

Report of the Board of Directors

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Management Discussion and Analysis

For the Financial Year Ended 31st March, 2015

Your Directors submit their Report for the financial year ended 31st March, 2015.

SOCIO-ECONOMIC ENVIRONMENT

2014 marked yet another year of modest global economic growth. According to the International Monetary Fund's April 2015 World Economic Outlook, world output grew by 3.4% - at par with the growth recorded in 2013. While economic growth picked up in the Advanced Economies, the Emerging Market & Developing Economies witnessed further deceleration in growth. The US economy posted a strong performance during the year averaging an annualised growth of 4% in the last three quarters of 2014, driven by growth in consumption expenditure on the back of steady job creation and income growth, lower oil prices and improved consumer confidence. The Euro Area also displayed signs of recovery, growing by 0.9% during 2014 compared to a contraction of 0.5% in the previous year, aided by lower oil prices, higher net exports and supportive financial conditions. However, risks of prolonged deflationary conditions and low growth persist. The Emerging Market & Developing Economies slowed down further - from 5% in 2013 to 4.6% in 2014 with China recording a decline in growth rate - from 7.8% in 2013 to 7.4% in 2014. Other major constituent economies like Brazil, Russia, and South Africa also recorded deceleration in growth rates.

Global growth prospects remain moderate in 2015. As per IMF estimates, world GDP is projected to grow modestly from 3.4% in 2014 to 3.5% in 2015 and 3.8% in 2016 largely driven by the Advanced Economies, where growth is expected to increase from 1.8% in 2014 to 2.4% in 2015 and 2016. Within Advanced Economies, growth is likely to be strongest in the US at 3.1% in 2015 driven by lower energy prices, benign inflation, reduced

fiscal drag and improving household, corporate and bank balance sheets. Building on the stronger growth momentum at the end of 2014, overall Euro Area growth is expected to increase to 1.5% in 2015, aided by lower oil prices, a weakening currency and the European Central Bank's massive asset purchase programme to unshackle the economy from its low growth and low inflation state. Emerging Market & Developing Economies are likely to see another year of deceleration in growth - from 4.6% in 2014 to 4.3% in 2015 - before recovering to 4.7% in 2016. GDP growth in China is projected to slow down further to 6.8% in 2015 with decline in investment growth.

Despite the improved prospects in certain sections of the world economy, global economic recovery remains fragile. Geopolitical tensions, stagnation and deflationary conditions in Advanced Economies, continued slowdown in growth rates in China and its consequent adverse impact on commodity exporting countries represent some of the key downside risks to global economic recovery.

While domestic macro-economic variables improved over the previous year, aided by the collapse of global crude oil prices, the Indian economy witnessed yet another challenging year with only a marginal pick-up in economic growth. The weakness in the broader economy was manifest in your Company's operating segments - particularly in the FMCG and Hospitality space. While the new data, rebased to 2011-12, released by the Central Statistics Office (CSO) has pegged GDP growth at 7.4% for 2014-15 compared to 6.9% in 2013-14, there appears to be a significant divergence between the reported growth rates and on-ground economic activity. While growth in Private Final Consumption Expenditure (PFCE) has been estimated

The Indian economy witnessed yet another challenging year with only a marginal pick-up in economic growth. However, inflation eased significantly and there was significant improvement on the 'twin deficit' front.

at 7.1% for 2014-15 (Vs. 6.2% in 2013-14), leading indicators like rural demand headwinds, muted sales of tractors and two wheelers, depressed production of consumer goods and a marked deceleration in corporate sales growth point to a persistent weakness in private consumption demand. Similarly, while industrial growth based on the new data series is estimated at 5.9%, Index of Industrial Production (IIP) data reflects a relatively subdued performance. As stated by the RBI in its Monetary Policy Report of April 2015, while the new GDP data embodies better coverage and improved methodology as per international best practices, an accurate assessment of the state of the business cycle and forecasting is handicapped by the lack of sufficient historical data based on the new data series.

There was good news on the inflation front, which declined significantly aided by low global crude oil and commodity prices. While Wholesale Price Index (WPI) for 2014-15 stood at 2% as against 6% in 2013-14, Core CPI inflation also eased to 5.5% in 2014-15 as compared to 8.8% in 2013-14. The fall in inflation provided the much needed space for monetary accommodation, with the RBI reducing policy rates by a cumulative 50 bps in Q4 2014-15. Food inflation, however, has displayed an uptrend in recent months and remains a key monitorable given the adverse impact of unseasonal rains in March 2015 on the winter crop and early indications of the likelihood of El Nino weather conditions during the forthcoming south-west monsoon season.

There was significant improvement on the 'twin deficit' front as well. Fiscal Deficit was contained within target at 4.0% of GDP in 2014-15 driven by decline in oil subsidies, once-off proceeds from spectrum auctions and compression in Government expenditure. The Current Account Deficit narrowed further to an estimated 1.3% of GDP as compared to 1.7% in the previous year, primarily aided by a lower import bill on account of the steep fall in crude oil prices. Healthy capital flows on the back of improved investor sentiment and favourable global liquidity conditions helped shore up foreign

exchange reserves leading to a relatively stable Rupee and propelling the Sensex to record highs.

The broad-based decline in retail inflation since September 2014, depressed commodity prices and the Government's plans to step up infrastructure investments and focus on improving the ease of doing business in India have improved the prospects for growth in 2015-16.

However, the pace of growth is unlikely to witness significant acceleration in the short term given the inherent time lag involved for business confidence and reforms to translate into higher levels of capital investment and a significant pick-up in Private Consumption Expenditure. As per median estimates, based on the Survey of Professional Forecasters conducted by RBI, the Indian economy is likely to grow by 7.9% in 2015-16 as compared to 7.4% in 2014-15 (based on 2011-12 data series). A sharp reversal in crude oil and global commodity prices, heightened geopolitical risks, low agricultural output due to sub-normal monsoons, and protracted stagnation in the Euro Area represent some of the key downside risks going forward. An accelerated rollout of policy reforms and fast track clearances of large projects would go a long way in stimulating the private investment cycle and turn around the manufacturing sector.

While India remains one of the fastest growing major economies in the world, the rate of economic growth in recent years has remained far below the desired levels and the country's potential. Given the low levels of per capita income and the fact that a significant proportion of our population lives below the poverty line, it is imperative that the economy reverts to a high growth trajectory sooner than later.

Domestic consumption remains one of the key growth engines of the Indian economy. With a large and growing population, rising affluence and literacy, and increasing urbanisation - the structural drivers for rapid growth in consumption are in place. Even so, the subdued growth in private consumption over the last few years is a cause

There is an urgent need to focus on new job creation and skill development to address the unsustainable levels of unemployment especially amongst the youth. Stagnation in the manufacturing sector needs to be reversed at the earliest towards the creation of sustainable livelihoods.

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for concern. Equally, given the significant additions to the working age population, there is an urgent need to focus on new job creation and skill development to address the unsustainable levels of unemployment especially amongst the youth. Stagnation in the manufacturing sector needs to be reversed at the earliest towards the creation of sustainable livelihoods and absorption of the increasing working age population of the country. In this context, the Government's 'Make in India' initiative to turn India into a global manufacturing hub is a step in the right direction as it seeks to enhance transparency, speed up the approvals process, resolve policy issues by working in tandem with the States and foster greater levels of value addition within the country. Boosting agricultural productivity and value addition to international standards while simultaneously improving market linkages remain critical for the growth of the Agricultural sector. Supportive policies in the areas of food processing and agro-forestry can significantly contribute to job creation, enhance rural incomes, help manage food inflation and promote sustainable agriculture.

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

sustainable livelihoods and the preservation of natural capital with enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely ensuring uni-dimensional 'shareholder value', is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 13 years), 'carbon positive' (for 10 years), and 'solid waste recycling positive' (for 8 years).

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

FINANCIAL PERFORMANCE

Your Company delivered another year of steady performance in the backdrop of continuing sluggishness in the macro-economic environment, exacerbated by a steep increase in taxes/duties on cigarettes which led to unprecedented pressure on legal cigarette industry sales volumes. Your Company also had to contend with start-up costs relating to the launch of new products and categories in the non-cigarette FMCG segment, input cost pressures in the Paperboards, Paper & Packaging Businesses and a weak demand and pricing environment in the Hotels Business.

Gross Revenue for the year grew by 7.0% to ₹ 49964.82 crores. Net Revenue at ₹ 36083.21 crores grew by 9.7% primarily driven by a 11.3% growth in the non-cigarette FMCG segment, 8.1% growth in the Agribusiness segment and 8.7% growth in the Cigarettes segment. Profit Before Tax registered a growth of 10.6% to ₹ 13997.52 crores while Net Profit at ₹ 9607.73 crores increased by 9.4%. After adjusting for liability written back in Q2 FY14 (towards Rates and Taxes and Interest thereon pertaining to earlier years,

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aggregating ₹ 192.68 crores) underlying growth in Profit Before Tax and Net Profit for the year grew by 12.3% and 11.0% respectively. Earnings Per Share for the year stood at ₹ 12.05 (previous year ₹ 11.09). Cash flows from Operations aggregated ₹13534.65 crores compared to ₹ 10759.50 crores in the previous year.

Your Directors are pleased to recommend a Dividend of ₹ 6.25 per share (previous year ₹ 6.00 per share) for the year ended 31st March, 2015. Total cash outflow in this regard will be ₹ 6029.56 crores (previous year ₹ 5582.90 crores) including Dividend Distribution Tax of ₹ 1019.86 crores (previous year ₹ 810.99 crores).

Your Board further recommends a transfer to General Reserve of ₹ 970.00 crores (previous year ₹ 880.00 crores). Consequently, the Surplus in Statement of Profit and Loss as at 31st March, 2015 would stand at ₹ 8767.35 crores (previous year ₹ 6139.09 crores).

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. The ITC Group's contribution to foreign exchange earnings over the last ten years aggregated nearly US\$ 6.6 billion, of which agri exports constituted 57%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

During the financial year 2014-15, your Company and its subsidiaries earned ₹ 5901 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 5096 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 1969 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1676 crores and import of capital goods at ₹ 293 crores. Details of foreign exchange earnings and outgo are provided in Note 31 to the Financial Statements.

PROFITS, DIVIDENDS AND SURPLUS

(₹ in Crores)

PROFITS	2015	2014
a) Profit Before Tax	13997.52	12659.11
b) Tax Expense		
– Current Tax	4020.99	3791.13
– Deferred Tax	368.80	82.77
c) Profit for the year	9607.73	8785.21
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
a) At the beginning of the year	6139.09	3788.10
b) Less: Loss for the period from 1st April, 2013 to 31st March, 2014 adjusted pursuant to the Scheme of Arrangement [Refer Note 31 (x)]	8.01	–
c) Add: Unrecognised Net Deferred Tax assets as on 1st April, 2013 adjusted pursuant to the Scheme of Arrangement [Refer Note 31 (x)]	45.84	–
d) Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on Tangible Fixed Assets (Net of Deferred Tax ₹ 24.88 crores) [Refer Note 31 (xi)]	48.32	–
e) Add : Profit for the year	9607.73	8785.21
f) Less:		
– Transfer to General Reserve	970.00	880.00
– Proposed Dividend [2015 ₹ 6.25 (2014 - ₹ 6.00) per share]	5009.70	4771.91
– Income Tax on Proposed Dividend		
• Current Year	1019.86	810.99
• Earlier year's provision no longer required	(30.58)	(28.68)
g) At the end of the year	8767.35	6139.09

BUSINESS SEGMENTS

A. FAST MOVING CONSUMER GOODS

FMCG - Cigarettes

The legal cigarette industry in India continues to be impacted by a punitive taxation and discriminatory regulatory regime. The operating environment for the legal cigarette industry in India was rendered even more

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challenging during the year, with two rounds of sharp increase in Excise Duty – in July 2014 and February 2015. This includes a cumulative increase of 115% on filter cigarettes of ‘length not exceeding 65 mm’, which has widened the price differential between legal and illegal cigarettes and made it extremely difficult for the legal cigarette industry to counter the unabated growth of illegal cigarettes in the country.

Over the last 3 years, the incidence of Excise Duty and VAT on cigarettes, at a per unit level, has gone up cumulatively by 98% and 104% respectively. It is pertinent to note that Kerala, Tamil Nadu and Assam, which together account for a significant portion of your Company’s sales volumes, sharply increased VAT rate on cigarettes during the year.

The combined impact of the sharp increase in Excise Duty and VAT as stated above, is exerting unprecedented pressure on legal industry sales volumes. Besides adversely impacting the performance of the legal cigarette industry, this has led to sub-optimisation of the revenue potential from the tobacco sector.

High incidence of taxation and a discriminatory regulatory regime on cigarettes in India have over the years, led to a significant shift in tobacco consumption to lightly taxed or tax evaded tobacco products like bidi, khaini, chewing tobacco, gutkha and illegal cigarettes which presently constitute over 88% of total tobacco consumption in the country. Thus, the share of legal cigarettes in overall tobacco consumption has progressively declined from 21% in 1981-82 to below 12% in 2014-15 even as overall tobacco consumption has increased in India.

As per a recent independent study¹, it is estimated that products representing 68% of overall tobacco consumption in the country escape taxation as they are manufactured in the unorganised sector with little statutory oversight. While India accounts for around 17% of world population and constitutes over 84% of global consumption of smokeless tobacco, it has a miniscule

¹ Report on the impact of current tax framework on the tobacco sector in India and suggestions for its improvements — 2014, by ASSOCHAM and KPMG

share of only 1.8% of global cigarette consumption. As a result, revenue collections from the tobacco sector are sub-optimised even as the overall tobacco control and health objectives remain substantially unfulfilled. The requirement therefore is an India-centric tax and policy framework for tobacco that cognises for the unique tobacco consumption pattern in the country.

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

According to an independent study conducted by Euromonitor International - a renowned global research organisation - India is now the 5th largest market for illegal cigarettes in the world. In fact, illegal trade comprising smuggled foreign and domestically manufactured tax-evaded cigarettes is estimated to constitute one-fifth of the overall cigarette industry in India resulting in a huge revenue loss of over ₹ 7000 crores per annum to the national exchequer.

To combat this menace, your Company continues to make representations to policy makers recommending compulsory licensing of all cigarette manufacturing units irrespective of size, increase in customs duty on imported cigarettes to WTO bound rate levels with suitable safeguards built-in to prevent undervaluation, ban on manufacture of tobacco and tobacco products in EOU and SEZ units, ban on cigarettes from personal baggage allowance and duty-free trade and exclusion of tobacco and tobacco products from preferential treatment under Free Trade Agreements that India is party to.

There is an urgent need for stability in tax rates on cigarettes to reverse the undesirable consequences of

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a punitive and discriminatory tobacco taxation policy. It is also relevant to note that despite being one of the largest producers of tobacco in the world, India's share of global tobacco trade remains meagre at approx. 7%. A stable, fair and equitable cigarette taxation policy would be imperative to provide a strong domestic demand base to the Indian farmer, insulating him from the volatilities typically associated with international markets. Such a policy would be the key catalyst in realising the full economic potential of the tobacco sector in India and protect the interest of the Indian tobacco farmer. This assumes critical significance especially in view of the fact that there are few economically viable alternative crops to farmers in the regions where tobacco is grown in India.

Your Company continues to engage with the concerned authorities, both at the Central and State Government level, highlighting the need for moderation in tax rates on cigarettes to maximise the revenue potential from the tobacco sector and contain the growth of the illegal segment.

As per the draft Constitution Amendment Bill 2014 on Goods and Services Tax (GST), cigarettes are likely to come under the purview of the proposed GST framework while continuing to be subjected to the levy of Central Excise Duty. It is imperative that revenue sensitive goods like cigarettes are subjected to uniform standard rates of tax applicable to general category of goods to ensure revenue buoyancy and rein in the growth of the illegal segment. Further, the combined incidence of Excise Duty and GST should be revenue neutral i.e. maintained at current levels and all existing State level taxes should be subsumed into GST. Your Company, along with industry bodies and other stakeholders, continues to make representations to the Government in this regard.

A recent Government notification, originally proposed to be effective from 1st April 2015, mandates larger graphic health warnings covering 85% of the surface area of both sides of the pack as compared to the current requirement of covering 40% of the area of one side of

the pack. The proposed graphic health warnings are amongst the most stringent in the world and far larger than those in the top 5 cigarette markets viz. China, Russia, Indonesia, USA and Japan. It is apprehended that the introduction of the new graphic health warnings would inter alia lead to a spurt in the sale of illegal cigarettes which will not carry the new warnings. Besides the consequential loss of revenue to the exchequer, this will also adversely impact the livelihoods of Indian tobacco farmers as illegal cigarettes either do not use Indian tobacco at all or use domestically sourced tobacco of dubious and inferior quality.

It is estimated that about 60% of the countries in the world which have ratified the WHO Framework Convention on Tobacco Control either do not have any health warnings on cigarette packets or prescribe a 'text only' warning (i.e. without any graphics). In fact, China, USA and Japan which together account for more than 51% of global cigarette sales volumes, prescribe 'text only' warnings.

The Committee on Subordinate Legislation, which is examining the issue of introduction of larger graphic health warnings on cigarette packs in India, has in its report dated 16th March 2015 stated that a large number of representations have been received from Members of Parliament as well as various people / organisations and stakeholders involved in the tobacco industry against the introduction of the new warnings and serious apprehensions have been expressed about the adverse impact of the modified rules on the livelihoods of a large number of people directly or indirectly involved in tobacco trade. The Committee has sought more time to review the issues in detail and has recommended to the Government to defer the implementation of the notification, till such time it finalises the examination of the subject and arrive at appropriate conclusions. The Government has accordingly deferred the implementation of the new graphic health warnings.

The Tobacco industry in India supports the livelihoods of over 41 million people including vulnerable sections

The tobacco industry supports the livelihoods of over 41 million people including vulnerable sections of the society and contributes around ₹ 28000 crores to the national exchequer.

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of the society like farmers, farm labour, rural poor, women, tribals etc. and contributes around ₹ 28000 crores to the national exchequer apart from generating valuable foreign exchange earnings of around ₹ 6000 crores. It is pertinent to note that other tobacco producing countries have taken a balanced view keeping in mind their domestic interests and have not adopted over-sized and excessive health warnings.

The proposed graphic health warnings would impede the ability to compete in the market by leaving insufficient space for your Company's distinctive trademarks and pack designs besides depriving consumers of their valuable right to be informed about a legitimate product they intend to purchase and consume.

Notwithstanding the challenging regulatory and taxation environment, your Company strengthened its product portfolio across segments to reinforce its leadership position in the industry. During the year, specific emphasis was laid on developing and launching products with differentiated tobacco blends, special filters and flavour bouquets. Several innovative variants like 'Classic Blue Leaf with Jet Flo Filter', 'Gold Flake Gold with Quad Core Filter', 'Classic Ice Burst with Capsule Filter' and 'Classic Fine Taste with Triple Solid Filter' were launched during the year in line with your Company's philosophy to offer world-class products to the Indian consumer.

During the year, your Company expanded the market presence of KwikNic nicotine chewing gum adding the pharmaceutical channel to the product's distribution footprint. The year also saw your Company's foray into the Electronic Vaping Device (EVD) category under the 'EON' brand. After its initial launch in Hyderabad and Kolkata, the brand was progressively extended to Bengaluru, Delhi and Goa. EON is also available in the e-commerce channel.

Your Company's objective of providing consumers with a comprehensive range of world-class products has led to increasing complexity in manufacturing operations over the years. Towards this, your Company has focused

on building flexibility and agility across the supply chain to ensure delivery of volume and variety in a timely and cost-effective manner. Structural interventions in the area of manufacturing network planning, technology and people systems have helped enhance responsiveness. During the year, the first phase of modernisation of the Kolkata factory was successfully completed. This involved induction of new technologies, automation of shop floor processes and introduction of new segments.

During the year, the Bengaluru and Saharanpur factories won the 'Platinum' and 'Gold' awards respectively in the prestigious 'India Manufacturing Excellence Awards' (IMEA) instituted by Frost & Sullivan and The Economic Times. These awards bear testimony to your Company's standing among India's best manufacturing organisations.

Your Company's manufacturing facilities continue to receive recognition for excellence in sustainability. During the year, the Bengaluru factory was awarded the 'Overall Leader Award' for Green Manufacturing Excellence by Frost & Sullivan, while the Munger, Ranjangaon and Bengaluru factories won the 'CII National Award for Excellence in Energy Management'.

In recognition of excellence in safety management at its factories, your Company received several awards during the year. These include the 'Suraksha Puraskar (Bronze)', under the manufacturing sector category from the National Safety Council of India for Ranjangaon Factory, first prize for Saharanpur factory from FICCI in the 'Safety Systems Excellence Awards for manufacturing sector – Large Scale' category and 'Safety Innovative Award 2014' by Institute of Engineers (India) for Kolkata Factory.

With steep increase in taxation, rising illegal trade and increasing regulatory pressures, the year ahead will indeed be challenging. Despite the severe pressures, your Company remains confident in sustaining its leadership position in the industry by leveraging its robust business strategies, a world-class product portfolio and superior execution capabilities.

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FMCG - Others

The FMCG industry continued to grow at a muted pace during the year in the backdrop of a challenging macro-economic environment, with most of your Company's operating segments recording deceleration in growth rates. Categories involving discretionary spends or with relatively high penetration levels remained subdued during the year.

While there are incipient signs of revival of demand, it is expected to take a few more quarters for the industry to revert to a higher growth trajectory. The FMCG industry in India, however, is poised to bounce back over the medium-term driven by increasing affluence, urbanisation, a young workforce, and relatively low levels of penetration and per capita usage.

Your Company's FMCG-Others Businesses clocked Segment Revenue of ₹ 9038 crores during the year, representing a growth of 11% over the previous year. This was achieved in the backdrop of sluggish demand conditions as aforesaid and intense competitive activity with industry players stepping up consumer and trade offers with a view to garnering volumes, offsetting the benefit accruing from benign inflation in input costs. Segment Results for the year stood at ₹ 34 crores after absorbing the start-up costs of two new categories viz., Juices and Gums, scale-up costs of Deodorants launched in 2013, besides a host of new launches in existing categories.

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

Your Company continued to strengthen its formidable distribution highway comprising a large and diverse

product portfolio, multiple brands, hundreds of SKUs covering over 1 lakh markets and directly servicing over 2 million retail outlets across trade channels. The Trade Marketing & Distribution vertical of your Company, based on customer and channel insight developed over the years, has crafted differentiated service packs customised for each type of retail outlet. Your Company remains a leader in the convenience channel and is rated as the benchmark supplier in premium grocery outlets. Extensive deployment of in-store merchandisers and consumer contact programmes to aid demand creation coupled with a relentless pursuit of execution excellence has resulted in your Company sustaining its position as one of the fastest growing FMCG companies in the Modern Trade channel. The scale and diversity of your Company's distribution network continues to be leveraged to enhance market presence and serve as a valuable source of consumer/trade insight, facilitating the seamless execution of new product and category launches. Technology enablement in the form of customised mobility solutions and predictive analytics are being increasingly leveraged towards enabling quick and accurate data capture, informed decision making in real time, and scientific designing of geography-specific trade promotion schemes. Supply chain optimisation and capability augmentation of customers (wholesale dealers) and their sales force remain key focus areas.

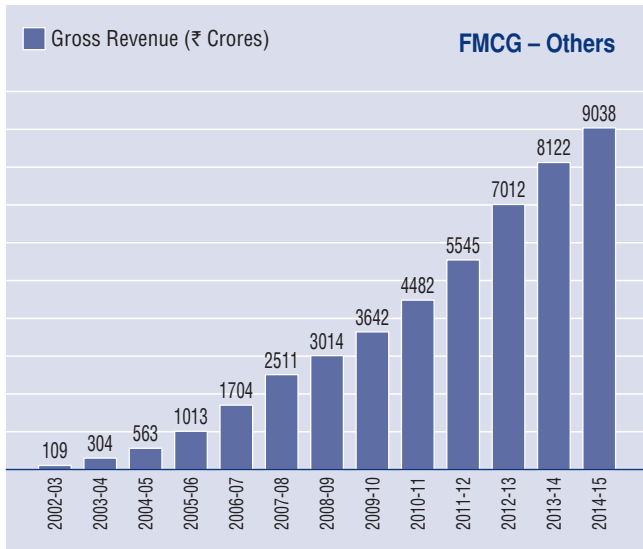
In addition to scaling up outsourced manufacturing capacity across key categories during the year, your Company progressed the construction of state-of-the-art owned integrated consumer goods manufacturing and logistics facilities across regions in line with long-term demand forecasts. Currently, over 20 projects are underway and in various stages of development – from land acquisition / site development to construction of buildings and other infrastructure.

The new FMCG Businesses comprising Branded Packaged Foods, Personal Care Products, Education and Stationery Products, Lifestyle Retailing, Incense Sticks (Agarbattis) and Safety Matches have grown at

The new FMCG Businesses have grown at an impressive pace over the past several years. Your Company's vibrant portfolio of FMCG brands represent an annual consumer spend of over ₹ 11000 crores in aggregate.

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an impressive pace over the past several years, with Segment Revenue crossing the ₹ 9000 crores mark during the year.



Your Company's vibrant portfolio of brands viz., 'Aashirvaad', 'Sunfeast Dark Fantasy', 'Sunfeast Dream Cream', 'Sunfeast Delishus', 'Sunfeast Bounce', 'Bingo!', 'Yumitos', 'YiPPee!', 'Candyman', 'mint-o', 'GumOn', 'Kitchens of India' in the Branded Packaged Foods space; 'Classmate' and 'Paperkraft' in Education & Stationery products market; 'Essenza Di Wills', 'Fiama Di Wills', 'Vivel', 'Superia' and 'Engage' in the Personal Care products segment; 'Wills Lifestyle' and 'John Players' in the Lifestyle Retailing Business; 'Mangaldeep' in Agarbattis, 'Aim' in Matches, amongst others continue to garner consumer franchise and enhance market standing. These brands, which represent an annual consumer spend of over ₹ 11000 crores in aggregate, have been built organically by your Company over a relatively short period of time - a feat perhaps unrivalled in the Indian FMCG industry. This includes 4 brands - Aashirvaad, Sunfeast, Classmate, Bingo! - which exceed ₹ 1000 crores each - and several brands that are more than ₹ 500 crores each in terms of annual consumer spend. These world-class Indian brands support the competitiveness of domestic value chains of which they are a part, ensuring creation and retention of value within the country.

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

Highlights of progress in each category are set out below.

