.82

* In accordance with Ind AS - 102, the Group has recognised employee benefits expense by way of share based payments (refer Note 30.2), of which ₹ 43.73 Crores (2018 - ₹ 53.43 Crores) is attributable to Key Management Personnel: Mr. Y. C. Deveshwar ₹ 0.51 Crore (2018 - ₹ 0.25 Crore), Mr. S. Puri ₹ 11.84 Crores (2018 - ₹ 10.69 Crores), Mr. N. Anand ₹ 5.62 Crores (2018 - ₹ 10.88 Crores), Mr. R. Tandon ₹ 6.50 Crores (2018 - ₹ 5.83 Crores), Mr. B. Sumant ₹ 2.68 Crores (2018 - ₹ 3.14 Crores) and Mr. R. K. Singhi ₹ 1.06 Crores (2018 - ₹ 0.18 Crore).

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures

A. Capital Management

The Group's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Group funds its operations through internal accrual and aims at maintaining a strong capital base to support the future growth of its businesses.

During the year, the Group issued 5,43,36,690 equity shares of ₹ 1.00 each amounting to ₹ 5.43 Crores (2018 - ₹ 5.69 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 8493.93 Crores as at 31st March, 2019 (2018 - ₹ 7415.58 Crores).

B. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	13	317.81	317.81	153.07	153.07
ii) Other bank balances	14	3834.22	3834.22	2746.53	2746.53
iii) Investment in Bonds/ Debentures & Government or Trust Securities	4, 11	10675.71	10689.21	8553.18	8566.02
iv) Loans	5	15.09	13.24	15.53	12.81
v) Trade receivables	12	4035.28	4035.28	2682.29	2682.29
vi) Other financial assets	6	3861.34	3834.81	3088.12	3058.45
Sub-total		22739.45	22724.57	17238.72	17219.17
b) Measured at Fair value through OCI					
i) Equity shares	4	1986.71	1986.71	1588.99	1588.99
Sub-total		1986.71	1986.71	1588.99	1588.99
c) Measured at Fair value through Profit or Loss					
i) Investment in Mutual Funds	4, 11	9673.84	9673.84	7540.13	7540.13
ii) Investment in Bonds/ Debentures, Certificate of Deposits, Preference Shares	11	2416.32	2416.32	4086.13	4086.13
iii) Investments in Alternative Investment Fund	4	11.79	11.79	7.50	7.50
Sub-total		12101.95	12101.95	11633.76	11633.76
d) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	6	5.69	5.69	0.87	0.87
ii) Derivative instruments designated as hedging instruments	6	17.82	17.82	11.23	11.23
Sub-total		23.51	23.51	12.10	12.10
Total financial assets		36851.62	36836.74	30473.57	30454.02

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
B. Financial liabilities					
a) Measured at amortised cost					
i) Cash credit facilities & loans	16,17,20	2.31	2.28	17.93	17.90
ii) Sales tax deferment loans	16,17	11.13	7.87	17.99	14.25
iii) Trade payables		3509.58	3509.58	3496.18	3496.18
iv) Other financial liabilities	17	1236.29	1224.19	1050.74	1046.37
Sub-total		4759.31	4743.92	4582.84	4574.70
b) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	17	1.90	1.90	1.39	1.39
ii) Derivative instruments designated as hedging instruments	17	18.95	18.95	2.46	2.46
Sub-total		20.85	20.85	3.85	3.85
Total financial liabilities		4780.16	4764.77	4586.69	4578.55

C. Financial risk management objectives

Entities comprising the Group have put in place risk management systems as applicable to the respective operations. The following explains the objectives and processes of the Company, being the largest component of the Group: The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

Liquidity Risk

The Group's Current assets aggregate ₹ 31747.27 Crores (2018 - ₹ 26393.62 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 17499.53 Crores (2018 - ₹ 13468.67 Crores) against an aggregate Current liability of ₹ 10011.99 Crores (2018 - ₹ 9250.15 Crores); Non-current liabilities due between one year to three years amounting to ₹ 19.26 Crores (2018 - ₹ 71.86 Crores) and Non-current liability due after three years amounting to ₹ 62.30 Crores (2018 - ₹ 7.43 Crores) on the reporting date.

Further, while the Group's total equity stands at ₹ 59484.34 Crores (2018 - ₹ 52844.58 Crores), it has non-current borrowings of ₹ 8.15 Crores (2018 - ₹ 11.50 Crores). In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its obligations as they become due does not exist.

Market Risks

The Group is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through other comprehensive income. The value of investments in such equity instruments as at 31st March, 2019 is ₹ 1986.71 Crores (2018 - ₹ 1588.99 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Group is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

The Group's investments are predominantly held in bonds/debentures, fixed deposits and debt mutual funds. Mark to market

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

movements in respect of the Group's investments in bonds/debentures that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Group also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Group has invested, such price risk is not significant.

For select agricultural commodities primarily held for trading, futures contracts are used to hedge price risks till positions in the physical market are matched. The carrying value of inventories is adjusted to the extent of fair value movement of the risk being hedged. Such hedges are generally for short time horizons and recognised in profit or loss within the crop cycle and are managed by the business within the approved policy framework. Accordingly, the Group's net exposure to commodity price risk is considered to be insignificant.

Foreign currency risk

The Group undertakes transactions denominated in foreign currency (mainly US Dollar, Pound Sterling, Euro and Japanese Yen) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, including the Group's net investments in foreign operations (with a functional currency other than Indian Rupee), are also subject to reinstatement risks.

The carrying amounts of foreign currency denominated financial assets and liabilities including derivative contracts, are as follows:

(₹ in Crores)

As at 31st March, 2019	USD	Euro	GBP	JPY	Others	Total
Financial Assets	827.70	49.47	138.87	0.21	62.43	1078.68
Financial Liabilities	150.74	39.97	56.98	10.90	8.78	267.37
As at 31st March, 2018	USD	Euro	GBP	JPY	Others	Total
Financial Assets	617.16	54.14	129.40	1.32	58.07	860.09
Financial Liabilities	96.86	56.60	37.69	14.45	85.12	290.72

The Group uses forward exchange contracts and currency options to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions. Accordingly,

- a. Forward exchange contracts that were outstanding on respective reporting dates:

(in Million)

Designated under Hedge Accounting		As at 31st March, 2019		As at 31st March, 2018	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	53.98	88.45	43.08	99.53
Euro	US Dollar	21.51	–	18.21	–
AUD	US Dollar	0.16	–	2.76	–
CHF	US Dollar	0.09	–	–	–
GBP	US Dollar	0.15	–	0.65	–
SEK	US Dollar	13.64	–	–	–
SGD	US Dollar	0.04	–	0.04	–
JPY	US Dollar	2220.96	–	437.90	–

The aforesaid hedges have a maturity of less than 1 year from the year end.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(in Million)

Not designated under Hedge Accounting		As at 31st March, 2019		As at 31st March, 2018	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	10.65	62.40	0.06	45.74
Euro	US Dollar	5.87	1.54	5.21	2.30
AUD	US Dollar	0.10	–	–	–
CAD	US Dollar	–	0.74	–	1.08
SGD	US Dollar	–	–	0.03	–
CHF	US Dollar	0.55	–	0.53	–
GBP	US Dollar	–	8.49	–	4.85
SEK	US Dollar	1.09	–	2.11	–
JPY	US Dollar	236.84	–	634.74	–
ZAR	US Dollar	–	13.00	–	15.50
USD	Nepalese Rupee	0.99	–	0.68	–
Euro	Nepalese Rupee	–	–	0.11	–
GBP	Nepalese Rupee	–	–	0.01	–

b. Currency options that were outstanding on respective reporting dates (Designated under Hedge Accounting):

(in Million)

Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	–	3.00	–	–

Hedges of foreign currency risk and derivative financial instruments

Each entity comprising the Group manages its own currency risk. Within the Group, derivative instruments are largely entered into by the Company. The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant. The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss.

