



## Consolidated Financial Statements

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# Consolidated Balance Sheet as at 31st March, 2018

|  | Note | As at<br>31st March, 2018<br>(₹ in Crores) |                 | As at<br>31st March, 2017<br>(₹ in Crores) |                 |
|--|------|--|-----------------|--|-----------------|
| <b>ASSETS</b>                                  |      |  |                 |  |                 |
| <b>Non-current assets</b>                      |      |  |                 |  |                 |
| (a) Property, Plant and Equipment              | 3A   | 15863.68                                   |                 | 15262.27                                   |                 |
| (b) Capital work-in-progress                   | 3B   | 5499.60                                    |                 | 3684.20                                    |                 |
| (c) Goodwill on consolidation                  |      | 202.53                                     |                 | 202.53                                     |                 |
| (d) Other Intangible assets                    | 3C   | 457.75                                     |                 | 428.68                                     |                 |
| (e) Intangible assets under development        | 3D   | 8.73                                       |                 | 45.69                                      |                 |
|  |      | 22032.29                                   |                 | 19623.37                                   |                 |
| (f) Financial Assets                           |      |  |                 |  |                 |
| (i) Investments                                | 4    |  |                 |  |                 |
| (a) Investment in Associates                   |      | 159.79                                     |                 | 162.81                                     |                 |
| (b) Investment in Joint Ventures               |      | 117.14                                     |                 | 123.10                                     |                 |
| (c) Others                                     |      | 11206.86                                   |                 | 6408.08                                    |                 |
|  |      | 11483.79                                   |                 | 6693.99                                    |                 |
| (ii) Loans                                     | 5    | 9.69                                       |                 | 8.54                                       |                 |
| (iii) Others                                   | 6    | 1747.38                                    | 13240.86        | 100.71                                     | 6803.24         |
| (g) Deferred tax assets (Net)                  | 7    | 47.98                                      |                 | 44.95                                      |                 |
| (h) Income Tax Assets (Net)                    | 21A  | 61.56                                      |                 | 38.59                                      |                 |
| (i) Other non-current assets                   | 8    | 2512.55                                    | 37895.24        | 3164.02                                    | 29674.17        |
| <b>Current assets</b>                          |      |  |                 |  |                 |
| (a) Inventories                                | 9    | 7495.09                                    |                 | 8116.10                                    |                 |
| (b) Biological assets other than bearer plants | 10   | 89.44                                      |                 | 70.05                                      |                 |
| (c) Financial Assets                           |      |  |                 |  |                 |
| (i) Investments                                | 11   | 10569.07                                   |                 | 10887.39                                   |                 |
| (ii) Trade receivables                         | 12   | 2682.29                                    |                 | 2474.29                                    |                 |
| (iii) Cash and cash equivalents                | 13   | 153.07                                     |                 | 333.07                                     |                 |
| (iv) Other Bank Balances                       | 14   | 2746.53                                    |                 | 2634.33                                    |                 |
| (v) Loans                                      | 5    | 5.84                                       |                 | 6.78                                       |                 |
| (vi) Others                                    | 6    | 1352.84                                    | 17509.64        | 1090.02                                    | 17425.88        |
| (d) Other current assets                       | 8    | 1299.45                                    | 26393.62        | 657.07                                     | 26269.10        |
| <b>TOTAL ASSETS</b>                            |      | <b>64288.86</b>                            |                 | <b>55943.27</b>                            |                 |
| <b>EQUITY AND LIABILITIES</b>                  |      |  |                 |  |                 |
| <b>Equity</b>                                  |      |  |                 |  |                 |
| (a) Equity Share capital                       | 15   | 1220.43                                    |                 | 1214.74                                    |                 |
| (b) Other Equity                               |      | 51289.68                                   |                 | 45198.19                                   |                 |
| <b>Attributable to owners of the parent</b>    |      | <b>52510.11</b>                            |                 | <b>46412.93</b>                            |                 |
| <b>Non-controlling interests</b>               |      | <b>334.47</b>                              | <b>52844.58</b> | <b>294.74</b>                              | <b>46707.67</b> |
| <b>Liabilities</b>                             |      |  |                 |  |                 |
| <b>Non-current liabilities</b>                 |      |  |                 |  |                 |
| (a) Financial Liabilities                      |      |  |                 |  |                 |
| (i) Borrowings                                 | 16   | 11.50                                      |                 | 18.40                                      |                 |
| (ii) Other financial liabilities               | 17   | 67.79                                      | 79.29           | 41.21                                      | 59.61           |
| (b) Provisions                                 | 18   | 149.63                                     |                 | 158.42                                     |                 |
| (c) Deferred tax liabilities (Net)             | 7    | 1923.02                                    |                 | 1878.77                                    |                 |
| (d) Other non-current liabilities              | 19   | 42.19                                      | 2194.13         | 17.79                                      | 2114.59         |
| <b>Current liabilities</b>                     |      |  |                 |  |                 |
| (a) Financial Liabilities                      |      |  |                 |  |                 |
| (i) Borrowings                                 | 20   | 17.35                                      |                 | 19.11                                      |                 |
| (ii) Trade payables                            |      | 3496.18                                    |                 | 2659.33                                    |                 |
| (iii) Other financial liabilities              | 17   | 993.87                                     | 4507.40         | 903.25                                     | 3581.69         |
| (b) Other current liabilities                  | 19   | 4610.39                                    |                 | 3327.46                                    |                 |
| (c) Provisions                                 | 18   | 63.80                                      |                 | 61.16                                      |                 |
| (d) Current Tax Liabilities (Net)              | 21B  | 68.56                                      | 9250.15         | 150.70                                     | 7121.01         |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |      | <b>64288.86</b>                            |                 | <b>55943.27</b>                            |                 |

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

P. R. RAMESH  
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR

S. PURI

R. TANDON

R. K. SINGHI

Chairman

Managing Director

Director & Chief Financial Officer

Company Secretary

# Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

|   | Note     | For the year ended<br>31st March, 2018<br>(₹ in Crores) | For the year ended<br>31st March, 2017<br>(₹ in Crores) |
|---|----------|---|---|
| I Revenue From Operations*  | 22A, 22B | 47688.55  | 58704.52  |
| II Other Income   | 23       | 1831.86   | 1761.53   |
| <b>III Total Income (I+II)</b>  |          | <b>49520.41</b>   | <b>60466.05</b>   |
| <b>IV EXPENSES</b>  |          |   |   |
| Cost of materials consumed  |          | 11943.75  | 11979.03  |
| Purchases of Stock-in-Trade   |          | 2883.97   | 3477.56   |
| Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates            |          | 1027.76   | 592.57  |
| Excise duty   |          | 4239.61   | 15927.91  |
| Employee benefits expense   | 24       | 3760.90   | 3631.73   |
| Finance costs   | 25       | 89.91   | 24.30   |
| Depreciation and amortization expense   |          | 1236.28   | 1152.79   |
| Other expenses  | 26       | 7349.60   | 7659.81   |
| <b>Total expenses (IV)</b>  |          | <b>32531.78</b>   | <b>44445.70</b>   |
| V Share of profit/(loss) of associates and joint ventures   |          | 7.58  | 5.97  |
| <b>VI Profit before exceptional items and tax (III-IV+V)</b>  |          | <b>16996.21</b>   | <b>16026.32</b>   |
| VII Exceptional Items   | 28(i)    | 412.90  | –   |
| <b>VIII Profit before tax (VI+VII)</b>  |          | <b>17409.11</b>   | <b>16026.32</b>   |
| <b>IX Tax expense:</b>  |          |   |   |
| Current Tax   | 27       | 5893.19   | 5546.16   |
| Deferred Tax  | 27       | 23.24   | 2.93  |
| <b>X Profit for the year (VIII-IX)</b>  |          | <b>11492.68</b>   | <b>10477.23</b>   |
| <b>Other Comprehensive Income</b>   |          |   |   |
| A (i) Items that will not be reclassified to profit or loss:  |          |   |   |
| – Remeasurements of the defined benefit plans   | 28(viii) | 86.17   | (27.19)   |
| – Equity instruments through other comprehensive income   |          | 360.84  | 139.68  |
| – Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge |          | 10.29   | (61.19)   |
| – Share of OCI in Associates and Joint Ventures   |          | (7.45)  | 10.71   |
| (ii) Income tax relating to items that will not be reclassified to profit or loss                       | 27       | (33.40)   | 23.91   |
| B (i) Items that will be reclassified to profit or loss:  |          |   |   |
| – Exchange differences in translating the financial statements of foreign operations                    |          | (6.08)  | (55.55)   |
| – Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge |          | (18.69)   | 18.29   |
| (ii) Income tax relating to items that will be reclassified to profit or loss                           | 27       | 6.42  | (6.31)  |
| <b>XI Other Comprehensive Income [A (i+ii)+B (i+ii)]</b>  |          | <b>398.10</b>   | <b>42.35</b>  |
| <b>XII Total Comprehensive Income for the year (X+XI)</b>   |          | <b>11890.78</b>   | <b>10519.58</b>   |
| <b>Profit for the year</b>  |          |   |   |
| Attributable to:  |          |   |   |
| Owners of the parent  |          | 11271.20  | 10289.44  |
| Non-controlling interests   |          | 221.48  | 187.79  |
| <b>Total comprehensive income for the year</b>  |          |   |   |
| Attributable to:  |          |   |   |
| Owners of the parent  |          | 11669.47  | 10331.79  |
| Non-controlling interests   |          | 221.31  | 187.79  |
| XIII Earnings per equity share (Face Value ₹ 1.00 each):  | 28(ii)   |   |   |
| (1) Basic (in ₹)  |          | 9.26  | 8.50  |
| (2) Diluted (in ₹)  |          | 9.20  | 8.45  |

\* Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, Central Excise [other than National Calamity Contingent Duty (NCCD) on cigarettes], Value Added Tax (VAT) etc. have been replaced by GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, VAT, etc. are excluded and NCCD is not excluded from Gross Revenue from sale of products and services for applicable periods. In view of the aforesaid restructuring of indirect taxes, Gross Revenue from sale of products and services and Excise duty for the year ended 31st March, 2018 is not comparable with the previous year. Following additional information is being provided to facilitate such comparison:

|  |          |          |
|--|----------|----------|
| Gross Sales Value (net of rebates and discounts) (A)         | 70852.18 | 67782.73 |
| Taxes other than Excise Duty/NCCD (B) @                      | 23489.67 | 9494.78  |
| Gross Revenue from sale of products and services [C = (A-B)] | 47362.51 | 58287.95 |
| Other Operating Revenues (D)                                 | 326.04   | 416.57   |
| Revenue From Operations [E = (C+D)]                          | 47688.55 | 58704.52 |

@ Taxes include GST, GST Compensation Cess, Service Tax, VAT, Luxury Tax etc., as applicable for the reported periods.