Branded Packaged Foods

Demand conditions in the Branded Packaged Foods industry remained subdued for the second year in succession with consumers seeking value-for-money offers and curbing discretionary spending. Against the backdrop of a sluggish demand environment, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country leveraging a robust portfolio of brands, differentiated range of products customised to regional tastes and preferences along with enhanced product visibility and availability in key markets.

While input cost inflation remained moderate during the year, the high intensity of consumer promos and trade schemes resorted to by industry players in a bid to garner volumes exerted pressure on margins. Your Company's Branded Packaged Foods Businesses mitigated such margin pressure by focusing on product mix enrichment, value engineering initiatives, dynamic sourcing based on close monitoring of market trends, structural interventions in manufacturing technology and supply chain optimisation.

The Branded Packaged Foods Businesses continue to invest in the areas of consumer insight discovery, R&D and product development and differentiated technology platforms to effectively address the diverse tastes and preferences of consumers across the country. Investments continue to be made towards augmenting the manufacturing and sourcing footprint across

Against the backdrop of a sluggish demand environment, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country.

categories with a view to improving market responsiveness and reducing the cost of servicing proximal markets. During the year, an integrated manufacturing and logistics facility was commissioned at Malur, Karnataka. Significant progress was also made during the year towards setting up an integrated manufacturing facility at Uluberia, West Bengal, a Dairy plant at Munger, Bihar and a biscuit manufacturing factory at Mangaldoi, Assam (through a joint venture company viz., North East Nutrients Pvt. Ltd.). These facilities are expected to become operational in the ensuing year.

- In the **Bakery and Confectionery Foods Business**, your Company increased the scale of its operations and improved its market standing. The Sunfeast range of biscuits was augmented during the year with the launch of ‘Mom’s Magic’ in the premium cookies space in two variants - ‘Rich Butter’ and ‘Cashew & Almond’. In addition to the several product development and brand enhancement initiatives undertaken during the year, the Business migrated the popular range of cream biscuits under a new sub-brand - ‘Bounce’ - which emerged as the largest cream brand in the industry and helped sustain your Company’s leadership position in the overall creams segment. The Business also forayed into the Cakes segment with the launch of ‘Yumfills Whoopie Pie’ - a premium chocolate-enrobed cake - which has seen good traction.

In the Confectionery category, the Business continued to leverage the ‘Candyman’ and ‘mint-o’ brands and focused on premiumising its product portfolio by enhancing the share of variants priced at ‘Re. 1 & above’ in the sales mix. The Business augmented manufacturing capability in the hard boiled candy and jelly segment, which will facilitate introduction of innovative and premium products going forward. The year also marked your Company’s foray into the Gums segment with the launch of ‘GumOn’ brand, which has

garnered impressive consumer franchise in launch markets. The product is being rolled out to target markets.

- Your Company’s **Staples, Spices and Ready-to-Eat Foods Business** posted a robust performance during the year, growing well ahead of the industry. In the Staples category, ‘Aashirvaad’ atta consolidated its leadership position in the industry and grew at a rapid pace driven by the value-added portfolio comprising the ‘Multigrain’, ‘Select’ and ‘Superior MP’ variants. The Business also augmented its product range during the year with the launch of ‘Aashirvaad Atta with Methi’ in the value-added segment. Brand salience was strengthened further on the back of impactful communication and marketing investments.

- In the **Snack Foods Business**, your Company recorded impressive gains in market standing in the Savoury Snacks, Noodles & Pasta categories. In the Noodles category, ‘Sunfeast YiPPee!’ clocked a healthy revenue growth far exceeding the industry growth rate. During the year, Sunfeast YiPPee! entered the league of Top 100 FMCG brands in India – a reflection of its growing stature in the fast growing Noodles category. With the commissioning of the new facility at Malur, Karnataka, the Business expanded its manufacturing footprint to all the four regions of the country which will facilitate more efficient servicing of demand going forward. Sunfeast YiPPee! Tricolor Pasta, a differentiated premium offering launched last year, continued to grow at a fast pace and gain consumer franchise.

In the Savoury Snacks category, the Business registered significant growth in its Bingo! range of finger snacks driven by the ‘Mad Angles’ and ‘Tedhe Medhe’ sub-brands through sustained expansion of distribution, activation of passive channels in the North and East markets and measured brand investments. In the potato chips

Your Company forayed into the fast-growing Juices category during the year with the launch of 7 exciting variants under the ‘B Natural’ brand.

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portfolio, 'Bingo! Yumitos' also grew at a robust pace on the strength of region-specific interventions.

- Your Company forayed into the fast-growing Juices category during the year with the launch of 7 exciting variants under the 'B Natural' brand in January 2015. These highly innovative and differentiated products, including the unique offering 'Jamun Joy', have received promising consumer response. Your Company seeks to leverage its agri-sourcing expertise and deep distribution reach and rapidly scale up the B Natural brand in the years ahead.

Your Company is well positioned to establish itself as the 'most trusted provider of food products in the Indian market' leveraging a strong portfolio of world-class brands, deep understanding of the diverse tastes and preferences of Indian consumers, focus on best-in-class quality and operational excellence across the value chain. Your Company will continue to make investments towards establishing a distributed manufacturing footprint, structural interventions with a view to reducing operating costs and focus on supply chain optimisation to support the rapid and profitable growth of the Branded Packaged Foods Businesses. In line with this objective, your Company is in the process of implementing a new 'Strategy of Organisation' towards bringing about sharper focus, greater agility and responsiveness and facilitating the development of deeper specialisms in each operating category.

Personal Care Products

Your Company's Personal Care Products Business posted robust growth in revenue during the year driven by increasing consumer franchise for its products and a series of new launches and range extensions. During the year, the Business rolled out several differentiated product offerings in the Deodorants, Soaps, Shower Gel and Skin Care categories under the 'Engage', 'Fiama Di Wills', 'Vivel', and 'Superia' brands, and improved in-store brand salience of offerings under the 'Essenza Di Wills' brand.

In February 2015, your Company acquired the 'Savlon' and 'Shower to Shower' trademarks and other intellectual property rights for identified markets from the Johnson & Johnson group. Savlon is an established brand with a rich heritage and is associated with personal care products in the fast-growing antiseptic/anti-bacterial categories. Shower to Shower has a strong consumer franchise in the prickly heat talcum powder category. Your Company intends to leverage these assets to strengthen its position in the personal care space by expanding its existing product portfolio and gaining access to newer consumer segments and markets.

The year saw the successful introduction of a new range of soaps at the premium end under the 'Vivel' franchise with the launch of 'Vivel Love & Nourish' and 'Vivel Glycerin'. As part of a brand modernisation exercise, 'Superia Deluxe' and 'Superia Naturals' were launched to address the emerging needs of distinct consumer segments. The year also witnessed the launch of the next edition of the Signature series of 'Fiama Di Wills Shower Gels - Shower Jewel' designed by celebrity designer, Masaba Gupta. In the fast-growing Deodorants category, 'Engage' has emerged as the No.2 player in the country within a relatively short span of 2 years since launch. The year also saw the launch of '0% gas' variants of 'Engage Cologne Sprays' thereby providing consumers a wider repertoire of choice. These interventions have been well received by consumers strengthening your Company's presence in the Personal Care industry.

As in previous years, the Business received accolades for its product quality and innovation initiatives. 'Fiama Di Wills Shower Gel' was voted the best shower gel at the Nykaa.com Femina Beauty Awards. 'Vivel' won the Afaqs Buzziest Brand Award where it was ranked No. 1 in the Personal Care category. 'Superia Silk' was ranked as the No. 1 soap on quality and skin moisturising ability among Grade 1 toilet soaps by Consumer Voice, a Government of India recognised comparative product testing organisation. These awards, amongst others, bear testimony to your Company's relentless focus on quality and delivering world-class products to Indian consumers.

The year saw the successful introduction of a new range of soaps at the premium end under the 'Vivel' franchise with the launch of 'Vivel Love & Nourish' and 'Vivel Glycerin'.

Industry growth remained subdued during the year, with leading players passing on the benefit of softening input prices - primarily of crude palm oil - to consumers with a view to reviving demand. Your Company outperformed the market by launching several value-added products, focusing on a richer product mix, managing costs by developing alternative sources of supply and further improving supply chain responsiveness.

The Indian Personal Care industry is poised for rapid growth given the relatively low levels of per capita consumption in the country as compared to other emerging economies, increasing urbanisation, rising disposable incomes and the increasing consumer preference for enhanced personal grooming. Your Company is well positioned to seize the emerging opportunities in this rapidly evolving industry with its unrelenting focus on creating vibrant brands, world-class product quality, development of innovative and consumer-centric products based on deep consumer understanding leveraging dedicated R&D capabilities as well as partnerships with key institutions in the scientific community.

Education & Stationery Products

Your Company consolidated its leadership position in the Education and Stationery products industry in India. In the Notebooks category, the Business fortified its market standing and expanded its product portfolio with the launch of several differentiated offerings under the 'Classmate', 'Classmate Pulse', 'Paperkraft' and 'Saathi' brands. The Business launched a premium 'Signature' range of products under the Paperkraft brand exclusively in the e-commerce space. The Classmate portfolio of notebooks was enriched with refreshing designs, finishes and binding styles. Complementary categories comprising writing instruments, art stationery and scholastic products witnessed robust growth during the year leveraging the strong equity of Paperkraft and Classmate brands.

The Business continued to focus on innovation and new product development with a dedicated product development cell working in tandem with your Company's Life Sciences & Technology Centre.

On the distribution front, the Business expanded the availability of its products through a multi-pronged approach of channel proliferation, market penetration and outlet coverage increase. The Business also implemented a specific distribution network to cater to the Saathi brand in the value segment and expanded presence amongst leading e-tailers.

In the area of supply chain, the focus was on strengthening the delivery, quality and cost competitiveness of outsourced manufacturers. During the year, the Business deployed state-of-the-art supply chain planning and optimiser tools that are expected to lower overall cost of servicing demand. Your Company continues to provide technical support and training to nearly 40 vendors in the small-scale sector, facilitating a majority of them being certified to ISO 9001:2008 standards.

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

Growing literacy, increasing scale of government spend and public-private initiatives in education and higher corporate spends in the education sector are expected to drive rapid growth of the Indian Education & Stationery Products industry. Your Company, with its collaborative linkages with small & medium enterprises, a robust product portfolio and unparalleled distribution network, is well poised to strengthen its leadership position in the rapidly globalising Indian stationery market.

Lifestyle Retailing

During the year, the performance of your Company's Lifestyle Retailing Business was impacted by the continuing slowdown in discretionary consumption expenditure. The rise of online apparel retail, aided by heavy discounting and consumer offers, also impacted performance.

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

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In the Premium segment, Wills Lifestyle with its high fashion imagery, increasing appeal and rich product mix, continues to enjoy strong market standing and consumer bonding. Brand equity was enhanced with heightened focus on premium product platforms. 'Wills Classic' 'Luxuria' and 'Regalia' - a finely crafted range of super premium formals - and the Wills Classic 'Ecostyle' collection in natural-fibre products such as linens, sharpened the premium imagery of the brand and aided higher value capture. The Wills Classic 'Modernist' range, 'Wills Sport' and 'Wills Clublife' attracted newer and younger franchise leveraging high-fashion imagery and design language. The women's collection was strengthened by offering an enhanced range of exclusive designer wear, co-created with India's leading designers. The Business also crafted a range of wardrobe essentials across categories to enhance sell through duly supported by robust replenishment infrastructure and processes. The Wills Lifestyle brand continued to receive industry recognition, including the 'Superbrand' certification. During the year, sales of Wills Lifestyle products to 'Club ITC' members increased significantly, reflecting the brand's enhanced bonding with premium consumers.

Retail presence of Wills Lifestyle was expanded during the year with the brand currently present in 104 exclusive stores in 44 cities and more than 500 'shop-in-shops' in leading departmental stores, regional chain stores and multi-brand outlets. The brand is also present in 6 Wills Lifestyle boutique stores in select ITC Hotels enhancing its availability to high-end and leisure travellers.

In the 'Youth fashion' segment, 'John Players' enhanced its market standing by driving fashion imagery anchored on bold and edgy fashion. John Players has emerged as a leading brand in this segment driven by youthful products such as denims, knits and jackets, earning the distinction of being featured amongst the top 5 brands in the apparel category in 'Brand Equity - The Most Exciting Brands' list published by The Economic Times.

During the year, the Business reformulated its retail presence towards enhancing brand reach and acquiring new consumers. Business processes for creation of winning designs and enhancing supply chain efficiency

were further strengthened during the year along with implementation of several initiatives towards improving retail and manufacturing productivity.

Your Company's brands – Wills Lifestyle and John Players – continue to be driven on digital platforms to enhance reach, increase awareness and tap online sales potential including through social media and specific e-commerce portals.

The Business will continue to focus on enhancing the premium and fashion quotient of its offerings based on deep consumer insight, and delivering products of world-class quality. Further investments are being made in building brand salience, enhancing product vitality, implementing contemporary information technology solutions, improving supply chain responsiveness and delivering a superior shopping experience.

Safety Matches and Incense sticks (Agarbattis)

Your Company recorded yet another year of impressive revenue growth in the Agarbatti category, growing well ahead of the industry. Growing franchise for the 'Mangaldeep' brand, superior consumer experience and enhanced distribution reach contributed to a robust performance during the year. Product portfolio was strengthened during the year with a series of new launches and range extensions such as 'Mangaldeep – Flora' and 'Mangaldeep - Dhoop Cones' in the premium segment.

Mangaldeep continues to be the fastest growing agarbatti brand in the country driven by a well-crafted portfolio of offerings born out of deep consumer understanding and increasing brand salience. Your Company also consolidated its leadership position in the 'Dhoop' segment. Investments were made during the year to enhance quality, availability and improving supply chain responsiveness.

The manufacture of agarbattis was reserved for the small-scale & cottage sector in India considering its importance in employment generation. However, import of raw battis (the principal raw material) is still being allowed at low Customs Duty rates. This is resulting in

Wills Lifestyle with its high fashion imagery, increasing appeal and rich product mix, continues to enjoy strong market standing and consumer bonding.

bulk of the raw batti consumption in India being of imported origin leading to a loss of livelihood creation opportunities. Suitable policy changes in arresting this trend would go a long way in creating sustainable livelihoods especially among rural Indian women and tribals.

In the Safety Matches category, your Company sustained its market leadership leveraging a strong portfolio of offerings across market segments. However, sustained escalation in prices of raw materials on the one hand and proliferation of cheaper low quality products on the other, continued to exert severe pressure on sales volumes and margins. The Business implemented several measures such as value engineering, supply chain optimisation and developing alternate sources of supply to mitigate margin pressure. In this regard, the Business continues to focus on developing new products and growing the value-added segment towards enhancing the profitability of the business. Your Company's safety matches brand 'Aim' continues to be the largest selling brand in this industry.

During the year, pursuant to the scheme of demerger of the Non-Engineering Business of Wimco Limited being effective on 27th June 2014, the Safety Matches Business of Wimco Limited was seamlessly integrated with your Company's Safety Matches Business. The Business rationalised its manufacturing operations and implemented a Voluntary Separation Scheme at the Bareilly factory with all permanent workmen and trainees opting for the same. The Business scaled up sourcing from the small-scale sector to meet its requirements and progressively regionalised its sourcing footprint with the induction of units in the North and West towards more efficient servicing of the market.

Technology induction in manufacturing is crucial for the long-term sustainability of the Safety Matches Industry. A uniform taxation framework which provides a level playing field to all manufacturers is necessary to trigger the required investments for modernising this industry and creating a safer working environment for the workforce engaged in this industry. Introduction of GST

is expected to create this supportive environment to enable the industry to become globally competitive.

B. HOTELS

The hospitality sector continues to be impacted by a weak pricing scenario in the backdrop of excessive room inventory in key domestic markets and sluggish macro-economic environment both in India and major source markets. While there was marginal improvement in occupancy rate, average room rates remained under pressure in the backdrop of the addition of 8000 rooms in the key markets of Delhi / National Capital Region, Mumbai, Bengaluru, and Chennai over the last 2 years.

Consequently, Segment Revenues recorded a modest increase of 4.8% during the year. Segment Results were impacted mainly on account of the relatively weak pricing scenario, higher depreciation charge for the year due to revision in the useful life of fixed assets in accordance with the provisions of Schedule II to the Companies Act, 2013 and gestation costs of the newly opened properties - ITC Grand Bharat, near Gurgaon and My Fortune Bengaluru.

Your Company's Hotels Business continues to be rated amongst the fastest growing hospitality chains in India, with over 100 properties across the country under 4 distinct brands - 'ITC Hotels' in the Luxury segment, 'WelcomHotel' in the upper-upscale segment, 'Fortune Hotels' in the upscale & mid-market space and 'WelcomHeritage' in the leisure & heritage segment. In addition to these brands, the Business has licensing and franchising agreements for two brands - 'The Luxury Collection' and 'Sheraton' - with Starwood Hotels & Resorts.

Your Company launched My Fortune Bengaluru, a flagship property under the Fortune banner in the 'upscale' segment, in May 2014 which has been well received by guests. In November 2014, the Business unveiled its latest offering in the super premium segment - ITC Grand Bharat near Gurgaon under a licensing arrangement from Landbase India Ltd. - a wholly-owned subsidiary of your Company. Uniquely

Mangaldeep continues to be the fastest growing agarbatti brand in the country.
In Safety Matches, your Company sustained its market leadership
leveraging a strong portfolio of offerings.

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positioned as an 'oasis of unhurried luxury', this sprawling 'Luxury Collection' resort is situated in an idyllic expanse amidst the Classic Golf Resort – a 27-hole Jack Nicklaus designed signature golf course – surrounded by the majestic Aravalis and dotted with pristine lakes. ITC Grand Bharat delivers the finest luxury experience to guests with 100 Deluxe Suites and 4 Presidential Villas, a wide range of fine dining restaurants, signature spa 'Kaya Kalp - The Royal Spa', a host of recreational and cultural activities and a world-class meeting / banqueting venue. The resort has received glowing accolades in the domestic and international press including from CNN Travel which has rated the Classic Golf Resort among the Top 10 city golf clubs in the world, while ITC Grand Bharat received the Outlook Traveller Award for the 'Indian Hotel Debut of the year'.

In line with its 'asset-right' growth strategy, the Business commenced providing operating services at WelcomHotel Jodhpur from August 2014, taking the total number of rooms under the management contract model in the 5 Star category to 1200.

Your Company was declared the successful bidder for a 250-room luxury beach resort located in South Goa operating under the name Park Hyatt Goa Resort and Spa, following an auction held by IFCI Limited in February 2015 in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Subsequent to your Company making full payment of the bid amount, IFCI issued the requisite Sale Certificates in favour of your Company on 25th February, 2015. The erstwhile owners of the property have thereafter challenged the sale. The matter is pending before the Honourable Bombay High Court, and the hearing is in progress.

The Food & Beverage segment continues to be a major strength of your Company with some of the most iconic brands in the country. Your Company's prestigious brand 'Bukhara' once again featured in the 'S.Pellegrino Asia's Best 50' list while 'Dum Pukht' featured in the global selection of the 'World's 50 Best Restaurants Academy' list. During the year, the Business added

'Tian' – an Asian cuisine studio offering innovative flavours from East Asia and beyond – to its international food & beverage brand portfolio comprising 'West View', 'Pan Asian', 'Edo', 'Shanghai Club' and 'Ottimo'. 'The Royal Vega', a pan-Indian offering of delectable vegetarian food from the royal kitchens of India, continues to delight Indian and foreign travellers alike.

In line with your Company's commitment to the 'Triple Bottom Line', the Hotels Business targets a continuous reduction in energy and water consumption. Further, the Business continues to enhance usage of renewable energy sources which now stands at 58% of total energy requirements of the Business. The bespoke 'WelcomAqua' water programme has been extended to all properties in the Luxury Collection. These interventions stand testimony to the 'Responsible Luxury' positioning of your Company's Hotels Business and reinforce ITC Hotels' position as the 'greenest luxury hotel chain' in the world.

'Club ITC', your Company's pan-ITC consumer loyalty programme with a current membership base of 2.4 lakh premium consumers, continues to gain franchise amongst the premium clientele of ITC Hotels and Wills Lifestyle. A new dining loyalty programme – 'Club ITC Culinaire' – was launched during the year and is fast gaining popularity.

In view of the positive long-term outlook for the Indian Hotel industry coupled with the prospect of sustained growth in both global and domestic economy, your Company remains committed to its investment-led growth strategy. Steady progress is being made on construction of new hotels at Kolkata, Hyderabad and Coimbatore. Requisite clearances from the Sri Lankan authorities have been received by WelcomHotels Lanka (Private) Ltd., a wholly-owned subsidiary of the Company, to progress your Company's first overseas project in Colombo. Excavation and allied works commenced in November 2014.

The 'Fortune' brand which caters to the 'mid-market to upscale' segment continued to lead this segment and expanded its presence with the addition of 5 new hotels

The Hotels Business unveiled its latest offering in the super premium segment - ITC Grand Bharat near Gurgaon, positioned as an 'oasis of unhurried luxury'.

during the year, taking the overall number of operational hotels to 46 hotels across 34 cities. Plans are on the anvil to extend the upscale My Fortune brand to 9 more cities in addition to Chennai and Bengaluru. The 'WelcomHeritage' brand remains the country's most successful and largest chain of heritage hotels with 34 operational hotels.

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

C. PAPERBOARDS, PAPER AND PACKAGING

During the year, the Paperboards, Paper and Packaging segment was impacted by the continuing slowdown in the FMCG industry and input cost pressures. Consequently, the Segment Revenue and Profits grew a muted 2.2% and 3.3% respectively.

Paperboards & Specialty Papers

Global demand for Paper and Paperboard in 2014 remained stagnant at 401 million tonnes. While demand for Paperboard grew by 1.5% during the year, the Writing & Printing paper (W&P) and Newsprint segments continued to decline. During the period 2008 to 2013, global Paper and Paperboard demand grew marginally by 0.5% CAGR on the back of subdued economic growth and structural decline in W&P demand in developed economies like North America and Western Europe with the increasing adoption of digital media. Emerging economies in Asia, the Middle-East and Africa continue to grow at a faster pace. Over the next 5 years, overall demand is estimated to grow at a slightly faster pace of 1.1% per annum driven mainly by Paperboard on the back of economic recovery in developed economies and lower rate of decline in the W&P segment. In view of the subdued demand conditions as aforesaid and significant surplus capacity in China – as a result of huge capacity additions since 2012 and declining economic growth rate – the pricing scenario is expected to remain weak over the medium term.

While India remains one of the fastest growing Paper and Paperboard markets in the world, overall industry demand was adversely impacted for a major part of the year in view of the weak economic environment prevailing in the country. Over the next 5 years, overall demand is expected to grow at 6.6% CAGR, with Paperboard (42% of the market) and W&P (31% of the market) estimated to grow at 7.5% CAGR and 6.2% CAGR respectively.

- Within Paperboards, demand for Value Added Paperboards (VAP) is expected to grow at 10% CAGR during this period. The faster rate of growth in VAP grades is expected to be driven by the increasing demand for branded packaged products, growth in organised retail and the use of packaging as a key differentiator, especially in the FMCG sector. Food, pharmaceuticals, publishing & notebooks and beverages are expected to be the major end-use segments driving demand growth.
- In the W&P paper segment, communication grades for notebooks, school stationery and publishing are likely to be the key drivers of growth fuelled by increasing investments in the education sector and rising literacy levels.

The huge market potential and relatively high rates of growth in India is attracting new capacities despite the recent raw material shortages and pressure on industry profitability. This is evidenced by the significant investments in capacity addition and technology upgradation by industry players over the last 5 years. In the VAP segment, capacity of about 3 Lakh tonnes per annum, representing 50% of the current market size of the segment, is expected to be commissioned over the next 12 to 18 months.

Reduction of import duties under various regional Free Trade Agreements (FTA), especially with ASEAN which became effective from 1st January 2014, continue to impact the profitability of the domestic Paper & Paperboard industry and the economic viability of small paper mills.

The Paperboards Business consolidated its clear market leadership position in the value-added segment with the entire capacity of the recently commissioned paperboard machine (PM7) being dedicated to the manufacture of value-added grades since the beginning of the year.

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

Despite a challenging operating environment and heightened competitive intensity, your Company continued to drive volume growth, improve realisations and sustain its market standing during the year. This was achieved by focusing on identified end-use segments, investments in quality systems and processes, and enhancing customer service levels. The Business consolidated its clear market leadership position in the VAP segment with the entire capacity of the recently commissioned paperboard machine (PM7) being dedicated to the manufacture of VAP grades since the beginning of the year.

The Business expanded its presence in the hosiery, apparels and publishing segments during the year. Product portfolio was strengthened with the launch of new products which were developed to address the specific needs of end-users. In line with its 'Green India' approach, the Business sustained its leadership position in sales of eco-labelled products, which are certified to be environmentally friendly. The Business also strengthened its distribution network during the year with the addition of new distributors and stockists. Service levels also improved on the back of strategically located 'quick service centres'.

The Business has emerged as a leading player in the W&P paper segment leveraging strong forward linkages with your Company's Education and Stationery

Products SBU. In the Specialty Papers segment, your Company consolidated its leadership position in the Decor grades segment by focusing on product quality and mix enrichment.

Your Company continues to pursue the strategy of promoting farm forestry with a view to improving the availability of pulpwood. Over the last 2 years, your Company has stepped up plantation coverage, well in excess of its own requirements, leading to improvement of pulpwood availability during this year in Andhra Pradesh and Telangana. This has also led to enhanced farmer incomes and increase in green cover.

During the year, your Company sold / distributed high quality saplings and seeds to farmers that enabled planting of over 165 million saplings on 29,900 hectares of plantations. With this, your Company's bio-technology based research initiatives have cumulatively resulted in the planting of nearly a billion saplings leading to significant wasteland development, greening of over 195,000 hectares. This path-breaking initiative has generated nearly 90 million person days of employment for tribal and marginal farmers. The state-of-the-art clonal sapling production facility, which was commissioned recently towards accelerating the pace of plantation activity, is operating at full capacity. The facility is a critical enabler of your Company's objective to augment pulpwood availability and to meet the ever growing demand for high quality saplings from the farming community.

Your Company's research on clonal development has resulted in the introduction of high yielding and disease resistant clones which are adaptable to a wide variety of agro-climatic conditions. Your Company's Life Sciences & Technology Centre is actively collaborating with several expert agencies to further leverage bio-technology and site specific nutrient management systems for enhancing farm productivity, wood yields and improved fibre and pulp properties. Systems are also being developed to ensure integrated pest and disease management across your Company's forestry initiatives.