The Company may also designate certain hedges, usually for large transactions, as a cash flow hedge under hedge accounting, with the objective of shielding the exposure from variability in cash flows. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

(₹ in Crores)

Particulars	2019	2018
At the beginning of the year	6.73	(10.73)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	(48.46)	26.64
Add: Changes in fair value of effective portion of outstanding cash flow hedges	(5.37)	8.21
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	(32.97)	43.49
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	(0.66)	(0.24)
Less: Amounts transferred to initial cost of non-financial assets	2.90	(35.17)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on ineffectiveness	–	–
(Less)/Add: Deferred tax	8.07	(9.31)
At the end of the year	(8.30)	6.73
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	(5.36)	1.06

Once the hedged transaction materialises, the amount accumulated in the cash flow hedging reserve will be included in the initial cost of the non-financial hedged item on its initial recognition or reclassified to profit or loss, as applicable, in the anticipated timeframes given below:

(₹ in Crores)

Outstanding balance in Cash Flow Hedge Reserve to be subsequently recycled from OCI	As at 31st March, 2019	As at 31st March, 2018
Within one year	(4.46)	6.19
Between one and three years	(3.84)	0.54
Total	(8.30)	6.73

Foreign Currency Sensitivity

For every percentage point change in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, including derivative contracts, holding all other variables constant, the profit before tax for the year ended 31st March, 2019 would change by ₹ 4.16 Crores (2018 - ₹ 1.97 Crores) and pre-tax total equity as at 31st March, 2019 would change by ₹ 2.72 Crores (2018 - ₹ 0.03 Crore).

Credit Risk

Each entity comprising the Group manages its own credit risk. The following explains the processes followed by the Company, being the largest component of the Group, to manage its credit risk: Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and companies; bonds issued by Government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Group's investments that are held at amortised cost stood at ₹ 17309.62 Crores (2018 - ₹ 13458.47 Crores).

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

The Group's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 4035.28 Crores (2018 - ₹ 2682.29 Crores).

The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Group are as under:

(₹ in Crores)

Particulars	Expected Loss Provision	
	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	146.06	129.77
Add: Provisions made (net)	35.36	33.18
Less: Utilisation for impairment/de-recognition	10.50	16.44
Effects of foreign exchange fluctuation	0.12	(0.45)
Closing Balance	171.04	146.06

D. Fair value measurement

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2019	As at 31st March, 2018
A. Financial assets			
a) Measured at amortised cost			
i) Investment in Bonds/Debentures & Government or Trust Securities	2	10689.21	8566.02
ii) Loans*	3	6.49	6.97
iii) Other Financial assets*	3	2358.64	1717.71
Sub-total		13054.34	10290.70
b) Measured at Fair value through OCI			
i) Equity shares - Quoted	1	1958.81	1561.09
Sub-total		1958.81	1561.09
c) Measured at Fair value through Profit or Loss			
i) Investment in Mutual Funds	1	9673.84	7540.13
ii) Investment in Bonds/ Debentures, Certificate of Deposits, Preference Shares	2	2416.32	4086.13
iii) Investments in Alternative Investment Fund	2	11.79	7.50
Sub-total		12101.95	11633.76
d) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	5.69	0.87
ii) Derivative instruments designated as hedging instruments	2	17.82	11.23
Sub-total		23.51	12.10
Total financial assets		27138.61	23497.65

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31st March, 2019	As at 31st March, 2018
B. Financial liabilities			
a) Measured at amortised cost			
i) Sales tax deferment loans*	3	4.63	7.39
ii) Other Financial liabilities*	3	61.31	63.42
iii) Loans*	3	0.23	0.34
Sub-total		66.17	71.15
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	1.90	1.39
ii) Derivative instruments designated as hedging instruments	2	18.95	2.46
Sub-total		20.85	3.85
Total financial liabilities		87.02	75.00

*Represents Fair value of Non-current Financial Instruments

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as best estimate of fair value and has been excluded in the fair value measurement disclosed above.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

On behalf of the Board

S. PURI	<i>Chairman & Managing Director</i>
R. TANDON	<i>Director & Chief Financial Officer</i>
R. K. SINGHI	<i>Company Secretary</i>

Independent Auditor's Report to the Members of ITC Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **ITC Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit/loss in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at 31st March 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of subsidiaries, associates and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and

their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Revenue Recognition</p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Group performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Group. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Consolidated Financial Statements - Significant Accounting Policies.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof. Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. Evaluating the design and implementation of Group's controls in respect of revenue recognition. Testing the effectiveness of such controls over revenue cut off at year-end. Testing the supporting documentation for sales transactions recorded during the period closer to the

Independent Auditor's Report

Sr. No.	Key Audit Matter	Auditor's Response
		<p>year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.</p> <ul style="list-style-type: none"> Performing analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and testing.
2.	<p>Litigations - Contingencies</p> <p>The Group has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Group not acknowledged as debts are disclosed in the Consolidated Financial Statements by the Group after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 28(iv)(a) to the Consolidated Financial Statements.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the design and implementation of the Group's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings are reviewed, to confirm the operating effectiveness of these controls. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. Additionally, considering the effect of new information in respect of contingencies as at 1st April, 2018 to evaluate whether any change was required in the management's position on these contingencies as at 31st March, 2019.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Report on Corporate Governance, Shareholder information and Report of the Board of Directors & Management Discussion and Analysis, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, joint ventures and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially

inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, joint ventures and associates, is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated

financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its Associates and Joint Ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included

Independent Auditor's Report

in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of ten subsidiaries, whose financial statements reflect total assets of ₹ 1612.66 Crores as at 31st March, 2019, total revenues of ₹ 662.41 Crores and net cash inflows amounting to ₹ 36.69 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 ₹ 3.28 Crores for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of five associates and one joint venture, 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, joint ventures and associates, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.

(b) Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements above 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries, associates and joint ventures referred to in the Other Matters section above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other

Independent Auditor's Report

Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement and dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2019 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies, associate companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the

remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act. In respect of one director, aggregate remuneration of ₹ 1.17 Crores paid/provided during the year, is subject to the approval of the Members at the forthcoming Annual General Meeting.

- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures in accordance with the generally accepted accounting practice – also refer Note 28(iv)(a) to the consolidated financial statements.
- ii) The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

P. R. Ramesh
Partner

Gurugram,
13th May, 2019

(Membership No. 70928)

Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of ITC Limited 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, 2019, we have audited the internal financial controls over financial reporting of ITC Limited (hereinafter referred to as "the Parent") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Parent, its subsidiary companies, its associate companies and joint ventures, 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 internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, 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 venture, 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 internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India.

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.

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 and based on the consideration of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and joint ventures, 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, 2019, based on the criteria for internal financial control over financial reporting 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 four subsidiary companies, five associate companies and one joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Gurugram
13th May, 2019

P. R. Ramesh
Partner
(Membership No. 70928)

Ten Years at a Glance

Standalone Operating Results 2010 - 2019

(₹ in Crores)