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

P. R. RAMESH  
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR

S. PURI

R. TANDON

R. K. SINGHI

Chairman

Managing Director

Director & Chief Financial Officer

Company Secretary

# Consolidated Statement of changes in equity for the year ended 31st March, 2018

## A. Equity Share Capital

(₹ in Crores)

|                                     | Balance at the beginning of the reporting year | Changes in equity share capital during the year | Balance at the end of the reporting year |
|-------------------------------------|--|---|--|
| For the year ended 31st March, 2017 | 804.72   | 410.02  | 1214.74                                  |
| For the year ended 31st March, 2018 | 1214.74  | 5.69  | 1220.43                                  |

## B. Other Equity

(₹ in Crores)

|   | Reserves and Surplus |                            |                                  |  |   |                    |                                   |                            |                     |                 | Items of other comprehensive income |   |                                       | Attributable to owners of the parent | Non-controlling interests | Total         |  |
|---|----------------------|----------------------------|----------------------------------|--|---|--------------------|-----------------------------------|----------------------------|---------------------|-----------------|-------------------------------------|---|---------------------------------------|--------------------------------------|---------------------------|---------------|--|
|   | Capital Reserve      | Securities Premium Account | Capital Reserve on Consolidation | Special Reserve under Section 45-IC of the RBI Act, 1934 | Employees Housing Reserve under Nepal labour laws | Subsidiary Reserve | Share Options Outstanding Account | Capital Redemption Reserve | Contingency Reserve | General Reserve | Related Earnings                    | Equity Instruments through Other Comprehensive Income | Effective portion of Cash Flow Hedges |                                      |                           |               | Exchange differences on translating the financial statements of foreign operations |
| <b>Balance as at 31st March, 2016</b>                               | 5.46                 | 5657.03                    | 74.12                            | 108.08   | 81.57   | 0.23               | 1201.30                           | 0.22                       | 363.05              | 16642.57        | 17156.33                            | 434.94  | 6.42                                  | 143.48                               | 41874.80                  | 260.90        | 42135.70   |
| Profit for the year   | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | 10289.44        | -                                   | -   | -                                     | -                                    | 10289.44                  | 187.79        | 10477.23   |
| Other Comprehensive Income (net of tax)                             | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | (24.72)         | 150.65                              | (28.03)   | (28.03)                               | (55.55)                              | 42.35                     | ...           | 42.35  |
| <b>Total Comprehensive Income for the year</b>                      | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | <b>10264.72</b> | <b>150.65</b>                       | <b>(28.03)</b>  | <b>(28.03)</b>                        | <b>(55.55)</b>                       | <b>10331.79</b>           | <b>187.79</b> | <b>10519.58</b>  |
| Issue of equity shares under ITC Employee Stock Option Scheme       | -                    | 1059.61                    | -                                | -  | -   | -                  | -                                 | -                          | -                   | -               | -                                   | -   | -                                     | -                                    | 1059.61                   | -             | 1059.61  |
| Issue of Bonus Shares   | -                    | (402.67)                   | -                                | -  | -   | -                  | -                                 | -                          | -                   | -               | -                                   | -   | -                                     | -                                    | (402.67)                  | -             | (402.67)   |
| Dividends   | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | -               | -                                   | -   | -                                     | -                                    | -                         | -             | -  |
| - Ordinary Dividend (2015-16 - ₹ 6.50 per share)                    | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | (5230.68)       | -                                   | -   | -                                     | -                                    | (5230.68)                 | (153.95)      | (5384.63)  |
| - Special Dividend (2015-16 - ₹ 2.00 per share)                     | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | (1609.44)       | -                                   | -   | -                                     | -                                    | (1609.44)                 | -             | (1609.44)  |
| Income tax on Dividend paid   | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | (1338.95)       | -                                   | -   | -                                     | -                                    | (1338.95)                 | -             | (1338.95)  |
| Transfer from retained earnings                                     | -                    | -                          | -                                | 6.84   | 21.29   | -                  | -                                 | -                          | -                   | 1030.00         | (1058.13)                           | -   | -                                     | -                                    | -                         | -             | -  |
| Recognition of share based payment                                  | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | -               | -                                   | 502.85  | -                                     | -                                    | -                         | 502.85        | 502.85   |
| Transfer from share option reserve on exercise and lapse            | -                    | 89.44                      | -                                | -  | -   | -                  | (104.44)                          | -                          | -                   | 15.00           | -                                   | -   | -                                     | -                                    | -                         | -             | -  |
| Transfer of capital reserve pursuant to disposal of subsidiary      | -                    | -                          | (1.45)                           | -  | -   | -                  | -                                 | -                          | -                   | 1.45            | -                                   | -   | -                                     | -                                    | -                         | -             | -  |
| Transferred to initial carrying amount of hedged items (net of tax) | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | -               | -                                   | 10.88   | -                                     | -                                    | 10.88                     | -             | 10.88  |
| <b>Balance as at 31st March, 2017</b>                               | 5.46                 | 6403.41                    | 72.67                            | 114.92   | 102.86  | 0.23               | 1599.71                           | 0.22                       | 363.05              | 17672.57        | 18200.30                            | 585.59  | (10.73)                               | 87.93                                | 45198.19                  | 294.74        | 45492.93   |
| Profit for the year   | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | 11271.20        | -                                   | -   | -                                     | -                                    | 11271.20                  | 221.48        | 11492.68   |
| Other Comprehensive Income (net of tax)                             | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | 55.95           | 353.94                              | (5.54)  | (5.54)                                | (6.08)                               | 398.27                    | (0.17)        | 398.10   |
| <b>Total Comprehensive Income for the year</b>                      | -                    | -                          | -                                | -  | -   | -                  | -                                 | -                          | -                   | <b>11327.15</b> | <b>353.94</b>                       | <b>(5.54)</b>   | <b>(5.54)</b>                         | <b>(6.08)</b>                        | <b>11669.47</b>           | <b>221.31</b> | <b>11890.78</b>  |

# Consolidated Statement of changes in equity for the year ended 31st March, 2018

## B. Other Equity (Contd.)

(₹ in Crores)

|   | Reserves and Surplus |                            |                                  |  |   |                 |                                   |                            |                     |                 | Items of other comprehensive income |   | Attributable to owners of the parent | Non-controlling interests | Total           |                                       |  |
|---|----------------------|----------------------------|----------------------------------|--|---|-----------------|-----------------------------------|----------------------------|---------------------|-----------------|-------------------------------------|---|--------------------------------------|---------------------------|-----------------|---------------------------------------|--|
|   | Capital Reserve      | Securities Premium Account | Capital Reserve on Consolidation | Special Reserve under Section 45-IC of the RBI Act, 1934 | Employees Housing Reserve under Nepal labour laws | Subsidy Reserve | Share Options Outstanding Account | Capital Redemption Reserve | Contingency Reserve | General Reserve | Retained Earnings                   | Equity Instruments through Other Comprehensive Income |                                      |                           |                 | Effective portion of Cash Flow Hedges | Exchange differences on translating the financial statements of foreign operations |
| Issue of equity shares under ITC Employee Stock Option Scheme       | -                    | 907.10                     | -                                | -  | -   | -               | -                                 | -                          | -                   | -               | -                                   | -   | -                                    | -                         | 907.10          | -                                     | 907.10   |
| Dividend  | -                    | -                          | -                                | -  | -   | -               | -                                 | -                          | -                   | -               | -                                   | -   | -                                    | -                         | -               | -                                     | -  |
| - Ordinary Dividend (2016-17 - ₹ 4.75 per share)                    | -                    | -                          | -                                | -  | -   | -               | -                                 | -                          | -                   | -               | -                                   | -   | -                                    | -                         | (5770.01)       | (181.58)                              | (5951.59)  |
| Income tax on Dividend paid   | -                    | -                          | -                                | -  | -   | -               | -                                 | -                          | -                   | -               | -                                   | -   | -                                    | -                         | (1136.83)       | -                                     | (1136.83)  |
| Transfer from retained earnings                                     | -                    | -                          | -                                | 12.76  | 7.82  | -               | -                                 | -                          | -                   | (20.58)         | -                                   | -   | -                                    | -                         | -               | -                                     | -  |
| Recognition of share based payment                                  | -                    | -                          | -                                | -  | -   | -               | -                                 | -                          | -                   | 398.76          | -                                   | -   | -                                    | -                         | -               | -                                     | 398.76   |
| Transfer from share option reserve on exercise and lapse            | -                    | 105.07                     | -                                | -  | -   | -               | -                                 | -                          | -                   | (124.50)        | -                                   | 19.43   | -                                    | -                         | -               | -                                     | -  |
| Transfer of capital reserve pursuant to disposal of subsidiary      | -                    | -                          | -                                | -  | -   | -               | -                                 | -                          | -                   | -               | -                                   | -   | -                                    | -                         | -               | -                                     | -  |
| Transferred to initial carrying amount of hedged items (net of tax) | -                    | -                          | -                                | -  | -   | -               | -                                 | -                          | -                   | -               | -                                   | -   | -                                    | -                         | -               | -                                     | -  |
| <b>Balance as at 31st March, 2018</b>                               | <b>5.46</b>          | <b>7415.58</b>             | <b>72.67</b>                     | <b>127.68</b>  | <b>110.68</b>                                     | <b>0.23</b>     | <b>1873.97</b>                    | <b>0.22</b>                | <b>363.05</b>       | <b>17672.57</b> | <b>22619.46</b>                     | <b>939.53</b>   | <b>6.73</b>                          | <b>81.85</b>              | <b>51289.68</b> | <b>334.47</b>                         | <b>51624.15</b>  |

The Board of Directors of the Company recommended a dividend of ₹ 5.15 per share (for the year ended 31st March, 2017 - ordinary dividend ₹ 4.75 per share) to be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total equity dividend to be paid is ₹ 6285.21 Crores (for the year ended 31st March, 2017 - ordinary dividend ₹ 5770.01 Crores). Income tax on proposed dividend being ₹ 1291.94 Crores (for the year ended 31st March, 2017 - ₹ 1174.64 Crores).

**Capital Reserve and Capital Reserve on Consolidation:** These Reserves represent the difference between value of the net assets transferred to the Group in the course of business combinations and the consideration paid for such combinations.

**Securities Premium Account:** This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

**Special Reserve under Section 45-IC of the RBI Act, 1934:** This Reserve represents profits transferred before declaration of dividend by companies of the Group which are registered with the Reserve Bank of India (RBI) as Non-Banking Financial Company.

**Employees Housing Reserve under Nepal labour laws:** This Reserve represents the amounts set aside for providing employees housing as per the provisions of the Nepal Labour Act, 2048.

**Subsidy Reserve:** This Reserve represents subsidies received from government authorities for capital investment and amounts taken over by the Group consequent to business combinations.

**Share Options Outstanding Account:** This Reserve relates to stock options granted by the Company to employees under ITC Employee Stock Option Schemes. This Reserve is transferred to Securities Premium Account or Retained Earnings on exercise or cancellation of vested options.

**Capital Redemption Reserve:** This Reserve has been transferred to the Group in the course of business combinations and can be utilized in accordance with the provisions of the Companies Act, 2013.

**Contingency Reserve:** This Reserve has been created out of Retained Earnings, as a matter of prudence, to take care of any unforeseen adverse developments in pending legal disputes.

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

P. R. RAMESH  
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR

S. PURI

R. TANDON

R. K. SINGHI

Chairman

Managing Director

Director & Chief Financial Officer

Company Secretary



## Consolidated Cash Flow Statement for the year ended 31st March, 2018

|  | For the year ended<br>31st March, 2018<br>(₹ in Crores) | For the year ended<br>31st March, 2017<br>(₹ in Crores) |
|--|---|---|
| <b>A. Cash Flow from Operating Activities</b>  |   |   |
| PROFIT BEFORE TAX  | 17409.11  | 16026.32  |
| ADJUSTMENTS FOR:   |   |   |
| Depreciation and amortization expense  | 1236.28   | 1152.79   |
| Share based payments to employees  | 393.41  | 496.02  |
| Finance costs  | 89.91   | 24.30   |
| Interest Income  | (964.74)  | (903.16)  |
| Dividend Income  | (8.48)  | (0.14)  |
| Loss on sale of property, plant and equipment - Net  | 8.81  | 8.87  |
| Gain recognised on disposal of subsidiary  | (9.61)  | (144.95)  |
| Doubtful and bad debts   | 30.82   | 34.08   |
| Doubtful and bad advances, loans and deposits  | 4.03  | 1.25  |
| Share of profit of associates and joint ventures   | (7.58)  | (5.97)  |
| Net (gain)/loss arising on investments mandatorily measured at Fair Value through profit or loss | (757.56)  | (620.71)  |
| Foreign currency translations and transactions - Net   | 3.41  | 5.82  |
| Impairment of investment in joint venture  | 4.82  | 23.52   |
| Impairment of investment in joint venture  | —   | 48.20   |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES  | 17432.63  | 16074.52  |
| ADJUSTMENTS FOR :  |   |   |
| Trade receivables, loans, advances and other assets  | (963.73)  | (869.55)  |
| Inventories and biological assets other than bearer plants                                       | 601.62  | 592.55  |
| Trade payables, other liabilities and provisions   | 2098.49   | 1736.38   |
| Trade payables, other liabilities and provisions   | 321.38  | 44.38   |
| CASH GENERATED FROM OPERATIONS   | 19169.01  | 16118.90  |
| Income tax paid  | (5999.61)   | (5491.59)   |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | <b>13169.40</b>   | <b>10627.31</b>   |
| <b>B. Cash Flow from Investing Activities</b>  |   |   |
| Purchase of property, plant and equipment, Intangibles etc.                                      | (2878.20)   | (3121.61)   |
| Sale of property, plant and equipment  | 79.72   | 50.07   |
| Purchase of current investments  | (93616.27)  | (83402.10)  |
| Sale/redemption of current investments   | 95017.00  | 81034.23  |
| Purchase of non-current investments  | (4713.31)   | (2280.65)   |
| Proceeds on disposal of subsidiary   | 17.53   | 128.96  |
| Dividend from associates and joint ventures  | 4.30  | 4.30  |
| Dividend from others   | 8.48  | 0.14  |
| Interest received  | 735.91  | 756.40  |
| Investment in bank deposits (original maturity more than 3 months)                               | (4173.57)   | (1772.05)   |
| Redemption/maturity of bank deposits (original maturity more than 3 months)                      | 3041.61   | 5845.67   |
| Investment in deposit with housing finance company   | (1136.88)   | (500.00)  |
| Redemption/maturity of deposit with housing finance company                                      | 500.00  | —   |
| Loans given  | (7.52)  | —   |
| Loans realised from associates   | 1.40  | 1.40  |
| Loans realised   | 5.91  | 4.31  |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   | <b>(7113.89)</b>  | <b>(3250.93)</b>  |