Your Company has the distinction of being the first in India to have obtained the Forest Stewardship

Your Company continues to pursue the strategy of promoting afforestation with a view to improving the availability of pulpwood. This has also led to enhanced farmer incomes and increase in green cover.

Council - Forest Management (FSC-FM) certification which confirms compliance with the highest international benchmarks of plantation management in terms of being environmentally responsible, socially beneficial and economically viable. Till date, your Company has received FSC-FM certification for more than 22,000 hectares of plantations involving over 25,000 farmers with another 2,500 hectares in the pipeline. During the year, more than 25,000 tonnes of FSC-certified wood were procured from these certified plantations. Plans are on the anvil to steadily increase coverage under FSC-FM certification.

All four manufacturing units of your Company have obtained the FSC Chain of Custody certification. These certifications make your Company the leading supplier of FSC-certified paper and paperboard in India.

Your Company continues to focus on recycling initiatives including solid waste recycling. While all manufacturing units have already achieved near 100% solid waste recycling by its usage for making products like lime, fly ash bricks, grey boards, egg trays etc., the procurement and recycling of about 1,05,000 tonnes of waste paper during the year has further consolidated the Business's overall positive solid waste recycling footprint.

During the year, the Bhadrachalam and Kovai units received the 'Excellent Energy Efficient Unit 2014' award from the Confederation of Indian Industry (CII). The Kovai unit has received 'Green Award 2013 - 1st Place' from the Tamil Nadu Pollution Control Board. The Tribeni unit was awarded 'Certificate of merit in the Pulp & Paper Sector' (National Energy Conservation Award – 2014) by The Ministry of Power, Government of India.

Your Company continues to focus on various safety initiatives including induction of safety stewards, strengthening systems, spreading awareness and integrating Environment, Health and Safety (EHS) as part of the overall Total Productive Maintenance (TPM) initiative. With regard to energy and water consumption, strategies to contain usage across units continue to be pursued with good results.

In line with your Company's objective of meeting 50% of its energy requirements from renewable sources, the

Business has implemented several initiatives including investment in a green boiler, soda recovery boilers and solar & wind energy. The 7.5 MW wind energy unit in Coimbatore, continues to operate at optimum levels providing clean energy to the Kovai unit. The new 12 MW Turbine Generator and 72 tonnes per hour (TPH) Boiler commissioned at the Tribeni unit in the previous year is fully operational, catering to energy requirements of the facility at a reduced cost.

Your Company successfully commissioned a 46 MW wind energy project in Andhra Pradesh in July 2014, which has been generating wind power since then. However, due to the bifurcation of the state of Andhra Pradesh and the resultant need for inter-state wheeling of power – permissions for which have not been granted, the majority of the intended benefits from this large investment have not fructified. Consequently, only a minor proportion of the power generated from this wind energy unit is being used currently by your Company's units in Andhra Pradesh with the balance output being sold to the State power grid at nominal rates, leading to sub-optimal returns. Your Company has made several representations to the concerned authorities on this issue and has also approached the Central Electricity Regulatory Commission to secure inter-state wheeling permission. Your Company remains hopeful of an expeditious resolution of the matter.

The year under review witnessed severe cost pressures in major inputs such as wood, pulp and chemicals. Your Company, with its integrated operations and strategic cost management initiatives, was able to minimise the adverse impact of such cost escalations. The Business is in the process of setting up a Bleached Chemical Thermo Mechanical Pulp mill at its Bhadrachalam unit. Once commissioned, the mill will further reduce the dependence on imports besides reducing your Company's carbon footprint.

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 coupled with robust forward linkage with the Education and Stationery

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

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Products Business and focus on Value Added Paperboards - strategically positions the Business 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 continues to be a leading supplier of value-added packaging in the carton and flexibles formats leveraging state-of-the-art technology and processes. The Business provides strategic support to your Company's FMCG Businesses by facilitating faster turnaround of new pack designs, ensuring security of supplies and delivering benchmarked international quality at competitive cost.

Sales of flexibles and cartons packaging recorded healthy growth during the year, driven by increased offtake by existing customers and new business development. Your Company's world-class facility at Haridwar is operating at benchmark standards and has strengthened the Business's ability to service demand in the northern markets more effectively. During the year, the Business augmented in-house printing cylinder manufacturing capacity at the Haridwar unit for speedier customer order fulfilment and enhanced competitiveness.

As in previous years, the Business won several awards for operational excellence, innovation and creativity. These include 4 'World Star Awards' from the World Packaging Organisation, 4 'Asia Star Awards' from the Asian Packaging Federation and 17 'India Star Awards' from the Indian Institute of Packaging for excellence in packaging solutions.

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

The factories at Chennai, Haridwar and Munger continued to maintain the highest standards in Quality and

Environment, Health & Safety (EHS). All the three units are certified as per the Integrated Management System, consisting of ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007. The Chennai and Haridwar units have also received Social Accountability certification (SA 8000:2008). During the year, the Haridwar unit received the 'Gold' rating from Indian Green Building Council for its sustainability features. Both the Chennai 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. The Business continues to be acknowledged as a key associate by several large FMCG companies in the country for providing packaging solutions.

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

D. AGRI BUSINESS

Leaf Tobacco

The global legal cigarette industry continues to be under pressure with cigarette consumption declining in most geographies. Production of global Flue Cured Tobacco varieties (excluding China), on the other hand, registered a growth of around 10% in 2014 with Zimbabwe, USA, India and Tanzania recording higher crop output. Driven by remunerative farm gate prices during 2013, Indian Flue Cured production grew by 14% to touch 317 Million Kgs. - the second highest crop output ever.

In the backdrop of a declining trend in cigarette consumption and record crop output, and high levels of uncommitted stocks globally and in India, leaf tobacco export from India is estimated to have degrown by 11% during 2014-15 to around 210 Million Kgs.

Your Company's Packaging and Printing Business continues to be a leading supplier of value-added packaging in the carton and flexibles formats leveraging state-of-the-art technology and processes.

Despite the challenging business environment, your Company sustained its pre-eminent position as the leading exporter of unmanufactured tobacco from India through focused strategies aimed at strengthening trade with existing customers and robust new business development.

The Business continued to provide strategic sourcing support to your Company's Cigarette Business meeting all requirements at competitive prices. Large scale deployment of farm yield enhancing measures, extensive farmer training campaigns on agricultural best practices and sustainable agriculture, and customised growing programmes for non-Flue cured varieties were some of the key initiatives undertaken during the year. These interventions also contributed towards improving the competitive positioning of Indian leaf tobacco in international markets.

Your Company has built an enduring partnership with the farming community in the tobacco growing areas in India. Over several decades now, your Company has been actively engaging with growers and collaborating with key public institutions towards deployment of high yielding varieties, upgrading crop growing and curing practices and post-harvest product management technologies. Your Company continues to play a lead role in driving Research and Development in the areas of productivity enhancement, quality improvement, input cost reduction, process and product development.

Your Company is the single largest integrated source of quality Indian tobaccos, co-creating and delivering value at every stage of the leaf tobacco value chain. The Business continues to be at the forefront of facilitating the long-term sustainability of farming through focused interventions in sustainable agriculture, quality and productivity enhancement and community empowerment. These initiatives are anchored around the 6 dimensions of sustainability encompassing soil, water, labour, fuel, bio-diversity and community development with a specific focus on soil fertility management, soil moisture conservation, seedling production, micro irrigation, farm mechanisation, energy conservation and bio-diversity protection.

During the year, the Business designed and administered customised Sustainable Agricultural Practices (SAP) Certification Training programmes, aimed at progressive growers in Flue Cured and non-Flue Cured tobacco growing regions. The Business plans to scale up these training programmes in the years ahead.

The Business also launched Project Safal, an innovative web and mobile based platform, which seeks to enhance traceability and visibility of farm operations and provides customised crop advisory and farm extension support. The initiative won the prestigious 'Manthan Award' (runner-up) in the Agriculture & Ecology category at the 11th Manthan Awards for South Asia held in New Delhi.

The Business continues to focus on enhancing supply chain efficiency through structural interventions in the areas of network planning, warehousing and transportation. These initiatives continue to generate substantial savings in costs apart from enhancing the agility and responsiveness of the supply chain.

The Business continues to set benchmarks in leaf threshing operations through focused initiatives and innovative technological solutions. Investments continue to be made in your Company's Green Leaf Threshing plants (GLT) at Anaparti, Chirala and Mysuru towards delivering world-class quality and upgrading processing technology. In line with your Company's strategy to adopt a low-carbon growth path, the Chirala and Anaparti units commenced using energy generated by the wind energy farm set up in Anantapur, Andhra Pradesh from October 2014. With this, all three GLTs meet a significant portion of their energy needs from renewable sources.

Your Company's GLTs remain committed to the highest standards of Environment, Health & Safety and Quality and continue to win recognition in these areas. During the year, the Chirala unit won the 'Shreshtha Suraksha Puraskar' from the National Safety Council of India while the Anaparti unit won 'Gold' and 'Silver' awards from the Quality Circle Forum of India and the 'Gold' award at the International Convention for Quality Control Circles held in Sri Lanka.

With its unmatched R&D capability, state-of-the-art facilities, crop development & extension expertise and a deep understanding of customer and farmer needs, your Company's Leaf Tobacco business is well poised to leverage emerging opportunities.

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The Anaparti unit also won the 1st prize at the 'National Productivity Competition' held by the Indian Institution of Industrial Engineering, Visakhapatnam. During the year, the Mysuru unit was assessed and accredited in accordance with the ISO / IEC17025:2005 standard by the National Accreditation Board for Testing and Calibration Laboratories (NABL) for moisture testing and chemical analysis. The Mysuru unit also received the 'Gold' rating from the Indian Green Building Council.

The Business has been awarded a 'Certificate of Compliance' for its Risk Management Framework as per the requirements of ISO 31000 - a global standard in risk management principles and procedures. The certificate has been issued based on an independent assessment by an external agency and covers the entire value chain covering crop development, procurement, processing and sales.

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

Other Agri Commodities

Food grain production in India is estimated to have declined by 3.2% in 2014-15 to 257 million tonnes. While wheat output at 96 million tonnes remained at previous year's level, rice output at 103 million tonnes was lower by 3.4% primarily due to the delayed onset of monsoons. Oilseeds production recorded a significant drop of 8.9% to 30 million tonnes mainly due to lower groundnut output. Soya production dipped by 1.9% to 11.6 million tonnes due to delayed monsoons.

During 2014-15, world wheat production increased by 9 million tonnes to about 725 million tonnes mainly due

to higher production in Russia and Canada. Increased production and surplus inventory in the global markets impacted wheat exports from India, which dropped to 1.8 million tonnes from 3.5 million tonnes in the previous year. Despite fewer opportunities for international trading, your Company's wheat exports grew strongly to 7 lakh tonnes as against 5 lakh tonnes in the previous year. This was achieved through competitive sourcing of premium varieties for key customers and by garnering volumes from new customers. On the domestic front, the Business continued to expand its presence amongst brand owners, private labels, food processors and millers.

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

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

Your Company has invested significantly in building competitively superior agri-commodity sourcing expertise comprising multiple business models, wide geographical spread and customised infrastructure.

requirements of your Company, the Business continues to focus on building deeper capabilities in proprietary crop intelligence, sourcing & delivery network and crafting multiple customer-centric blends through cost-quality optimisation.

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

Your Company recently forayed into the Juices category with the launch of 7 exciting variants under the 'B Natural' brand. The Business leveraged its widespread sourcing network, associated infrastructure in key growing areas and well-entrenched farmer linkages to source quality fruit pulp. The processed fruits business continued to focus on building its portfolio of organic and certified mango products, sustaining its leadership position in 'Fairtrade' mango pulp exports from India. The Business is working closely with small and marginal farmers across 5 States in building scale and sourcing options.

Your Company's Spices Business endeavours to provide food safe spices through quality differentiation across the value chain and leverage export opportunities in the US, EU and South-East Asian countries. The Business also provides sourcing support to your Company's Aashirvaad range of spices. Over the last few years, the Business has developed robust Chilli crop development programmes, designed to 'produce the buy' along with IT driven traceability systems. Your Company's world-class processing unit in Guntur is certified to the highest grade of global food safety standards under the BRC (British Retail Consortium) Food certification regime while the quality lab is certified to the ISO 17025 standard.

Your Company believes that it is imperative to take an integrated and holistic view of the agricultural value chain towards stimulating agricultural growth in the country. This requires a participatory approach from all stakeholders such as farmers, input vendors, traders, processors and the government agencies. More than a decade ago, your Company conceptualised and rolled out the e-Choupal network as a platform towards empowering the farming community by dis-intermediating the value chain, making available accurate weather related information, enabling price discovery in a transparent manner and disseminating best practices

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

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

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

NOTES ON SUBSIDIARIES

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

During the year, no company became or ceased to be your Company's subsidiary, joint venture or associate company.

ITC Global Holdings Pte. Limited, Singapore ('Global'), a subsidiary of your Company, is under winding up in terms of the Order of the High Court of the Republic of Singapore dated 30th November, 2007. Consequently, your Company is not in a position to consolidate the accounts of Global for the financial year ended 31st December, 2014.

The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with Clause 49 of the Listing

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Agreement with Stock Exchanges, can be accessed on the Company's corporate website at <http://www.itcportal.com/about-itc/policies/policy-on-material-subidiaries.aspx>. Presently, the Company does not have any material subsidiary.

Surya Nepal Private Limited

Nepal's GDP growth accelerated to 5.2% during the fiscal year ended July 2014 compared to 3.5% a year earlier, primarily on the strength of a favourable monsoon that boosted agricultural output and a marked increase in inward remittances that fuelled increased spending in the Services sector. Growth in Agriculture and Services stood at 4.7% and 6.1% respectively – the highest in the last 6 years. The Industry sector, however, grew only marginally by 2.7% as long hours of power outages and other supply side constraints weighed on domestic manufacturing, leading to higher import-led consumer spending in the economy.

Overall economic progress of the country is likely to be halted over the short to medium term, in the aftermath of the severe earthquakes in April and May 2015 which have affected 8 million people including the loss of over 8000 precious lives. Initial estimates peg the economic loss to the country at US\$ 20 billion - equivalent to the country's annual GDP - with reconstruction costs of around US\$ 5 billion over the next 5 years.

The employees and other assets of the company have remained largely protected from the extreme effects of the disaster. Minor damages to the company's properties have been reported to insurance companies for survey. Technical assessment of post-earthquake structural stability of company's owned/leased buildings is being conducted to take corrective measures, if required.

While the Government of Nepal along with its relief partners are focusing on rescue operations, public safety and health, economic activity in the country is gradually returning to normalcy. The company and its employees are committed to work closely with the Government of Nepal and its relief partners in this hour of crisis in order to overcome the effects of this large scale disaster.

During the year under review, the legal cigarette industry in Nepal continued to be adversely impacted by increased tax incidence and regulatory pressures, and the unabated rise in illegal trade. While Excise Duty on cigarettes was increased by 10% during the year, the regulatory environment turned harsher for the legal cigarette industry

with the implementation of Tobacco Products (Control & Regulation) Act, Rules & Directives. This has led to a decline in legal cigarette industry volumes with consumption shifting to tax-evaded tobacco products from the unorganised sector including illegal cigarettes, which do not carry the mandatory graphic health warnings on packs. Consequently, the tobacco industry's contribution to the Government exchequer declined during the year.

Punitive taxation combined with excessive tobacco regulations focused on cigarettes, have led to livelihood related concerns and anxieties for tobacco farmers, farm labour, retailers and other stakeholders who are dependent on the tobacco industry. Further, the Ministry of Health and Population, Government of Nepal, has proposed to revise the existing tobacco legislation and introduce further measures in the near future which, due to their arbitrary, unreasonable and impractical nature, are likely to disrupt more than 4 lakh livelihoods directly/indirectly dependent on the industry.

All stakeholders of the industry have been representing to the Government for reconsideration or withdrawal of the new measures. The company supports effective, evidence based regulations that meet public health objectives, which enable differentiation of its products vis-à-vis competition, recognise its legal rights and do not lead to unintended consequences such as increased illegal trade.

Amidst this challenging business environment, the company recorded Gross Revenue of Nepalese Rupees (NRs.) 2033 crores (previous year – NRs. 1957 crores) and Profit After Tax (PAT) of NRs. 451 crores (previous year – NRs. 425 crores) representing a growth of 3.9% and 6.1% respectively. The company improved its market standing in all major operating segments viz. Cigarettes, Branded Apparel, Safety Matches and the recently launched Agarbatti business.

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

In the Cigarettes business, the company consolidated its market standing by focusing on delivering world-class quality and strengthening its product portfolio.

The new state-of-the-art cigarette factory near Pokhara commenced operations in May 2014. The design of the factory incorporates best-in-class features in ergonomics, energy efficiency, usage of natural light and management of ambient conditions. Machines based on leading-edge technology are being leveraged through contemporary manufacturing practices, systems and people processes. The factory is being developed as a benchmark facility in terms of productivity, quality and sustainability. The new leaf redrying plant, which was commissioned at Simara during the year, will strengthen the company's domestic leaf operations by improving productivity and quality of processed leaf. The plant's environmentally sustainable design enables it to harness green energy sources for ventilation, lighting and waste treatment processes. The company successfully commissioned a 20 kWp solar roof top project at the Simara cigarette factory, thereby expanding its green footprint.

In line with Company's proactive approach to employee relations management, the company successfully concluded a Long Term Agreement with the workmen at the Simara cigarette factory, thus ensuring harmonious and efficient operations.

In the Branded Apparel business, the company's brands 'John Players' and 'Springwood' sustained their position as the preferred choice of consumers in the premium and economy segments. In the Safety Matches business, the company's brand 'Tir' sustained its market leadership position in the wax matches segment. The year also marked the company's entry into the Agarbatti market, with the launch of the 'Mangaldeep' brand – licensed from ITC Ltd. - in the premium and popular segments. The company leveraged its marketing and distribution infrastructure to make the brand available across the country in a relatively short span of time. The products have been well received by consumers and plans are on the anvil to scale up the business in the forthcoming years.

The company is focusing on further strengthening processes and improving productivity in all areas of its operations to reduce costs and improve profitability. As part of this initiative, the company has rolled out an Enterprise Resource Planning system during the year.

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

identified societal needs. Accordingly, the company continues to:

- partner tobacco farmers in Nepal to enhance productivity and improve quality at the farm level through the induction of agricultural best practices. The adoption of such practices and other inputs provided by the company has led to consistent improvement in quality of domestic grades of tobacco thereby improving marketability of the crop and enhancing farmer returns.
- assist farmers in cultivating high quality Poplar saplings in the vicinity of the Simara factory. Under the 'Grow Wood, Grow Food' programme that this initiative promotes, farmers are encouraged to adopt agro-forestry while simultaneously inter-cropping with traditional crops.
- support the animal husbandry extension services initiative with a view to driving yield improvement and enhancing returns of underprivileged farmers.
- partner the Nepal Tourism Board in hosting Nepal's premier professional golf tournament – the 'Surya Nepal Private Limited Masters' with the objective of promoting Nepal as an attractive tourism destination.
- focus on building local supply chain capability towards sourcing its agarbatti requirements from domestic small and medium enterprises, thereby providing employment and skill building opportunities to the economically deprived sections of society, especially women.

The company declared a dividend of NRs. 200.00 per equity share of NRs. 100/- each for the year ended 16th July 2014 (32nd Ashad 2071).

ITC Infotech India Limited and its subsidiaries

2014-15 witnessed the beginnings of major shifts in how businesses use and deploy technology to better understand and service their customers, and use the growing volume, variety and velocity of data flow to gain competitive advantage. With corporates increasingly crafting newer digital business models, business users are replacing the Chief Information Officer (CIO) as the key decision-maker for purchase of information technology products and services. Similarly, the traditional software licensing model is being challenged by 'subscription-based' and 'as-a-service' revenue models.

Report of the Board of Directors

Against this backdrop, the global IT industry grew by 4.6% in 2014 – significantly higher than the preceding two years.

During the year, the company's Consolidated Total Revenue grew by 15% to ₹ 1476.40 crores, while Net Profit grew by 23% to ₹ 106.30 crores. The company's strategies and operating approach are anchored on the following key elements: (i) focusing sharply on domain expertise, delivery excellence, digital and data towards achieving meaningful, differentiated and specialised scale (ii) building solutions and capabilities around products of global software vendors and partnering with them to take these products to market (iii) focusing on geographical expansion to develop new markets and acquire customers, (iv) driving cost management and resource optimisation while balancing growth-led investment imperatives and (v) creating future-ready business verticals while improving overall profitability.

For the year under review:

- a) ITC Infotech India Limited recorded Total Revenue of ₹ 1006 crores (previous year ₹ 926 crores) and Net Profit of ₹ 122 crores (previous year ₹ 101 crores). For the year under review, the company paid a dividend of ₹ 9.00 per Equity Share of ₹ 10/- each aggregating ₹ 76.68 crores (previous year: Nil);
- b) ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Total Revenue of GBP 28.69 million (previous year GBP 25.29 million) and Net Profit of GBP 0.68 million (previous year GBP 1.18 million). For the year under review, ITC Infotech UK declared a dividend of GBP 4.25 (previous year GBP 3.00) per Ordinary Share of GBP 1/- each on 685,815 shares, amounting to GBP 2,914,714 (previous year GBP 2,057,445);
- c) ITC Infotech (USA), Inc., (ITC Infotech USA), a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Pyxis Solutions LLC, recorded Total Revenue of US\$ 81.62 million (previous year US\$ 70.61 million) and Net Profit of US\$ 0.82 million (previous year US\$ 0.17 million).

During the year, the company implemented a new organisation structure for better alignment with the company's strategic direction. A new Independent

Business Unit (IBU) focused on Product Engineering Services and Data Analytics was also set up during the year. The IBU has seen significant growth within a short span of time with a healthy pipeline of customers.

During the year, the company witnessed robust growth in the Asia-Pacific region aided by a combination of partner-driven initiatives as well as a direct sales approach. The company also gained traction in the Middle-East region during the year and generated significant interest amongst prospective clients in that region.

The company continues to expand its service lines, sales channels and presence in Europe and USA. Robust business traction in the USA over the past few years has made that region the highest contributor to the consolidated revenues of the group.

The company's superior service delivery capability continued to earn global recognition. The company featured for the 9th consecutive year in the 'Leaders Category' in the '2015 Global Outsourcing 100' list compiled by the International Association of Outsourcing Professionals (IAOP). The company won the 2014 European Outsourcing award (under the category 'Delivering Business Value in European Outsourcing') from the European Outsourcing Association in recognition of its long-term engagement with the Banking sector.

With enhanced focus on encompassing newer technologies and driven by domain knowledge and delivery excellence, the company is poised to garner a higher share of India-based IT exports and sustain its growth trajectory. Towards attracting high quality human resources, the company has broadened its channels for sourcing quality talent and has strengthened its capability building processes through college affiliations, technology incubation cells and employee ideation panels, thereby ensuring seamless and scalable business operations.

The outlook for the Indian IT industry remains buoyant with NASSCOM forecasting a growth of 12% to 14% in 2015-16. The company is poised to leverage its leadership in knowledge-centric IT services and increasing global presence in attaining its strategic and financial objectives.

Technico Pty Limited and its subsidiaries

The company continues to focus on upgradation and commercialisation of TECHNITUBER[®] seed technology and customising its application across various

geographies. Besides, the company is engaged in the marketing of TECHNITUBER® seeds to global customers from the production facilities of its subsidiaries in India and China. The Indian and Canadian subsidiaries of the Company are also engaged in field multiplication of seeds.

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

For the year under review:

- a) Technico Pty Limited, Australia registered Turnover of Australian Dollar (A\$) 2.2 million (previous year A\$ 2.2 million) and Net Profit of A\$ 0.78 million (previous year A\$ 0.44 million).
- b) Technico Agri Sciences Limited, India registered Net Revenue of ₹ 105.08 crores (previous year ₹ 73.24 crores) and Net Profit of ₹ 45.25 crores (previous year ₹ 14.09 crores). During the year, potato prices rose sharply primarily due to lower crop output. Consequently, demand for good quality seed potato increased significantly. This coupled with the strength of its brand, superior product quality, better on-field performance and strong trade and customer relationships enabled the company to realise better prices during the year.
- c) 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.

Srinivasa Resorts Limited

The company's hotel ITC Kakatiya in Hyderabad continued to be impacted by a challenging economic environment exacerbated by sluggish demand conditions in the city pursuant to the bifurcation of the State of Andhra Pradesh.

The company recorded Total Revenue of ₹ 52.74 crores (previous year ₹ 53.28 crores) during the year ended 31st March, 2015 and Net Loss of ₹ 0.72 crores (previous year Net Profit of ₹ 3.33 crores). Included in the Net Loss for the year is an incremental depreciation charge

of ₹ 2.74 crores on account of revision in the useful lives of fixed assets in accordance with the provisions of Schedule II to the Companies Act, 2013.

During the Year, ITC Kakatiya received the 'Times Food Guide' awards for 'Dakshin' (Best South Indian Fine Dining), Kebabs & Kurries (Best Indian Barbeque), and Marco Polo (Best Bar). TripAdvisor, a renowned hotel review site, also recognised Dakshin and Kebabs & Kurries as the best restaurants in Hyderabad, ranking them No.1 and No.2 respectively. During the year, the hotel was also awarded the '3 Star Rating for Appreciation in EHS Practices' by CII.

Last year, a land parcel measuring about 4.27 acres in Amritsar was assigned to the company by ITC Ltd. towards the development and operation of a full service hotel. During the year, the company obtained the necessary approvals from various authorities and has commenced civil works at the site. Excavation of the site to construct a 100-key full service hotel was completed during the year.

Fortune Park Hotels Limited

During the year ended 31st March, 2015, the company recorded Total Revenue of ₹ 27.19 crores (previous year ₹ 24.85 crores) and earned Net Profit of ₹ 5.74 crores (previous year ₹ 6.25 crores).

The company, which caters to the 'mid-market to upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Currently, the company has an aggregate inventory of nearly 6,000 rooms spread over 76 properties of which 46 are operating hotels. Of the balance 30 properties, 5 hotels are slated to be commissioned in the ensuing year and 25 hotel projects are under various stages of development.