Year ended 31st March	2010	2011	2012	2013	2014	2015	2016 [§]	2017 [§]	2018 [§]	2019 [§]
Gross Sales Value (net of rebates & discounts) #	28866	33918	39353	47755	53889	57799	60196	64174	67082	75309
Gross Revenue from sale of products & services #	26260	30528	34872	41810	46713	49965	51582	55002	43957	45221
Total Income #	26814	31399	36046	43044	48176	51932	53714	57434	46460	48269
PBDIT	6689	7993	9674	11566	13562	15017	15484	16564	17671	19790
Depreciation & amortization	609	656	699	795	900	962	1001	1038	1145	1312
PBIT	6080	7337	8975	10771	12662	14055	14483	15526	16526	18478
PBT	6015	7268	8898	10684	12659	13998	14434	15503	16439	18444
Exceptional Items									413	
PBT after Exceptional items	6015	7268	8898	10684	12659	13998	14434	15503	16852	18444
Tax	1954	2280	2736	3266	3874	4390	5106	5302	5628	5980
PAT	4061	4988	6162	7418	8785	9608	9328	10201	11223	12464
Proposed Dividends *	4453	4002	4089	4853	5583	6030	8233	6945	7577	8498
- Ordinary Dividend	2004	2518	4089	4853	5583	6030	6296	6945	7577	8498
- Special Dividend	2449	1484					1937			
Earnings Per Share **										
Actual (₹)	10.64	6.45	7.88	9.39	11.05	11.99	11.59	8.40	9.20	10.17
Adjusted (₹) @	3.55	4.30	5.25	6.26	7.36	7.99	7.73	8.40	9.20	10.17
Dividend Per Share **										
Actual - Ordinary (₹)	4.50	2.80	4.50	5.25	6.00	6.25	6.50	4.75	5.15	5.75
Actual - Special (₹)	5.50	1.65					2.00			
Adjusted - Ordinary (₹) @	1.50	1.87	3.00	3.50	4.00	4.17	4.33	4.75	5.15	5.75
Adjusted - Special (₹) @	1.83	1.10					1.33			

§ 2016 to 2019 as per Indian Accounting Standards (Ind AS); previous GAAP for earlier years

Gross Sales Value (net of rebates & discounts) has been provided to facilitate comparison as the figures of Gross Revenue from sale of products & services and Total Income are not comparable consequent to the introduction of Goods & Services Tax with effect from 1st July 2017, which replaced Central Excise (other than National Calamity Contingent Duty on cigarettes), Value Added Tax etc.

* Including Dividend Distribution Tax.

** Based on number of shares outstanding at the year end; reflects the impact of Corporate Actions.

@ To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011 and 1:2 Bonus Issue in 2017.

Standalone Equity, Liabilities and Assets 2010 - 2019

(₹ in Crores)

As at 31st March	2010	2011	2012	2013	2014	2015	2016 [§]	2017 [§]	2018 [§]	2019 [§]
Equity										
Share capital	382	774	782	790	795	802	805	1215	1220	1226
Other equity	13682	15179	18010	21498	25467	29934	40851	44126	50180	56724
Shareholders' funds (Net Worth)	14064	15953	18792	22288	26262	30736	41656	45341	51400	57950
Non-current liabilities										
Borrowings	92	87	77	66	51	39	26	18	11	8
Deferred tax liabilities (Net)	785	802	873	1204	1297	1632	1867	1872	1918	2044
Non-current liabilities (others)	45	115	120	129	115	108	127	155	195	174
Current liabilities										
Borrowings		2	2				4			
Proposed dividend (including tax)	4453	4002	4089	4853	5583	6030				
Current liabilities (others)	3566	4473	5035	5477	5921	5651	6351	6830	8857	9622
Total Equity and Liabilities	23005	25434	28988	34017	39229	44196	50031	54216	62381	69798
Non-current assets										
Property, plant and equipment and Intangible assets (including capital work-in-progress and intangible assets under development)	9152	9678	11376	12697	14309	16293	16430	18417	20592	21888
Non-current investments	1357	1563	1953	2001	2512	2442	6853	8486	13494	14071
Non-current assets (others)	882	1146	1196	1728	1480	1506	3515	2776	3792	4269
Current assets										
Current investments	4370	3991	4363	5059	6311	5964	6471	10100	9903	12507
Cash and cash equivalents and Other bank balances	1126	2243	2819	3615	3289	7589	5639	2747	2595	3769
Current assets (others)	6118	6813	7281	8917	11328	10402	11123	11690	12005	13294
Total Assets	23005	25434	28988	34017	39229	44196	50031	54216	62381	69798
Net Worth Per Share (₹) *	12.28	13.74	16.02	18.80	22.01	25.56	34.51	37.33	42.12	47.27

§ 2016 to 2019 as per Ind AS; previous GAAP for earlier years

* To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011 and 1:2 Bonus Issue in 2017.

Equity includes impact of :

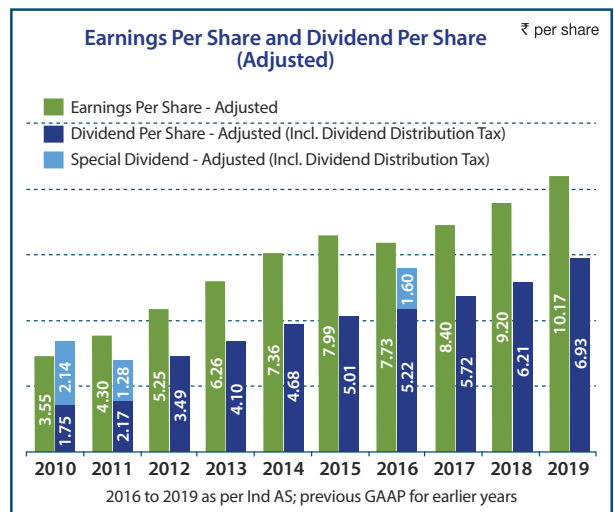
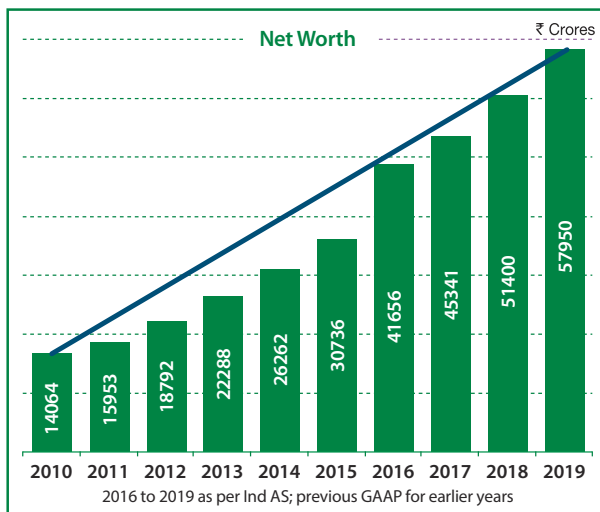
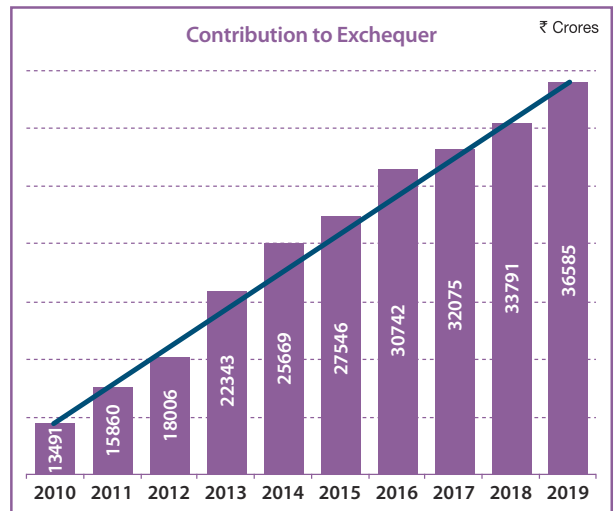
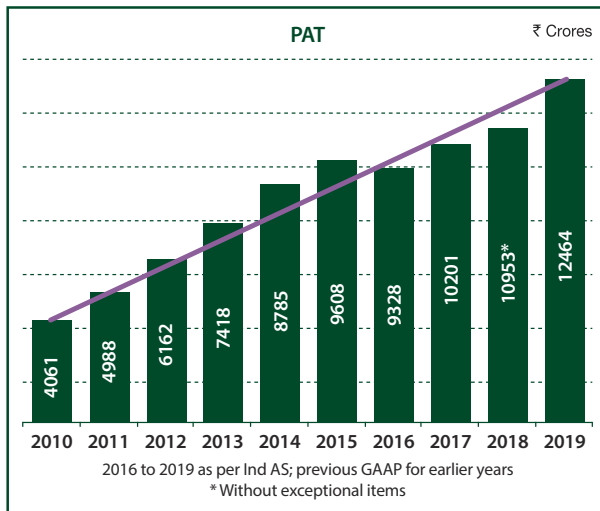
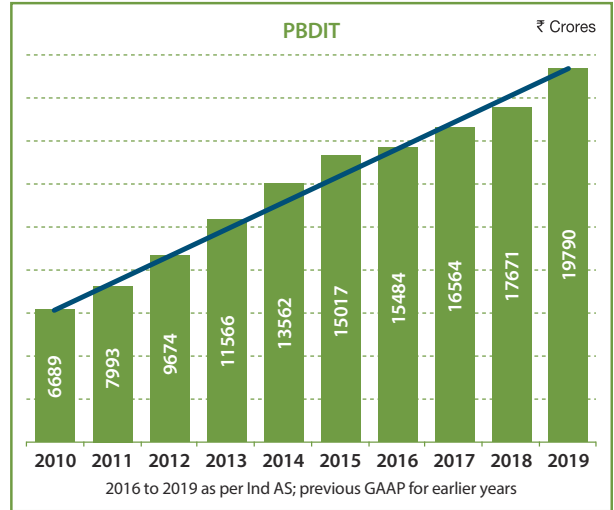
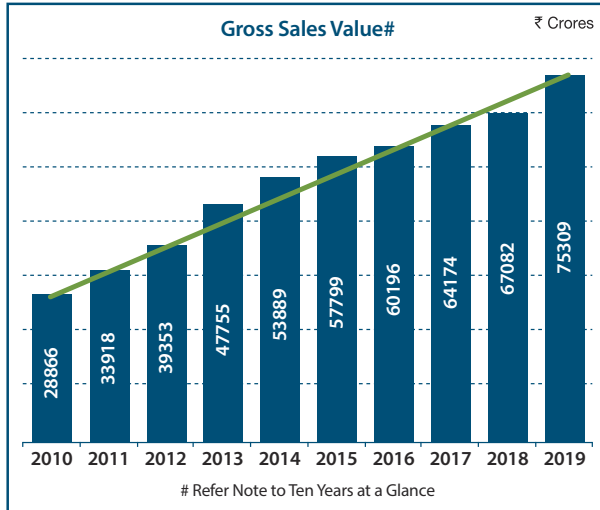
2011 - 1:1 Bonus Issue (₹ 383 Crores) and 2017 - 1:2 Bonus Issue (₹ 403 Crores).