## Consolidated Cash Flow Statement for the year ended 31st March, 2018

|  | For the year ended<br>31st March, 2018<br>(₹ in Crores) | For the year ended<br>31st March, 2017<br>(₹ in Crores) |
|--|---|---|
| <b>C. Cash Flow from Financing Activities</b>  |   |   |
| Proceeds from issue of share capital   | 912.79  | 1066.96   |
| Proceeds from borrowings   | 10.56   | –   |
| Repayment of non-current borrowings  | (8.21)  | (13.17)   |
| Interest paid  | (48.62)   | (25.49)   |
| Net increase in statutory restricted accounts balances   | 0.77  | 3.69  |
| Dividend paid  | (5951.59)   | (6994.07)   |
| Income tax on dividend paid  | (1136.83)   | (1338.95)   |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>   | <b>(6221.13)</b>  | <b>(7301.03)</b>  |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | <b>(165.62)</b>   | <b>75.35</b>  |
| <b>OPENING CASH AND CASH EQUIVALENTS</b>   | <b>339.41</b>   | <b>264.06</b>   |
| <b>CLOSING CASH AND CASH EQUIVALENTS</b>   | <b>173.79</b>   | <b>339.41</b>   |
| <i>Notes:</i>  |   |   |
| 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows". |   |   |
| <b>2. CASH AND CASH EQUIVALENTS:</b>   |   |   |
| Cash and cash equivalents as above   | 173.79  | 339.41  |
| Unrealised gain/(loss) on foreign currency cash and cash equivalents   | (27.51)   | (25.45)   |
| Cash credit facilities (Note 20)   | 6.79  | 19.11   |
| Cash and cash equivalents (Note 13)  | <u>153.07</u>   | <u>333.07</u>   |

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

In terms of our report attached  
For Deloitte Haskins & Sells  
*Chartered Accountants*  
P. R. RAMESH  
*Partner*  
Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR  
S. PURI  
R. TANDON  
R. K. SINGHI

*Chairman*  
*Managing Director*  
*Director & Chief Financial Officer*  
*Company Secretary*

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies

### Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Group adopted Ind AS from 1st April, 2016.

### Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values, as explained in the accounting policies.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 17– Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

### Basis of Consolidation

The Consolidated Financial Statements (CFS) include the financial statements of the Company and its subsidiaries together with the share of the total comprehensive income of joint ventures and associates.

Subsidiaries are entities controlled by the Group. Associates are entities over which the Group exercise significant influence but does not control. An entity/arrangement in which the Group has the ability to exercise control jointly with one or more uncontrolled entities may be a joint venture (“JV”) or a joint operation (“JO”). Unlike in a JV where parties have proportionate interests in the assets and liabilities of the JV entity, parties have rights to and obligations towards specified assets and liabilities in a JO.

Control, significant influence and joint control is assessed annually with reference to the voting power (usually arising from equity shareholdings and potential voting rights) and other rights (usually contractual) enjoyed by the Group in its capacity as an investor that provides it the power and consequential ability to direct the investee’s activities and significantly affect the Group’s returns from its investment. Such assessment requires the exercise of judgement and is disclosed by way of a note to the Financial Statements. The Group is considered not to be in control of entities where it is unclear as to whether it enjoys such power over the investee.

The assets, liabilities, income and expenses of subsidiaries are aggregated and consolidated, line by line, from the date control is acquired by any Group entity to the date it ceases. Profit or loss and each component of other comprehensive income are attributed to the Group as owners and to the non-controlling interests. The Group presents the non-controlling interests in the Balance Sheet within equity, separately from the equity of the Group as owners. The excess of the Group’s investment in a subsidiary over its share in the net worth of such subsidiary on the date control is acquired is treated as goodwill while a deficit is considered as a capital reserve in the CFS. In case of JO, Group’s share of assets, liabilities, income and expenses are consolidated. On disposal of the subsidiary, attributable amount on goodwill is included in the determination of the profit or loss and recognised in the Statement of Profit and Loss. Impairment loss, if any, to the extent the carrying amount exceeds the recoverable amount is charged off to the Statement of Profit and Loss as it arises and is not



# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

reversed. For impairment testing, goodwill is allocated to Cash Generating Unit (CGU) or a group of CGUs to which it relates, which is not larger than an operating segment, and is monitored for internal management purposes.

An investment in an associate or a JV is initially recognised at cost on the date of the investment, and inclusive of any goodwill/capital reserve embedded in the cost, in the Balance Sheet. The proportionate share of the Group in the net profits/losses as also in the other comprehensive income is recognised in the Statement of Profit and Loss and the carrying value of the investment is adjusted by a like amount (referred as 'equity method').

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of

property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of property, plant and equipment of the Group are as follows:

|                        |   |
|------------------------|---|
| Buildings              | 30 – 60 Years                                     |
| Leasehold Improvement  | Shorter of lease period or estimated useful lives |
| Plant and Equipment    | 7 – 25 Years                                      |
| Furniture and Fixtures | 8 – 10 Years                                      |
| Vehicles               | 8 – 10 Years                                      |
| Office Equipment       | 5 Years   |

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

### Goodwill on Consolidation

Goodwill arising on consolidation is stated at cost less impairment losses, where applicable. On disposal of a subsidiary, attributable amount of goodwill is included in the determination of the profit or loss recognised in the Statement of Profit and Loss. On acquisition of an associate or joint venture, the goodwill/capital reserve arising from such acquisition is included in the carrying amount of the investment and also disclosed separately.

Impairment loss, if any, to the extent the carrying amount exceed the recoverable amount is charged off to the Statement of Profit and Loss as it arises and is not reversed.

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

For impairment testing, goodwill is allocated to Cash Generating Unit (CGU) or group of CGUs to which it relates, which is not larger than an operating segment, and is monitored for internal management purposes.

### Intangible Assets

Intangible Assets that the Group controls and from which it expects future economic benefits, are capitalised upon acquisition and measured initially:

- a. for assets acquired in a business combination or by way of a government grant, at fair value on the date of acquisition/grant
- b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. Thereafter, all directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets. Internally generated brands, websites and customer lists are not recognised as intangible assets.

The carrying value of intangible assets includes deemed cost which represents the carrying value of intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g. patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g. computer software, design, prototypes) or commercial obsolescence (e.g. lesser known brands are those to which adequate marketing support may not be provided). If, there are no such limitations, the useful life is taken to be indefinite.

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

### Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

### Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

### Foreign Currency Transactions

The presentation currency of the Group is Indian Rupee.

Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

Exchange differences arising on monetary items that, in substance, form part of the Group's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in foreign currency translation reserve.

For the preparation of the consolidated financial statements:

- (a) assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end;
- (b) income and expense items are translated at the average exchange rates prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead.

Differences arising on such translation are accumulated in foreign currency translation reserve and attributed to non-controlling interests proportionately.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to the Statement of Profit and Loss. In relation to a partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the Statement of Profit and Loss.

### Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss/inclusion in the initial cost of non-financial asset depends on the nature of the hedging relationship and the nature of the hedged item.

The Group complies with the principles of hedge accounting where derivative contracts are designated as hedge instruments. At the inception of the hedge relationship, the Group documents the relationship between the hedge instrument and the hedged item, along with the risk management objectives and its strategy for undertaking hedge transaction, which can be a fair value hedge or a cash flow hedge.

#### (i) Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

#### (ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income and accumulated as 'Cash Flow Hedging Reserve'. The gains / losses relating to the ineffective portion is recognised in the Statement of Profit and Loss.

Amounts previously recognised and accumulated in other comprehensive income are reclassified to profit or loss when the hedged item affects the Statement of Profit and Loss. However, when the hedged item results in the recognition of a non-financial asset, such gains/losses are transferred from equity (but not as reclassification adjustment) and included in the initial measurement cost of the non-financial asset.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

and accumulated in equity at that time remains in equity and is reclassified when the underlying transaction is ultimately recognised. When an underlying transaction is no longer expected to occur, the gains/losses accumulated in equity is reclassified immediately in the Statement of Profit and Loss.

### Investment in Associate and Joint Venture

Investment in associate and joint venture is accounted for using the 'equity method' less accumulated impairment, if any.

### Financial Instrument, Financial Assets, Financial Liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Group commits to purchase or sell the asset.

#### Financial Assets

**Recognition:** Financial assets include investments, trade receivables, advances, security deposits, cash and cash equivalents. Such assets are initially recognised at transaction price when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification:** Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

- (b) fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

- (c) fair value through profit or loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

**Impairment:** The Group assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

**Reclassification:** When and only when the business model is changed, the Group shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

**De-recognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired,

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

**Income Recognition:** Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

### Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

### Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers.

Revenue from the sale of goods is shown to include excise duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customer, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from services is recognised in the periods in which the services are rendered.

### Government Grant

Group entities may receive government grants that require compliance with certain conditions related to the entity's operating activities or are provided to the entity by way of financial assistance on the basis of certain qualifying criteria.

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Group entity will comply with the conditions attached to the grant. Accordingly, government grants:

- (a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

### Dividend Distribution

Dividends paid (including income tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

### Employee Benefits

The Group makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Group recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the Government and recognised as expense.

The Group makes contribution to defined contribution pension plan. The contribution payable is recognised as an expense, when an employee renders the related service.

The Group also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Group are entitled to compensated leave for which the Group records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made, under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

### Employee Share Based Compensation

Stock Options are granted to eligible employees in accordance with the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee. Eligible employees for this purpose include employees of the Group entities, their Directors and those on deputation to joint ventures and associates.

Under Ind AS, the cost of ITC Stock Options (Stock Options) is recognised based on the fair value of Stock Options as on the grant date.

While the fair value of Stock Options granted are recognised in profit or loss for employees of the Group (other than those out on deputation), the value of Stock Options, net of reimbursements, to employees on deputation are considered as capital contribution/investment.

The Group generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements from such companies, who need to conserve financial capacity to sustain their business and growth plans and where the quantum of reimbursement is not material - the materiality threshold being ₹ 5 Crores for each entity for a financial year.

### Leases

Leases are recognised as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### Group as a Lessee

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

### Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is

# Notes to the Consolidated Financial Statements

## 1. Significant Accounting Policies (Contd.)

provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

### Claims

Claims against the Group not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

### Provisions

Provisions are recognised when, as a result of a past event, the Group has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration

required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

### Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee.

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated corporate expenses and taxes.

“Unallocated Corporate Expenses” include revenue and expenses that relate to initiatives/costs attributable to the enterprise as a whole and are not attributable to segments.

### Financial and Management Information Systems

The Group's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

# Notes to the Consolidated Financial Statements

## 2. Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### A. Judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see note below), that the Group have made in the process of applying the accounting policies and that have a significant effect on the amounts recognised in the consolidated financial statements:

#### 1. Control:

The Group assessed whether or not it has control on its investees based on whether, as an investor, it has the power/rights and consequently the practical ability to direct the relevant activities of its investees unilaterally. In making this judgement, the Group considered the absolute size of its holding, the relative size of and dispersion of other shareholders, and whether any contractual arrangements exist between the Company (and its subsidiaries) and other shareholders of the investees. Based on this, and in accordance with its Accounting Policy, the Group has determined that the entities listed in the notes to the financial statements are the only entities over which Group has control.

The Company is a settlor for certain trusts, i.e., ITC Sangeet Research Academy, ITC Education Trust and ITC Rural Development Trust. The Group while considering the nature and insignificant variability of its return has concluded that it does not 'control' these trusts.

#### 2. Significant influence:

The Group assessed whether or not it has significant influence on its investees based on its practical ability to participate in the financial and operating policy decisions of the investee, though it is not in control or in joint control of these policies. Based on such assessment, the Group determined that the entities listed in the notes to the financial statements are the only entities over which the Group has significant influence, and accordingly associates.