Two hotels have already been operationalised under the flagship 'My Fortune' brand at Chennai and Bengaluru. Plans are on the anvil to launch 9 more hotels under the My Fortune brand over the next few years.

During the year, the company bagged the Travel & Hospitality Award 2014 for the 'Most Outstanding Mid-Market Hotel Chain', Today's Traveller Award 2014 for the 'Best First Class Business Hotel Chain',

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Safari India Award 2014 for the 'Best First Class Business Hotel Chain', Hotel Build India Award 2014 in the 'Best Mid-Market Hotel' category by Hotelier India and ITP Publishing Group India and Hospitality India Award 2014 for the 'Best First Class Hotel Chain'.

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

The 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, 2015.

WelcomHotels Lanka (Private) Limited

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

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

During the year, the company obtained necessary approvals to commence construction activity and all major consultants and architects have been appointed. The ground breaking ceremony for the Project was held on 19th November, 2014 and excavation and allied works, which were commenced immediately thereafter, are progressing satisfactorily.

Your Company's investment in WLPL stood at US\$ 82.8 million as at 31st March, 2015.

Bay Islands Hotels Limited

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

During the year ended 31st March, 2015, the company recorded Total Revenue of ₹ 1.58 crores (previous year ₹ 1.62 crores) and Net Profit of ₹ 0.99 crores (previous year ₹ 1.03 crores).

The Board of Directors of the company has recommended a dividend of ₹ 70.00 per equity share of ₹ 100/- each for year ended 31st March, 2015.

Landbase India Limited

During the year, the company completed the construction of a 104-key luxury hotel, the 'ITC Grand Bharat', at the Classic Golf Resort.

The hotel, which has been licensed to ITC Ltd., commenced operations in November 2014. The company also owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Course.

During the year ended 31st March 2015, the company recorded Total Revenue of ₹ 17.40 crores (previous year ₹ 12.85 crores) and Net Profit of ₹ 1.07 crores (previous year Net Loss ₹ 2.76 crores). During the year, the company issued and allotted to ITC Ltd., 2,80,00,000 Equity Shares of ₹ 10/- each for cash at par, aggregating ₹ 28 crores. The proceeds from the share issue were utilised by the company for the construction of the destination luxury resort hotel.

King Maker Marketing, Inc.

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

Despite the continuing decline in consumption in the US market, the company's Net Sales grew by 9% during the year, driven by robust growth in volumes on the back of focused market interventions. The company recorded Net Sales of US\$ 29.3 million (previous year US\$ 26.9 million) and earned a Net Income of US\$ 0.14 million (previous year US\$ 0.07 million) during the financial year ended 31st March, 2015. During the year, KMM also paid a dividend of US\$ 2.0 million to your Company.

Increasing presence of major cigarette manufacturers in the discount segment – in direct competition with KMM, illicit trade driven by tax differentials between

various States in USA, non-compliant cigarette imports and Native American manufacture continue to pose significant challenges for the company.

Wimco Limited

The scheme of arrangement involving the demerger of the company's Non-Engineering Business into ITC Ltd. with effect from 1st April 2013, became effective from 27th June 2014.

Pursuant to the demerger as aforesaid, the company's business activities are mainly focused on fabrication and assembly of machinery for tube filling, cartoning, wrapping, material handling and conveyor solutions for the FMCG and Pharmaceutical industry.

The company's order book remained subdued during the year with customers holding back capital expenditure in view of the sluggish demand conditions prevailing in the FMCG and Pharmaceutical industry in India.

Consequently, the company's Net Revenue for the year declined to ₹ 12.90 crores (previous year ₹ 17.17 crores on a comparable basis) and reported a Net Loss of ₹ 0.48 crores (previous year Net Profit ₹ 1.67 crores on a comparable basis).

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

North East Nutrients Private Limited

Your Company holds 76% of the 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. Construction work on the manufacturing facility is currently in progress and commercial production is expected to start in the ensuing year.

Your Company's investment in NENPL stood at ₹ 48.13 crores as at 31st March 2015.

Russell Credit Limited

During the year, the company registered Total Revenue of ₹ 70.81 crores (previous year ₹ 65.52 crores) and Net

Profit of ₹ 56.38 crores (previous year ₹ 34.57 crores). The company paid a dividend of ₹ 1.40 per equity share aggregating ₹ 90.51 crores for the year ended 31st March, 2015.

Temporary surplus liquidity of the company is mainly deployed in debt mutual funds and bank fixed deposits. The company continues to explore opportunities to make strategic investments for the ITC group.

Gold Flake Corporation Limited

The company registered Total Revenue of ₹ 4.20 crores during the year under review (previous year ₹ 4.37 crores). The company paid a dividend of ₹ 9.00 per equity share aggregating ₹ 14.40 crores for the year ended 31st March, 2015.

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

Wills Corporation Limited

The company recorded Total Revenue of ₹ 0.89 crore during the year (previous year ₹ 0.93 crore). The company paid a dividend of ₹ 7.00 per equity share aggregating ₹ 3.42 crores for the year ended 31st March, 2015.

Greenacre Holdings Limited

During the year, the company recorded Total Revenue of ₹ 3.51 crores (previous year ₹ 3.31 crores) and Net Profit of ₹ 1.04 crores (previous year ₹ 0.87 crore). 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, 2011, recorded Total Revenue of ₹ 0.48 crore during the year (previous year ₹ 0.32 crore) and Net Profit of ₹ 0.33 crore (previous year ₹ 0.31 crore).

During the year, the company purchased the entire shareholding (50,000 equity shares) of MRR Trading & Investment Company Limited from BFIL Finance Limited, a fellow subsidiary, at an aggregate consideration of ₹ 4.52 crores. Consequently, MRR Trading & Investment Company Limited became a wholly-owned subsidiary of the company with effect from 30th March, 2015.

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BFIL Finance Limited

The company registered Total Revenue of ₹ 0.34 crore during the year (previous year ₹ 0.81 crore). Net Loss for the year stood at ₹ 4.37 crores (previous year Net Profit ₹ 0.61 crore) mainly on account of payment of interest on loan from the parent entity. The company is actively pursuing various legal cases initiated against defaulting clients for recoveries.

MRR Trading & Investment Company Limited

The company holds tenancy rights in a commercial building located in Mumbai and also provides estate maintenance services. During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ Nil).

Pavan Poplar Limited

The scheme of arrangement involving the demerger of Wimco Limited's Non-Engineering Business into ITC Ltd. with effect from 1st April 2013, became effective from 27th June 2014. As a result, the company, which was earlier a wholly-owned subsidiary of Wimco Ltd., became a direct wholly-owned subsidiary of ITC Ltd. with effect from 27th June 2014.

The operations of the company remained impacted during the current year pursuant to the order of the Uttarakhand High Court in February 2014 dismissing the writ petition filed by the company against the order of the District Magistrate authorising 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.

Consequently, the company's Total Revenue declined from ₹ 0.96 crore in the previous year to ₹ 0.02 crore in the current year. The company reported a Net Loss of ₹ 0.47 crore during the year (previous year Net Loss of ₹ 4.47 crores after considering an aggregate provision of ₹ 4.55 crores made towards inventory and fixed assets).

Prag Agro Farm Limited

The scheme of arrangement involving the demerger of Wimco Limited's Non-Engineering Business into ITC Ltd. with effect from 1st April 2013, became effective from 27th June 2014. As a result, the company, which

was earlier a wholly-owned subsidiary of Wimco Ltd., became a direct wholly-owned subsidiary of ITC Ltd. with effect from 27th June 2014.

The operations of the company remained impacted during the current year pursuant to the order of the Uttarakhand High Court in February 2014 dismissing the writ petition filed by the company against the order of the District Magistrate authorising 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.

Consequently, the company's Total Revenue declined from ₹ 0.70 crore in the previous year to ₹ 0.04 crore during the current year. The company reported a Net Loss of ₹ 0.08 crore during the year (previous year: Net Loss of ₹ 4.05 crores after considering an aggregate provision of ₹ 4.00 crores made towards inventory and fixed assets).

ITC Global Holdings Pte. Limited

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

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

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

On 22nd July, 2013, the Liquidator filed an application, to amend the Statement of Claim filed in the proceedings to include an additional claim of US\$ 1.03 million against your Company, which was dismissed by the Assistant Registrar. The Liquidator's appeal against the said dismissal was also dismissed on 29th May, 2014, by the Singapore High Court.

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

NOTES ON JOINT VENTURES

ITC Essentra Limited

The company recorded Gross Revenue of Rs. 328.60 crores (previous year Rs. 292.74 crores) and Net Profit of Rs. 12.22 crores (previous year Rs. 13.77 crores) for the financial year ended 31st December, 2014. During the year, the company consolidated its leadership position in the backdrop of a challenging operating environment which saw increasing taxation and regulatory pressures on the cigarette industry. The company countered the challenges posed by these difficult market conditions by focusing on innovation, superior execution, consistent delivery and world-class quality. Although the company garnered additional volumes, adverse sales mix and higher interest cost impacted the performance for the year. During the year, the company fully operationalised its new state-of-the-art manufacturing line at Doddaballapur, Karnataka.

Given that a significant portion of the company's sales are to customers in the domestic cigarette industry which is facing unprecedented pressure on volumes due to steep increase in taxes/duties, the year ahead will indeed be challenging. In this context, the company is also focusing on growing exports with best-in-class delivery of high quality products to customers at competitive prices. Besides, the company continues to diversify the sourcing base for its principal raw material - acetate tow - towards ensuring security of supplies and optimising costs.

A sustained drive to develop contemporary and value added cigarette filter solutions coupled with integrated online quality control systems have enabled the company to consolidate its position as the preferred supply chain partner for several well-known national and international brands. The company remains focused on sustaining its position as the innovation and quality benchmark in the cigarette filter market.

The Board of Directors of the company has recommended a dividend of Rs. 9.00 per Ordinary Share of Rs. 10/- each for the year ended 31st December, 2014.

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, 2015, the company recorded Total Revenue of ₹ 3.80 crores (previous year ₹ 3.46 crores) and Net Profit of ₹ 0.24 crores (previous year ₹ 0.10 crores).

The 'WelcomHeritage Hotels' brand was awarded the 'Best Heritage Hotel Chain' by Today's Traveller Awards 2014.

Espirit Hotels Private Limited

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

The Ambience Group has expressed its desire to review the timing of further investments in EHPL, citing concerns about the viability of the project in view of the challenging economic environment and the sluggish demand conditions currently prevailing in Hyderabad pursuant to the bifurcation of the State of Andhra Pradesh. In this regard, your Company is examining the way forward under the Joint Venture Agreement.

Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2015.

Logix Developers Private Limited

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

Pursuant to an equity cash call aggregating ₹ 14.87 crores made by LDPL during the year, your Company invested ₹ 3.87 crores in LDPL. However, the JV partner did not subscribe to its share of the cash call. Consequently, your Company's total investment

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in LDPL increased to ₹ 41.95 crores as at 31st March 2015, taking its equity stake to 27.9% in the company.

Logix Estates Private Ltd., the JV partner, has communicated to your Company that it would like to explore alternative project development plans, failing which, it proposes to exit the joint venture by selling its shareholding in LDPL to your Company. Your Company is exploring its options in this regard.

NOTES ON ASSOCIATES

International Travel House Limited

During the financial year ended 31st March, 2015, the company recorded Total Revenue of ₹ 183.48 crores (previous year ₹ 176.44 crores) and Net Profit of ₹ 18.38 crores (previous year ₹ 18.11 crores).

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

The Board of Directors of the company has recommended a dividend of ₹ 4.25 per equity share of ₹ 10/- each for the year ended 31st March, 2015.

Gujarat Hotels Limited

During the financial year ended 31st March, 2015, the company recorded Total Revenue of ₹ 4.31 crores (previous year ₹ 4.51 crores) and Net Profit of ₹ 2.73 crores (previous year ₹ 3.27 crores).

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

The Board of Directors of the company has recommended a dividend of ₹ 3.50 per equity share of ₹ 10/- each for the year ended 31st March, 2015.

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 ₹ 23.16 crores (previous year ₹ 21.95 crores) and Net Profit of ₹ 0.91 crore (previous year ₹ 0.84 crore).

During the year, the company exhibited robust operational performance with benchmark scores in product quality

and material utilisation. The company won the 'Platinum Award' from The Economic Times for manufacturing excellence, a 'Certificate of Appreciation' from FICCI for excellence in quality systems and various safety awards for outstanding track record in safety.

Associates of Russell Credit Limited

Classic Infrastructure & Development Limited

The company recorded Total Revenue of ₹ 0.45 crore during the year (previous year ₹ 0.41 crore) and Net Profit of ₹ 0.20 crore (previous year ₹ 0.35 crore).

The company continues to explore growth opportunities.

Russell Investments Limited

During the year, the company recorded Total Revenue of ₹ 5.66 crores (previous year ₹ 2.42 crores) and Net Profit of ₹ 5.42 crores (previous year Net Loss ₹ 0.20 crore).

The company continues to explore opportunities to make investments.

Divya Management Limited

During the year, the company recorded Total Revenue of ₹ 0.24 crore (previous year ₹ 0.23 crore) and Net Profit of ₹ 0.08 crore (previous year ₹ 0.10 crore).

The company continues to explore opportunities to make investments.

Antrang Finance Limited

During the year, the company recorded Total Revenue of ₹ 0.30 crore (previous year ₹ 0.28 crore) and Net Profit of ₹ 0.20 crore (previous year ₹ 0.20 crore).

The company continues to explore opportunities to make investments.

INTERNAL FINANCIAL CONTROLS

The Corporate Governance Policy guides the conduct of affairs of your Company and clearly delineates the roles, responsibilities and authorities at each level of its three-tiered governance structure and key functionaries involved in governance. The ITC Code of Conduct commits management to financial and accounting policies, systems and processes. The Corporate Governance Policy and the ITC Code of Conduct stand

widely communicated across the enterprise at all times, and, together with the 'Strategy of Organisation', Planning & Review Processes and the Risk Management Framework provide the foundation for Internal Financial Controls with reference to your Company's Financial Statements.

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

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

Your Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been tested during the year and no reportable material weakness in the design or operation was observed. Nonetheless your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

RISK MANAGEMENT

As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with market opportunities, focusing on building distributed leadership and succession planning

processes, nurturing specialism and enhancing organisational capabilities through timely developmental inputs. Accordingly, management of risk has always been an integral part of the Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes and systems. Backed by strong internal control systems, the current Risk Management Framework consists of the following key elements:

- The Corporate Governance Policy 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 your Company's Risk Management Policy and Framework that is endorsed by the Board and is aimed at ensuring formulation of appropriate risk management procedures, their effective implementation across your Company and independent monitoring and reporting by Internal Audit.
- 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.

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- At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures for new areas of operation.
- A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and accountability. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

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

The Company during the year has also constituted a Risk Management Committee, as required by revised Clause 49 of the Listing Agreement.

AUDIT AND SYSTEMS

Your Company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that inter alia provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

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

The Internal Audit function consisting of professionally qualified accountants, engineers and IT Specialists is adequately skilled and resourced to deliver audit assurances at highest levels. In the context of the IT environment of your Company, systems and policies

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

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

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 adequacy and effectiveness of the internal control environment, 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 discharge of statutory mandates.

HUMAN RESOURCE DEVELOPMENT

Your Company believes that it is the quality and dynamism of its human resource that enables it to make a significant contribution to enhancing stakeholder value. In order to sustain its position as one of India's most valuable corporations, your Company works relentlessly towards being customer-focused, competitively-superior, performance-driven and future-ready.

The talent management strategy of your Company strives to deliver its unique talent promise - 'Building Winning Businesses. Building Business Leaders. Creating Value for India.' Your Company is guided by a holistic approach to talent management - focusing on synchronising the multiple elements of talent sourcing, work design, performance management, remuneration, individual growth and development – to deliver breakthrough outcomes. Human Resource Development practices in your Company are guided by the principles of relevance, consistency and fairness based on the premise that 'what' is done is as critical as 'how' it is done.

Taken together, these initiatives and processes have made a significant impact on talent attraction, retention and commitment.

Your Company has assiduously built a culture of continuous learning, innovation and collaboration across the organisation by judiciously leveraging cutting-edge learning and development practices with coaching, mentoring and on-the-job training. Based on the premise that action learning is a more effective approach to development of human resources, learning and development interventions stress less on classroom learning and more on workplace projects. These interventions are therefore fashioned along the lines of longer term journeys rather than short term events.

Your Company's strategic Learning and Development agenda is geared to building front-line managerial capability, middle-management functional leadership and strategic leadership capability of senior management. Apart from this, your Company's 'Strategy of Organisation' serves as an excellent platform to build distributed leadership. This two-pronged approach to leadership development has ensured that each of your Company's businesses is managed by a team of competent, passionate and inspiring leaders, capable of building a high-performance and future-ready organisation.

Your Company continues to invest in the time-tested approach of progressive employee relations based on the core principles of trusteeship, fairness, equity, industrial democracy and partnership with enlightened trade unions. This has enabled your Company consistently set a fine record of industrial harmony, highlighted not merely by the absence of strife, but by the more positive outcome of high productivity and superior quality. A productive and innovative workplace is a key requirement of successful business performance. Hence the push for embracing commitment-enhancing people processes that seek and nurture employee participation and involvement in managing the shop floor. Your Company's belief in the mutuality of interests of key stakeholders, aligns all employees to a shared purpose and vision, thus providing it with the vital force to win in the market and enhance value creation.

Your Company has been able to galvanise its human resource to become more agile, leverage change, stay ahead of competition and win in the market. Your Company's employees relentlessly strive to deliver world-class performance and discharge their role as 'trustees' of all stakeholders with true faith and in the spirit of allegiance. Over 25,000 of your Company's employees have collectively envisioned the future with

commitment to realising your Company's vision of creating enduring value - for the nation and for the institution that is ITC.

WHISTLEBLOWER POLICY

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

SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

Your Company's vision to sub-serve larger national priorities and create enduring societal value is the inspiration behind its multi-dimensional sustainability initiatives that are today acknowledged as global exemplars. Your Company's sustainability strategy aims to significantly enhance value creation for the nation through superior 'Triple Bottom Line' performance that builds and enriches the country's economic, environmental and societal 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.

It is a matter of immense satisfaction that your Company's models of sustainable development and value chains designed to promote livelihoods, have supported the creation of around 6 million sustainable livelihoods, largely among the marginalised sections of society. Your Company has sustained its position of being the only Company in the world of comparable dimensions to have achieved the global environmental distinction of

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being carbon positive (for 10 consecutive years), water positive (for 13 years in a row) and solid waste recycling positive (for 8 years in succession).

Your Company's renewable energy portfolio ensures that over 43% of its total energy requirements are met from renewable energy sources - a remarkable achievement given the large manufacturing base of your Company. Further, premium luxury hotels, several office complexes and factories of your Company are LEED® (Leadership in Energy & Environmental Design) certified at the highest level by the US Green Building Council/Indian Green Building Council and the Bureau of Energy Efficiency (BEE) under its star rating scheme.

Your Company has adopted a comprehensive set of sustainability policies that are being implemented across the organisation in pursuit of its 'Triple Bottom Line' agenda. The broad objectives with which your Company has rolled out these policies include strengthening the mechanisms of engagement with key stakeholders, the identification of material sustainability issues and the efforts towards monitoring and mitigating the impacts along the value chain of each Business, wherever relevant.

Your Company's 11th Sustainability Report, published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for the year 2013-14. Your Company's Sustainability Report in conformance with the new Global Reporting Initiative (GRI) G4 Guidelines was amongst the first in India under "In Accordance - Comprehensive" category with "Materiality Matters" confirmation from GRI and also the first in India that has been third party assured at the highest criteria of "reasonable assurance" as per International Standard on Assurance Engagements (ISAE) 3000. The 12th Sustainability Report, covering the sustainability performance of your Company for the year 2014-15, is being prepared in accordance with the GRI guidelines – G4 and will be available to you shortly.

In addition, the Business Responsibility Report (BRR), as mandated by the Securities & Exchange Board of India (SEBI), was brought out as an annexure to the Report and Accounts 2014, mapping the sustainability performance of your Company against the reporting framework suggested by SEBI. The BRR for the year under review is annexed to this Report and Accounts.

Corporate Social Responsibility (CSR)

Your Company's overarching aspiration to create significant and sustainable societal value, inspired by a vision to sub-serve a larger national purpose and abide by the strong value of trusteeship, is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Towards this end, the Company adopted a comprehensive CSR policy in 2014-15 that defines the framework for your Company's Social Investments Programme.

Your Company's Social Investments Programme has identified three important stakeholder groups: (a) Rural communities in the Company's operational areas who seek viable solutions to some of the major challenges that threaten the sustainability of their farming systems; (b) Communities residing in close proximity to our production units who expect help in the creation of the necessary socio-economic infrastructure for the emergence of a healthy, educated and skilled work force and the promotion of entrepreneurship, especially amongst women, to generate additional income streams; and (c) Central and State governments, which encourage Public Private Partnerships to demonstrate scalable and replicable models of development. Your Company's stakeholders are confronted with multiple, but inter-related, issues at the core of which is the challenge of securing sustainable livelihoods. Interventions therefore are appropriately designed to respond to their unique multi-dimensional development challenges in order to accomplish the goal of empowering stakeholder communities to promote sustainable livelihoods.

The footprint of your Company's CSR projects promoted under the Social Investments Programme is spread over 14 states covering 71 districts. The interventions reach out to over 6,70,000 households in more than 10,600 villages.

Social Forestry

Your Company's pioneering initiative of wasteland development through the Social Forestry Programme cumulatively covers 67,536 hectares in 3,720 villages, impacting over 70,000 poor households. This is part of the Social and Farm Forestry initiative that has together greened nearly 200,000 hectares to date and generated

nearly 90 million person days of employment for rural households, including poor tribal and marginal farmers. The agro-forestry initiative, that ensures food, fodder and wood security, cumulatively covered about 9,800 hectares during the year and 17,600 hectares till date.

Soil and Moisture Conservation

The coverage of your Company's Soil and Moisture Conservation programme, designed to assist farmers in identified moisture-stressed areas, increased by an additional 51,397 hectares taking the total area covered under the watershed programme to 200,186 hectares. 1,490 water-bodies were built during the year, taking the total number of water harvesting structures to 6,464.

Bio Diversity

In the catchments of your Company's agri-business operations, your Company scaled up bio-diversity conservation in 57 plots covering 504 hectares with the objective of protecting native flora and fauna and providing other eco-system services. Cumulatively, the area under bio-diversity now stands at 3,191 hectares. Reports of some of the bio-diversity conservation initiatives were published in the International Journal of Biodiversity & Endangered Species – Spain 2014 and also featured as a case study in the India Business & Biodiversity Initiative (IBBI) report published by the CII-ITC Centre of Excellence for Sustainable Development and the Ministry of Environment, Forests & Climate Change. Your Company has promoted bio-diversity conservation on 22 hectares in Telangana and Andhra Pradesh. Your Company has also collaborated with the Telangana Government to strengthen and benchmark bio-diversity conservation in the KBR National Park in Hyderabad covering an area of 140 hectares, thereby enabling FSC certification of the said park.

Sustainable Agriculture

Your Company's sustainable agriculture programme aims to introduce advanced knowledge and technology through different packages of farm practices and increase awareness of farmers on optimum use of natural resources in order to increase farm productivity and minimise cost of cultivation. During the year, 521 farmer field schools disseminated advanced agri-practices to over 21,000 farmers through 7,736 demonstration plots covering over 18,000 hectares under different crops.

In pursuit of your Company's long term sustainable objective of increasing soil organic carbon, a total of 3,668 compost units were constructed during the year taking the total number till date to 23,554 units. In addition, the 'Choupal Pradarshan Khet' promoted field demonstrations of seed varieties and production practices for improved yield and quality in soybean, wheat, rice, summer pulses and horticultural crops in more than 1,200 villages covering around 21,000 hectares and more than 60,000 farmers with focus on sustainable farm practices like moisture conservation, promotion of bio-fertilisers, zero-tillage, prophylactic pest management, etc.

Livestock Development

Livestock development remains a key focus area of your Company's CSR initiatives. The programme for genetic improvement of cattle through artificial insemination to produce high-yielding crossbred progenies is implemented through 256 Cattle Development Centres (CDCs) covering over 10,000 villages. These CDCs facilitated 2,24,000 artificial inseminations during the year, taking the total to 15,61,000 artificial inseminations performed till date. Your Company's CSR initiatives aimed at enhancing milk production, increasing dairy farm productivity and ensuring remunerative prices to farmers in multiple locations continued to make good progress. The Dairy Development programme is currently sourcing an average of 32,000 litres per day (lpd) of milk, with a peak of 57,000 lpd, in Munger and Saharanpur from 6,470 farmers. As part of this initiative, an end-to-end mobile enabled farm automation and IT solution for productivity enhancement, real-time management of cattle herds' health, fertility, milk quality, productivity and providing farm management inputs to farmers was piloted during the year and currently covers 1,000 animals.

Women Empowerment

The women's micro-enterprise programme was specifically designed for women from economically weaker sections to provide a range of gainful employment opportunities and support with financial assistance by way of loans and grants. Over 23,000 women have been covered through 2,057 Self-Help Groups (SHG) with total savings of over ₹ 4 crores. A major thrust was given to financial inclusion of women members by opening bank accounts for 1,335 women this year. Cumulatively,

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over 40,000 women were gainfully employed either through micro-enterprises or assisted with loans to pursue income generating activities.

Education

The Primary Education programme is designed to provide children from weaker sections, access to education with focus on quality and retention. During the year, 36,000 children were covered by the 'Read India Programme' and another 34,000 children were covered by Supplementary Learning Centres, taking the cumulative total of children covered to 4,06,000. A total of 147 government primary schools (including Anganwadis) were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units, furniture and electrical fittings, thus taking the total number of government primary schools covered till date to 1,158.

Skilling & Vocational Training

Given the inadequate availability of skilled manpower and the Government's efforts to promote vocational education and training, your Company's Vocational Training programme played an active role in building and upgrading skills of marginalised youth to better meet the emerging needs of the job market. 13,180 youth were enrolled for training under different courses during the year. Of the total students enrolled, 10,378 (79% of enrolled) completed training and 3,280 (32% of trained) students were provided placement. The students trained included a healthy mix of women and SC/ST candidates.

To cater to the ever growing need for professionally trained human resources in the hospitality industry, your Company continues to work with the Welcomgroup Graduate School of Hotel Administration together with Dr. TMA Pai Foundation. This institution continues to be ranked among the top educational institutions in the sector. Graduates of the institution are today part of several leading hotel chains of the world. In addition, your Company also opened a Culinary Institute at Chhindwara in 2014, where cooking skills are imparted to youth from disadvantaged sections of society.