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 2010 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.

Note 1 : EPS and DPS have been adjusted for impact of Corporate Actions to facilitate like to like comparison.



Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2019, 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) Standards and an Integrated Report, based on the International <IR> Framework developed by the International Integrated Reporting Council (IIRC).

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.

General Information

1.	Corporate Identity Number (CIN) of the Company:	L16005WB1910PLC001985
2.	Name of the Company:	ITC Limited
3.	Address of the Registered Office:	Virginia House, 37 Jawahar Lal Nehru Road, Kolkata 700 071
4.	Website:	www.itcportal.com
5.	E-mail ID:	endingvalue@itc.in
6.	Financial Year reported:	2018-19
7.	Key products / services:	
	Businesses	Products / Services
	FMCG:	Branded Packaged Foods Businesses (Staples; Snacks and Meals; Dairy and Beverages; Confections); Personal Care Products; Education and Stationery Products; Safety Matches and Agarbattis; Apparel; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering.
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging including flexibles.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities 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:	The Company's products and services are available nationally and several products are exported.
10.	Subsidiary companies and their BR initiatives:	The Company has 24 subsidiaries, including 9 subsidiaries outside India. The subsidiary companies define their own initiatives based on their specific context and have access to information and expertise residing with the parent company.

Financial Details

1.	Paid up Capital (As on 31.03.2019):	₹ 1,225.86 crores
2.	Gross Sales Value [^]	₹ 75,309.36 crores
3.	Total profit after taxes:	₹ 12,464.32 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹ 306.95 crores
	As percentage of Profit after taxes:	2.46%

[^] Gross Sales Value includes GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable. Also refer to Notes to the Statement of Profit and Loss.

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 Eradication of 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 Livelihood Promotion
(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.	Environment Sustainability, Soil & Moisture Conservation and Social Forestry
(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 driven by the belief that organisations need to serve a larger societal purpose keeping national priorities in focus. The 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. The Triple Bottom Line approach is driven by 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. Concerted efforts, 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. The broad based execution of this strategy has helped build a responsible business ecosystem, that from an environmental resource perspective, seeks to replenish more than what it consumes.

The Company's pioneering work in empowering rural India is a global exemplar and it has also spearheaded several initiatives towards achieving 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 its operations. ITC is the only company of comparable dimensions in the world to be carbon positive for 14 years, water positive for 17 years and solid waste recycling positive for 12 years. The Company's commitment to environmental stewardship is also reflected in its premium luxury hotels being LEED® Platinum Certified. ITC is also a pioneer in the Green Building movement in India with 24 Platinum-rated Green Buildings. Despite addition of several Integrated Consumer Goods Manufacturing and Logistics (ICMLs) facilities and Hotels during the year, about 41% of total energy requirements were met from renewable energy sources such as biomass, wind and solar.

Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility

Reporting (BRR) framework. The context of the BRR 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 15 years, the Company has been publishing Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2018 was prepared meeting the criteria of "In Accordance – Comprehensive" level of the Global Reporting Initiative (GRI) Standards and was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 16th Sustainability Report covering the sustainability performance of the Company for the financial year ended 31st March 2019 and prepared in accordance with the GRI Standards, will be available shortly. In addition, the Report and Accounts 2019 of the Company provides a review of the Company's Triple Bottom Line performance.





Business Responsibility Report (BRR) Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BRR	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 Wellbeing	VIII	√
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	XI	√
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	XII	√
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	√



Core Values and Policies & Guidelines

ITC's Core Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders. ITC's Core Values encompass the principles of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation. Please check the following link for details:

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb2>

Corporate Governance at ITC

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb4>

ITC Code of Conduct and Policies are available on the Company's corporate website www.itcportal.com. Please check the following links for details:

ITC's Code of Conduct

<https://www.itcportal.com/about-itc/values/index.aspx#sectionb5>

ITC's Sustainability Policies

<https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx>

ITC's CSR Policy

<https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

ITC's Food Products Policy

<https://www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx>

ITC's E-Waste Policy

<https://www.itcportal.com/about-itc/policies/itc-it-e-waste-policy.aspx>



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 & accountability and control. 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. For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in business strategies and execution plans.

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 Chief Executive assisted by the Divisional Management Committee

Reference to Division includes Strategic Business Unit, Business Vertical and Shared Services.

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 (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 the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

For more details on ITC's governance structure, please refer to the 'Report on Corporate Governance', forming part of 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 & monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company.

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 Company Secretary is the Secretary to 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 (CMC), presently comprises seven senior members of management, with its Chairman being a member of the CMC. 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 CMC.

During the year, two meetings of the SCRC were held to review the sustainability performance of the Company.



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 agri sourcing, culinary insights, packaging excellence 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' provide further details on the Company's approach in this respect. The Company has embedded 'Distance to Market' as a key business metric in order to encourage a sustainable manufacturing foot print.