#### 3. Joint Control:

- (i) The Group holds 50% of the equity share capital of Maharaja Heritage Resorts Limited, a company involved in operation of hotel properties. The Group do not consider that it is able to exercise control over the company as the decisions about relevant activities of the company are made jointly between the Group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (ii) The Group holds 26% of the equity share capital of Espirit Hotels Private Limited, a company involved in development of a luxury hotel complex. The Group has considered that in view of the shareholder agreement, key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 74% of the equity share capital) and both the parties have rights to the net assets of such arrangement.
- (iii) The Group holds 27.90% of the equity share capital of Logix Developers Private Limited, a company intended for the purpose of developing a luxury hotel-cum-service apartment complex. The Group has concluded that the key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 72.10% of the equity share capital) and both the parties have rights to the net assets of such arrangement.



# Notes to the Consolidated Financial Statements

## 2. Use of estimates and judgements (Contd.)

(iv) The Group holds 50% of the equity share capital of ITC Essentra Limited, a company involved in manufacture and sale of filter rods. The Group has concluded that the key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

### 4. Useful life of Intangible Assets:

The Group is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortized over their useful economic life. Refer notes to the financial statements.

## B. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 1. Useful lives of property, plant and equipment and intangible assets:

As described in the significant accounting policies, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

### 2. Fair value measurements and valuation processes:

Some of the Group's assets and liabilities are measured at fair value for financial reporting

purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to financial statements.

### 3. Actuarial Valuation:

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

### 4. Claims, Provisions and Contingent Liabilities:

The Group has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

# Notes to the Consolidated Financial Statements

(₹ in Crores)

| Particulars                                     | Gross Block            |                |                             |  |                        |                |                             |  |                        |
|---|------------------------|----------------|-----------------------------|--|------------------------|----------------|-----------------------------|--|------------------------|
|   | As at 31st March, 2016 | Additions      | Withdrawals and adjustments | Foreign Currency Translation Reserve adjustments | As at 31st March, 2017 | Additions      | Withdrawals and adjustments | Foreign Currency Translation Reserve adjustments | As at 31st March, 2018 |
| <b>3A. Property, plant and equipment</b>        |                        |                |                             |  |                        |                |                             |  |                        |
| Land <sup>1</sup>                               | 1615.34                | 59.19          | 1.05                        | (0.01)   | 1673.47                | 12.26          | 1.01                        | 0.01   | 1684.73                |
| Buildings                                       | 4183.84                | 501.03         | 5.53                        | –  | 4679.34                | 625.13         | 8.40                        | 0.01   | 5296.08                |
| Leasehold Improvements                          | 35.06                  | 3.48           | 1.78                        | –  | 36.76                  | 1.32           | 3.61                        | 0.01   | 34.48                  |
| Plant and Equipment                             | 9112.32                | 1320.99        | 48.74                       | (0.32)   | 10384.25               | 1139.16        | 70.88                       | 0.09   | 11452.62               |
| Furniture and Fixtures                          | 412.57                 | 54.65          | 8.03                        | (0.09)   | 459.10                 | 68.16          | 30.21                       | –  | 497.05                 |
| Vehicles  | 107.06                 | 32.39          | 11.87                       | (0.01)   | 127.57                 | 24.38          | 12.35                       | –  | 139.60                 |
| Office Equipment                                | 27.12                  | 6.52           | 1.83                        | (0.03)   | 31.78                  | 3.78           | 3.67                        | 0.01   | 31.90                  |
| Railway Sidings                                 | 1.73                   | –              | –                           | –  | 1.73                   | –              | –                           | –  | 1.73                   |
| <b>TOTAL</b>                                    | <b>15495.04</b>        | <b>1978.25</b> | <b>78.83</b>                | <b>(0.46)</b>                                    | <b>17394.00</b>        | <b>1874.19</b> | <b>130.13</b>               | <b>0.13</b>                                      | <b>19138.19</b>        |
| <b>3B. Capital work-in-progress<sup>5</sup></b> | <b>2528.97</b>         | <b>3055.84</b> | <b>1892.15</b>              | <b>(8.46)</b>                                    | <b>3684.20</b>         | <b>3641.14</b> | <b>1820.75</b>              | <b>(4.99)</b>                                    | <b>5499.60</b>         |
| <b>3C. Other Intangible Assets (acquired)</b>   |                        |                |                             |  |                        |                |                             |  |                        |
| Trademarks <sup>2</sup>                         | 333.35                 | 0.05           | –                           | –  | 333.40                 | 7.06           | –                           | –  | 340.46                 |
| Computer Software                               | 117.47                 | 20.47          | 0.10                        | 0.01   | 137.85                 | 74.02          | –                           | –  | 211.87                 |
| Know How, Business and Commercial Rights        | 27.33                  | –              | 0.68                        | –  | 26.65                  | –              | –                           | –  | 26.65                  |
| <b>TOTAL</b>                                    | <b>478.15</b>          | <b>20.52</b>   | <b>0.78</b>                 | <b>0.01</b>                                      | <b>497.90</b>          | <b>81.08</b>   | <b>–</b>                    | <b>–</b>   | <b>578.98</b>          |
| <b>3D. Intangible Assets under Development</b>  | <b>30.75</b>           | <b>32.94</b>   | <b>18.00</b>                | <b>–</b>   | <b>45.69</b>           | <b>35.77</b>   | <b>72.73</b>                | <b>–</b>   | <b>8.73</b>            |
| <b>GRAND TOTAL</b>                              | <b>18532.91</b>        | <b>5087.55</b> | <b>1989.76</b>              | <b>(8.91)</b>                                    | <b>21621.79</b>        | <b>5632.18</b> | <b>2023.61</b>              | <b>(4.86)</b>                                    | <b>25225.50</b>        |

The above includes following assets given on operating lease:

| Particulars         | As at 31st March, 2018 |                          |               | 2018                             | As at 31st March, 2017 |                          |               | 2017                             |
|---------------------|------------------------|--------------------------|---------------|----------------------------------|------------------------|--------------------------|---------------|----------------------------------|
|                     | Gross Block            | Accumulated Depreciation | Net Block     | Depreciation Charge for the year | Gross Block            | Accumulated Depreciation | Net Block     | Depreciation Charge for the year |
| Buildings           | 1.29                   | 0.07                     | 1.22          | 0.03                             | 1.29                   | 0.04                     | 1.25          | 0.02                             |
| Plant and Equipment | 182.22                 | 57.70                    | 124.52        | 19.69                            | 190.54                 | 41.41                    | 149.13        | 20.88                            |
| <b>TOTAL</b>        | <b>183.51</b>          | <b>57.77</b>             | <b>125.74</b> | <b>19.72</b>                     | <b>191.83</b>          | <b>41.45</b>             | <b>150.38</b> | <b>20.90</b>                     |

# Notes to the Consolidated Financial Statements

(₹ in Crores)

| Particulars                                     | Depreciation and Amortization |                |                                |  |                       |                |                                |  | Net Book Value        |                        |                        |
|---|-------------------------------|----------------|--------------------------------|--|-----------------------|----------------|--------------------------------|--|-----------------------|------------------------|------------------------|
|   | Up to 31st March, 2016        | For the year   | On Withdrawals and adjustments | Foreign Currency Translation Reserve adjustments | Upto 31st March, 2017 | For the year   | On Withdrawals and adjustments | Foreign Currency Translation Reserve adjustments | Upto 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| <b>3A. Property, plant and equipment</b>        |                               |                |                                |  |                       |                |                                |  |                       |                        |                        |
| Land <sup>1</sup>                               | -                             | -              | -                              | -  | -                     | -              | -                              | -  | -                     | 1684.73                | 1673.47                |
| Buildings                                       | 117.37                        | 140.67         | 0.38                           | -  | 257.66                | 145.95         | 1.00                           | -  | 402.61                | 4893.47                | 4421.68                |
| Leasehold Improvements                          | 7.83                          | 7.05           | 0.99                           | (0.03)   | 13.86                 | 6.04           | 2.05                           | 0.06   | 17.91                 | 16.57                  | 22.90                  |
| Plant and Equipment                             | 820.50                        | 874.07         | 10.53                          | (0.20)   | 1683.84               | 934.33         | 19.57                          | 0.02   | 2598.62               | 8854.00                | 8700.41                |
| Furniture and Fixtures                          | 68.53                         | 68.64          | 2.85                           | (0.08)   | 134.24                | 72.89          | 11.68                          | (0.03)   | 195.42                | 301.63                 | 324.86                 |
| Vehicles  | 14.75                         | 19.34          | 3.88                           | -  | 30.21                 | 18.76          | 6.19                           | -  | 42.78                 | 96.82                  | 97.36                  |
| Office Equipment                                | 6.57                          | 6.92           | 1.82                           | (0.01)   | 11.66                 | 6.17           | 1.07                           | 0.02   | 16.78                 | 15.12                  | 20.12                  |
| Railway Sidings                                 | 0.13                          | 0.13           | -                              | -  | 0.26                  | 0.13           | -                              | -  | 0.39                  | 1.34                   | 1.47                   |
| <b>TOTAL</b>                                    | <b>1035.68</b>                | <b>1116.82</b> | <b>20.45</b>                   | <b>(0.32)</b>                                    | <b>2131.73</b>        | <b>1184.27</b> | <b>41.56</b>                   | <b>0.07</b>                                      | <b>3274.51</b>        | <b>15863.68</b>        | <b>15262.27</b>        |
| <b>3B. Capital work-in-progress<sup>5</sup></b> | -                             | -              | -                              | -  | -                     | -              | -                              | -  | -                     | <b>5499.60</b>         | <b>3684.20</b>         |
| <b>3C. Other Intangible Assets (acquired)</b>   |                               |                |                                |  |                       |                |                                |  |                       |                        |                        |
| Trademarks <sup>2</sup>                         | 2.47                          | 2.45           | -                              | -  | 4.92                  | 3.01           | -                              | -  | 7.93                  | 332.53                 | 328.48                 |
| Computer Software                               | 28.32                         | 30.38          | 0.08                           | -  | 58.62                 | 46.19          | -                              | -  | 104.81                | 107.06                 | 79.23                  |
| Know How, Business and Commercial Rights        | 2.62                          | 3.14           | 0.08                           | -  | 5.68                  | 2.81           | -                              | -  | 8.49                  | 18.16                  | 20.97                  |
| <b>TOTAL</b>                                    | <b>33.41</b>                  | <b>35.97</b>   | <b>0.16</b>                    | <b>-</b>   | <b>69.22</b>          | <b>52.01</b>   | <b>-</b>                       | <b>-</b>   | <b>121.23</b>         | <b>457.75</b>          | <b>428.68</b>          |
| <b>3D. Intangible Assets under Development</b>  | -                             | -              | -                              | -  | -                     | -              | -                              | -  | -                     | <b>8.73</b>            | <b>45.69</b>           |
| <b>GRAND TOTAL</b>                              | <b>1069.09</b>                | <b>1152.79</b> | <b>20.61</b>                   | <b>(0.32)</b>                                    | <b>2200.95</b>        | <b>1236.28</b> | <b>41.56</b>                   | <b>0.07</b>                                      | <b>3395.74</b>        | <b>21829.76</b>        | <b>19420.84</b>        |

- Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2017 - ₹ 1.16 Crores) which stood vested with the State of Bihar under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.
- Certain trademarks with a carrying value of ₹ 309.73 Crores (2017 - ₹ 309.73 Crores) have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortized over 10 years.
- The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 128.10 Crores (2017 - ₹ 74.11 Crores).
- The amortization expense of intangible assets have been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
- Includes ₹ 541.21 Crores as at 31st March, 2018 towards payment to IFCI Limited (IFCI) and applicable stamp duty for purchase of a five star hotel resort in Goa operating under the name Park Hyatt Goa Resort & Spa and IFCI issued required sale certificate in favour of the Company. The erstwhile owners of the property thereafter challenged the sale. By its judgement dated 23.03.2016, the Bombay High Court set aside the sale and directed IFCI to refund the sale consideration to the Company. The Company and IFCI had approached the Hon'ble Supreme Court against the High Court judgement. The Hon'ble Supreme Court, by its judgement and order dated 19.03.2018 has set aside the impugned judgement and order of the Hon'ble Bombay High Court, thereby upholding the sale of Park Hyatt Goa Resort & Spa to the Company and directed the erstwhile owners to handover possession to the Company within a period of six months along with relevant accounts. Pursuant to the said order, the amount of ₹ 541.21 Crores has been adjusted from Capital Advances (Refer Note 8) and reflected in Capital Work-in-Progress.