Leveraging its core competencies in the FMCG sector, your Company launched an employability programme to skill unemployed youth in FMCG sales and distribution across various locations of the country. Candidates who successfully completed the programme were certified

by the National Skill Development Corporation and have been gainfully employed in the FMCG sector.

A programme to promote entrepreneurship for self-help groups from economically weaker sections of society was launched in select districts of Odisha. This initiative targeted to equip unemployed rural youth to become entrepreneurs and small businessmen capable of generating independent earnings by selling products on a direct-to-home sale model. This initiative has resulted in generating a sustained supplementary income for economically disadvantaged youth and will be further scaled up in the future.

Health & Sanitation

Your Company invested in impacting public health through multiple routes. To promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases, 3,578 individual household toilets were constructed during the year. With this, a total of 8,254 low-cost sanitary units have been constructed so far in your Company's factory catchment areas. In areas with water quality problems, 19 plants providing safe drinking water to about 28000 rural households have been installed in the state of Andhra Pradesh. 'Swasthya Choupal', your Company's e-Choupal Rural Health initiative was consolidated in 7 districts of Uttar Pradesh and expanded to 3 new districts in Madhya Pradesh with a coverage of over 450 villages.

Solid Waste Management

Your Company's Solid Waste Management programme, christened 'WOW – Wellbeing Out of Waste' inculcates the habit of source segregation and recycling among school children, housewives and general public as well as industries and business enterprises. The WOW movement today extends to Hyderabad, Chennai, Bengaluru, Coimbatore and some towns of Telangana, enjoying the support of over 3 million citizens, 500,000 school children, 350 corporates, more than 1,000 commercial establishments and around 200 industrial plants.

On the occasion of the 3rd anniversary of National Recycling Day, your Company launched a novel pilot programme in 12 selected wards of Bengaluru with the support of the Bruhat Bengaluru Mahanagara Palike (BBMP) and a similar programme in 30 wards of

Coimbatore to create sustainable livelihoods for rag pickers and waste collectors by propagating source segregation at each household and facilitating effective collection mechanisms in collaboration with Municipal corporations.

ITC Sangeet Research Academy

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

Forging Partnerships with NGOs

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

CSR Expenditure

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

Environment, Health & Safety

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

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

Your Company has addressed 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 increasing use of post-consumer waste as raw material.

Energy Conservation and Renewable Energy

Your Company is well positioned to benefit from India-specific energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. Substantial progress has been made in enhancing the renewable energy portfolio and during 2014-15 over 43% of your Company's total energy requirements was met from carbon neutral fuels such as biomass, and wind and solar. Your Company has developed a strategic approach and drawn up action plans based on a feasible balance of energy conservation and renewable energy investments to progressively move towards meeting at least 50% of its total energy requirements from renewable sources by 2020.

Report of the Board of Directors

Water Conservation

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

Greenhouse Gases and Carbon Sequestration

During the year, your Company improved its 'disclosure score' in the Climate Disclosure Leadership Index 2014 published under the aegis of the Carbon Disclosure Project from 85% in 2013-14 to 94% in 2014-15, placing it amongst the top 10 Indian organisations who have been so evaluated. The greenhouse gas (GHG) inventory of your Company for the year 2014-15 compiled as per the ISO 14064 standard, has been assured at the highest 'Reasonable Level' by an independent 3rd party assurance provider, a significant achievement considering the scale and spread of your Company's operations. This is also evidence of the importance accorded to GHG management by your Company.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all luxury hotels of your Company are LEED® Platinum certified (certification in progress for ITC Grand Bharat which was opened recently) making it the 'greenest luxury hotel chain' in the world. In order to continually reduce your Company's energy footprint, green features are integrated in all new constructions and are also being incorporated in existing hotels, manufacturing units, warehouses and office complexes during retrofits.

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

Waste Recycling

Your Company has made significant progress in reducing specific waste generation through constant monitoring and improvement of efficiencies in material utilisation and also in achieving almost total recycling of waste generated in operations. In this way, your Company has prevented waste reaching landfills and associated problems such as soil and groundwater contamination and GHG emissions, all of which can impact public health. In the current year, your Company has achieved over 99% waste-recycling, with the Paperboards and Specialty Papers Business, which accounts for 91.2% of the total waste generated in your Company, recycling 99.8% of the total waste generated by its operations. During the year, this Business also recycled around 114,563 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Safety

Your Company's commitment to provide a safe and healthy workplace to all has been reaffirmed by the significant reduction in the number of accidents and several national and international awards and certifications received by various units. Your Company's approach is to institutionalise safety as a value-led concept with focus on inculcating a sense of ownership at all levels and driving behavioural change leading to the creation of a safety culture. In line with this approach, several behavioural based safety initiatives and custom-made risk based training programmes were rolled out at your Company's operating units, resulting in a noticeable improvement in safety performance. Your Company incorporates established engineering standards in the design and project execution phase itself for all investments in the built environment, with a view to ensuring the highest levels of safety besides optimising costs. Environment, Health & Safety audits before commissioning and during the operation of units are carried out to verify compliance with standards. 2014-15 was a zero fatal accident year and there was also a 56% drop in Loss Time Accidents, over the previous year. These statistics cover all categories of employees working on-site at ITC premises, including employees of service providers.

Promoting Thought Leadership in Sustainability

The 'CII-ITC Centre of Excellence for Sustainable Development' (the Centre), established by your Company in 2006 in collaboration with the Confederation of Indian Industry (CII), continues to focus on its endeavours to promote sustainable business practices amongst Indian enterprises. The major highlights during the year include the annual Sustainability Summit, held on 16th & 17th September 2014 in New Delhi, which was inaugurated by Shri Prakash Javadekar, Minister of Environment, Forests and Climate Change (MoEFCC), and chaired by Shri Y C Deveshwar. The Summit was attended by over 300 participants.

On 19th December 2014, the 9th CII-ITC Sustainability Awards were handed over by Shri Prakash Javadekar to the 27 winning companies as India's Most Sustainable.

On the invitation of the MoEFCC, the Centre is hosting the India Business & Biodiversity Initiative (IBBI) with the support of German International Cooperation. Launched on the occasion of International Day for Biological Diversity on 22nd May 2014 in New Delhi, the IBBI serves as a national platform for business and its stakeholders for dialogue, sharing and learning, ultimately leading to mainstreaming sustainable management of biological diversity into businesses. On the sidelines of the 12th meeting of the Conference of the Parties (COP) to the Convention on Biological Diversity (CBD), the IBBI launched the publication "Business and Biodiversity in India: 20 Illustrations" in Pyeongchang, Republic of Korea. The report features initiatives of 20 companies across diverse sectors in biodiversity management.

The Centre has introduced integrated reporting to India by setting up a business network called <IR> Lab India with mentorship of International Integrated Reporting Council. The objective of <IR> Lab is to build capacities of companies in India on integrated reporting and to represent concerns of Indian business to the International Integrated Reporting Council (IIRC).

The Centre has been building capacities of companies on the new CSR legislation as per the Companies Act, 2013. In 2014, the Centre conducted 7 open workshops in New Delhi, Mumbai, Lucknow, Bhubaneswar, Chennai, Visakhapatnam and Goa. The Centre is also offering services to companies in baseline studies, measurement

of human development indicators, and social return on investments.

R&D, QUALITY AND PRODUCT DEVELOPMENT

The ITC Life Sciences & Technology Centre (LSTC) has a mandate to develop unique sources of competitive advantage and build future-readiness by harnessing contemporary advances in several relevant areas of science and technology, and blending the same with classical concepts of product development and leveraging cross-business synergies. This challenging task of driving science-led product innovation has been carefully addressed by appropriately identifying the required set of core competency areas of science. Presently, the LSTC team has evolved with over 350 world-class scientists augmented by world-class experimental and measurement system capabilities. During the year, LSTC's capability was further enhanced with the operationalisation of state-of-the-art facilities for performing experimental research. In addition to the several Centres of Excellence that have been created over past few years, a number of areas centred around these capabilities have secured global quality certifications of the highest order.

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

Report of the Board of Directors

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

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

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

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

As mentioned in the previous years' Reports of the Directors, your Company had secured from the District Court of New Jersey, USA, a decree for US\$ 12.19 million together with interest and costs against Suresh and Devang Chitalia of USA and their companies, and the Chitalias had filed Bankruptcy Petitions before the Bankruptcy Court, Orlando, Florida, which are yet to be determined. Last year, the US Trustee of EST Fibers Inc., USA, a Chitalia group entity, made a small interim distribution of estate funds to your Company.

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

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

TREASURY OPERATIONS

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

The year under review was characterised by falling interest rates on the back of improvement in the domestic macro-economic environment. Easing inflation and improvement on the Fiscal and Current Account deficit front, enabled the Reserve Bank of India to reduce policy rates by a cumulative 50 basis points in Q4 2014-15. However, muted growth in bank deposits and intermittent tightness in banking liquidity brought about spikes in market interest rates.

All investment decisions in deployment of temporary surplus liquidity continued to be guided by the tenets of Safety, Liquidity and Return. Proactive management of portfolio duration helped improve treasury performance. During the year, investment portfolio mix was continuously rebalanced in line with the evolving interest rate environment. Further, the quantum of investment in Bank Fixed Deposits was increased towards the year end, taking advantage of spikes in market interest rates and in line with expectations of lower interest rates going forward. Your Company's risk management processes ensured that all deployments were made with proper evaluation of underlying risk while remaining focused on capturing market opportunities.

In the foreign exchange market, the US Dollar witnessed unprecedented strength against all major global currencies during the year on the back of strengthening US economic recovery amidst persistent weakness in the other major economies like the Euro Area, Japan and China. Divergence in monetary policy stance between the US and rest of the developed economies coupled with rising geopolitical tensions in Ukraine/Russia and the Middle-East added to US Dollar strength. Against this backdrop, the Indian Rupee remained relatively range bound, with a depreciating bias. In this scenario, your Company adopted an appropriate forex 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 large size of temporary surplus liquidity under management, treasury operations continue to be supported by appropriate control mechanisms, including an independent check of 100% of transactions, by your Company's Internal Audit department.

DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2015, there were no deposits due for repayment except in respect of 2 deposit holders totalling ₹ 20,000 which have been withheld on the directives received from 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. Anthony Ruys [representing Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c., the ultimate holding company] ceased to be Non-Executive Director of your Company with effect from 24th July, 2014, on completion of his term. Your Directors would like to record their appreciation of the services rendered by Mr. Ruys.

Messrs. Anil Baijal, Arun Duggal, Serajul Haq Khan, Sunil Behari Mathur, Pillappakkam Bahukutumbi Ramanujam and Sahibzada Syed Habib-ur-Rehman and Ms. Meera Shankar were appointed by the Members with effect from 15th September, 2014 as Independent Directors of the Company under Section 149 of the Companies Act, 2013 ('the Act').

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 91 of the Articles of Association of the Company, Mr. Kurush Noshir Grant and Mr. Krishnamoorthy Vaidyanath will retire by rotation at the ensuing Annual General Meeting ('AGM') of your Company and being eligible, offer themselves for re-election. The Board of Directors of your Company ('the Board') has recommended their re-election.

Number of Board Meetings

During the year ended 31st March, 2015, seven meetings of the Board were held.

Report of the Board of Directors

Attributes, Qualifications & Independence of Directors and their Appointment

The Nomination & Compensation Committee of the Board approved the criteria for determining qualifications, positive attributes and independence of Directors in terms of the Act and the Rules thereunder, both in respect of Independent Directors and other Directors as applicable. The Governance Policy of the Company also inter alia requires that Non-Executive Directors, including Independent Directors, be drawn from amongst eminent professionals with experience in business / finance / law / public administration & enterprises. The Board Diversity Policy of the Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The Articles of Association of the Company provide that the strength of the Board shall not be fewer than five nor more than eighteen.

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

The Independent Directors of your Company have confirmed that they meet the criteria of independence as prescribed under Section 149(6) of the Act and the Listing Agreement with Stock Exchanges.

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

Board evaluation

The Nomination & Compensation Committee has approved the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation. In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and

responsibilities of the Board as provided in the Act and the Listing Agreement read with the Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfil expectations of other stakeholders through strategic supervision of the Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by each Committee Chairman with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals.

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

Key Managerial Personnel

During the year there was no change 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 Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants (DHS), were appointed with your approval at the 103rd AGM to hold such office till the conclusion of the 108th AGM. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the 105th AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of DHS for the financial year 2015-16. Appropriate resolution in respect of the above is appearing in the Notice convening the 104th AGM of the Company.

Cost Auditors

Your Board, on the recommendation of the Audit Committee, appointed -

- (i) Messrs. Shome & Banerjee, Cost Accountants, for audit of cost records maintained by the Company
 - in respect of 'Soyabean Oil' and 'Face wash' for the financial year 2014-15, and
 - in respect of all applicable products of the Company, other than 'Paper and Paperboard' for the financial year 2015-16.
- (ii) Mr. P. Raju Iyer, Cost Accountant, for audit of cost records maintained by the Company in respect of 'Paper and Paperboard' for the financial year 2015-16.

In terms of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolution seeking your ratification of the remuneration of Messrs. Shome & Banerjee and Mr. P. Raju Iyer is appearing in the Notice convening the 104th AGM of the Company.

Secretarial Auditors

Your Board, during the year, appointed Messrs. S. M. Gupta & Co., Company Secretaries, to conduct secretarial audit of the Company for the financial year ended 31st March, 2015. The Report of Messrs. S. M. Gupta & Co. in terms of Section 204 of the Act is provided in the Annexure forming part of this Report.

CHANGES IN SHARE CAPITAL

During the year the following changes were effected in the Share Capital of your Company:-

- a) Issue of Shares under the ITC Employee Stock Option Schemes:

6,22,48,830 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted during the year upon exercise of 62,24,883 Options under your Company's Employee Stock Option Schemes.
- b) Issue of Shares upon Demerger of the Non-Engineering Business of Wimco Limited into the Company:

87,761 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted on 29th August, 2014

pursuant to the Scheme of Arrangement for demerger of the Non-Engineering Business of Wimco into the Company.

Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2015, stands increased to ₹ 801,55,19,541/- divided into 801,55,19,541 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

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, have certified that the Company's Employee Stock Option Schemes have been implemented in accordance with the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as replaced by the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolutions passed by the Members in this regard.

INVESTOR SERVICE CENTRE

The Investor Service Centre (ISC) of your Company, backed by state-of-the-art infrastructure and experienced team of professionals, caters to the increasing expectations of investors by keeping its services contemporary and efficient.

ISC achieved the highest 'Level 5' rating for the sixth consecutive year, accorded by Messrs. Det Norske Veritas – a testimony to the excellence achieved by ISC in providing quality investor services.

RELATED PARTY TRANSACTIONS

All contracts or arrangements with related parties, entered into or modified during the financial year, were on an arm's length basis and in the ordinary course of business. All such contracts or arrangements have been approved by the Audit Committee. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, no transactions are being reported in Form No. AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014.

Your Company's Policy on Related Party Transactions, as adopted by your Board, can be accessed on the corporate website at <http://www.itcportal.com/about-itc/policies/policy-on-rpt.aspx>.

Report of the Board of Directors

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d) prepared the Annual Accounts on a going concern basis;
- e) laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively; and
- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

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

The respective Board of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate

accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of your Company, as aforesaid.

OTHER INFORMATION

Compliance with Clause 49 of the Listing Agreement - Corporate Governance

The certificate of the Auditors, Messrs. Deloitte Haskins & Sells, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is annexed.

Compliance with requirements relating to downstream investments

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

Going concern status

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

Extracts of Annual Return

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

Particulars of loans, guarantees or investments

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

Particulars relating to Conservation of Energy and Technology Absorption

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

Employees

The total number of employees as on 31st March, 2015 stood at 25787.

There were 143 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 60 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 5 lakhs per month or more during the financial year ended 31st March, 2015. The information required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not

to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

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 inspired by its 'Let's Put India First' credo as well as the core values of Trusteeship, Transparency, Empowerment, Accountability and Ethical Citizenship, which are the cornerstones of ITC's Corporate Governance philosophy.

The Directors and employees look forward to the future with confidence, powered by your Company's world-class brands, spirit of innovation, focus on game changing R&D, strong rural linkages that have earned the trust of millions of farmers, unique strengths in trade marketing & distribution, world-class manufacturing, superior service delivery and its track record as a global exemplar in sustainable business practices.

On behalf of the Board

22nd May, 2015
Kolkata
India

Y. C. DEVESHWAR *Chairman*

K. N. GRANT *Director*

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2015

ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

1. CSR Policy - Brief Outline and Overview

a. Brief outline of CSR Policy:

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

b. Role of the CSR and Sustainability Committee:

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

c. Programmes / Projects

The three most important stakeholders for ITC's CSR programmes / projects are:

- Rural communities in the Company's operational areas.
- The communities residing in close proximity to our production units.
- The Central and State Governments, which encourage Public Private Partnerships (PPPs)

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 and Sanitation (Schedule VII - i):

- **Sanitation:** The major focus is on promoting low cost toilets for women Self-Help Group members. In addition, equal importance is given to high impact year-round campaigns to surface and drive home the nexus between health and sanitation.
- **Village Health Champions (VHCs):** Work on creating awareness on health and hygiene through a network of women VHCs.
- **Healthcare:** Provide medical aid to communities around our factories comprising preventive measures for various illnesses, infrastructure support to government hospitals and relief to victims of natural calamities.
- **Health Infrastructure:** Undertake various social and civic infrastructure services to improve sanitation and hygiene in the neighbourhood of our factories comprising potable drinking water, drainage systems, etc.

ii. Livelihood Enhancement (Schedule VII-ii)

- **Animal Husbandry:** This is a comprehensive programme that provides extension services including breeding, veterinary care, fodder propagation, training of dairy farmers and setting up of modern milk collection networks, all of which lead to increase in income of farmers through enhanced productivity of milch animals and better realisations from the market.
- **Waste Recycling:** The overall objective of this project is to create sustainable livelihoods for rag pickers and waste collectors. In addition, the project also helps in the creation of a clean and green environment through source segregation and recycling of dry waste.
- **Solid Waste Management (SWM):** The focus is on door-to-door collection of household waste, segregation at site in order to re-cycle and compost waste, so as to minimise the load at municipal dump sites and promote a clean hygienic environment in the project areas.

iii. Promoting Education and Vocational Skills (Schedule VII-ii)

- **Education:** The education programme is designed to provide children from weaker sections access to education with focus on enrolment, retention and improved pedagogy.
- **School Infrastructure:** The Company also funds improvements in infrastructure at identified Government Primary Schools in order to create an attractive and enabling learning environment.
- **Vocational Training:** The programme plays an active role to build and upgrade skills of youth to better compete with the emerging needs of the job market across different sectors.

iv. Economic Empowerment of Women (Schedule VII-iii)

- **Micro Enterprises:** This initiative is specifically designed for women from economically weaker sections and provides a range of gainful employment opportunities in micro-enterprises and supports such enterprises with financial assistance.
- **Self Help Groups (SHG):** Focused work on financial inclusion of women members through bank accounts and insurance.

v. Ensuring Environmental Sustainability (Schedule VII-iv)

- **Social Forestry:** Targeted at small and marginal landholders from economically weaker sections of society, the Social Forestry programme is designed to promote livelihoods through afforestation by providing financial, technical and marketing support.
- **Watershed Development:** The Company's Watershed Development Programme promotes local management of water resources by facilitating community-based participation in soil and moisture conservation works.
- **Bio-Diversity Conservation:** This initiative protects native flora and fauna and provides other eco-system services.
- **CII-ITC Centre of Excellence for Sustainable Development:** The primary objective of the Centre is to enable businesses create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies and processes.

vi. Protection of National Heritage, Art & Culture (Schedule VII-v)

The ITC Sangeet Research Academy (ITC SRA), which was established in 1977, is a true embodiment of the Company's commitment to a priceless national heritage - the age-old Guru-Sishya parampara. The Academy also endeavours to revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians of the time.

vii. Rural Development (Schedule VII-x)

- **Improved Agricultural Practices:** The core purpose of the programme is to introduce advanced knowledge and technology through a 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:** ITC leverages 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.
- **Farm Productivity Enhancement:** ITC has been engaged in various agricultural extension initiatives to improve the technical know-how of farmers, increasing access to best practices and agricultural technologies, and thereby enhancing farm productivity.

2. Composition of the CSR and Sustainability Committee

Mr. Y. C. Deveshwar	Chairman
Mr. A. V. Girija Kumar	Member
Mr. R. E. Lerwill	Member
Mr. S. B. Mainak	Member
Ms. M. Shankar	Member

3. **Average Net Profit of the Company for last three financial years:** ₹ 10,646.11 crores.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** ₹ 212.92 crores for FY 2014-15.

5. **Details of CSR Spent during the financial year:**

The total CSR expenditure for financial year 2014-15 stood at ₹ 214.06 crores. Please refer attached statement for details.

6. **Details of implementing agencies:**

The Company's CSR projects are implemented through reputed agencies such as:

- NGOs / Trusts like BAIF Development Research Foundation, Pratham Education Foundation, SEWA Bharat, Foundation for Ecological Security, etc.;
- ITC Sangeet Research Academy, a true embodiment of the Company's sustained commitment to a priceless national heritage;
- 'CII-ITC Centre of Excellence for Sustainable Development', established by the Company in collaboration with the Confederation of Indian Industry (CII).

7. **Responsibility Statement of the CSR Committee**

The CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with the CSR Policy and objectives of the Company.

On behalf of the Board

Kolkata
22nd May, 2015

Y. C. DEVESHWAR *Chairman - CSR Committee*
K. N. GRANT *Director*

Statement of details of CSR spends during the financial year 2014-15

₹ in Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) State and district where projects or programmes was undertaken	Amount outlay (budget) project or programmes wise	Amount spent on the projects or programmes 1. Direct expenditure on projects or programmes	2. Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing Agency
1	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water, Contribution to Swachh Bharat Kosh	*Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Puducherry and Jammu & Kashmir	3020	2341	49	2390	**Through Project Implementing Agencies, Government and Direct
2	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education Vocational Training Livestock Development	Local area *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Rajasthan, Himachal Pradesh, Madhya Pradesh, Kerala, Maharashtra, Assam and Odisha	7075	1695 1181 638 2709	99 99 56 144	1794 1280 694 2853	**Through Project Implementing Agencies and Direct
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment	Local area *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Madhya Pradesh, Uttar Pradesh and Maharashtra	944	947	93	1040	**Through Project Implementing Agencies and Direct
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga.	Environment Sustainability, Soil & Moisture Conservation Social Forestry	Local area & Others *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Rajasthan, Maharashtra, Madhya Pradesh, Odisha and New Delhi	6643	2900 2270	245 174	3145 2444	**Through Project Implementing Agencies and Direct
5	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture	Local area *West Bengal and Punjab	92	2142	0	2142	**Through Project Implementing Agencies and Direct
6	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.	Sports	Local area West Bengal and Karnataka		1	0	1	Direct
7	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.	Contribution to the Prime Minister's National Relief Fund	Others N.A.	2018	2017	0	2017	Direct
8	Rural Development projects.	Agri Development	Local area *Bihar, West Bengal, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Madhya Pradesh, Maharashtra, Uttar Pradesh and Rajasthan	2903	1497	109	1606	**Through Project Implementing Agencies and Direct
Total				22,695	20,338	1,068	21,406	

* The CSR programmes are carried out primarily in the following district of the States / Union Territories as mentioned below:

Bihar – Munger, Jamui, Bhagalpur, Begusarai, Lakhisarai, Buxar and Patna
West Bengal – Hooghly, Kolkata, Murshidabad, South 24 Parganas, Howrah and Medinipur
Odisha – Ganjam, Khordha, Kendrapara and Nayagarh
Assam – Kamrup and Guwahati
Uttar Pradesh – Allahabad, Badaun, Gonda, Bahraich, Chandauli, Saharanpur, Hardoi, Agra, Hathras, Pilibhit, Etah, Mathura, Amethi, Ghazipur, Varanasi and Lucknow
Madhya Pradesh – Agar, Bhopal, Chhindwara, Guna, Indore, Vidisha, Sehore, Ujjain, Hoshangabad, Mandla and Dewas
Uttarakhand – Haridwar
New Delhi
Himachal Pradesh – Solan

Maharashtra – Ahmednagar, Pune, Jalna, Parbhani, Satara, Amravati and Wardha

Rajasthan – Baran, Bhiwara, Pratapgarh, Jhalawar, Bundi, Kota, Udaipur, Chittorgarh, Raipur, Barmer, Jalore and Jaipur

Andhra Pradesh – East Godavari, Guntur, West Godavari, Prakasam, Nellore, Krishna, Srikakulam, Vishakhapatnam and Hyderabad
Telangana – Khammam, Nalgonda and Warangal
Karnataka – Mysuru, Chikbalapura, Hassan, Mandya, Chamarajinagar, Kolar, Gadag, Bengaluru Urban, Bengaluru Rural and Manipal
Tamil Nadu – Coimbatore, Krishnagiri, Tiruvallur, Virudhunagar, Sivagangai and Theni
Jammu & Kashmir – Srinagar, Anantnag and Kulgam
Kerala – Ernakulam
Puducherry

** 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

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
ITC Limited
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ITC Limited** (hereinafter called the Company). Secretarial Audit was conducted in accordance with the Guidance Note issued by the Institute of Company Secretaries of India (a statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and their certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the Company has during the audit period covering the financial year ended on 31.03.2015 complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **ITC Limited** for the financial year ended on 31.03.2015 according to the applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 to the extent applicable to the Company:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - d) 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. The following other laws specifically applicable to the Company-
 - a) Tobacco Board Act, 1975 and the rules made thereunder;
 - b) Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and the rules made thereunder;
 - c) Food Safety and Standards Act, 2006 and the rules made thereunder;
 - d) Legal Metrology Act, 2009 and the rules made thereunder;
 - e) Drugs and Cosmetics Act, 1940 and the rules made thereunder;
 - f) Agricultural Produce (Grading and Marking) Act, 1937 and the rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

- i) The Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all Directors for the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and appropriate systems are in place for seeking and obtaining further information and clarifications on the agenda items for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had the following specific events:

1. Issue and allotment of 6,22,48,830 ordinary shares of Re.1/- each, fully paid up, upon exercise of Employee Stock Options under the Employee Stock Option Schemes of the Company;
2. Demerger of Non-Engineering Business [comprising Safety Matches Business and Agri (Forestry) Business] of Wimco Limited into ITC Limited effective from 27th June, 2014.