Some of these elements are discussed briefly below:

Maximising Resource Efficiency

The Company has been continuously improving its 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 reduce environmental impact 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 Paperboards and Specialty Papers Division (PSPD), which is the most resource-intensive. Continuous improvements in energy and water usage have made PSPD the most efficient in the sector. Similarly, the Company's Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® certification at





the highest Platinum level for its premium luxury hotels. Several of the Company's factories and office complexes have received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from US Green Building Council (USGBC) 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 towards ensuring sustainable consumption of energy, water and other resources in its businesses. The Company is an acknowledged leader in low-carbon operations as well as in resource usage efficiency which has been achieved by continuously reducing specific energy consumption, investing in additional renewable energy sources, afforestation and recycling internal and post-consumer waste. In 2018-19, the specific water intake (water withdrawn per unit of paper) at Bhadrachalam, which is the largest manufacturing unit of the Company's Paperboards and Specialty Papers Division, was 38% better than 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 of energy and water usage. The LEED® Platinum certification for the luxury hotels of the Company makes 'ITC Hotels' a trailblazer in green hoteliering.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste. Performance monitoring of each unit is carried out at regular intervals.

Beyond Boundaries

Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under 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 HACCP (Hazard Analysis and Critical Control Point) certified and continue to focus on 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. For example, factories are located to optimise logistics. Besides this, ITC has made significant investments in implementing integrated soil and moisture conservation programme in catchment areas of locations from where the wheat is sourced to ensure



sustained water availability to the farmers. The Policy on 'Responsible Sourcing' encourages resource efficiency in the supply chain, together with the 'Code of Conduct for Vendors and Service Providers', which provides guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India is 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 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. Though the Company stands as a willing buyer, the farmers are free to transact at will and sell to whoever they choose.



Principle 3: Employee Well-being

A critical element in the architecture of ITC's Work Systems and Business deliveries is Employee Well-being. Being one of the core components of the Company's philosophy, the same reflects in ITC's approach towards health and safety of employees at the work place. The Company's systems and processes are designed to enhance employee capability, engagement, vitality and well-being to ensure that employees add superior value – value that help Businesses stay competitive and simultaneously work towards enabling the Company to achieve its ambitious growth plans.

The Company focuses on creating a stimulating work environment supported by a caring and compassionate work ethos to enable employees to thrive and deliver winning performance. The Company's efforts consistently aim to positively influence all aspects of an employee's life – physical, mental and emotional. Specific elements of the Company's work practices and culture are directed by the management approach articulated in Board-approved Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', amongst others. Beyond every framework, enabler or outcome, the

success of employee centric policies across Businesses can be attributed to ITC's relational contract. It is unique to ITC and has served us well in terms of continuing to motivate employees to bring their best to work everyday while remaining engaged and committed to ITC's growth aspirations.

As a result of ITC's unique employee centric policies, ITC was ranked amongst the top 8 most preferred employers in 'Campustrack', an employer branding survey carried out by Nielsen amongst MBA students from leading Indian institutes, from where ITC recruits Assistants Under Training (AUTs).

ITC's full-time employees receive benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, maternity leave for women employees and retirement benefits, among others. As part of our commitment to prevent occupational diseases and accidents, the Company enhances awareness, ensures good ergonomics and safe practices at all ITC workspaces. Most of ITC units have a wellness centre and resident doctor. Regular

sports and recreational activities are organised at all units to promote physical wellness among employees and their families.

Diversity and Equal Opportunity

ITC believes that diversity at workplace creates an environment conducive to engagement, alignment, innovation and high performance. The same is reflected in the Diversity and Equal Opportunity Policy that ensures diversity and non-discrimination across the Company. In FY 2018-19, the Company employed 27,475 number of employees, out of which 2764 were female employees. The Policy provides for diversity and equal opportunities to all employees across the Company, based on merit and ability. It also ensures a work environment that is free from any form of discrimination among employees 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. The policy has been communicated to all employees appropriately. In line with our ethos of being an equal opportunity employer, ITC continues to employ differently abled employees in its Hotels Division. It continues to create awareness in this area through comprehensive systems and processes to guide industry action. Last year, ITC employed 68 differently abled employees across Divisions.

A Grievance Redressal Procedure which intends to facilitate open and structured discussions is instituted at all units and locations to ensure that grievances related to labour practices and human rights are addressed and resolved in a fair and just manner. We have received 288 number of grievances, out of which 201 have been resolved and the rest are in progress. In FY 2018-19, there were no cases of discriminatory employment.

Enabling a Gender Friendly Workplace

As a good corporate citizen, ITC is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent, stop and redress sexual harassment at the workplace and institute good employment practices. Processes and mechanisms are instituted to ensure that issues such as sexual harassment at work place, if any, are effectively addressed. ITC maintains an open door for reporters, encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct. Internal Complaints Committees have been constituted, in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and

Redressal) Act, 2013, in all ITC units to enquire into complaints and recommend appropriate action, wherever required. ITC demands, demonstrates and promotes professional behaviour and respectful treatment of all employees. To sensitise employees and enhance awareness, it is ensured that all employees undergo training through a specially designed module on prevention of sexual harassment at work place. During the year, 5 complaints of sexual harassment were received out of which 3 have been resolved and 2 are in the process of resolution.

Good Labour Practices

10 Board-approved Sustainability Policies continue to guide the Company's strong commitment to good labour practices across its business operations. No person below the age of 18 years is employed by ITC. Forced or compulsory labour is prohibited in all units. ITC does not engage vendors and suppliers who resort to using child and/or forced labour. In 2018-19, approximately 22,700 employees from 1542 service providers were engaged across ITC. All service providers have signed ITC's Code of Conduct for Vendors and Service Providers, which details labour practices expected of them. The Company had no cases of child or forced labour in 2018-19.

The Company believes in Freedom of Association and in its policy outlines the intent to respect the dignity of individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management. The said policy ensures that employees are not discriminated against when exercising this freedom in a manner, which is lawful and consistent with ITC's core values. During the year, 10,647 employees of the Company were members of unions. There were no cases of violation of norms related to Freedom of Association in this year.

Employee Engagement

All ITC Businesses conducted an employee engagement survey to assess the work place sentiment and views of the employees in January 2018 and the actions were implemented in FY 2018-19. As part of this survey, employees were encouraged to share their views on various aspects of their experience of working in the Organisation. In this survey, 92% of ITC employees said that they were proud to work for ITC- a score that is amongst the highest globally. At ITC, employees are closely involved in the process of change management and enhancing workplace engagement. Consequently, through a process of focussed group discussions, action plans as relevant to each unit, function and business were identified. Several of the

initiatives identified are a result of employee suggestions and discussions with their managers.

Recognition plays an important role in encouraging employees to make discretionary contributions. Various platforms and forums are available internally to acknowledge exceptional performance and desired behaviors. These serve as strong endorsements of high performance and encourage others to make similar contributions. Business Units conduct various engagement initiatives on a regular basis to promote alignment, involvement and belongingness of employees. This year special impetus was given to communication about key milestones, business plans and various other business related developments. Such communication was carried out by leadership teams in each Business through 'Town Hall' meetings, internal journals and e-enabled platforms. ITC launched two engagement platforms for employees this year, 'StudioOne', which created an avenue for employees to interact with leaders on various issues including ITC's vision, strategy, milestones and expectations, and 'BeOne', which provided an opportunity to share and promote success stories in different divisions, enabling sharing of good practices. The Managing Director also addressed the first-ever StudioOne Townhall and interacted with employees on a range of issues. To enhance the salience of ITC's products, services and share milestone events through a digital platform, the mobile enabled application IRIS was launched. Through IRIS, employees and stakeholders may share content related to ITC across their social media platforms, thus creating a sense of pride in ITC brands, services and initiatives.

Recreational events involving family members of managers, sports meets, and scholarships to meritorious children of employees continue to be conducted throughout the year.

Enabling Employee Well-being

In our endeavour to create awareness and guide employees to a healthy lifestyle, sessions on stress management, wellness plans, and medical check-ups were organised across locations. During the year, increased focus was laid on holistic well-being of employees. Businesses are increasingly deploying initiatives to meet specific life stage needs of employees by generating awareness and providing assistance to help them navigate these changes and challenges.