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |                | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------------|---|----------|
|  | Quoted                                  | Unquoted       | Quoted                                  | Unquoted |
| <b>4. Non-current investments</b>  |   |                |   |          |
| <b>INVESTMENT IN EQUITY INSTRUMENTS</b>  |   |                |   |          |
| <b>In Subsidiaries (at cost unless stated otherwise)</b>   |   |                |   |          |
| ITC Global Holdings Pte. Limited (in liquidation)<br>89,99,645 Ordinary Shares of US \$ 1.00 each, fully paid<br>(cost ₹ 25.58 Crores, fully impaired)   |   |                |   |          |
|  |   |                |   |          |
| <b>In Associates (carrying amount determined using the equity method of accounting)</b>  |   |                |   |          |
| International Travel House Limited<br>39,14,233 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition (including goodwill of ₹ 11.89 Crores)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018                                       | 21.87                                   |                | 21.87                                   |          |
|  | <u>70.99</u>                            | 92.86          | <u>70.04</u>                            | 91.91    |
| Gujarat Hotels Limited<br>17,33,907 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition (including goodwill of ₹ 1.16 Crores)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  | 1.94                                    |                | 1.94                                    |          |
|  | <u>12.09</u>                            | 14.03          | <u>11.30</u>                            | 13.24    |
| ATC Limited<br>55,650 Equity Shares of ₹ 100.00 each, fully paid<br>Cost of acquisition (net of capital reserve of ₹ 0.16 Crore)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | 0.83           | 0.83                                    |          |
|  |   | <u>1.47</u>    | <u>1.33</u>                             | 2.16     |
| 1,39,125 Equity Shares of ₹ 100.00 each, partly paid<br>Cost of acquisition (including goodwill of ₹ 0.30 Crore)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | 2.92           | 2.92                                    |          |
|  |   | <u>1.50</u>    | <u>1.42</u>                             | 4.34     |
| Russell Investments Limited<br>42,75,435 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition (net of capital reserve of ₹ 0.30 Crore)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | 4.27           | 4.27                                    |          |
|  |   | <u>29.77</u>   | <u>34.85</u>                            | 39.12    |
| Divya Management Limited<br>41,82,915 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition (including goodwill of ₹ 1.09 Crores)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | 6.93           | 6.93                                    |          |
|  |   | <u>0.36</u>    | <u>0.29</u>                             | 7.22     |
| Antrang Finance Limited<br>43,24,634 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition (including goodwill of ₹ 0.10 Crore)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | 4.40           | 4.40                                    |          |
|  |   | <u>0.45</u>    | <u>0.42</u>                             | 4.82     |
| <b>In Joint Ventures (carrying amount determined using the equity method of accounting)</b>  |   |                |   |          |
| Espirit Hotels Private Limited<br>4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | 46.17          | 46.17                                   |          |
|  |   | <u>...</u>     | <u>...</u>                              | 46.17    |
| Maharaja Heritage Resorts Limited<br>90,000 Equity Shares of ₹ 100.00 each, fully paid<br>Cost of acquisition (including goodwill of ₹ 0.13 Crore)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | ...            | ...                                     |          |
|  |   | <u>-</u>       | <u>-</u>                                | ...      |
| Logix Developers Private Limited<br>77,66,913 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition (including goodwill of ₹ 23.84 Crores)<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018<br>Add/(Less): Provision for Impairment |   | 42.07          | 42.07                                   |          |
|  |   | <u>(18.75)</u> | <u>(11.81)</u>                          |          |
|  |   | <u>(4.82)</u>  | <u>-</u>                                | 30.26    |
| ITC Essentra Limited<br>22,50,000 Equity Shares of ₹ 10.00 each, fully paid<br>Cost of acquisition<br>Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018  |   | 38.85          | 38.85                                   |          |
|  |   | <u>13.62</u>   | <u>7.82</u>                             | 46.67    |
| Carried over   | 106.89                                  | 170.04         | 105.15                                  | 180.76   |

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>   |   |          |   |          |
| Brought forward  | 106.89                                  | 170.04   | 105.15                                  | 180.76   |
| <b>INVESTMENT IN EQUITY INSTRUMENTS (Contd.)</b>   |   |          |   |          |
| <b>In Others (at fair value through other comprehensive income)</b>  |   |          |   |          |
| VST Industries Limited<br>476 Equity Shares of ₹ 10.00 each, fully paid  | 0.14                                    |          | 0.14                                    |          |
| Hotel Leelaventure Limited<br>5,49,80,620 Equity Shares of ₹ 2.00 each, fully paid   | 94.02                                   |          | 89.62                                   |          |
| EIH Limited<br>9,21,78,024 Equity Shares of ₹ 2.00 each, fully paid  | 1466.55                                 |          | 1110.28                                 |          |
| Punjab Anand Batteries Limited (in liquidation)<br>11,86,157 Equity Shares of ₹ 10.00 each, fully paid - under Board<br>for Industrial and Financial Reconstruction's Order of 20.04.1989  |   | –        |   | –        |
| Bihar Hotels Limited<br>8,00,000 Equity Shares of ₹ 2.00 each, fully paid  |   | 0.04     |   | 0.04     |
| Tourism Finance Corporation of India Limited<br>25,000 Equity Shares of ₹ 10.00 each, fully paid   | 0.38                                    |          | 0.21                                    |          |
| Lotus Court Private Limited<br>2 Class G Shares of ₹ 48000.00 each, fully paid   |   | 2.34     |   | 2.34     |
| Adyar Property Holding Company Limited<br>311 Equity Shares of ₹ 100.00 each, partly paid  |   | 23.19    |   | 23.19    |
| Andhra Pradesh Gas Power Corporation Limited<br>8,04,000 Equity Shares of ₹ 10.00 each, fully paid   |   | 2.32     |   | 2.32     |
| Mirage Advertising and Marketing Limited<br>12,488 Equity Shares of ₹ 10.00 each, fully paid   |   | –        |   | –        |
| Bilaspur Cane Development Corporation Limited<br>100 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)  |   | ...      |   | ...      |
| Jupiter Township Limited<br>150 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 150.00)<br>(Prime Golf Ranking Private Limited was amalgamated into Jupiter<br>Township Limited vide Delhi High Court Order dated 30.09.2016.<br>As per the scheme of amalgamation, every shareholder of Prime<br>Golf Ranking Private Limited were issued one share of Jupiter<br>Township Limited, irrespective of holding) |   | ...      |   | ...      |
| Woodlands Multispeciality Hospital Limited<br>13,072 Equity Shares of ₹ 10.00 each, fully paid   |   | 0.01     |   | 0.01     |
| <b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES<br/>(at amortised cost)</b>  |   |          |   |          |
| Government Securities (cost ₹ 74000.00)  |   | 0.01     |   | 0.01     |
| National Savings Certificate, fully paid (Deposited with<br>Government Authorities)<br>(cost ₹ 5000.00, fully impaired)  |   | –        |   | –        |
| Kisan Vikas Patra, fully Paid (Deposited with Government Authorities)<br>(cost ₹ 5000.00, fully impaired)  |   | –        |   | –        |
| National Saving Certificate (pledged with various Mandi Samitis)<br>(cost ₹ 6000.00)   |   | ...      |   | ...      |
| 6.5% Bikash Rinptra, 2075 (Vikram Samvat Calendar Year)  |   | –        |   | 1.60     |
| Carried over   | 1667.98                                 | 197.95   | 1305.40                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|---|---|----------|---|----------|
|   | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>  |   |          |   |          |
| Brought forward   | 1667.98                                 | 197.95   | 1305.40                                 | 210.27   |
| <b>INVESTMENT IN BONDS/DEBENTURES (at amortised cost)</b>   |   |          |   |          |
| Housing Development Finance Corporation Limited   |   |          |   |          |
| 30 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid   | 30.09                                   |          | 30.15                                   |          |
| 170 (2017 - 50) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid   | 171.48                                  |          | 50.72                                   |          |
| 255 (2017 - 160) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid  | 257.31                                  |          | 162.27                                  |          |
| Nil (2017 - 30) 8.45% Secured Redeemable Non-Convertible Debentures Series O - 009 (08 February 2019) of ₹ 10000000.00 each, fully paid   | –                                       |          | 30.36                                   |          |
| 90 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid  | 91.52                                   |          | 92.07                                   |          |
| 800 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid  | 40.71                                   |          | 41.01                                   |          |
| 1,700 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid  | 86.55                                   |          | 87.33                                   |          |
| 600 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid  | 61.55                                   |          | 62.59                                   |          |
| 2,100 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid  | 214.85                                  |          | 218.10                                  |          |
| Housing and Urban Development Corporation Limited   |   |          |   |          |
| 4,300 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid   | 440.11                                  |          | 441.20                                  |          |
| 150 (2017 - Nil) 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid   | 15.85                                   |          | –                                       |          |
| 3,29,870 (2017 - 1,79,870) 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid | 34.42                                   |          | 18.82                                   |          |
| 7,00,696 7.39% (For Category I, II & III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid  | 70.07                                   |          | 70.07                                   |          |
| 1,000 (2017 - Nil) 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid   | 100.00                                  |          | –                                       |          |
| 3,50,000 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid  | 37.02                                   |          | 37.47                                   |          |
| Carried over  | 3319.51                                 | 197.95   | 2647.56                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|---|---|----------|---|----------|
|   | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>  |   |          |   |          |
| Brought forward   | 3319.51                                 | 197.95   | 2647.56                                 | 210.27   |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>  |   |          |   |          |
| 5,00,000 (2017 - Nil) 8.20% for Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche1 Series - 2 (05/03/2027) of ₹ 1000.00 each, fully paid  | 56.75                                   |          | –                                       |          |
| ICICI Bank Limited  |   |          |   |          |
| 2,647 (2017 - Nil) 9.15% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June, 2023) of ₹ 1000000.00 each, fully paid  | 264.70                                  |          | –                                       |          |
| 2,000 (2017 - Nil) 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March, 2022) of ₹ 1000000.00 each, fully paid | 200.24                                  |          | –                                       |          |
| ICICI Home Finance Company Limited  |   |          |   |          |
| Nil (2017 - 1,900) 7.65% Unsecured Rated Listed Redeemable Senior Non-Convertible Bonds in the nature of Debentures Series HDBFB171 (23 October 2018) of ₹ 500000.00 each, fully paid                                       | –                                       |          | 95.00                                   |          |
| India Infrastructure Finance Company Limited  |   |          |   |          |
| 5,00,000 (2017 - 2,50,000) 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid                                  | 51.86                                   |          | 25.98                                   |          |
| 3,00,000 (2017 - Nil) 7.36% for category I,II,III and IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid                    | 33.03                                   |          | –                                       |          |
| 50,000 (2017 - Nil) 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid  | 5.42                                    |          | –                                       |          |
| 1,175 (2017 - 1,000) 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of ₹ 1000000.00 each, fully paid   | 126.31                                  |          | 106.47                                  |          |
| 1,300 (2017 - 800) 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2028) of ₹ 1000000.00 each, fully paid  | 144.38                                  |          | 86.52                                   |          |
| 1,780 (2017 - 1,630) 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of ₹ 1000000.00 each, fully paid  | 193.35                                  |          | 176.49                                  |          |
| Indian Railway Finance Corporation Limited  |   |          |   |          |
| 70,498 7.07% (For Category I, II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid  | 7.37                                    |          | 7.40                                    |          |
| 250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid   | 26.19                                   |          | 26.35                                   |          |
| 5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid                                  | 51.84                                   |          | 52.15                                   |          |
| Carried over  | 4480.95                                 | 197.95   | 3223.92                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|---|---|----------|---|----------|
|   | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>  |   |          |   |          |
| Brought forward   | 4480.95                                 | 197.95   | 3223.92                                 | 210.27   |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>  |   |          |   |          |
| 2,250 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of ₹ 1000000.00 each, fully paid   | 226.23                                  |          | 226.40                                  |          |
| 1,00,000 (2017 - Nil) 7.34% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid | 11.12                                   |          | –                                       |          |
| 3,31,819 (2017 - 2,50,000) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid                                  | 35.17                                   |          | 26.69                                   |          |
| 8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid   | 87.75                                   |          | 88.82                                   |          |
| 100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid  | 10.92                                   |          | 11.05                                   |          |
| 1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid  | 134.71                                  |          | 135.30                                  |          |
| 130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid   | 14.09                                   |          | 14.15                                   |          |
| <b>LIC Housing Finance Limited</b>  |   |          |   |          |
| 400 (2017 - Nil) 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid   | 40.41                                   |          | –                                       |          |
| 750 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid  | 75.00                                   |          | 75.00                                   |          |
| 100 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid  | 10.25                                   |          | 10.32                                   |          |
| 750 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid  | 75.62                                   |          | 76.00                                   |          |
| 800 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid   | 81.04                                   |          | 81.40                                   |          |
| 250 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid  | 25.22                                   |          | 25.35                                   |          |
| 550 (2017 - Nil) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid   | 56.53                                   |          | –                                       |          |
| 750 (2017 - Nil) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid  | 76.47                                   |          | –                                       |          |
| 250 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid  | 24.90                                   |          | 24.85                                   |          |
| Carried over  | 5466.38                                 | 197.95   | 4019.25                                 | 210.27   |



## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|---|---|----------|---|----------|
|   | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>  |   |          |   |          |
| Brought forward   | 5466.38                                 | 197.95   | 4019.25                                 | 210.27   |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>  |   |          |   |          |
| 350 (2017 - Nil) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid                      | 35.92                                   |          | —                                       |          |
| 850 (2017 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid                            | 87.04                                   |          | —                                       |          |
| 50 (2017 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid                    | 5.12                                    |          | —                                       |          |
| 100 (2017 - Nil) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid                       | 10.27                                   |          | —                                       |          |
| 700 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid                              | 71.03                                   |          | 71.75                                   |          |
| 3,000 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of ₹ 1000000.00 each, fully paid                                       | 300.00                                  |          | 300.00                                  |          |
| 100 (2017 - Nil) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid                | 10.23                                   |          | —                                       |          |
| 1250 (2017 - 350) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid              | 128.53                                  |          | 36.47                                   |          |
| 250 (2017 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid                | 25.57                                   |          | —                                       |          |
| 239 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid                   | 23.97                                   |          | 24.01                                   |          |
| 450 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid                             | 45.76                                   |          | 46.20                                   |          |
| 700 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid                                     | 71.40                                   |          | 72.36                                   |          |
| 350 (2017 - Nil) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid                          | 35.88                                   |          | —                                       |          |
| National Bank for Agriculture and Rural Development   |   |          |   |          |
| 3,200 (2017 - Nil) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid                        | 313.90                                  |          | —                                       |          |
| 2,000 (2017 - Nil) 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid | 211.43                                  |          | —                                       |          |
| Carried over  | 6842.43                                 | 197.95   | 4570.04                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>   |   |          |   |          |
| Brought forward  | 6842.43                                 | 197.95   | 4570.04                                 | 210.27   |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>   |   |          |   |          |
| National Highways Authority of India   |   |          |   |          |
| 2,600 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI - IIA (18 September 2025) of ₹ 1000000.00 each, fully paid           | 260.46                                  |          | 260.50                                  |          |
| 8,06,381 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (11 January 2026) of ₹ 1000.00 each, fully paid                     | 82.54                                   |          | 82.72                                   |          |
| 2,500 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIB (18 September 2030) of ₹ 1000000.00 each, fully paid             | 250.00                                  |          | 250.00                                  |          |
| 17,49,943 (2017 - 9,99,943) 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031) of ₹ 1000.00 each, fully paid | 185.16                                  |          | 99.99                                   |          |
| 5,00,000 (2017 - Nil) 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid                 | 58.96                                   |          | –                                       |          |
| 2,50,000 (2017 - Nil) 8.75% (For category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid                          | 30.28                                   |          | –                                       |          |
| National Housing Bank  |   |          |   |          |
| 800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid  | 86.01                                   |          | 86.38                                   |          |
| Power Finance Corporation Limited  |   |          |   |          |
| 250 (2017 - Nil) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid            | 24.58                                   |          | –                                       |          |
| 600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid   | 63.09                                   |          | 63.42                                   |          |
| 250 (2017 - Nil) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid           | 24.85                                   |          | –                                       |          |
| 250 (2017 - Nil) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid      | 24.76                                   |          | –                                       |          |
| Nil (2017 - 170) 8.29% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 129-B (13 June 2018) of ₹ 1000000.00 each, fully paid         | –                                       |          | 17.03                                   |          |
| 500 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid                     | 50.07                                   |          | 50.10                                   |          |
| 500 8.46% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028) of ₹ 1000000.00 each, fully paid      | 53.75                                   |          | 53.99                                   |          |
| Carried over   | 8036.94                                 | 197.95   | 5534.17                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>   |   |          |   |          |
| Brought forward  | 8036.94                                 | 197.95   | 5534.17                                 | 210.27   |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>   |   |          |   |          |
| 250 (2017 - Nil) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid                             | 25.22                                   |          | —                                       |          |
| 250 (2017 - Nil) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid                  | 25.30                                   |          | —                                       |          |
| 2,800 (2017 - Nil) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid                             | 284.61                                  |          | —                                       |          |
| 3,50,000 (2017 - Nil) 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid   | 42.32                                   |          | —                                       |          |
| 200 (2017 - Nil) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid                  | 20.24                                   |          | —                                       |          |
| 50 (2017 - Nil) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid                            | 5.07                                    |          | —                                       |          |
| 750 (2017 - Nil) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid                          | 76.27                                   |          | —                                       |          |
| 400 (2017 - Nil) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92-C (21 August 2022 with Call / Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid | 41.27                                   |          | —                                       |          |
| 850 (2017 - Nil) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid                        | 86.72                                   |          | —                                       |          |
| 200 (2017 - Nil) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid                       | 20.38                                   |          | —                                       |          |
| <b>PNB Housing Finance Limited</b>   |   |          |   |          |
| 1,000 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid                                   | 100.20                                  |          | 100.32                                  |          |
| 100 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid   | 10.05                                   |          | 10.11                                   |          |
| 600 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid  | 60.08                                   |          | 60.14                                   |          |
| 400 (2017 - Nil) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid                | 40.44                                   |          | —                                       |          |
| <b>Rural Electrification Corporation Limited</b>   |   |          |   |          |
| 850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid   | 89.19                                   |          | 89.64                                   |          |
| Carried over   | 8964.30                                 | 197.95   | 5794.38                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>   |   |          |   |          |
| Brought forward  | 8964.30                                 | 197.95   | 5794.38                                 | 210.27   |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>   |   |          |   |          |
| 1,190 (2017 - 800) 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3B (29 August 2028) of ₹ 1000000.00 each, fully paid   | 132.82                                  |          | 86.39                                   |          |
| 3,50,000 (2017 - Nil) 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid  | 42.04                                   |          | –                                       |          |
| 50 8.54% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2028) of ₹ 1000000.00 each, fully paid   | 5.41                                    |          | 5.43                                    |          |
| 250 8.87% Unsecured 7 Year Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2020 (113th Series) (08 March 2020) of ₹ 1000000.00 each, fully paid  | 25.23                                   |          | 25.34                                   |          |
| 2,250 (2017 - Nil) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid   | 228.83                                  |          | –                                       |          |
| Small Industries Development Bank Of India<br>500 (2017 - Nil) 7% Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020) of ₹ 1000000.00 each, fully paid   | 49.52                                   |          | –                                       |          |
| Nil (2017 - 1,000) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2015-16 (26 February 2019) of ₹ 1000000.00 each, fully paid  | –                                       |          | 100.00                                  |          |
| State Bank Of India Limited<br>3,250 (2017 - Nil) 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid | 325.89                                  |          | –                                       |          |
| 1,550 (2017 - Nil) 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid                                | 152.98                                  |          | –                                       |          |
| <b>INVESTMENT IN MUTUAL FUNDS<br/>(at fair value through profit or loss)</b>   |   |          |   |          |
| Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days)<br>4,00,00,000 (2017 - Nil) Units of ₹ 10.00 each  | 40.72                                   |          | –                                       |          |
| Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days)<br>1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each  | 10.18                                   |          | –                                       |          |
| Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days)<br>2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each  | 20.31                                   |          | –                                       |          |
| Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days)<br>1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each  | 15.26                                   |          | –                                       |          |
| DSP BlackRock Fixed Maturity Plan - Series 217 - 40 M<br>1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each  | 10.18                                   |          | –                                       |          |
| DSP BlackRock Fixed Maturity Plan - Series 220 - 40 M<br>1,90,00,000 (2017 - Nil) Units of ₹ 10.00 each  | 19.22                                   |          | –                                       |          |
| Carried over   | 10042.89                                | 197.95   | 6011.54                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>   |   |          |   |          |
| Brought forward  | 10042.89                                | 197.95   | 6011.54                                 | 210.27   |
| <b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>   |   |          |   |          |
| DSP BlackRock Fixed Maturity Plan - Series 221 - 40 M<br>2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each                | 20.26                                   |          | –                                       |          |
| Franklin India Fixed Maturity Plans - Series 2 - Plan A<br>1,40,00,000 (2017 - Nil) Units of ₹ 10.00 each              | 14.22                                   |          | –                                       |          |
| HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36<br>4,00,00,000 Units of ₹ 10.00 each                         | 47.08                                   |          | 43.97                                   |          |
| HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35<br>12,80,00,000 Units of ₹ 10.00 each                        | 150.73                                  |          | 140.79                                  |          |
| HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35<br>4,30,00,000 Units of ₹ 10.00 each                      | 50.75                                   |          | 47.43                                   |          |
| HDFC Fixed Maturity Plan 1158D February 2018 (1) - Series-39<br>6,50,00,000 (2017 - Nil) Units of ₹ 10.00 each         | 65.83                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days<br>1,50,00,000 Units of ₹ 10.00 each             | 17.84                                   |          | 16.64                                   |          |
| ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days<br>1,00,00,000 Units of ₹ 10.00 each             | 11.86                                   |          | 11.06                                   |          |
| ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days<br>1,50,00,000 Units of ₹ 10.00 each             | 17.75                                   |          | 16.56                                   |          |
| ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days<br>1,00,00,000 Units of ₹ 10.00 each             | 11.75                                   |          | 10.96                                   |          |
| ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days<br>1,20,00,000 Units of ₹ 10.00 each             | 14.09                                   |          | 13.15                                   |          |
| ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days<br>40,00,000 Units of ₹ 10.00 each               | 4.46                                    |          | 4.17                                    |          |
| ICICI Prudential Fixed Maturity Plan - Series 81 -1154 Days - Plan J<br>50,00,000 (2017 - Nil) Units of ₹ 10.00 each   | 5.24                                    |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1223 Days - Plan E<br>1,30,00,000 (2017 - Nil) Units of ₹ 10.00 each | 13.20                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1185 Days - Plan M<br>3,50,00,000 (2017 - Nil) Units of ₹ 10.00 each | 35.35                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1219 Days - Plan D<br>1,90,00,000 (2017 - Nil) Units of ₹ 10.00 each | 19.33                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1215 Days - Plan H<br>4,50,00,000 (2017 - Nil) Units of ₹ 10.00 each | 45.65                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1217 Days - Plan C<br>1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each | 10.17                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1185 Days - Plan I<br>5,00,00,000 (2017 - Nil) Units of ₹ 10.00 each | 50.66                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1199 Days - Plan L<br>5,00,00,000 (2017 - Nil) Units of ₹ 10.00 each | 50.61                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1203 Days - Plan K<br>4,50,00,000 (2017 - Nil) Units of ₹ 10.00 each | 45.58                                   |          | –                                       |          |
| Carried over   | 10745.30                                | 197.95   | 6316.27                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>4. Non-current investments (Contd.)</b>   |   |          |   |          |
| Brought forward  | 10745.30                                | 197.95   | 6316.27                                 | 210.27   |
| <b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>   |   |          |   |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1225 Days - Plan B<br>3,70,00,000 (2017 - Nil) Units of ₹ 10.00 each | 37.68                                   |          | –                                       |          |
| ICICI Prudential Fixed Maturity Plan - Series 82 -1236 Days - Plan A<br>70,00,000 (2017 - Nil) Units of ₹ 10.00 each   | 7.13                                    |          | –                                       |          |
| Kotak Fixed Maturity Plan - Series 190<br>50,00,000 Units of ₹ 10.00 each  | 5.95                                    |          | 5.55                                    |          |
| Kotak Fixed Maturity Plan - Series 191<br>1,50,00,000 Units of ₹ 10.00 each  | 17.65                                   |          | 16.47                                   |          |
| Kotak Fixed Maturity Plan - Series 210<br>1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each                               | 10.25                                   |          | –                                       |          |
| Kotak Fixed Maturity Plan - Series 212<br>60,00,000 (2017 - Nil) Units of ₹ 10.00 each                                 | 6.10                                    |          | –                                       |          |
| Kotak Fixed Maturity Plan - Series 213<br>1,10,00,000 (2017 - Nil) Units of ₹ 10.00 each                               | 11.19                                   |          | –                                       |          |
| Kotak Fixed Maturity Plan - Series 214<br>1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each                               | 10.17                                   |          | –                                       |          |
| Kotak Fixed Maturity Plan - Series 215<br>1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each                               | 10.16                                   |          | –                                       |          |
| Kotak Fixed Maturity Plan - Series 224<br>3,50,00,000 (2017 - Nil) Units of ₹ 10.00 each                               | 35.00                                   |          | –                                       |          |
| Reliance Fixed Horizon Fund - XXX - Series 5<br>1,50,00,000 Units of ₹ 10.00 each                                      | 17.72                                   |          | 16.54                                   |          |
| Reliance Fixed Horizon Fund - XXX - Series 12<br>1,00,00,000 Units of ₹ 10.00 each                                     | 11.80                                   |          | 11.03                                   |          |
| Reliance Fixed Horizon Fund - XXX - Series 13<br>2,00,00,000 Units of ₹ 10.00 each                                     | 23.62                                   |          | 22.06                                   |          |
| Reliance Fixed Horizon Fund - XXX - Series 17<br>3,50,00,000 Units of ₹ 10.00 each                                     | 41.16                                   |          | 38.41                                   |          |
| Reliance Fixed Horizon Fund - XXX - Series 6<br>1,00,00,000 Units of ₹ 10.00 each                                      | 11.85                                   |          | 11.07                                   |          |
| Reliance Fixed Horizon Fund - XXXI - Series 9<br>1,80,00,000 Units of ₹ 10.00 each                                     | 20.22                                   |          | 18.92                                   |          |
| Reliance Fixed Horizon Fund - XXXV - Series 6<br>50,00,000 (2017 - Nil) Units of ₹ 10.00 each                          | 5.10                                    |          | –                                       |          |
| Reliance Fixed Horizon Fund - XXXVI - Series 1<br>1,20,00,000 (2017 - Nil) Units of ₹ 10.00 each                       | 12.15                                   |          | –                                       |          |
| Reliance Fixed Horizon Fund - XXXVI - Series 9<br>2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each                       | 20.03                                   |          | –                                       |          |
| Reliance Fixed Horizon Fund - XXXV - Series 13<br>80,00,000 (2017 - Nil) Units of ₹ 10.00 each                         | 8.13                                    |          | –                                       |          |
| Carried over   | 11068.36                                | 197.95   | 6456.32                                 | 210.27   |

## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |                 | As at 31st March, 2017<br>(₹ in Crores) |                |
|---|---|-----------------|---|----------------|
|   | Quoted                                  | Unquoted        | Quoted                                  | Unquoted       |
| <b>4. Non-current investments (Contd.)</b>  |   |                 |   |                |
| Brought forward   | 11068.36                                | 197.95          | 6456.32                                 | 210.27         |
| <b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>  |   |                 |   |                |
| Reliance Fixed Horizon Fund - XXXV - Series 14<br>1,20,00,000 (2017 - Nil) Units of ₹ 10.00 each                | 12.19                                   |                 | –                                       |                |
| Reliance Fixed Horizon Fund - XXXV - Series 15<br>1,70,00,000 (2017 - Nil) Units of ₹ 10.00 each                | 17.26                                   |                 | –                                       |                |
| Reliance Fixed Horizon Fund - XXXVI - Series 3<br>50,00,000 (2017 - Nil) Units of ₹ 10.00 each                  | 5.06                                    |                 | –                                       |                |
| Reliance Fixed Horizon Fund - XXXV - Series 11<br>50,00,000 (2017 - Nil) Units of ₹ 10.00 each                  | 5.09                                    |                 | –                                       |                |
| Reliance Fixed Horizon Fund - XXXV - Series 12<br>1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each                | 15.27                                   |                 | –                                       |                |
| SBI Debt Fund Series C-7 (1190 Days)<br>2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each                          | 20.33                                   |                 | –                                       |                |
| SBI Debt Fund Series C-8 (1175 Days)<br>2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each                          | 20.30                                   |                 | –                                       |                |
| SBI Debt Fund Series C-9 (1150 Days)<br>1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each                          | 15.19                                   |                 | –                                       |                |
| UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days<br>1,20,00,000 Units of ₹ 10.00 each                    | 14.25                                   |                 | 13.32                                   |                |
| UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days<br>80,00,000 Units of ₹ 10.00 each                    | 9.44                                    |                 | 8.83                                    |                |
| UTI Fixed Term Income Fund Series XXV - V - 1100 Days<br>50,00,000 Units of ₹ 10.00 each                        | 5.61                                    |                 | 5.25                                    |                |
| UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days)<br>1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each   | 15.24                                   |                 | –                                       |                |
| UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days)<br>1,90,00,000 (2017 - Nil) Units of ₹ 10.00 each   | 19.27                                   |                 | –                                       |                |
| UTI Fixed Term Income Fund - Series XXVIII - VIII (1171 Days)<br>1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each | 15.22                                   |                 | –                                       |                |
| UTI Fixed Term Income Fund Series XXVIII - IX (1168 Days)<br>2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each     | 20.26                                   |                 | –                                       |                |
| <b>INVESTMENT IN ALTERNATIVE INVESTMENT FUND<br/>(at fair value through profit or loss)</b>                     |   |                 |   |                |
| Fireside Ventures Investments Fund I<br>750 (2017 - Nil) Units of ₹ 100000.00 each                              |   | 7.50            |   | –              |
| <b>Aggregate amount of quoted and unquoted Investments</b>  | <b>11278.34</b>                         | <b>205.45</b>   | <b>6483.72</b>                          | <b>210.27</b>  |
| <b>TOTAL</b>  |   | <b>11483.79</b> |   | <b>6693.99</b> |

Aggregate market value of quoted investments ₹ 11276.13 Crores (2017 - ₹ 6502.72 Crores).

Aggregate amount of impairment in value of investments ₹ 30.40 Crores (2017 - ₹ 25.58 Crores).

## Notes to the Consolidated Financial Statements

|   | As at<br>31st March, 2018<br>(₹ in Crores) |             | As at<br>31st March, 2017<br>(₹ in Crores) |             |
|---|--|-------------|--|-------------|
|   | Current                                    | Non-Current | Current                                    | Non-Current |
| <b>5. Loans</b>                                 |  |             |  |             |
| <b>Loans to related parties</b> (Refer Note 30) |  |             |  |             |
| – Secured, considered good                      | –  | –           | 1.40                                       | –           |
|   | –  | –           | <b>1.40</b>                                | –           |
| <b>Other Loans</b>                              |  |             |  |             |
| Others (Employees, suppliers, etc.)             |  |             |  |             |
| – Unsecured, considered good                    | 5.84                                       | 9.69        | 5.38                                       | 8.54        |
| – Doubtful                                      | –  | 0.22        | –  | 0.22        |
|   | <b>5.84</b>                                | <b>9.91</b> | <b>5.38</b>                                | <b>8.76</b> |
| Less: Allowance for doubtful loans              | –  | 0.22        | –  | 0.22        |
|   | <b>5.84</b>                                | <b>9.69</b> | <b>5.38</b>                                | <b>8.54</b> |
| <b>TOTAL</b>                                    | <b>5.84</b>                                | <b>9.69</b> | <b>6.78</b>                                | <b>8.54</b> |

|   |                |                |                |               |
|---|----------------|----------------|----------------|---------------|
| <b>6. Other financial assets</b>                          |                |                |                |               |
| Bank deposits with more than 12 months maturity           | –              | 1021.88        | –              | 1.21          |
| Other financial assets                                    |                |                |                |               |
| Advances  | 4.36           | 0.08           | 4.83           | 0.08          |
| Deposits*   | 544.61         | 725.42         | 533.10         | 99.42         |
| Interest accrued on Loans, Deposits,<br>Investments, etc. | 506.00         | –              | 326.67         | –             |
| Other Receivables**                                       | 297.87         | –              | 225.42         | –             |
| <b>TOTAL</b>  | <b>1352.84</b> | <b>1747.38</b> | <b>1090.02</b> | <b>100.71</b> |

\* Deposits include deposits to directors ₹ 0.08 Crore (2017 - ₹ 0.07 Crore) (Refer Note 30).

\*\* Others comprise receivables on account of claims, interest, rentals, derivatives designated as hedging instruments, etc.



## Notes to the Consolidated Financial Statements

|                                | As at<br>31st March, 2018<br>(₹ in Crores) | As at<br>31st March, 2017<br>(₹ in Crores) |
|--------------------------------|--|--|
| <b>7. Deferred tax</b>         |  |  |
| Deferred tax liabilities (Net) | 1923.02                                    | 1878.77                                    |
| Deferred tax assets (Net)      | 47.98                                      | 44.95                                      |
| <b>TOTAL</b>                   | <b>1875.04</b>                             | <b>1833.82</b>                             |

### Movement in deferred tax liabilities/assets balances

(₹ in Crores)

| 2017-18   | Opening Balance | Recognised in profit or loss | Recognised in OCI | Recognised directly in Equity | Reclassified to profit or loss | Acquisitions through business combination | Effect of foreign exchange | Closing Balance |
|---|-----------------|------------------------------|-------------------|-------------------------------|--------------------------------|---|----------------------------|-----------------|
| <b>Deferred tax liabilities/assets in relation to:</b>                    |                 |                              |                   |                               |                                |   |                            |                 |
| On fiscal allowances on property, plant and equipment etc.                | 1874.21         | 142.22                       | -                 | -                             | -                              | -   | -                          | 2016.43         |
| On excise duty/National Calamity Contingent Duty on closing stock         | 372.24          | (347.67)                     | -                 | -                             | -                              | -   | -                          | 24.57           |
| On cash flow hedges   | (5.70)          | -                            | 12.10             | 12.17                         | (14.96)                        | -   | -                          | 3.61            |
| On employees' separation and retirement etc.                              | -               | (0.02)                       | 0.02              | -                             | -                              | -   | -                          | -               |
| Other timing differences  | 189.47          | 105.93                       | -                 | -                             | -                              | -   | 0.05                       | 295.45          |
| <b>Total deferred tax liabilities</b>                                     | <b>2430.22</b>  | <b>(99.54)</b>               | <b>12.12</b>      | <b>12.17</b>                  | <b>(14.96)</b>                 | <b>-</b>                                  | <b>0.05</b>                | <b>2340.06</b>  |
| On fiscal allowances on property, plant and equipment etc.                | 16.24           | 1.95                         | -                 | -                             | -                              | -   | 0.06                       | 18.25           |
| On employees' separation and retirement etc.                              | 106.36          | (6.14)                       | (10.07)           | -                             | -                              | -   | 0.10                       | 90.25           |
| On provision for doubtful debts/advances                                  | 42.44           | 7.89                         | -                 | -                             | -                              | -   | 0.01                       | 50.34           |
| On State and Central taxes etc.   | 335.83          | (146.94)                     | -                 | -                             | -                              | -   | -                          | 188.89          |
| On unabsorbed tax losses and depreciation                                 | 1.14            | (0.11)                       | -                 | -                             | -                              | -   | -                          | 1.03            |
| Other timing differences  | 91.94           | 20.57                        | -                 | -                             | -                              | -   | (0.01)                     | 112.50          |
| <b>Total deferred tax assets before MAT credit entitlement</b>            | <b>593.95</b>   | <b>(122.78)</b>              | <b>(10.07)</b>    | <b>-</b>                      | <b>-</b>                       | <b>-</b>                                  | <b>0.16</b>                | <b>461.26</b>   |
| <b>Total deferred tax liabilities before MAT credit entitlement (Net)</b> | <b>1836.27</b>  | <b>23.24</b>                 | <b>22.19</b>      | <b>12.17</b>                  | <b>(14.96)</b>                 | <b>-</b>                                  | <b>(0.11)</b>              | <b>1878.80</b>  |
| Less: MAT credit entitlement  | 2.45            | 1.31                         | -                 | -                             | -                              | -   | -                          | 3.76            |
| <b>Total deferred tax liabilities (Net)</b>                               | <b>1833.82</b>  | <b>21.93</b>                 | <b>22.19</b>      | <b>12.17</b>                  | <b>(14.96)</b>                 | <b>-</b>                                  | <b>(0.11)</b>              | <b>1875.04</b>  |