Place: Kolkata
Date: 22.05.2015
Encl: Annexure 'A' forming an integral part of this Report

(S. M. Gupta)
S. M. Gupta & Co.
FCS No: 896
C P No: 2053

ANNEXURE 'A'

To
The Members
ITC Limited
Virginia House
37, J. L. Nehru Road
Kolkata 700 071

Our Report of even date is to be read alongwith this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on such secretarial records based on our audit.
2. We have followed the audit practices and processes as we considered appropriate to obtain reasonable assurance on the correctness and completeness of the secretarial records. Our verification was conducted on a test basis to ensure that all entries have been made as per statutory requirements. We believe that the processes and practices we followed for this purpose provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation with respect to compliance of laws, rules and regulations and of significant events during the year.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations is the responsibility of the management. Our examination was limited to the verification of secretarial records on test basis to the extent applicable to the Company.

Place: Kolkata
Date: 22.05.2015

(S. M. Gupta)
S. M. Gupta & Co.
FCS No: 896
C P No: 2053

Annexure to the Report of the Board of Directors

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the Financial Year ended on 31st March, 2015
[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 nos. : 033-2288 9371 Facsimile nos. : 033-2288 4016 / 1256 / 2259 / 2260 e-mail : enduringvalue@itc.in
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	The Company provides share registration and related services in-house through its Investor Service Centre

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(Contributing 10% or more of the total turnover 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	Cigarettes	12003	60.95%	46.57%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
1	Russell Credit Limited Virginia House, 37 J. L. Nehru Road Kolkata 700 071	U65993WB1994PLC061684	Subsidiary	100%	2(87)
2	Greenacre Holdings Limited ITC Centre, 37 J. L. Nehru Road Kolkata 700 071	U55202WB1986PLC049467	Wholly-owned subsidiary of Russell Credit Limited, referred to in Sl. No. 1	–	2(87)
3	Wimco Limited Indian Mercantile Chambers, R. K. Marg Ballard Estate, Mumbai 400 001	U24291MH1923PLC001082	Subsidiary	98.21%	2(87)
4	Pavan Poplar Limited Indian Mercantile Chambers, R. K. Marg Ballard Estate, Mumbai 400 001	U01100MH1995PLC128849	Subsidiary	100%	2(87)
5	Prag Agro Farm Limited Indian Mercantile Chambers, R. K. Marg Ballard Estate, Mumbai 400 001	U01100MH1997PLC128846	Subsidiary	100%	2(87)
6	Technico Pty Limited 5/20, Bundaroo Street, Bowral NSW 2576 Australia	NA	Foreign subsidiary	100%	2(87)
7	Technico Asia Holdings Pty Limited 5/20, Bundaroo Street, Bowral NSW 2576 Australia	NA	Wholly-owned foreign subsidiary of Technico Pty Limited, referred to in Sl.No.6	–	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
8	Technico Horticultural (Kunming) Co. Limited Yanglin Industrial Development Zone Block A38, Kunming, Yunnan Peoples Republic of China	NA	Wholly-owned foreign subsidiary of Technico Asia Holdings Pty Limited, referred to in Sl. No. 7	–	2(87)
9	Technico Agri Sciences Limited 25, Community Centre, Basant Lok Vasant Vihar, New Delhi 110 057	U01111DL1999PLC098646	Wholly-owned subsidiary of Technico Pty Limited, referred to in Sl. No. 6	–	2(87)
10	Technico Technologies Inc. c/o Stewart McKelvey Stirling Scales Suite 600, Frederick Square 77 Westmoreland, Fredericton New Brunswick, E3B 5B4 Canada	NA	Wholly-owned foreign subsidiary of Technico Pty Limited, referred to in Sl. No. 6	–	2(87)
11	Srinivasa Resorts Limited 6-3-1187, Begumpet Hyderabad 500 016	U74999TG1984PLC005192	Subsidiary	68%	2(87)
12	Fortune Park Hotels Limited ITC Green Centre, 10 Institutional Area Sector - 32, Gurgaon 122 001	U55101HR1995PLC052281	Subsidiary	100%	2(87)
13	Bay Islands Hotels Limited ITC Green Centre, 10 Institutional Area Sector - 32, Gurgaon 122 001	U74899HR1976PLC052282	Subsidiary	100%	2(87)
14	ITC Infotech India Limited Virginia House, 37 J. L. Nehru Road Kolkata 700 071	U65991WB1996PLC077341	Subsidiary	100%	2(87)
15	ITC Infotech Limited Norfolk House, 118 Saxon Gate West Milton Keynes, MK9 2 DN United Kingdom	NA	Wholly-owned foreign subsidiary of ITC Infotech India Limited, referred to in Sl. No. 14	–	2(87)
16	ITC Infotech (USA), Inc. 12 Route, 17 North, Suite 303 Paramus, New Jersey 07652 United States	NA	Wholly-owned foreign subsidiary of ITC Infotech India Limited, referred to in Sl. No. 14	–	2(87)
17	Pyxis Solutions, LLC 55 Broad St., Fl. 14 New York, NY 10004-2501 United States	NA	Wholly-owned foreign subsidiary of ITC Infotech (USA), Inc., referred to in Sl. No. 16	–	2(87)
18	Wills Corporation Limited Virginia House, 37 J. L. Nehru Road Kolkata 700 071	U51494WB1958PLC087149	Subsidiary	100%	2(87)
19	Gold Flake Corporation Limited Virginia House, 37 J. L. Nehru Road Kolkata 700 071	U16003WB1935PLC008314	Subsidiary	100%	2(87)
20	Landbase India Limited ITC Green Centre, 10 Institutional Area Sector - 32, Gurgaon 122 001	U74899HR1992PLC052412	Subsidiary	100%	2(87)
21	BFIL Finance Limited Eucharistic Congress Building No. 1 5, Convent Street, Colaba Mumbai 400 039	U65910MH1991PLC064662	Subsidiary	100%	2(87)
22	ITC Investments & Holdings Limited Virginia House, 37 J. L. Nehru Road Kolkata 700 071	U65923WB2012PLC176166	Subsidiary	100%	2(87)
23	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1 5, Convent Street, Colaba Mumbai 400 039	U65990MH1980PLC023259	Wholly-owned subsidiary of ITC Investments & Holdings Limited, referred to in Sl. No. 22	–	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
24	Surya Nepal Private Limited Shree Bal Sadan, Gha-2-513, Kantipath Kathmandu, Nepal	NA	Foreign subsidiary	59%	2(87)
25	King Maker Marketing, Inc. 12 Route, 17 North, Suite # 304, Paramus New Jersey 07652, United States	NA	Foreign subsidiary	100%	2(87)
26	WelcomHotels Lanka (Private) Limited 216, De Saram Place, Colombo 10 Sri Lanka	NA	Foreign subsidiary	100%	2(87)
27	North East Nutrients Private Limited Aradhana Building 2/1 Anandilal Poddar Sarani Kolkata 700 071	U15122WB2013PTC196135	Subsidiary	76%	2(87)
28	Gujarat Hotels Limited WelcomHotel Vadodara R. C. Dutt Road, Alkapuri Vadodara 390 007	L55100GJ1982PLC005408	Associate	45.78%	2(6)
29	International Travel House Limited Travel House, T-2 Community Centre Sheikh Sarai, Phase I New Delhi 110 017	L63040DL1981PLC011941	Associate	3.60%	2(6)
30	Russell Investments Limited 21 Prafulla Sarkar Street Kolkata 700 072	U65993WB1987PLC043324	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
31	Classic Infrastructure & Development Limited ITC Centre 37 J. L. Nehru Road Kolkata 700 071	U45201WB1996PLC116323	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
32	Divya Management Limited 8/2 Kiron Sankar Roy Road Room No. 28 Kolkata 700 001	U51109WB1995PLC069518	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
33	Anrang Finance Limited 4 Ripon Street Kolkata 700 016	U65993WB1993PLC060271	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
34	ATC Limited 35, Rajaji Nagar Hosur 635 126	U16000TZ1973PLC018100	Associate of Gold Flake Corporation Limited, referred to in Sl. No. 19	–	2(6)
35	Maharaja Heritage Resorts Limited 25, Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U74899DL1995PLC099649	Joint Venture	25%	2(6)
36	Espirit Hotels Private Limited 810-818, Swapnalok Complex 92/93, S. D. Road Secunderabad 500 003	U55101TG2009PTC063757	Joint Venture	26%	2(6)
37	Logix Developers Private Limited 85, World Trade Centre Barakhamba Lane, Barakhamba New Delhi 110 001	U70101DL2010PTC207640	Joint Venture	27.90%	2(6)
38	ITC Essentra Limited Survey No. 29 & 30 Doddajala Post, Yarthiganahalli Bettahalsur Post Bengaluru North 562 157	U85110KA1993PLC014278	Joint Venture of Gold Flake Corporation Limited, referred to in Sl. No. 19	–	2(6)

Note: The above list does not include ITC Global Holdings Pte. Limited, Singapore, a foreign subsidiary, under liquidation vide Singapore High Court's Order dated 30th November, 2007.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
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	15,83,56,650	90,600	15,84,47,250	1.99	13,42,67,781	90,724	13,43,58,505	1.68	-0.31
b) Banks / FI	90,03,27,989	9,93,000	90,13,20,989	11.34	90,54,07,001	9,78,178	90,63,85,179	11.31	-0.03
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1,69,78,91,775	63,480	1,69,79,55,255	21.35	1,74,52,42,797	63,485	1,74,53,06,282	21.77	0.42
g) FIs	1,53,18,32,449	2,73,870	1,53,21,06,319	19.26	1,34,13,46,315	2,58,910	1,34,16,05,225	16.74	-2.52
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others: Foreign Portfolio Investors	0	0	0	0	31,90,36,559	0	31,90,36,559	3.98	3.98
Sub-total (B)(1):-	4,28,84,08,863	14,20,950	4,28,98,29,813	53.94	4,44,53,00,453	13,91,297	4,44,66,91,750	55.48	1.54
(2) Non-Institutions									
a) Bodies Corp.									
(i) Indian	35,29,96,705	10,99,270	35,40,95,975	4.45	26,27,31,047	10,84,367	26,38,15,414	3.29	-1.16
(ii) Overseas	4,33,116	2,41,30,76,100	2,41,35,09,216	30.35	6,10,772	2,41,30,76,100	2,41,36,86,872	30.11	-0.24
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	54,66,28,184	12,75,04,507	67,41,32,691	8.47	55,33,61,295	11,90,50,566	67,24,11,861	8.39	-0.08
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11,86,72,105	1,72,94,280	13,59,66,385	1.71	11,52,87,790	1,64,09,880	13,16,97,670	1.64	-0.07
c) Others :									
(i) Qualified Foreign Investors	609	0	609	0.00	0	0	0	0	0.00
(ii) NRIs	3,14,37,156	1,04,64,575	4,19,01,731	0.53	3,45,11,971	97,16,485	4,42,28,456	0.55	0.02
(iii) Foreign Nationals	84,783	4,44,240	5,29,023	0.01	74,711	4,44,240	5,18,951	0.01	0.00
(iv) Trusts	96,80,168	0	96,80,168	0.12	1,34,32,898	0	1,34,32,898	0.17	0.05
(v) Clearing Members	1,27,55,719	0	1,27,55,719	0.16	90,72,534	0	90,72,534	0.11	-0.05
Sub-total (B)(2):-	1,07,26,88,545	2,56,98,82,972	3,64,25,71,517	45.80	98,90,83,018	2,55,97,81,638	3,54,88,64,656	44.27	-1.53
Total Public Shareholding (B)=(B)(1)+(B)(2)	5,36,10,97,408	2,57,13,03,922	7,93,24,01,330	99.74	5,43,43,83,471	2,56,11,72,935	7,99,55,56,406	99.75	0.01
C. Shares held by Custodian for GDRs & ADRs	2,07,54,620	27,000	2,07,81,620	0.26	1,99,36,135	27,000	1,99,63,135	0.25	-0.01
Grand Total (A+B+C)	5,38,18,52,028	2,57,13,30,922	7,95,31,82,950	100.00	5,45,43,19,606	2,56,11,99,935	8,01,55,19,541	100.00	0.00

(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	1,98,55,64,880	24.96		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			1,98,55,64,880	24.77 [@]
2	Life Insurance Corporation of India				
	At the beginning of the year	1,10,28,29,844	13.87		
	Increase / Decrease in Shareholding during the year:				
	04/04/2014	71,82,465	0.09	1,11,00,12,309	13.96
	11/04/2014	38,04,033	0.05	1,11,38,16,342	14.00
	18/04/2014	57,70,341	0.07	1,11,95,86,683	14.08
	23/05/2014	14,88,782	0.02	1,12,10,75,465	14.10
	30/05/2014	29,88,905	0.04	1,12,40,64,370	14.13
	04/06/2014	41,66,027	0.05	1,12,82,30,397	14.19
	06/06/2014	46,26,409	0.06	1,13,28,56,806	14.24
	13/06/2014	93,00,872	0.12	1,14,21,57,678	14.36
	20/06/2014	25,38,049	0.03	1,14,46,95,727	14.39
	30/06/2014	20,35,542	0.03	1,14,67,31,269	14.42
	04/07/2014	20,67,495	0.03	1,14,87,98,764	14.44
	11/07/2014	31,50,879	0.04	1,15,19,49,643	14.47
	18/07/2014	35,83,769	0.05	1,15,55,33,412	14.52
	25/07/2014	5,77,838	0.01	1,15,61,11,250	14.52
	29/08/2014*	16	0.00	1,15,61,11,266	14.51
	13/02/2015	(2,00,000)	0.00	1,15,59,11,266	14.44
	20/02/2015	(4,00,000)	0.00	1,15,55,11,266	14.44
	27/02/2015	(4,75,469)	0.01	1,15,50,35,797	14.43
	At the end of the year			1,15,50,35,797	14.41
3	Specified Undertaking of the Unit Trust of India				
	At the beginning of the year	89,67,24,540	11.28		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			89,67,24,540	11.19 [@]
4	Myddleton Investment Company Limited				
	At the beginning of the year	32,42,07,960	4.08		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			32,42,07,960	4.05 [@]
5	The New India Assurance Company Limited				
	At the beginning of the year	15,74,25,155	1.98		
	Increase / Decrease in Shareholding during the year:				
	04/04/2014	(1,20,000)	0.00	15,73,05,155	1.98
	11/04/2014	(1,10,000)	0.00	15,71,95,155	1.98
	18/04/2014	(60,000)	0.00	15,71,35,155	1.98
	25/04/2014	(1,10,000)	0.00	15,70,25,155	1.97
	02/05/2014	(43,124)	0.00	15,69,82,031	1.97
	16/05/2014	(1,05,000)	0.00	15,68,77,031	1.97
	23/05/2014	(20,000)	0.00	15,68,57,031	1.97
	11/07/2014	(2,40,000)	0.00	15,66,17,031	1.97
	18/07/2014	(3,37,750)	0.00	15,62,79,281	1.96
	25/07/2014	(22,250)	0.00	15,62,57,031	1.96
	29/08/2014	(1,20,000)	0.00	15,61,37,031	1.96
	29/08/2014*	5	0.00	15,61,37,036	1.96
	05/09/2014	(1,68,196)	0.00	15,59,68,840	1.96
	12/09/2014	(1,25,000)	0.00	15,58,43,840	1.96
	19/09/2014	(1,09,927)	0.00	15,57,33,913	1.95
	30/09/2014	(2,13,482)	0.00	15,55,20,431	1.95
	10/10/2014	(1,80,000)	0.00	15,53,40,431	1.95

(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
	17/10/2014	(60,000)	0.00	15,52,80,431	1.95
	24/10/2014	(92,500)	0.00	15,51,87,931	1.94
	31/10/2014	(90,971)	0.00	15,50,96,960	1.94
	07/11/2014	(35,000)	0.00	15,50,61,960	1.94
	14/11/2014	(30,000)	0.00	15,50,31,960	1.94
	21/11/2014	(70,000)	0.00	15,49,61,960	1.94
	28/11/2014	(1,15,000)	0.00	15,48,46,960	1.94
	05/12/2014	(1,28,500)	0.00	15,47,18,460	1.94
	12/12/2014	(1,06,500)	0.00	15,46,11,960	1.94
	19/12/2014	(78,406)	0.00	15,45,33,554	1.93
	31/12/2014	(1,92,738)	0.00	15,43,40,816	1.93
	09/01/2015	(1,23,414)	0.00	15,42,17,402	1.93
	16/01/2015	(10,000)	0.00	15,42,07,402	1.93
	23/01/2015	(30,000)	0.00	15,41,77,402	1.93
	30/01/2015	(40,000)	0.00	15,41,37,402	1.93
	06/02/2015	(50,000)	0.00	15,40,87,402	1.93
	13/02/2015	(30,442)	0.00	15,40,56,960	1.93
	20/03/2015	(1,23,173)	0.00	15,39,33,787	1.92
	31/03/2015	(4,70,352)	0.01	15,34,63,435	1.91
	At the end of the year			15,34,63,435	1.91
6	General Insurance Corporation of India				
	At the beginning of the year	14,35,00,540	1.80		
	Increase / Decrease in Shareholding during the year:				
	29/08/2014*	12	0.00	14,35,00,552	1.80
	12/12/2014	(1,25,000)	0.00	14,33,75,552	1.80
	19/12/2014	(1,50,000)	0.00	14,32,25,552	1.79
	31/12/2014	1,82,729	0.00	14,34,08,281	1.79
	09/01/2015	92,271	0.00	14,35,00,552	1.79
	27/02/2015	(2,75,000)	0.00	14,32,25,552	1.79
	At the end of the year			14,32,25,552	1.79
7	The Oriental Insurance Company Limited				
	At the beginning of the year	12,43,82,292	1.56		
	Increase / Decrease in Shareholding during the year:				
	04/04/2014	(20,000)	0.00	12,43,62,292	1.56
	11/04/2014	(75,000)	0.00	12,42,87,292	1.56
	18/04/2014	(60,000)	0.00	12,42,27,292	1.56
	25/04/2014	(1,70,000)	0.00	12,40,57,292	1.56
	02/05/2014	(30,000)	0.00	12,40,27,292	1.56
	09/05/2014	(2,00,000)	0.00	12,38,27,292	1.56
	16/05/2014	(1,65,000)	0.00	12,36,62,292	1.55
	23/05/2014	(25,000)	0.00	12,36,37,292	1.55
	30/05/2014	(75,000)	0.00	12,35,62,292	1.55
	04/06/2014	(25,000)	0.00	12,35,37,292	1.55
	18/07/2014	(75,000)	0.00	12,34,62,292	1.55
	25/07/2014	(1,25,000)	0.00	12,33,37,292	1.55
	01/08/2014	(1,00,000)	0.00	12,32,37,292	1.55
	08/08/2014	(1,25,000)	0.00	12,31,12,292	1.55
	14/08/2014	(70,000)	0.00	12,30,42,292	1.54
	22/08/2014	(40,000)	0.00	12,30,02,292	1.54
	29/08/2014*	1	0.00	12,30,02,293	1.54
	12/09/2014	(10,000)	0.00	12,29,92,293	1.54
	30/09/2014	(1,05,000)	0.00	12,28,87,293	1.54
	10/10/2014	(45,000)	0.00	12,28,42,293	1.54
	31/10/2014	(78,000)	0.00	12,27,64,293	1.54
	07/11/2014	(72,000)	0.00	12,26,92,293	1.54
	14/11/2014	(1,02,197)	0.00	12,25,90,096	1.54

(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
	21/11/2014	(72,803)	0.00	12,25,17,293	1.53
	28/11/2014	(85,000)	0.00	12,24,32,293	1.53
	05/12/2014	(65,000)	0.00	12,23,67,293	1.53
	12/12/2014	(55,000)	0.00	12,23,12,293	1.53
	06/02/2015	(1,10,000)	0.00	12,22,02,293	1.53
	13/02/2015	(1,60,000)	0.00	12,20,42,293	1.53
	20/02/2015	(1,40,000)	0.00	12,19,02,293	1.52
	27/02/2015	(2,40,000)	0.00	12,16,62,293	1.52
	06/03/2015	(1,00,000)	0.00	12,15,62,293	1.52
	At the end of the year			12,15,62,293	1.52
8	National Insurance Company Limited				
	At the beginning of the year	11,75,11,590	1.48		
	Increase / Decrease in Shareholding during the year:				
	04/04/2014	60,000	0.00	11,75,71,590	1.48
	11/04/2014	2,07,164	0.00	11,77,78,754	1.48
	18/04/2014	32,836	0.00	11,78,11,590	1.48
	02/05/2014	1,00,000	0.00	11,79,11,590	1.48
	09/05/2014	3,00,000	0.00	11,82,11,590	1.49
	16/05/2014	(5,75,000)	0.01	11,76,36,590	1.48
	23/05/2014	1,33,000	0.00	11,77,69,590	1.48
	04/06/2014	31,132	0.00	11,78,00,722	1.48
	06/06/2014	87,868	0.00	11,78,88,590	1.48
	13/06/2014	4,58,980	0.01	11,83,47,570	1.49
	20/06/2014	61,020	0.00	11,84,08,590	1.49
	30/06/2014	8,01,250	0.01	11,92,09,840	1.50
	04/07/2014	3,75,000	0.00	11,95,84,840	1.50
	22/08/2014	(1,00,000)	0.00	11,94,84,840	1.50
	30/09/2014	(3,00,000)	0.00	11,91,84,840	1.49
	17/10/2014	12,000	0.00	11,91,96,840	1.49
	14/11/2014	(1,40,000)	0.00	11,90,56,840	1.49
	21/11/2014	(2,40,000)	0.00	11,88,16,840	1.49
	05/12/2014	(1,00,000)	0.00	11,87,16,840	1.49
	09/01/2015	55,000	0.00	11,87,71,840	1.49
	20/02/2015	(1,20,000)	0.00	11,86,51,840	1.48
	27/02/2015	(40,000)	0.00	11,86,11,840	1.48
	06/03/2015	3,88,000	0.00	11,89,99,840	1.49
	31/03/2015	6,00,000	0.01	11,95,99,840	1.49
	At the end of the year			11,95,99,840	1.49
9	Rothmans International Enterprises Limited				
	At the beginning of the year	10,33,03,260	1.30		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			10,33,03,260	1.29[@]
10	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	6,75,02,036	0.85		
	Increase / Decrease in Shareholding during the year:				
	04/04/2014	(24,469)	0.00	6,74,77,567	0.85
	11/04/2014	3,56,796	0.00	6,78,34,363	0.85
	18/04/2014	1,57,559	0.00	6,79,91,922	0.85
	25/04/2014	26,193	0.00	6,80,18,115	0.86
	02/05/2014	(2,35,482)	0.00	6,77,82,633	0.85
	09/05/2014	(2,81,729)	0.00	6,75,00,904	0.85
	16/05/2014	7,38,461	0.01	6,82,39,365	0.86
	23/05/2014	7,04,597	0.01	6,89,43,962	0.87
	30/05/2014	18,35,500	0.02	7,07,79,462	0.89
	06/06/2014	(7,34,376)	0.01	7,00,45,086	0.88

(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
	13/06/2014	(24,73,253)	0.03	6,75,71,833	0.85
	20/06/2014	(2,02,203)	0.00	6,73,69,630	0.85
	30/06/2014	16,95,412	0.02	6,90,65,042	0.87
	04/07/2014	(9,54,277)	0.01	6,81,10,765	0.86
	11/07/2014	(36,44,638)	0.05	6,44,66,127	0.81
	18/07/2014	(8,28,585)	0.01	6,36,37,542	0.80
	25/07/2014	(12,09,645)	0.02	6,24,27,897	0.78
	01/08/2014	(23,36,800)	0.03	6,00,91,097	0.75
	08/08/2014	8,852	0.00	6,00,99,949	0.75
	14/08/2014	7,381	0.00	6,01,07,330	0.75
	22/08/2014	(2,81,717)	0.00	5,98,25,613	0.75
	29/08/2014	(5,47,588)	0.01	5,92,78,025	0.74
	05/09/2014	71,240	0.00	5,93,49,265	0.74
	12/09/2014	(14,41,427)	0.02	5,79,07,838	0.73
	At the end of the year [#]			NA	NA
	[#] Ceased to be among the top ten Shareholders of the Company with effect from 12/09/2014.				
11	Virtus Emerging Markets Opportunities Fund				
	At the beginning of the year	NA	NA		
	Became part of top ten Shareholders of the Company with effect from 12/09/2014	5,90,61,229	0.74	5,90,61,229	0.74
	Increase / Decrease in Shareholding during the year:				
	19/09/2014	3,54,942	0.00	5,94,16,171	0.75
	30/09/2014	27,63,700	0.03	6,21,79,871	0.78
	14/11/2014	11,45,800	0.01	6,33,25,671	0.79
	At the end of the year			6,33,25,671	0.79

[@] The change in percentage of shareholding was consequent to allotment of shares from time to time under the ITC Employee Stock Option Schemes (ITC ESOS).

^{*} Allotment of shares pursuant to the Scheme of Arrangement between Wimco Limited and the Company, which became effective from 27th June, 2014.

Note: Increase / decrease in shareholding as stated above is based on details of beneficial ownership furnished by the Depositories.