ITC has a proactive programme for promoting healthy lifestyles, which includes health and medical camps, yoga and other wellness sessions. This year the theme was to leverage technology to provide employee gamified

solutions so as to meet their health, fitness and nutritional goals. ITC employees invest time and are engaged with ITC's Social Investments Programmes in the catchment of their Business Unit. These avenues help the individual to achieve their wellbeing and life purpose goals.

Learning and Development

ITC believes that achievement of the Company's growth objectives depends largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value. Towards this end, we have assiduously built a culture of continuous learning, innovation and collaboration across the Organisation by providing cutting-edge learning and development inputs. We have identified five capability platforms relevant to making businesses future-ready – Strategic, Value Chain, Leadership, Innovation and Human Resources Development. Employees are offered best in class learning and development support comprising a blend of classroom, online, coaching, mentoring and on-the-job training.

The Company invests in collaborating with leading global Institutes and experts to design and customise development programmes to build leadership and strategic ability. The Organisation adopting the ethos of learning anytime and anywhere encourages employees to make use of our tie-ups with various online courses so as to not limit their learning to classroom training. It also gives the employees an opportunity for upskilling themselves at their own convenience. Every Business has a focussed training calendar for providing developmental inputs to its managers.

In FY 2018-19, there were 91,640 person-days of formal training for employees across the Company.

The state-of-the-art technical training facility in Ranjangaon, Maharashtra – ITC Gurukul – is the first integrated facility catering to the FMCG Businesses and an important milestone in our skilling journey for manufacturing excellence. The institute won the Project Evaluation and Recognition Program (PERP) 2018, organised by Frost & Sullivan, for 'Enhancing Learning Effectiveness Leveraging Technology', using Augmented, Virtual and Mixed Reality. The ITC Hospitality Management Institute (HMI) continues to play a vital role in skill upgradation and enhancing employability of ITC employees by imparting them with contemporary skills in the hospitality sector. ITC HMI won the Golden Peacock National Training Award 2019.



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 stakeholder engagement on the following principles:

- a) **Materiality** – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.
- b) **Completeness** – Understanding key concerns of stakeholders and their expectations.
- 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 stood the test of time.

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.



Principle 5: Human Rights

The Company has Policies on Human Rights which are applicable to all its employees and value chains. The said Policies and their implementation are directed towards adherence to applicable laws and upholding 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). The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC's Sustainability Policies specifically with respect to Human Rights and decent work place.

The Company has in place a 'Code of Conduct for Vendors and 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. Vendors and Service Providers across Businesses have voluntarily accepted and adopted the Company's 'Code of Conduct for Vendors and Service Providers', which requires compliance with applicable laws relating to, inter alia, human rights, environmental conservation, and quality of products and services. The Company facilitated training workshops for supply chain partners to educate, and create awareness on human rights and decent labour practices. The Company plans to conduct more such workshops in the future to enable salience of human rights and decent labour practices.

With a view to building awareness and educating employees on the Company's Sustainability Policies including Policies on Human Rights and ITC's Code of Conduct, IT enabled programmes continue to be rolled out across Businesses.



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 since 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 our businesses, integrated soil and water conservation programmes and 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 12 years, the Company has been recycling over 98% of solid waste generated by its units and during the year, over 99% was recycled. In addition, about 89,000 MT of externally sourced post-consumer waste paper was used as raw material during the year, thereby enabling the Company to achieve a positive solid waste recycling footprint.

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 and rainwater harvesting 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 maximised reuse of treated effluents.

Carrying forward the Company's extensive work on integrated watershed management, programmes are underway to achieve water security for all stakeholders within defined catchments of manufacturing units located in high water stress areas. Based on extensive studies that include water accounting and detailed hydrogeological studies, implementation of necessary initiatives to address both demand and supply side issues have already been rolled out. These include improvement in water use efficiencies by the farming community, augmenting groundwater recharge, enhancing surface storage through rejuvenation and interlinking of existing water bodies, etc. The Company will progressively cover more units under this initiative in the years to come.



Cleaner Production Methods, Use of Energy Efficient and Environment friendly Technologies

The Company is a pioneer in the Green Buildings movement. In 2004, the ITC Green Centre at Gurugram was certified as the largest platinum rated building in the world by the US Green Building Council (USGBC-LEED). ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotels, has also received a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the World to receive the LEED® Platinum certification by USGBC. To date, 24 buildings of the Company have achieved Platinum certification by USGBC/IGBC.

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_x) and Sulphur Dioxide (SO₂), to ensure compliance with the applicable standards.

The Company has set up a task force to exploit digital technologies and Big Data to increase efficiencies and reduce the material intensity of its manufacturing and

supply chain processes. Pilots have commenced and the early results seem promising. This effort is expected to gain significant momentum in the ensuing years.

During the year, about 41% of ITC's total energy requirements were met from renewable energy sources - a creditable performance given its expanding manufacturing base. Action plans have been formulated based on a mix of energy conservation and renewable energy investments to progressively scale up the share of renewable energy in total energy consumption to 50%, notwithstanding the significant enhancement in the scale of operations planned.

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. Contingency plans have been 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 supported by planned job observation programmes have been implemented across units. In 2018-19, 21,671 person-days of training was provided to employees on EHS related matters.



Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for necessary interface with Government/ Regulatory Authorities on matters concerning 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.



Principle 8: Supporting Inclusive Growth and Equitable Development

ITC's Strategic Stakeholders

In the 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; and
- Communities residing in close proximity to our manufacturing units, situated in urban and semi-rural locations.

The stakeholder communities primarily 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-roots level Programme Implementation Agencies (PIAs).

Performance 2018-19

Coverage

The projects promoted under the Social Investments Programme were spread over 235 districts in 27 States / Union Territories.

Interventions

Horizon 1 - Making Today's Livelihoods Sustainable

• **Social Forestry (SF):** Targeted at small and marginal farmers, the SF programme is designed to provide food, fuel and fodder security through plantations to small holder farmers. In 2018-19, the programme greened 33,982 (cumulative 3,29,047) acres in 16 districts of 6 States. Out of this, the area under agro-forestry was 10,379 acres. Taken together with the Farm Forestry programme of the Paper Business, the total area greened was over 7,32,645 acres till March, 2019.

• **Water Stewardship:** The objective is to achieve (i) water security at the watershed level in factory catchments aimed at achieving positive water balance in such catchments; and (ii) drought proofing of agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. Implemented in 43 districts covering 15 States,

1,37,105 (cumulative 10,11,601) acres of watershed area was covered in 2018-19. 2,646 water harvesting structures (cumulative 15,086) were constructed during the year creating 3.39 million kilolitres of fresh Rain Water Harvesting (RWH) potential, taking the total net rainwater harvesting potential created by ITC till date to 34.64 million kilolitres.

• **Animal Husbandry:** 156 Cattle development centres, spread over 21 districts in 6 States, were functional during the year for rendering animal husbandry services with the aim of increasing productivity of milch cattle and thereby household incomes. 1.46 lakh artificial inseminations were conducted, leading to live births of over 0.62 lakh high yielding progenies.

• **Improved Agricultural Practices:** This initiative attempts to de-risk farmers from erratic weather events through the promotion of climate smart agriculture in order to stabilise farm incomes. During 2018-19, an area of 3,94,762 acres was covered under sustainable agricultural practices. 4,047 Farmer Field Schools (FFS) and Choupal Pradarshan Khets (CPKs) disseminated advanced agri-practices to farmers. 351 Agri Business Centres (ABCs) delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire.

ITC had entered into a partnership with NITI Aayog in April, 2018 to improve agriculture and other allied services in 27 Aspirational Districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh). The plan was to train government officers who, in turn, would cascade the methodology to farmers. Till date,





during the Rabi season, ITC succeeded in creating 402 block level agri-officers as Master Trainers (MT), who in turn trained 2,259 village level personnel as Village Resource Persons (VRPs) to train farmers directly. These VRPs have so far covered 2.05 lakh farmers in package of practices appropriate for the dominant crop of the region.

• Women's Economic Empowerment: This initiative provides a range of gainful employment opportunities to poor women, supported with capacity building and financial assistance by way of loans and grants. To date, 22,700 ultra-poor women in the core catchments have access to sustainable sources of income through non-farm livelihood options. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was rolled out in 11 districts during the year. 446 Super Trainers were trained directly and they, in turn, trained 735 Master Trainers who cascaded the training to 6,588 Self Help Groups covering 62,197 women across 765 villages. 26,486 women of those trained have been linked to Government social security schemes.

Horizon 2- Creating Future Capabilities

• Education: This programme provides children from underprivileged sections of society access to education with focus on improved learning outcomes. Operational in 24 districts of 14 States, during the year, the programme covered 1,15,776 children (cumulative 6,90,882), while 199 government primary schools were provided infrastructure support. In addition, nearly 27,000 children were covered through support in teaching and learning material.

• Vocational Training: This programme provides training in market linked skills to youth to enable them to compete in the job market. 12,172 (cumulative 67,496) youth were enrolled under different courses during the year, out of which 44% were female and 36% belonged to the SC/ST communities. The programme is operational in 32 districts of 17 States. Another programme trained 785 youth on entrepreneurial development. 46 trainees have graduated in 2018-19 and 50 trainees are currently enrolled in the WelcomLEAD Programme of ITC Hospitality Management Institute, which is a comprehensive undergraduate programme on hospitality services.

• Sanitation & Health: To achieve the objective of zero open defecation, 4,443 (cumulative 35,916) Individual Household Toilets (IHHT) were constructed in 26 districts of 15 States, in collaboration with the respective State Governments/District Sanitation Departments. In addition, 32 community toilets were constructed/renovated in Bihar, West Bengal and New Delhi in the year (cumulative 62). Along with sanitation infrastructure development, equal focus was given to awareness campaigns to create demand and drive behavioural change. The Swasth India Mission covered nearly 19.2 lakh children from around 5,247 schools in 60 cities in 12 states during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to all children in these 5,247 schools.

Nearly 4 lakh beneficiaries were covered under Mother and Child Health initiative aimed to improve the health-nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection.

To make hygienic and healthy water available to local communities, 26 new Reverse Osmosis (RO) water purification plants (cumulative 126) were set up in 3 districts of Andhra Pradesh in 2018-19.

• **Solid Waste Management (SWM):** ITC's waste recycling programme, 'WOW – Well Being Out of Waste', helps in creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. The Programme continued to be executed in several districts of Telangana and Andhra Pradesh, and in Coimbatore, Chennai, Bengaluru, Delhi and Muzaffarpur (Bihar). It was expanded to Mysuru and Chikmagalur districts during the year. The quantum of dry waste collected during the year was 51,696 MT from 651 wards including over 7,400 MT of multi-layered laminates and thin films. The plastic waste collected was sent for recycling to cement kilns as alternate fuel.

The programme covered 12 lakh additional citizens this year taking the total to 89 lakh citizens. The Programme created sustainable livelihoods for 14,745 waste collectors by facilitating an effective collection system in collaboration with municipal corporations.

In addition to WOW- Well Being Out of Waste Programme, ITC has a separate programme on Solid Waste Management (SWM) which deals with both wet and dry waste. The SWM Programme has spread to 15 districts of 10 states covering 2,11,826 households and collecting 12,608 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practised by 10,892 households. In 2018-19, 8,462 MT of wet waste was composted, 2,383 MT of dry waste recycled, and only 14% of the total waste was sent to 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 the 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 receive 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.



ITC Infotech

Leading global technology services and solutions provider



ITC Infotech provides business-friendly solutions to help clients succeed and be future-ready, by seamlessly bringing together digital expertise, strong industry specific alliances and the unique ability to leverage deep domain expertise from ITC Group businesses.

As a fully owned subsidiary of ITC Limited, ITC Infotech's heritage creates an eco-system that enables the company to deliver sustained value and significant outcomes for clients, seamlessly and consistently.

Today, ITC Infotech has established itself as a leading global technology services and solutions organisation through industry specific business solutions. The company has created strategic engagements with many long-standing clients and partners, delivering business value through a combination of traditional and emerging digital technologies.

Delivering strong growth through the financial year

ITC Infotech continues to grow rapidly, registering robust growth in FY18-19.

ITC Infotech's steadfast focus on delivering enduring value to clients reaped rich dividends, with significant expansion of business within existing client accounts. The company also registered a sharp uptake in adoption of its domain led digital solutions and offerings in areas such as Data and Analytics, Customer Experience, Product Engineering Services (PES) and Digital Manufacturing, on the back of its vast Product Lifecycle Management (PLM) expertise.

As the company embarks on the next growth phase, significant efforts are underway to deliver profitable and predictable growth.

Transformation through technology

The digital paradigm entails a fundamental shift in how IT services companies collaborate with clients. ITC Infotech has adopted a business – and technology – led consultative approach, where the company works with clients to jointly identify the right applications of digital technologies, enhancing competitiveness and delivering significant value to clients. This involves investing ahead of the curve, creating an ecosystem which fosters new thinking and accelerated innovation.

During the financial year, ITC Infotech strengthened its digital solutions portfolio in areas such as Smart Factory, Connected Services and Next Gen PLM; while enriching Software Engineering using Agile & DevOps tools and methodologies, Big Data Engineering and Artificial Intelligence.

The company also launched its integrated cloud offerings to deliver modernisation and transformation services to clients across markets. The enhanced offering leverages ITC Infotech's expertise across best-in-class market-leading platforms and technologies. ITC Infotech's integrated Cloud services and solutions support transition of mission critical applications across multi-Cloud environments (public, private and hybrid Cloud), while consistently delivering the security and performance enterprises require.

ITC Infotech continued to expand its partner ecosystem of leading Independent Software Vendors (ISVs) providing clients with access to comprehensive future-ready solutions. During the year, ITC Infotech solidified its partnerships with Dassault Systèmes, Finastra, Microsoft and PTC.

Skill development and capability building

To sustain its growth momentum, ITC Infotech is investing significantly in skilling and re-skilling of the workforce. Initiatives have been rolled out to increase the digital readiness quotient of employees through multiple comprehensive programmes during the year.

During the financial year, the Company's select workforce underwent an intensive digital upskilling programme. The Company initiated another Digital skills and certification program in conjunction with Pluralsight, an online education company. ITC Infotech employees received certifications at 'proficient' and 'expert' levels. Additionally, employees were imparted training on Big Data and Business Intelligence tools, further strengthening the Company's strong capabilities in Data. To create a digital-ready workforce of the future, ITC Infotech also introduced virtual, self-directed learning modules for its global workforce.

Addressing dynamic business needs and technological complexities require innovating with speed and agility. ITC Infotech's skilling and re-skilling initiatives promote learning with pace, enabling employees to be at the cutting edge of technology.

Creating an ecosystem of innovation and co-creation

ITC Infotech successfully concluded the fourth edition of its flagship annual co-creation and technology innovation

platform 'iTech 2018'. As part of iTech 2018, ITC Infotech organised a Startup Showcase of new age technologies around the themes of Industry 4.0, Health-tech and Fin-tech, a Codeathon for developing components of business applications and an automation challenge for ITC Infotech employees.

The fourth edition of iTech 2018 received over 3500 entries for the Codeathon challenge and 32 teams were shortlisted for the final round of development. For the Startup Showcase, 15 shortlisted startups were invited to showcase their solutions at the event as a part of the start-up showcase from the 200+ entries that were received.