(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 & Executive Director				
	At the beginning of the year	16,20,000	0.02		
	Increase / Decrease in Shareholding during the year:				
	17/11/2014*	4,00,000	0.01	20,20,000	0.03
	19/11/2014**	(60,023)	0.00	19,59,977	0.02
	24/11/2014**	(1,40,365)	0.00	18,19,612	0.02
	25/11/2014**	(2,58,000)	0.00	15,61,612	0.02
	28/11/2014**	(2,00,000)	0.00	13,61,612	0.02
	01/12/2014**	(1,51,612)	0.00	12,10,000	0.02
	04/12/2014**	(5,20,000)	0.01	6,90,000	0.01
	22/01/2015**	(2,00,000)	0.00	4,90,000	0.01
	27/01/2015**	(95,000)	0.00	3,95,000	0.00
	28/01/2015**	(50,000)	0.00	3,45,000	0.00
	03/02/2015**	(1,72,500)	0.00	1,72,500	0.00
	At the end of the year			1,72,500	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
2	N. Anand, Executive Director				
	At the beginning of the year	30,000	0.00		
	Increase / Decrease in Shareholding during the year:				
	30/05/2014**	(30,000)	0.00	0	0.00
	27/06/2014*	3,92,000	0.00	3,92,000	0.00
	31/07/2014**	(1,95,000)	0.00	1,97,000	0.00
	14/08/2014**	(75,000)	0.00	1,22,000	0.00
	18/08/2014*	3,00,000	0.00	4,22,000	0.01
	28/08/2014**	(20,000)	0.00	4,02,000	0.01
	09/09/2014**	(95,000)	0.00	3,07,000	0.00
	19/09/2014**	(1,00,000)	0.00	2,07,000	0.00
	23/09/2014**	(5,000)	0.00	2,02,000	0.00
	10/11/2014**	(1,00,000)	0.00	1,02,000	0.00
	04/12/2014**	(50,000)	0.00	52,000	0.00
	18/12/2014*	1,00,000	0.00	1,52,000	0.00
	30/01/2015**	(75,000)	0.00	77,000	0.00
	13/02/2015**	(49,000)	0.00	28,000	0.00
	13/02/2015*	2,00,000	0.00	2,28,000	0.00
	At the end of the year			2,28,000	0.00
3	P. V. Dhobale, Executive Director				
	At the beginning of the year	1,15,430	0.00		
	Increase / Decrease in Shareholding during the year:				
	31/07/2014**	(50,000)	0.00	65,430	0.00
	01/08/2014**	(50,000)	0.00	15,430	0.00
	18/08/2014*	2,55,000	0.00	2,70,430	0.00
	09/09/2014**	(10,000)	0.00	2,60,430	0.00
	23/09/2014**	(50,000)	0.00	2,10,430	0.00
	24/09/2014**	(50,000)	0.00	1,60,430	0.00
	25/09/2014**	(20,000)	0.00	1,40,430	0.00
	03/11/2014**	(25,000)	0.00	1,15,430	0.00
	05/11/2014**	(40,000)	0.00	75,430	0.00
	10/11/2014**	(4,000)	0.00	71,430	0.00
	17/11/2014*	1,00,000	0.00	1,71,430	0.00
	02/12/2014**	(25,000)	0.00	1,46,430	0.00
	04/12/2014**	(25,000)	0.00	1,21,430	0.00
	18/12/2014*	6,95,000	0.01	8,16,430	0.01
	22/01/2015**	(1,20,500)	0.00	6,95,930	0.01
	23/01/2015**	(2,05,300)	0.00	4,90,630	0.01
	27/01/2015**	(80,000)	0.00	4,10,630	0.01
	02/02/2015**	(50,000)	0.00	3,60,630	0.00
	03/02/2015**	(50,000)	0.00	3,10,630	0.00
	04/02/2015**	(50,000)	0.00	2,60,630	0.00
	05/02/2015**	(50,000)	0.00	2,10,630	0.00
	02/03/2015**	(1,00,000)	0.00	1,10,630	0.00
	At the end of the year			1,10,630	0.00
4	K. N. Grant, Executive Director				
	At the beginning of the year	7,13,230	0.01		
	Increase / Decrease in Shareholding during the year:				
	09/06/2014**	(1,00,000)	0.00	6,13,230	0.01
	04/08/2014**	(1,50,000)	0.00	4,63,230	0.01
	05/09/2014**	(1,00,000)	0.00	3,63,230	0.00
	08/09/2014**	(1,00,000)	0.00	2,63,230	0.00
	09/09/2014**	(31,500)	0.00	2,31,730	0.00
	16/09/2014*	5,40,000	0.01	7,71,730	0.01
	17/10/2014*	2,75,000	0.00	10,46,730	0.01
	03/11/2014**	(2,00,000)	0.00	8,46,730	0.01

(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
	05/11/2014**	(3,20,000)	0.00	5,26,730	0.01
	17/11/2014*	1,30,000	0.00	6,56,730	0.01
	08/12/2014**	(3,00,000)	0.00	3,56,730	0.00
	13/02/2015**	(1,75,000)	0.00	1,81,730	0.00
	At the end of the year			1,81,730	0.00
5	A. Bajjal, Non-Executive Director				
	At the beginning of the year	1,50,000	0.00		
	Increase / Decrease in Shareholding during the year:				
	07/07/2014*	10,000	0.00	1,60,000	0.00
	12/08/2014*	10,000	0.00	1,70,000	0.00
	19/09/2014**	(10,000)	0.00	1,60,000	0.00
	22/09/2014**	(10,000)	0.00	1,50,000	0.00
	25/09/2014**	(10,000)	0.00	1,40,000	0.00
	05/12/2014**	(20,000)	0.00	1,20,000	0.00
	At the end of the year			1,20,000	0.00
6	S. Banerjee, Non-Executive Director				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			0	0
7	A. Duggal, Non-Executive Director				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			0	0
8	A. V. Girija Kumar, Non-Executive Director				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			0	0
9	S. H. Khan, Non-Executive Director				
	At the beginning of the year	4,24,000	0.01		
	Increase / Decrease in Shareholding during the year:				
	07/08/2014**	(5,000)	0.00	4,19,000	0.01
	13/08/2014**	(7,980)	0.00	4,11,020	0.01
	28/08/2014**	(2,020)	0.00	4,09,000	0.01
	16/09/2014*	36,000	0.00	4,45,000	0.01
	10/11/2014**	(7,000)	0.00	4,38,000	0.01
	21/11/2014**	(3,000)	0.00	4,35,000	0.01
	04/12/2014**	(10,000)	0.00	4,25,000	0.01
	05/12/2014**	(10,000)	0.00	4,15,000	0.01
	18/12/2014*	15,000	0.00	4,30,000	0.01
	20/01/2015*	42,000	0.00	4,72,000	0.01
	16/02/2015**	(5,000)	0.00	4,67,000	0.01
	10/03/2015*	20,000	0.00	4,87,000	0.01
	At the end of the year			4,87,000	0.01
10	R. E. Lerwill, Non-Executive Director				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			0	0
11	S. B. Mainak, Non-Executive Director				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			0	0

(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
12	S. B. Mathur, Non-Executive Director				
	At the beginning of the year	3,11,000	0.00		
	Increase / Decrease in Shareholding during the year:				
	21/07/2014*	40,000	0.00	3,51,000	0.00
	10/09/2014**	(10,000)	0.00	3,41,000	0.00
	16/09/2014*	30,000	0.00	3,71,000	0.00
	22/09/2014**	(30,000)	0.00	3,41,000	0.00
	24/09/2014**	(10,000)	0.00	3,31,000	0.00
	17/10/2014*	45,000	0.00	3,76,000	0.00
	21/11/2014**	(10,000)	0.00	3,66,000	0.00
	04/12/2014**	(30,000)	0.00	3,36,000	0.00
	05/12/2014**	(20,000)	0.00	3,16,000	0.00
	12/12/2014**	(5,000)	0.00	3,11,000	0.00
	18/12/2014*	25,000	0.00	3,36,000	0.00
	28/02/2015**	(25,000)	0.00	3,11,000	0.00
	At the end of the year			3,11,000	0.00
13	P. B. Ramanujam, Non-Executive Director				
	At the beginning of the year	3,06,356	0.00		
	Increase / Decrease in Shareholding during the year:				
	09/06/2014**	(5,000)	0.00	3,01,356	0.00
	17/06/2014**	(2,500)	0.00	2,98,856	0.00
	19/06/2014**	(5,000)	0.00	2,93,856	0.00
	26/06/2014**	(6,000)	0.00	2,87,856	0.00
	13/08/2014**	(20,428)	0.00	2,67,428	0.00
	14/08/2014**	(9,572)	0.00	2,57,856	0.00
	18/08/2014*	10,000	0.00	2,67,856	0.00
	16/09/2014*	50,000	0.00	3,17,856	0.00
	18/09/2014**	(10,000)	0.00	3,07,856	0.00
	19/09/2014**	(10,000)	0.00	2,97,856	0.00
	22/09/2014**	(1,500)	0.00	2,96,356	0.00
	17/10/2014*	35,000	0.00	3,31,356	0.00
	04/12/2014**	(40,000)	0.00	2,91,356	0.00
	08/12/2014**	(10,000)	0.00	2,81,356	0.00
	20/01/2015*	60,000	0.00	3,41,356	0.00
	At the end of the year			3,41,356	0.00
14	S. S. H. Rehman, Non-Executive Director				
	At the beginning of the year	3,27,751	0.00		
	Increase / Decrease in Shareholding during the year:				
	04/08/2014**	(10,000)	0.00	3,17,751	0.00
	05/08/2014**	(5,000)	0.00	3,12,751	0.00
	13/08/2014**	(20,000)	0.00	2,92,751	0.00
	14/08/2014**	(10,535)	0.00	2,82,216	0.00
	28/08/2014**	(20,000)	0.00	2,62,216	0.00
	02/09/2014**	(5,000)	0.00	2,57,216	0.00
	09/09/2014**	(20,000)	0.00	2,37,216	0.00
	10/09/2014**	(10,000)	0.00	2,27,216	0.00
	12/09/2014**	(15,000)	0.00	2,12,216	0.00
	17/09/2014**	(20,000)	0.00	1,92,216	0.00
	18/09/2014**	(5,000)	0.00	1,87,216	0.00
	19/09/2014**	(10,000)	0.00	1,77,216	0.00
	22/09/2014**	(20,000)	0.00	1,57,216	0.00
	24/09/2014**	(5,000)	0.00	1,52,216	0.00
	10/11/2014**	(20,000)	0.00	1,32,216	0.00
	12/11/2014**	(10,000)	0.00	1,22,216	0.00
	17/11/2014**	(5,000)	0.00	1,17,216	0.00
	17/11/2014*	1,00,000	0.00	2,17,216	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
	19/11/2014**	(10,000)	0.00	2,07,216	0.00
	21/11/2014**	(10,000)	0.00	1,97,216	0.00
	24/11/2014**	(3,728)	0.00	1,93,488	0.00
	25/11/2014**	(5,000)	0.00	1,88,488	0.00
	04/12/2014**	(5,000)	0.00	1,83,488	0.00
	05/12/2014**	(15,000)	0.00	1,68,488	0.00
	12/12/2014**	(10,000)	0.00	1,58,488	0.00
	20/02/2015**	(10,000)	0.00	1,48,488	0.00
	23/02/2015**	(5,000)	0.00	1,43,488	0.00
	24/02/2015**	(5,000)	0.00	1,38,488	0.00
	25/02/2015**	(20,000)	0.00	1,18,488	0.00
	26/02/2015**	(5,000)	0.00	1,13,488	0.00
	28/02/2015**	(10,000)	0.00	1,03,488	0.00
	At the end of the year			1,03,488	0.00
15	M. Shankar, Non-Executive Director				
	At the beginning of the year	0	0		
	Increase / Decrease in Shareholding during the year:	0	0	0	0
	At the end of the year			0	0
16	K. Vaidyanath, Non-Executive Director				
	At the beginning of the year	21,52,633	0.03		
	Increase / Decrease in Shareholding during the year:				
	23/09/2014**	(30,000)	0.00	21,22,633	0.03
	24/09/2014**	(30,000)	0.00	20,92,633	0.03
	19/11/2014**	(1,00,000)	0.00	19,92,633	0.02
	04/12/2014**	(1,00,000)	0.00	18,92,633	0.02
	05/12/2014**	(1,00,000)	0.00	17,92,633	0.02
	08/12/2014**	(1,00,000)	0.00	16,92,633	0.02
	20/01/2015*	5,40,000	0.01	22,32,633	0.03
	16/02/2015**	(1,00,000)	0.00	21,32,633	0.03
	18/02/2015**	(2,00,000)	0.00	19,32,633	0.02
	20/02/2015**	(1,10,000)	0.00	18,22,633	0.02
	17/03/2015*	8,10,000	0.01	26,32,633	0.03
	At the end of the year			26,32,633	0.03
17	R. Tandon, Chief Financial Officer				
	At the beginning of the year	1,11,420	0.00		
	Increase / Decrease in Shareholding during the year:				
	29/05/2014**	(25,000)	0.00	86,420	0.00
	30/05/2014**	(25,000)	0.00	61,420	0.00
	27/06/2014*	39,000	0.00	1,00,420	0.00
	31/07/2014**	(50,000)	0.00	50,420	0.00
	12/08/2014*	61,000	0.00	1,11,420	0.00
	13/08/2014**	(25,000)	0.00	86,420	0.00
	14/08/2014**	(10,000)	0.00	76,420	0.00
	27/08/2014**	(5,000)	0.00	71,420	0.00
	28/08/2014**	(10,000)	0.00	61,420	0.00
	12/09/2014**	(50,000)	0.00	11,420	0.00
	16/09/2014*	39,000	0.00	50,420	0.00
	17/10/2014*	50,000	0.00	1,00,420	0.00
	03/11/2014**	(25,000)	0.00	75,420	0.00
	05/11/2014**	(10,000)	0.00	65,420	0.00
	10/11/2014**	(15,000)	0.00	50,420	0.00
	02/12/2014**	(50,000)	0.00	420	0.00
	13/02/2015*	50,000	0.00	50,420	0.00
	17/03/2015*	51,000	0.00	1,01,420	0.00
	At the end of the year			1,01,420	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
18	B. B. Chatterjee, Executive Vice President & Company Secretary				
	At the beginning of the year	4,32,000	0.01		
	Increase / Decrease in Shareholding during the year:				
	09/09/2014**	(4,000)	0.00	4,28,000	0.01
	22/09/2014**	(10,000)	0.00	4,18,000	0.01
	23/09/2014**	(60,000)	0.00	3,58,000	0.00
	24/09/2014**	(20,000)	0.00	3,38,000	0.00
	25/09/2014**	(2,800)	0.00	3,35,200	0.00
	17/10/2014*	65,000	0.00	4,00,200	0.01
	10/11/2014**	(18,800)	0.00	3,81,400	0.00
	18/11/2014**	(14,000)	0.00	3,67,400	0.00
	19/11/2014**	(20,000)	0.00	3,47,400	0.00
	21/11/2014**	(10,000)	0.00	3,37,400	0.00
	25/11/2014**	(13,000)	0.00	3,24,400	0.00
	04/12/2014**	(1,57,400)	0.00	1,67,000	0.00
	29/01/2015**	(5,000)	0.00	1,62,000	0.00
	06/02/2015**	(35,000)	0.00	1,27,000	0.00
	13/02/2015**	(10,000)	0.00	1,17,000	0.00
	16/02/2015**	(10,000)	0.00	1,07,000	0.00
	26/02/2015**	(1,000)	0.00	1,06,000	0.00
	28/02/2015**	(10,000)	0.00	96,000	0.00
	17/03/2015*	1,04,000	0.00	2,00,000	0.00
	At the end of the year			2,00,000	0.00

* Allotment of Shares under ITC ESOS.

** Sale of ITC ESOS Shares.

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	13.82	6,640.01	0.20	6,654.03
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	2.42	0.00	2.42
Total (i+ii+iii)	13.82	6,642.43	0.20	6,656.45
Change in Indebtedness during the financial year				
- Addition	0.00	200.00	0.00	200.00
- Reduction	-11.87	-1,540.65	0.00	-1,552.52
Net Change	-11.87	-1,340.65	0.00	-1,352.52
Indebtedness at the end of the financial year				
i) Principal Amount	1.95	5,299.38	0.20	5,301.53
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	2.40	0.00	2.40
Total (i+ii+iii)	1.95	5,301.78	0.20	5,303.93

** The balance of unsecured loans includes amounts as given under 'Deferred payment liabilities' under Note 3 and 'Current maturities of long term debt' as given in Note 8 of the Notes to the Financial Statements forming part of the Report and Accounts.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and / or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
		Y. C. Deveshwar, Chairman & Executive Director	N. Anand, Executive Director	P. V. Dhobale, Executive Director	K. N. Grant, Executive Director	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1297.50	219.18	217.50	217.98	1952.16
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961*	230.68	41.78	43.14	41.92	357.52
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00	0.00	0.00
	– as % of profit					
	– others, specify					
5	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total Amount (A)	1528.18	260.96	260.64	259.90	2309.68
	Ceiling as per the Act	140554				
		(Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)				

Note: The Company has not incurred any expenditure for Stock Options granted at 'market price' [within the meaning of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employee.

* Does not include contribution to the approved Pension Fund under the defined benefit scheme which is actuarially determined on an overall Company basis.

B. Remuneration to the other Directors:

(₹ in Lakhs)

Sl. No.	Directors	Particulars of Remuneration			Total Amount	
		Fee for attending Board / Board Committee Meetings	Commission	Others, please specify		
1	Independent Directors					
	A. Baijal	9.50	15.00	0.00	24.50	
	S. Banerjee [#]	7.00	14.75*	0.00	21.75	
	A. Duggal [§]	5.00	0.00	0.00	5.00	
	S. H. Khan	7.50	15.00	0.00	22.50	
	S. B. Mathur	10.50	15.00	0.00	25.50	
	P. B. Ramanujam	11.00	15.00	0.00	26.00	
	S. S. H. Rehman	11.00	15.00	0.00	26.00	
	M. Shankar	13.50	15.00	0.00	28.50	
	Total Amount (B)(1)				179.75	
2	Other Non-Executive Directors					
	A. V. Girija Kumar	9.05*	15.00*	0.00	24.05	
	R. E. Lerwill [^]	9.50	5.51	0.00	15.01	
	S. B. Mainak [@]	6.50*	0.00	0.00	6.50	
	K. Vaidyanath	15.20	15.00	0.00	30.20	
	Total Amount (B)(2)				75.76	
	Total Amount (B) = (B)(1) + (B)(2)				255.51	
	Total Managerial Remuneration (A+B)				2565.19	
	Overall Ceiling as per the Act	154609				
		(Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)				

* Paid to the Institution the Director represents / represented.

[#] Appointed Non-Executive Director w.e.f. 24th July, 2014.

[§] Appointed Non-Executive Director w.e.f. 15th September, 2014.

[^] Appointed Non-Executive Director w.e.f. 18th November, 2013.

[@] Appointed Non-Executive Director w.e.f. 25th April, 2014.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		R. Tandon, Chief Financial Officer	B. B. Chatterjee, Executive Vice President & Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	140.01	106.88	246.89
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961*	25.63	4.87	30.50
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	– as % of profit			
	– others, specify			
5	Others, please specify	0.00	0.00	0.00
	Total	165.64	111.75	277.39

Note: The Company has not incurred any expenditure for Stock Options granted at 'market price' [within the meaning of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employee.

* Does not include contribution to the approved Group Pension under the defined benefit scheme which is actuarially determined on an overall Company basis.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES
against the Company, Directors and other Officers in Default under the Companies Act, 2013: NONE

On behalf of the Board

 Kolkata
22nd May, 2015

Y. C. DEVESHWAR Chairman

K. N. GRANT Director

Annexure to the Report of the Board of Directors

CONSERVATION OF ENERGY :

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

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 (energy consumed per unit of production), specific energy costs and renewable energy contributions were continuously tracked to monitor alignment with the Company's overall sustainability approach. The Company endeavours to identify and evaluate the energy risks given the future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects. Accordingly, the phased implementation of energy conservation initiatives 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 were:

- I. Improvement in energy usage efficiency in lighting systems by installation of automated lighting controls & sensors, changing over to more efficient lighting solutions such as Light Emitting Diodes.
- II. Retrofitting and replacement of motors, pumps, fans, boilers, air compressors, vacuum and air conditioning systems with higher energy efficiency equipment.
- III. Installation of automatic condenser tube cleaning system for air conditioning plant to enhance efficiency.
- IV. Installation of automated controls & sensors in different equipment related to manufacturing processes, air conditioning systems and power generation for better monitoring & control, thereby minimising losses.
- V. Installation of variable frequency drives to optimise energy consumption.
- VI. Reduction in line losses from steam pipelines by optimising the network.
- VII. Implementation of waste heat recovery in boilers to improve efficiency.
- VIII. Optimisation of compressed air systems to minimise losses and reduce energy consumption.

b) Steps taken for utilising alternate sources of energy:

As part of the Company's strategy to adopt a low-carbon growth path, the Company intends to progressively move towards meeting at least 50% of its total energy requirements from renewable sources by 2020. Some of the renewable energy initiatives taken during the year are as follows:

- I. Commissioning of additional wind energy based power plant (46 MW).
- II. Replacement of fossil fuel (high-speed diesel) with bio-diesel for use in boilers.

- III. Installation of biomass residue based boilers to reduce dependency on fossil fuels.
- IV. Installation of additional solar energy based thermal and photovoltaic systems.
- V. Generation of biogas from food waste and effluent treatment plant sludge to meet process heating requirements.

c) **Capital investment on energy conservation equipment: ₹ 2013.89 lakhs.**

TECHNOLOGY ABSORPTION :

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

a) Efforts made towards technology absorption:

- I. Commissioning of multi-product soft cookie line to deliver multiple product formats on a single line.
- II. Process and product technologies in personal wash, skin care and deodorants developed by in-house research and development.
- III. Development of antifungal treated paperboards to prevent mould growth.
- IV. Development of bio-degradable paperboards as a sustainable packaging solution.
- V. Induction of state-of-the-art printing and conversion equipment for packaging.
- VI. Induction of contemporary technologies and continuous improvement projects across businesses towards reducing process variability, cycle time and wastage while enhancing manufacturing flexibility & productivity.

b) Benefits derived:

- I. Improved manufacturing flexibility.
- II. World-class quality and differentiated products.
- III. Addressing market specific end-use applications.
- IV. Improved productivity and process control.

c) Expenditure incurred on Research and Development:

	For the year ended 31st March, 2015
Expenditure on R&D :	(₹ in Lakhs)
i) Capital	9840.65
ii) Revenue	10,579.09
Total	20,419.74
Total R&D Expenditure as a % of	
– Gross Revenue	0.41%
– Net Revenue	0.57%

On behalf of the Board

Kolkata
22nd May, 2015

Y. C. DEVESHWAR *Chairman*
K. N. GRANT *Director*

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2015

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 and Wholetime Director	439 : 1	24% *
K N Grant	Wholetime Director	75 : 1	17% *
P V Dhobale	Wholetime Director	75 : 1	17% *
N Anand	Wholetime Director	76 : 1	16% *
A Baijal	Non-Executive Director	7 : 1	140% **
S Banerjee	Non-Executive Director #	6 : 1	179% **
A Duggal	Non-Executive Director #	1 : 1	—
S H Khan	Non-Executive Director	6 : 1	162% **
S B Mathur	Non-Executive Director	7 : 1	145% **
P B Ramanujam	Non-Executive Director	7 : 1	169% **
S S H Rehman	Non-Executive Director	7 : 1	278% **
M Shankar	Non-Executive Director	8 : 1	418% **
A V Girija Kumar	Non-Executive Director	7 : 1	119% **
R E Lerwill	Non-Executive Director	4 : 1	—
S B Mainak	Non-Executive Director #	2 : 1	—
K Vaidyanath	Non-Executive Director	8 : 1	253% **
A Ruys	Non-Executive Director ##	5 : 1	123% **
R Tandon	Chief Financial Officer	48 : 1	12% ***
B B Chatterjee	Executive V.P. & Company Secretary	32 : 1	15% ***

* The remuneration of Wholetime Directors was revised with the approval of the Shareholders w.e.f 1st April, 2013. The increase primarily reflects the consequential impact of payment of performance bonus (computed as a percentage of salary) in the following year.

** Reflects (i) increase in sitting fees w.e.f 1/4/2014 and (ii) increase in commission paid in the following year.

*** Reflects increase in remuneration consequent to revision w.e.f 1st July, 2013

Appointed during the year

Ceased during the year

Notes

- The number of permanent employees as on 31st March, 2015 was 25,787.
- Compared to the previous year 2013-14, the figures for the current year 2014-15 reflects that:
 - Gross Turnover, PBT and EPS has grown by 7.0%, 10.6% & 8.7% respectively.
 - Median remuneration and average remuneration of all employees have increased by 14% and 12% respectively.
 - Average remuneration of employees excluding Key Managerial Personnel has increased by 12%.
 - Remuneration of Key Managerial Personnel has increased by 20%.
- No employee's remuneration for the year 2014-15 exceeded the remuneration of any of the Directors.
- The remuneration of the Directors, Key Managerial Personnel and other employees is in accordance with the Remuneration Policy of the Company provided under the section 'Report on Corporate Governance' which forms part of the Report and Accounts.
- The market capitalisation of the Company as on 31st March, 2015 decreased by 6.9% when compared to that of 31st March, 2014. The Company has not made any public offer in the recent past and accordingly, comparison of Public Offer Price and the current market price of the Company's shares will not be relevant.
- The PE ratio as on 31st March, 2015 stood at 27.0 (31st March, 2014: 31.8).
- Performance Bonus of Executive Directors and Commission of Non-Executive Directors are the variable components of their remuneration. Key parameters for determining the same are provided in the Remuneration Policy of the Company.