Global Recognitions

- Successfully qualified for CMMI level 5 certification
- Among 'High Performers' in HfS Blueprint Report Software Product Engineering Services. ITC Infotech is featured as 'A hyper-growing engineering services company with focused growth strategy, good onshore presence and solid customer portfolio'
- Placed in the 'Leadership Zone' for Enterprise Software in Zinnov Zones E R&D 2018 report
- Featured as a 'Leader' in the International Association of Outsourcing Professionals (IAOP) 2018 Global Outsourcing 100. Recognised as a Super Star for Sustained Excellence in Outsourcing Services
- Mentioned in Gartner's Market Guide for Data and Analytics Service Providers, 2018. Gartner's Market Guide defines a market and outlines attributes of representative vendors that are providing offerings in the market





CII-ITC Centre of Excellence for Sustainable Development

The CII-ITC Centre of Excellence for Sustainable Development, established by ITC in 2006 in collaboration with the Confederation of Indian Industry (CII), continues with its value added initiatives to create awareness, provide thought leadership, build capacity and award exemplary performance in the area of sustainability. It is steered by its Advisory Council and comprises members from industry, civil society and institutions, which provides strategic direction to the organisation.

The 13th edition of the Centre's flagship event, the 'Sustainability Summit: Everyone's Future', was held on September 6-7, 2018 in New Delhi with focus on the 'Circular Economy Mission' under the European Union Resource Efficiency Initiative. Key dignitaries included Dr Harsh Vardhan, the then Minister for Environment, Forest & Climate Change, Science & Technology, and Earth Sciences, Mr Suresh Prabhu, the then Minister of Commerce & Industry and Civil Aviation, Mr Hardeep Singh Puri, erstwhile Minister for State (I/C) Housing and Urban Affairs, Mr Karmenu Vella, Commissioner for Environment, Maritime Affairs and Fisheries, European Commission and Mr Sanjiv Puri, Chairman & Managing Director, ITC Limited. 80 delegates from 16 different countries with their representatives from industry, business associations, and academia as well as research institutions were present at the EU CEM. The circular economy guidebook for CEOs, titled "Circular Economy: A New Source of Competitiveness", which discusses alternatives to current business models by adopting the concept of circular economy, was launched at the Sustainability Summit.

The CII-ITC Sustainability Awards recognise and reward outstanding contributions by corporates to sustainable development in the country. In the last 12 years, these Awards have set benchmarks for excellence in sustainable business in India. Since 2006, 878 businesses have applied for the Awards,

of which 275 have been recognised so far. In 2018, out of 77 applicants, 39 companies were declared winners in various categories. The 13th CII-ITC Sustainability Awards 2018 took place in December 2018.

A high-level B2G Partnership Conclave on Sustainable Development Goals (SDGs), was jointly organised by the Centre, NITI Aayog and the UNDP. The conclave focused on three core areas— water, energy and green industry—which have been identified as fast tracks for the 2030 Agenda. Key dignitaries included Mr Raj Kumar Singh, Hon'ble Minister of State (IC), Power and New & Renewable Energy and Shri Amitabh Kant, CEO, NITI Aayog. A three-year partnership MoU was signed between CII and NITI Aayog at the Conclave. This partnership aims to showcase the efforts of Indian businesses to the Government and the UNDP, increase awareness amongst businesses, share best practices and build a tracking mechanism for further improving industry engagement to achieve SDGs by 2030. The Centre also launched a report during the event titled 'Indian Solutions for the World to Achieve SDGs'.

The Centre organised a session on voluntary climate adaptation framework for industry at the 24th Conference of Parties under United Nations Framework Convention on Climate Change (COP24) held at Katowice, Poland in December 2018.

The Centre promoted capacity building in sustainability through a range of training and consulting assignments. In 2018, almost 2,000 participants were covered through 75 programmes, conducted both in India and abroad. Topics included Value Innovation, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, Cluster Platform for Transformative Solutions, Human Rights, and Biodiversity.



ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC-SRA), which was established in 1977, is an embodiment of your Company's sustained commitment to a priceless national heritage. The Company's pledge towards ensuring enduring excellence in Classical Music education continues to drive ITC-SRA in furthering its objective of preserving and propagating Hindustani Classical Music based on the age-old principle of 'Guru-Shishya Parampara'. The Academy, through its eminent gurus, imparts intensive training and quality education in Hindustani classical music to its Scholars. Padma Shri Pt. Ajoy Chakrabarty, Padma Shri Pt. Ulhas Kashalkar,

Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar are the present Gurus of the Academy. The focus of the Academy remains the nurturing of exceptionally gifted students, carefully hand-picked from across India, who receive full scholarship to reside and pursue music education in the Academy's campus and in other designated locations under the tutelage of the country's most distinguished musicians. The objective is to create the next generation of masters of Hindustani Classical Music for the continued propagation of a precious legacy.



Major Awards 2018-19

- Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the 'Distinguished Alumnus Award of the Year 2018' conferred by IIT, Kanpur in recognition of his achievements of exceptional merit.
- ITC's leading hygiene brand Savlon, became the first Indian brand to win the Grand Prix for 'Creative Effectiveness' at the coveted Cannes Lions 2018.
- ITC received the 'Diamond Award for Excellence in Public Relations' (ITC Aashirvaad) and 'Gold Award in the consumer products category' (ITC Classmate) at the SABRE Awards South Asia 2018.
- ITC Hotels was awarded the Best Luxury Hotel Chain, ITC Kohenur - Best New Luxury Hotel (India), ITC Grand Bharat - Best Luxury Resort (India) & ITC International Terminal Lounge, New Delhi - Best Airport Lounge by Travel+Leisure India & South Asia at the 'India's Best Awards'.
- ITC's Paperboards Business was recognised as the Best Performer in the pulp & paper sector by the Bureau of Energy Efficiency under the Perform, Achieve and Trade Scheme.
- ITC's Agri Business Division, Chirala Unit conferred the 'Sarvashreshtha Suraksha Puraskar' by National Safety Council of India.
- ITC's Spices Business won the Award for Excellence in Export from the Spice Board of India.
- ITC Mudfort, the first residential building in India to have received the 5 Star rating from GRIHA. Also received the highest Indian Green Building Council (IGBC) Platinum Rating.
- Best In-house Legal Team of the Year Award from Legal Era Magazine at the Indian Legal Awards 2018-19.
- First prize in 6 categories at the Public Relation Society of India (PRSI) National Awards 2018.



Major Awards Over The Years

- ITC has won the prestigious Porter Prize 2017 for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value' (2017).
- ITC won the 'Best Practices Award' from United Nations Global Compact Network India for two major game-changing initiatives of the Company – Integrated Watershed Development and Social & Farm Forestry (2017).
- ITC Limited became the 1st company to win the India Today Safaigiri Corporate Trailblazer Award 2016.
- 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 (2016).
- ITC's Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni were FSC Chain of Custody certified (2015).
- ITC was ranked as 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group (2014).
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012).
- ITC was conferred the National Award for Excellence in Corporate Governance by the Institute of Company Secretaries of India (2007).
- ITC was the 1st Indian Company and 2nd in the world to win the Development Gateway Award for its trail-blazing e-Choupal initiative (2005).

For more details on awards, please refer to www.itcportal.com



ITC: Transforming Lives and Landscapes



ITC e-Choupal

- Empowering 4 million farmers



Afforestation Programme

- Greening over 7,30,000 acres



Watershed Development Programme

- Providing Soil & Moisture conservation to over 10,12,000 acres



Livestock Development Initiative

- Over 17,70,000 milch animals covered



Women Empowerment Initiative

- Creating over 64,000 sustainable livelihoods for women



Primary Education

- Benefitting over 6,90,000 children



Skilling & Vocational Training Initiative

- Over 67,000 youths benefitted



Health & Sanitation Programme

- Over 35,000 individual household toilets built



Green Buildings

- ITC has 24 Platinum Rated Green Buildings



Responsible Luxury

- ITC Hotels: Trailblazer in Responsible Luxury and Green Hoteliering



Promoting Sustainable Agricultural Practices

- Increasing farm productivity and farmer incomes
- Covering 3,95,000 acres



Solid Waste Management Initiative

- Well-being Out of Waste programme covers 89,00,000 citizens

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 over 6 million sustainable livelihoods.