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000/- or more per annum.								
Ahmad Syed Mahmood	61	Services on Loan to Tobacco Institute of India	87,34,294	37,68,044	B.A., M.A.	38	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Ahmed Riaz	59	V.P. - Finance & MIS (LRBD)	66,87,973	32,41,042	B.Com., F.C.S., F.C.M.A., A.C.I.S.(U.K.)	29	23.01.1986	@
Ambasta Ashesh (Dr.)	56	V.P. - Social Investments	68,68,330	31,04,952	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	28	01.04.2002	Action Aid (India), Sr. Programme Analyst
Anand Nakul	58	Executive Director	2,77,80,041	1,20,50,196	B.A.(Hons.)	35	01.12.1979	@
Arif Nazeeb	53	Executive V.P. and Head - Corporate Communications	89,96,816	40,02,836	B.A.(Hons.), M.A.	29	01.09.2006	Indian Chamber of Commerce, Secretary General
Ashok D	51	General Manager - Strategic Planning	61,14,208	30,56,399	B.Com., A.C.S., F.C.M.A.	30	01.08.1992	UB Petroproducts Ltd., Dy. Manager, Accounts
Bagri Giriraj	45	General Manager (FD)	66,93,694	31,28,845	B.Com.(Hons.), P.G.D.B.M.	21	01.08.2012	Castrol India Ltd., Cluster Marketing Director
Balakrishnan Subramanian	48	Head - Manufacturing Operations (PCPB)	64,65,796	28,15,900	B.E.	28	01.09.1987	Nil
Batra Rakesh	51	Services on Loan to Subsidiary Co.	73,08,428	32,03,469	B.Com.(Hons.), F.C.A.	33	01.09.1986	Nil
Bezbaroa Sanjib K	52	V.P. - Corporate EHS	68,64,296	28,23,836	B.E.(Elec.), P.G.D. (Environmental Mgmt., Univ. of London)	32	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bhandari Ranvir	54	V. P. - Operations (HD)	60,19,729	24,56,694	B.Com.(Hons.), Dip. in Hotel Mgmt.	26	01.09.2012	Max Ventures Pvt. Ltd., Vice Chairman
Bose Kamal Ranjan	55	General Manager - Institutional Sales (ITD)	67,25,741	27,51,229	B.A.(Hons.), P.G.D.M.	35	16.01.1995	#
Chakraborty Kanchan	56	General Manager - Technology & Engg., Biscuits (FD)	64,25,157	39,37,688	B.E.	35	21.04.2006	Britannia Industries Ltd., Co. Engg. Serv. Mgr.
Chand A	50	Divisional Chief Executive (LRBD)	81,60,771	36,01,142	B.A., M.B.A.	28	01.06.1988	Godfrey Phillips (I) Ltd., Mktg. Exec.
Chamchoy Sasakamol	52	Spa Manager, ITC Grand Chola (HD)	71,60,935	35,64,895	Bachelor of Humanities, Ramkhamheang Univ.	27	17.01.2011	The Leela Kempinski, Udaipur, Spa Manager
Charraudeau Philippe Herve	58	V.P. and General Manager - ITC Maratha (HD)	2,33,55,313	1,03,27,044	B.E.P.C., (Rehaul Rebut), C.A.P.	33	09.05.2011	Movenpick Hotels & Resorts, Saudi Arabia, G.M.
Chandrasekharan L C (Dr.)	60	Chief Scientist - Research & Technology Innovation (LS & T)	1,11,46,690	65,89,960	Ph.D.	33	01.10.2005	G.E. India, Director, Mfg. Engg.
Chatterjee B B	62	Executive V.P. and Company Secretary	1,17,98,356	63,45,781	B.Com.(Hons.), F.C.A., F.C.S., LL.B.	37	16.05.1983	Wacsge, Deputy Mgr.
Dar C	59	Divisional Chief Executive (FD)	1,28,55,352	55,99,433	B.Tech.(Hons.), P.G.D.M.	36	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Das C S	59	SBU Chief Executive (ESP)	1,04,08,048	47,59,529	B.Tech.(Hons.), M.B.A.	35	15.04.1980	Larsen & Toubro Ltd., Trainee
Deveshwar Y C	68	Executive Chairman	15,95,37,893	7,28,04,571	B.Tech.(Mech.)	46	11.02.1994	Air India Ltd., Chairman & M.D.
Dhamotharan R	49	V.P. - Buying & Merchandising Operations (LRBD)	61,31,687	31,18,468	B.Tech., M.B.A.	24	14.03.2011	Madura Garments Ltd., V.P. - Buying & Merchandising
Dhobale P V	59	Executive Director	2,71,24,771	1,18,86,697	B.Tech.(Chem.)	38	01.07.1977	#
Dixit Pradeep Kumar	54	General Manager - T & RA (ITD)	2,24,97,669	29,07,275	B.Sc.(Hons.)	31	17.10.1983	Nil
Dutta Saradindu	55	Head - Corporate Accounts	77,35,074	33,45,378	B.Com.(Hons.), M.Com., A.C.A.	33	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	48	Executive V.P. - Corporate Finance	77,54,054	34,71,334	B.Com.(Hons.), C.W.A., A.C.A.	24	01.11.1990	Nil
Ganesan M	52	Executive V.P. - Finance, Procurement & IT (FD)	83,26,647	36,96,203	B.Com., A.C.A., A.C.S.	29	01.03.1986	Nil
Ganesh Kumar S	47	Executive V.P. - Staples & Snacks (FD)	80,08,311	35,17,802	B.E.	23	14.12.1991	Nil
Garg A K	54	Head - Finance & IT (PCPB)	66,71,961	30,35,727	B.A.(Hons.), M.B.A. (U.S.A.)	32	01.08.1985	International Travel House Ltd., Regional Financial Controller
Grant K N	57	Executive Director	2,71,88,565	1,19,70,572	B.A.(Hons.), M.B.A.	36	02.06.1980	DCM Ltd., Mgmt. Trainee
Guha Sumitro	53	Executive V.P. - Technical (ITD)	78,22,131	35,89,944	B.Tech.	32	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Gupta P	58	Head - Corporate Taxation	79,09,719	43,44,704	B.Com.(Hons.), A.C.A., D.M.A.(I.C.A.)	35	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Haksar Dipak	57	Chief Operating Officer (HD)	69,53,862	30,46,762	B.Com.(Hons.)	37	01.09.1977	@
Joshi Atul	57	National Sales Manager - Grocery 2 (ITD)	62,40,909	28,76,915	B.A., M.A., M.B.A.	33	01.01.1982	Nil
Kaul Sandeep	48	SBU Chief Executive (PCPB)	83,99,290	36,85,533	B.E., P.G.D.M.	25	01.06.1990	Nil
Kikuta Fumio	51	Japanese Chef, ITC Gardenia (HD)	67,87,540	43,04,336	Craftsmanship in Japanese Cuisine	29	11.07.2011	Gulf Hotel, Bahrain, Japanese Chef
Kumar Ashwani	52	Chief Technologist - Packaging & Graphics Design (ITD)	62,15,557	27,58,637	B.Sc., M.B.A.	28	01.07.1990	Uptron India Ltd., Planning & Advr. Mgr.

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Madan Sachidanand	56	Services on Loan to Subsidiary Co.	1,01,81,270	43,31,005	B.Com.(Hons.), A.C.A., A.C.S.	33	01.04.2012	Russell Credit Ltd. - On Deputation to Technico Agri Sciences Ltd. as Director
Malik Hemant	48	Chief Operating Officer (ITD)	1,09,33,834	49,32,023	B.A., M.B.A.	26	01.06.1989	Nil
Maurel Eric	53	Executive Pastry Chef, ITC Maurya (HD)	61,25,601	34,43,468	Chef Diploma - Maitrise, First Degree Certificate in Pastry, Chocolate & Ice Cream	18	01.08.2013	JW Marriott, Cairo, Exec. Pastry Chef
Mehta Sartaj Singh	45	Creative Head (LRBD)	72,61,673	44,84,021	B.A., P.G.D. Knitwear Design Tech.	17	01.09.2012	Robemall Apparel Pvt. Ltd., V.P., Design & Sourcing
Mitra S	52	Head - Indirect Taxes	60,62,259	23,58,463	B.Com.(Hons.) F.C.A.	27	01.06.1988	Nil
Mukerji Arup K	56	Corporate Financial Controller	1,14,48,568	50,22,009	B.Com.(Hons.), A.C.A.	33	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Mukherjee Nilanjan	47	Head - Marketing (PCPB)	65,28,353	28,35,744	B.E., M.B.A.	19	30.09.2010	I. Morph Consulting, Partner
Mukherjee P	53	V.P. - Finance & MIS (ABD-ILTD)	76,44,669	30,42,114	B.Com.(Hons.), A.C.S., A.C.A.	28	01.09.1987	M/s Khanna & Annadhana, Chartered Accountants, Asst. Audit
Mukherjee Soumitra (Dr.)	49	Chief Scientist (ITD)	71,79,474	42,53,331	B.Sc., M.Sc., Ph.D., Post Doctorate	20	16.03.1998	ICI India Ltd., Manager Q.A.
Narayanan R Ravi	50	Trade Marketing Development Manager (ITD)	60,35,871	21,87,152	B.A., P.G.D.M.	28	01.01.1990	Godrej & Boyce Mfg. Co. Ltd., Sales Rep.
Nariyoshi Nakamura	63	Master Chef, WelcomHotel, New Delhi (HD)	74,49,086	37,07,492	Graduate from Nihon University	23	24.05.2010	The Metropolitan Hotel Nikko, Exec. Chef
Nayak Anand	63	Executive V.P. and Head - Corporate Human Resources	1,84,67,597	93,32,793	B.Sc., P.G.D.I.R.	42	14.05.1973	Nil
Noronha A R	61	Executive V.P. - Projects (HD)	69,61,088	29,72,110	B.E.(Elec.)	37	01.05.1978	@
Parasuram R	56	Executive V.P. - Internal Audit	83,78,936	41,25,542	B.Com.(Hons.), A.C.A.	33	15.09.1982	Nil
Pathak Arun	55	Executive V.P. - Finance (HD)	79,75,396	31,62,822	B.Com.(Hons.), F.C.A.	32	20.06.1983	Nil
Pramanick B K	57	Head of Finance (PPB)	61,34,994	28,07,330	B.Com.(Hons.), C.W.A.	33	21.04.1997	Kitti Steels Ltd., Dy. General Manager
Prasad K T	59	Executive V.P. - Corporate Human Resources	73,42,474	32,37,893	B.A., M.A. (P.M., I.R. & L.W.)	34	01.06.1999	ITC Agro Tech., G.M. - H.R.
Puri Sanjiv	52	President - FMCG Businesses	1,50,50,703	62,50,072	B.Tech.	30	20.01.1986	TELCO Ltd., Trainee
Qing Liang Xiao	53	Executive Chinese Chef, ITC Maratha (HD)	73,03,513	35,64,895	Cooking School of Beijing Tourism Administration	34	01.04.2009	The Great Wall Sheraton Hotel, Exec. Chinese Chef
Rai R K	52	Chief Operating Officer (ABD)	84,05,702	42,01,612	B.A.(Mktg.), P.G.D. in Exports & Imports	32	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajasekharan V M	56	SBU Chief Executive - Agarbatti & Matches	75,89,593	33,93,461	B.E.	35	01.06.1986	M.M. Rubber Co. Ltd., Sales Mgr.
Rajesh V L	47	Chief Operating Officer (FD)	83,26,712	37,40,969	B.Sc., M.B.A.	25	01.06.1990	Nil
Rajiv Mohan D V R	49	V.P. - Commodities (ABD)	63,58,815	29,25,226	B.Com.(Hons.), M.B.A.	26	22.08.1988	Nil
Rajput A K	59	Senior V.P. - Corporate Affairs	1,35,38,390	59,13,218	B.Com., M.B.A.	39	10.04.1976	Nil
Rama Prasad H N	50	V.P. - Exports & Supply Chain (ABD-ILTD)	61,36,237	33,76,547	B.Sc.(Agri), M.Sc.(A.G.)	27	29.09.1988	Nil
Ramamurthi Suresh (Dr.)	50	Chief Technologist (PCPB)	69,63,359	30,65,053	B.Sc., M.Sc.(Tech.), Ph.D.	19	27.08.2007	Hindustan Unilever Ltd., Sr. Scientist
Ramaswamy T V	63	Group Head - LS & T, Projects & EHS	1,72,29,388	75,92,589	B.E., M.M.S.	41	01.07.1974	Nil
Rangrass S	54	Divisional Chief Executive (ABD-ILTD)	1,05,38,395	53,15,035	B.Tech.	33	01.07.1982	Nil
Rao A Venkateswara	61	Executive V.P. - Manufacturing & Projects (PSPD)	62,68,654	29,19,794	B.E.(Mech.)	19	21.06.1996	Nil
Reddy K Venkateshwar	49	General Manager - Product Development, Staples & Noodles (FD)	62,68,399	39,32,166	B.Tech.	26	01.08.2001	Cargill India Pvt. Ltd., Prod. Manager
Roy A	49	V.P. - Commercial Operations (ITD)	67,53,934	30,46,788	B.Com.(Hons.), A.C.A.	26	04.06.1990	E.L.M.(I) Ltd., Accounts Officer
Sarma C V	54	Executive V.P. - Finance & MIS (PSPD)	72,47,603	34,91,915	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	22	03.05.1993	NIL
Sathya D	59	General Manager - Research & Development, Confectionary (FD)	61,15,356	38,41,826	B.Sc.(Agri Sciences), M.Sc.	34	24.06.2002	Nutrine Confectionery Co. Ltd., General Manager, Q & R
Sen Gupta P	57	General Manager - Internal Audit	66,32,749	29,35,487	B.Sc.(Hons.), A.C.A.	33	01.07.1987	Indian Aluminium Co. Ltd., Finance Officer
Senguttuvan R	53	SBU Chief Executive (PPB)	99,80,849	45,70,888	B.E., P.G.D.M.	29	27.05.1991	Asian Paints, Purchase Exec.
Seth Anil	57	Executive V.P. - Finance & MIS (ITD)	96,63,646	38,17,529	B.A.(Hons.), A.C.A., P.G.D.B.M.	32	01.11.1982	Nil
Shanmuga Sundaram A	48	Associate General Counsel	69,81,234	33,06,743	B.L., M.L.	26	20.10.1997	Maxworth Home Ltd., Manager, Legal
Singh Jagdish	49	Head - Corporate Treasury	64,17,338	35,55,340	B.Com.(Hons.), A.C.A.	27	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh S K	58	Divisional Chief Executive (PSPD)	1,04,01,994	48,94,400	B.Tech.(Chem.)	38	21.06.1977	#

B. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Designation/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Singhi Rajendra Kumar	50	Senior Deputy Company Secretary	63,75,352	32,16,241	B.Com.(Hons.), LL.B., F.C.S.	30	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Sivakumar S	54	Group Head - Agri Business	1,76,46,438	91,69,229	B.Sc., P.G. Dip. in Rural Mgmt.	32	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Sridhar R	56	Executive V.P. - Learning & Development	79,97,357	35,00,663	B.Sc., P.G. Dip. in P.M. & I.R., Fellow in Mgmt.	33	01.06.1982	Nil
Stephanos K G	51	V.P. - Finance & MIS (ABD)	65,55,488	30,90,009	B.Com.(Hons.), A.C.A.	27	01.07.1988	PricewaterhouseCoopers, Jr. Officer
Sule Sandeep Arun	49	Executive V.P. - Sales Operations & Development (ITD)	78,01,297	34,71,797	B.Com., M.I.B.	25	16.07.1990	Bayer India Ltd., Management Trainee
Sumant B	51	Divisional Chief Executive (ITD)	1,11,53,814	49,09,501	B.E.	29	20.01.1986	Nil
Suresh G K	44	V.P. - New Category Development (FD)	61,59,466	28,00,163	B.E., P.G.D.B.M.	21	01.06.1995	Tata Elxsi Ltd., Customer Support Exec.
Suresh K S	54	General Counsel	1,34,46,498	57,64,442	B.A., B.L., P.G.D.P.M., I.R. & L.W.	32	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Tandon R	61	Chief Financial Officer	1,73,56,896	76,59,011	B.Sc., F.C.A.	37	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Thakur N N	51	Head of Sales & Marketing (ESPB)	60,56,860	27,95,359	B.Sc., P.G.D.	28	01.09.1987	Nil
Tyagi Shailender	56	Executive V.P. and Head of Supply Chain & Logistics (ITD)	80,47,884	35,89,494	M.Sc., P.G.D.	33	01.02.1982	Nil
Venkateswaran Krishnan (Dr.)	55	Chief Scientist - Product Development (PCPB)	77,62,375	45,41,082	B.Sc., M.Sc., Ph.D.	30	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Viswanathan K I	55	Executive V.P. - Marketing (PSPD)	67,12,496	32,29,097	M.B.A.	33	06.09.1982	Nil
Wali Paritosh	45	Group Category Head - Biscuits & Confectionery (FD)	64,43,550	28,78,878	B.Tech., Sloan Fellowship	24	16.08.1991	Nil
Wanchoo Siddharth	54	Executive V.P. - Marketing (ITD)	88,97,898	32,72,259	B.Com.(Hons.)	34	19.10.1981	Nil
Wariah Dalbir Singh	48	General Manager - Research & Development, Snacks (FD)	60,56,774	34,99,945	B.E.	25	05.04.2005	PepsiCo India Holdings Pvt. Ltd., General Manager
Zachariah Abraham	56	Executive V.P. and Head - Central Projects Organisation	68,93,812	32,59,660	B.Sc.(Engg.)	32	01.09.2012	Lanco Infratech Ltd., Senior Vice President

Employed for a part of the year and in receipt of remuneration aggregating ₹ 5,00,000/- or more per month.

Anil Kumar Akkara Veetil	60	Category Development Manager - Cigarettes (ITD)	55,81,863	31,57,359	B.Com.	38	01.05.1984	Girija Fashions, Sales Exec.
Babu N Haresh	32	Process Co-Ordinator (ABD-ILTD)	1,18,335	1,08,647	B.Tech.(Mech.), D.M.E.	8	25.01.2010	Cooper Bussmann India Pvt. Ltd., Grad. Engg. Trainee
Bhandari Vineet	28	Asst. Manager - Secondary (ITD)	3,35,813	2,65,981	B.Tech., M.Tech.	4	14.06.2010	Nil
Bhaskar M Vijay	27	Dy. Officer (PSPD)	34,058	31,120	D.M.E.	6	10.01.2008	Nil
Bonnetty Guillaume Francois Pierre	46	Executive Pastry Chef, ITC Grand Chola (HD)	23,22,187	12,97,507	Brevet Des College Cert. D.F.E.O. Dip. C.A.P. Pastry & C.A.P. Baker, Brevet de maitrise Baker	18	24.01.2013	Bellagio Complex, Dhaka, Corporate Pastry Chef
Chakraborty Indrajit	60	Dy. Manager (PSPD)	7,42,443	6,07,471	B.Sc., Cert. Pulp & Paper Tech.	23	22.04.1991	Nil
Chandrasekhar K	60	Employee Relations Manager (ABD-ILTD)	35,98,676	18,67,902	B.Com., P.G.D.I.R. & P.M.	22	22.06.1992	Nil
Chandrasekhar S	62	Services on Loan to Subsidiary Co.	90,79,421	37,97,480	B.Sc., F.C.A.	37	01.01.1978	@
Chawla Gautam	28	Process Owner - Opaque Soap (PCPB)	2,89,613	2,68,946	B.E.	5	09.06.2009	Nil
Chokshi Karna	27	Asst. Manager - Projects (FD)	1,74,330	1,49,073	B.Tech.(Elec.)	4	14.06.2010	Nil
Choudhary Priti	24	Asst. - Technical (FD)	48,276	47,437	B.Tech.(Mech.)	2	10.06.2013	Nil
Degan Shalini	46	V.P. - Skin Care & New Product Development (PCPB)	64,18,113	32,68,728	B.Sc., M.B.A.	21	15.07.2014	Britannia Industries Ltd., Category Director - Delight & Lifestyle
Deepthi A H	30	Asst. Manager (PSPD)	69,369	68,987	B.Tech.	7	01.06.2007	Nil
Fulwani Bhavesh Madhav	29	Area Executive (ITD)	81,728	72,587	B.M.S.	7	16.07.2007	Nil
Gupta Parth	27	Process Engineer - CPD (ITD)	2,90,874	2,67,865	B.Tech.	3	01.06.2011	Nil
Gupta Udit	27	Asst. Manager - Operations (ITD)	2,78,548	2,57,755	B.Tech.	3	01.06.2011	Nil
Gullota Massimo	51	Italian Chef, ITC Grand Chola (HD)	16,34,548	9,58,141	M.N.E.F.S.M.P. (New York Academy), H.S. (Milan), C.S. (Lausanne)	22	26.09.2011	G. Mgmt., Bangkok, Thailand, Exec. Chef
Jain Manish K	27	Asst. Manager - Technical (FD)	1,04,863	1,04,301	B.Tech.(Chem.)	5	14.06.2010	Nil
Jayswal Amit	35	Associate Scientist (ABD-ILTD)	1,79,410	1,68,322	B.Sc., M.Sc., (Ana. Chemistry), Ph.D. (Applied Chemistry)	7	03.12.2012	Cadila Healthcare Ltd., Officer - QC
Jindal Tushar	31	Brand Manager (ITD)	3,02,199	2,61,458	M.A.(Economics)	6	10.06.2008	Nil
Janardhana Reddy S.	66	Executive V.P. - Corporate Affairs	59,08,454	30,67,116	B.Sc.(Ag.)	42	27.12.1972	Nil
Kartikaya R	30	Asst. Manager - Primary (ITD)	2,92,932	2,49,657	B.Tech.	6	10.06.2008	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/ Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commence- ment of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Khatrri N.	60	General Manager - WelcomEnviron (HD)	31,71,072	17,27,758	Dip.in H.M.C.T.	36	15.05.1978	@
Kulkarni H D	62	V.P. - Plantations (PSPD)	24,34,109	17,66,716	M.Sc., Ph.D.	25	10.04.1989	Nil
Kumar D S P	30	Junior Research Associate (LS & T)	64,950	61,917	B.Sc., M.Sc.	4	10.12.2012	Sr. Research Associate
Kushari Probal	46	Asst. Manager - Logistics (PPD)	4,64,417	4,28,740	M.B.A., Dip. in Export Mgmt.	24	19.01.1998	Contemporary Packaging Technologies Ltd., Asst. Sales & Marketing
Mathur Deepak	60	Asst. Manager Purchase (HD)	7,44,435	6,76,595	B.Com.	36	01.10.1978	@
Mehta Sharad K.	60	Principal Scientist - Tobacco & Tobacco Products (ITD)	26,36,499	15,33,962	B.Sc., M.Sc., M.Tech., Ph.D.	31	21.07.2005	Shiva Analyticals Ltd., D.G.M. (Organic)
Muralidharan N V	57	Asst. Executive (ABD)	6,20,044	4,35,446	B.Com.	23	22.02.1991	Nil
Nagpal Ashish	37	Asst. Manager (PSPD)	1,24,744	1,15,054	Dip. in Chem. Engg.	8	01.07.2006	Nil
Nivaas J J	30	Associate - Processing (ABD-ILTD)	43,401	43,260	B.Tech.(Chem.)	7	10.10.2011	Kwality Milk Foods Ltd., Prod. Supervisor
Patel Noorulamin M	43	General Manager - Marketing (FD)	39,53,640	25,02,936	B.E., P.G.D.B.M.	17	01.06.1997	Nil
Prabhu Venkatraman R	26	Asst. Manager (PCPB)	1,35,636	1,34,751	B.E.	4	14.06.2010	Nil
Puri R	62	Services on Loan to Associate Co.	43,15,973	26,56,228	B.Com.(Hons.), A.C.A.	35	16.01.1979	Nil
R Harisankar	33	Asst. Manager - Grocery (ITD)	1,16,183	1,11,975	B.Tech., M.B.A.	8	09.06.2009	CTS India Pvt. Ltd., Programmer Analyst
Rama Rao S Seetha	60	Asst. Manager - Electrical & Utilities (ABD-ILTD)	13,77,539	10,96,281	L.E.E.	32	08.02.1982	Nil
Rao K V Srinivasa	28	Executive - Processing (ABD-ILTD)	1,33,380	1,27,521	B.E.(Mech.)	5	14.04.2011	Bharat Aluminium Co. Ltd., Grad. Engg. Trainee
Rao J Halayudha	60	Divisional Manager - Audit & Systems (ABD-ILTD)	20,48,427	14,72,747	M.Com., F.C.W.A., Dip. in Comp. Mgmt.	37	04.11.1985	Nil
Reddy M V Dharma	60	Manager (PSPD)	10,65,350	8,90,241	M.Com.	35	20.03.1979	Nil
Rellin Ranjan K	60	V.P. - Projects (HD)	23,44,659	16,83,817	B.Arch., M.I.A. (Columbia), M.S.U.P. (N.Y.)	28	01.02.1986	@
Rungta Rahul	28	Asst. Manager - Finance (HD)	3,75,293	3,37,011	B.Com.(Hons.), A.C.A	4	01.11.2010	Nil
Rustagi Vaibhav	30	Asst. Brand Manager (FD)	1,47,103	1,44,011	P.G.D.M.	5	14.06.2010	Nil
Sanjeevi N	60	Asst. Engineering Manager (PPB)	15,04,852	12,42,302	B.E., Dip. in Elec.	36	01.03.1978	Nil
Satyanarayana M	60	Manager (PSPD)	10,92,002	9,23,303	B.Com.	34	30.05.1980	Nil
Siddiqui Emroz	34	Area Manager (ITD)	1,44,680	1,33,835	B.Com., M.B.A.	10	16.06.2005	Bharti Telecom Ltd., Team Leader
Singh Abhishek	24	Asst. Officer (PSPD)	22,399	20,503	B.Sc.	2	20.09.2012	Nil
Sreesha P H	50	Manager (PSPD)	1,25,414	1,24,826	B.E. (Inst.)	9	01.06.2005	Nil
Suresh Karanam Narasimha	62	Chief Technologist - Blending & Cigarette Design (ITD)	48,25,676	23,90,280	B.Sc., M.Sc.	39	01.03.1977	Flavours & Essences Pvt. Ltd., Flavour Technologist
Vandrevala Percy Erach	57	Manager Projects (HD)	6,20,260	5,46,281	B.E.(Civil)	24	02.01.2007	Writer Corporation, Consultant
Wahi Raghupati	60	Divisional Financial Controller (HD)	52,47,676	24,33,638	B.A.(Hons.), P.G.D.B.M.	39	28.05.1976	@

Abbreviations denote :

ITD	: India Tobacco Division	HD	: Hotels Division
PSPD	: Paperboards & Specialty Papers Division	ESPB	: Education & Stationery Products Business
LRBD	: Lifestyle Retailing Business Division	PCPB	: Personal Care Products Business
ABD	: Agri Business Division	PPB	: Printing & Packaging Business
ABD-ILTD	: Agri Business, India Leaf Tobacco Division	LS & T	: Life Sciences & Technology
FD	: Foods Division		

@ Previously employed with ITC Hotels Ltd. which was merged with the Company on March 23, 2005

Previously employed with ITC Bhadrachalam Paperboards Ltd. which was merged with the Company on March 13, 2002

Notes :

- Remuneration includes salary, performance bonus, allowances & other benefits /applicable perquisites except contribution to the approved Pension Fund under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
- The Company has not incurred any expenditure for Stock Options granted at 'market price' [within the meaning of the erstwhile SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999] to the Directors, Key Managerial Personnel and other Employees under its Employee Stock Option Schemes, which can be ascribed to any individual Director, Key Managerial Personnel or other Employees.
- Net remuneration comprises cash income less : a) income tax, surcharge (as applicable) & education cess deducted at source.
b) manager's own contribution to Provident Fund.
- All appointments are/were contractual in accordance with terms and conditions as per Company Rules.
- None of the above employees is a relative of any Director of the Company.

On behalf of the Board
Y. C. DEVESHWAR *Chairman*
K. N. GRANT *Director*

Kolkata, 22nd May, 2015