# Notes to the Consolidated Financial Statements

(₹ in Crores)

## 7. Deferred tax (Contd.)

| 2016-17   | Opening Balance | Recognised in profit or loss | Recognised in OCI | Recognised directly in Equity | Reclassified to profit or loss | Acquisitions through business combination | Effect of foreign exchange | Closing Balance |
|---|-----------------|------------------------------|-------------------|-------------------------------|--------------------------------|---|----------------------------|-----------------|
| <b>Deferred tax liabilities/assets in relation to:</b>                    |                 |                              |                   |                               |                                |   |                            |                 |
| On fiscal allowances on property, plant and equipment etc.                | 1760.55         | 113.69                       | -                 | -                             | -                              | (0.03)                                    | -                          | 1874.21         |
| On excise duty/National Calamity Contingent Duty on closing stock         | 600.92          | (228.68)                     | -                 | -                             | -                              | -   | -                          | 372.24          |
| On cash flow hedges   | 3.40            | -                            | (7.18)            | 5.77                          | (7.69)                         | -   | -                          | (5.70)          |
| On employees' separation and retirement etc.                              | -               | 0.02                         | (0.02)            | -                             | -                              | -   | -                          | -               |
| Other timing differences  | 44.55           | 145.06                       | -                 | -                             | -                              | (0.15)                                    | 0.01                       | 189.47          |
| <b>Total deferred tax liabilities</b>                                     | <b>2409.42</b>  | <b>30.09</b>                 | <b>(7.20)</b>     | <b>5.77</b>                   | <b>(7.69)</b>                  | <b>(0.18)</b>                             | <b>0.01</b>                | <b>2430.22</b>  |
| On fiscal allowances on property, plant and equipment etc.                | 13.07           | 3.46                         | -                 | -                             | -                              | -   | (0.29)                     | 16.24           |
| On employees' separation and retirement etc.                              | 99.19           | 4.59                         | 2.71              | -                             | -                              | -   | (0.13)                     | 106.36          |
| On provision for doubtful debts/advances                                  | 33.05           | 9.48                         | -                 | -                             | -                              | -   | (0.09)                     | 42.44           |
| On State and Central taxes etc.   | 322.60          | 13.23                        | -                 | -                             | -                              | -   | -                          | 335.83          |
| On unabsorbed tax losses and depreciation                                 | 0.64            | 0.50                         | -                 | -                             | -                              | -   | -                          | 1.14            |
| Other timing differences  | 99.32           | (4.10)                       | -                 | -                             | -                              | (3.30)                                    | 0.02                       | 91.94           |
| <b>Total deferred tax assets before MAT credit entitlement</b>            | <b>567.87</b>   | <b>27.16</b>                 | <b>2.71</b>       | <b>-</b>                      | <b>-</b>                       | <b>(3.30)</b>                             | <b>(0.49)</b>              | <b>593.95</b>   |
| <b>Total deferred tax liabilities before MAT credit entitlement (Net)</b> | <b>1841.55</b>  | <b>2.93</b>                  | <b>(9.91)</b>     | <b>5.77</b>                   | <b>(7.69)</b>                  | <b>3.12</b>                               | <b>0.50</b>                | <b>1836.27</b>  |
| Less: MAT credit entitlement  | 2.09            | 0.36                         | -                 | -                             | -                              | -   | -                          | 2.45            |
| <b>Total deferred tax liabilities (Net)</b>                               | <b>1839.46</b>  | <b>2.57</b>                  | <b>(9.91)</b>     | <b>5.77</b>                   | <b>(7.69)</b>                  | <b>3.12</b>                               | <b>0.50</b>                | <b>1833.82</b>  |

The Group has losses of ₹ 258.34 Crores (2017 - ₹ 292.20 Crores) for which no deferred tax assets have been recognised. A part of these losses will expire between financial year 2018-19 to 2031-32.

|   | As at 31st March, 2018<br>(₹ in Crores) |                | As at 31st March, 2017<br>(₹ in Crores) |                |
|---|---|----------------|---|----------------|
|   | Current                                 | Non-Current    | Current                                 | Non-Current    |
| <b>8. Other assets</b>  |   |                |   |                |
| Capital Advances (Refer Note 3B)  | -                                       | 488.27         | -                                       | 1133.06        |
| Advances other than capital advances  |   |                |   |                |
| Security Deposits   |   |                |   |                |
| - With Statutory Authorities  | 8.36                                    | 890.47         | 10.85                                   | 864.83         |
| - Others  | 4.29                                    | 110.59         | 6.91                                    | 109.82         |
| Advances to related parties (Refer Note 30)   | 68.45                                   | 19.51          | -                                       | -              |
| Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.) | 1150.58                                 | 999.19         | 576.63                                  | 1051.80        |
| Other Receivables*  | 67.77                                   | 4.52           | 62.68                                   | 4.51           |
| <b>TOTAL</b>  | <b>1299.45</b>                          | <b>2512.55</b> | <b>657.07</b>                           | <b>3164.02</b> |

\* Includes receivables on account of export incentives.

## Notes to the Consolidated Financial Statements

|  | As at<br>31st March, 2018<br>(₹ in Crores) | As at<br>31st March, 2017<br>(₹ in Crores) |
|--|--|--|
| <b>9. Inventories*</b>                       |  |  |
| (At lower of cost and net realisable value)  |  |  |
| Raw materials (including packing materials)  | 5407.07                                    | 4984.01                                    |
| Work-in-progress                             | 195.67                                     | 178.16                                     |
| Finished goods (manufactured)                | 1097.02                                    | 2137.25                                    |
| Stock-in-trade (goods purchased for resale)  | 412.54                                     | 439.34                                     |
| Stores and spares                            | 316.53                                     | 313.45                                     |
| Intermediates - Tissue paper and Paperboards | 66.26                                      | 63.89                                      |
| <b>TOTAL</b>                                 | <b>7495.09</b>                             | <b>8116.10</b>                             |

The above includes goods in transit as under:

|   |               |              |
|---|---------------|--------------|
| Raw materials (including packing materials) | 128.56        | 90.12        |
| Stock-in-trade (goods purchased for resale) | 0.72          | 2.55         |
| Stores and spares                           | 5.52          | 1.77         |
| <b>TOTAL</b>                                | <b>134.80</b> | <b>94.44</b> |

The cost of inventories recognised as an expense includes ₹ 28.19 Crores (2017 - ₹ 15.07 Crores) in respect of write-downs of inventory to net realisable value, and the same has been reduced by ₹ 0.55 Crore (2017 - ₹ 0.65 Crore) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices in certain markets.

Inventories of ₹ 710.52 Crores (2017 - ₹ 640.28 Crores) are expected to be recovered after more than twelve months.

\* Also Refer Note 20.

|   |              |              |
|---|--------------|--------------|
| <b>10. Biological assets other than bearer plants</b> |              |              |
| Balance at the beginning of the year                  | 70.05        | 67.25        |
| Biological assets acquired during the year            | 3.82         | 0.77         |
| Cost incurred during the year                         | 83.40        | 69.36        |
| Changes in fair value*                                | (5.80)       | 27.00        |
| Transfer of Biological assets to Inventories          | (4.61)       | (6.31)       |
| Biological assets sold during the year                | (57.64)      | (87.78)      |
| Effect of foreign exchange translation                | 0.22         | (0.24)       |
| <b>Balance at the end of the year</b>                 | <b>89.44</b> | <b>70.05</b> |

\* Represents aggregate gain/(loss) arising on account of change in fair value less costs to sell during the year.

The Group had 1,46,24,225 numbers of TECHNITUBER® seed potatoes (2017 - 1,19,66,076 numbers).

There were 77582.00 MT of field generated seed potatoes (2017 - 57605.71 MT). During the year, output of agricultural produce (potatoes) is 4739.00 MT (2017 - 18050.00 MT).

In October 2017 - 12572.85 MT (October 2016 - 12083.03 MT) of seed potatoes were planted and in February/March 2018 - 82557.73 MT (February/March 2017 - 74966.89 MT) of seed potatoes were harvested as a result of quantitative biological transformation. Estimated amount of contracts remaining to be executed for acquisition/development of biological assets are ₹ 0.08 Crore (2017 - ₹ 0.09 Crore).

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>11. Current investments (at fair value through profit or loss, unless stated otherwise)</b>   |   |          |   |          |
| <b>INVESTMENT IN EQUITY SHARES (at fair value through Profit or Loss)</b>  |   |          |   |          |
| SKH Metals Limited<br>40,000 Equity Shares of ₹ 10.00 each, fully paid   |   | ...      |   | ...      |
| Patheja Brothers Forgings and Stampings Limited<br>50,000 Equity Shares of ₹ 10.00 each, fully paid  |   | ...      |   | ...      |
| Jind Textiles Limited<br>5,00,000 Equity Shares of ₹ 10.00 each, fully paid  |   | ...      |   | ...      |
| Taib Capital Corporation Limited<br>2,45,000 Equity Shares of ₹ 10.00 each, fully paid   |   | ...      |   | ...      |
| Ultratech Cement Limited<br>3 Equity Shares of ₹ 10.00 each, fully paid  |   | ...      |   | ...      |
| <b>INVESTMENT IN PREFERENCE SHARES</b>   |   |          |   |          |
| ICICI Bank Limited<br>310 (2017 - 344) Non-Cumulative Redeemable Non-Convertible<br>Non-Participative Preference Shares (20 April 2018) of ₹ 10000000.00<br>each, fully paid   |   | 308.56   |   | 292.95   |
| <b>INVESTMENT IN BONDS/DEBENTURES</b>  |   |          |   |          |
| Canfin Homes Limited<br>500 7.57% Secured Redeemable Non-Convertible Debentures<br>(12 April 2020) of ₹ 1000000.00 each, fully paid  | 49.59                                   |          | 50.00                                   |          |
| Export Import Bank of India<br>300 9.15% Unsecured Non-Convertible Bonds Series P-16<br>(05 September 2022) of ₹ 1000000.00 each, fully paid   | 31.11                                   |          | 30.92                                   |          |
| Housing & Urban Development Corporation Limited<br>500 (2017 - Nil) 7.70% Unsecured Redeemable Non-Convertible<br>Taxable Bonds in the nature of Debentures Series F (19 March 2020)<br>of ₹ 1000000.00 each, fully paid         | 50.00                                   |          | –                                       |          |
| ICICI Bank Limited<br>350 (2017 - Nil) 9.15% Unsecured Subordinated Non-Convertible<br>Basel III Compliant Perpetual Bonds in the nature of Debentures<br>Series DMR 18AT of ₹ 1000000.00 each, fully paid                       | 35.00                                   |          | –                                       |          |
| India Infrastructure Finance Company Limited<br>1,50,000 7.19% For Category I, II, III & IV Tax Free Secured<br>Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I)<br>(22 January 2023) of ₹ 1000.00 each, fully paid | 15.53                                   |          | 15.61                                   |          |
| Infrastructure Leasing & Financial Services Ltd.<br>7,50,000 8.74% Taxable Non-Cumulative Non-Convertible<br>Redeemable Bonds in the nature of Debentures Series I Option II<br>(11 August 2018) of ₹ 1000.00 each, fully paid   | 75.12                                   |          | 75.00                                   |          |
| Indian Railway Finance Corporation Limited<br>25,00,000 7.18% Tax Free Non-Cumulative Non-Convertible<br>Redeemable Bonds in the nature of Debentures 86th Series<br>(19 February 2023) of ₹ 1000.00 each, fully paid            | 254.20                                  |          | 254.95                                  |          |
| 5,25,012 (2017 - 4,35,012) 8.00% Tax Free Non-Cumulative<br>Non-Convertible Redeemable Bonds 80th Series (23 February 2022)<br>of ₹ 1000.00 each, fully paid   | 54.66                                   |          | 43.50                                   |          |
| 20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable<br>Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid  | 202.95                                  |          | 200.00                                  |          |
| Carried over   | 768.16                                  | 308.56   | 669.98                                  | 292.95   |

## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|---|---|----------|---|----------|
|   | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>   |   |          |   |          |
| Brought forward   | 768.16                                  | 308.56   | 669.98                                  | 292.95   |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>  |   |          |   |          |
| National Bank For Agriculture and Rural Development<br>Nil (2017 - 4,100) Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 August 2017) 2D of ₹ 20000.00 each, fully paid | –                                       |          | 7.96                                    |          |
| 1,41,270 Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 January 2019) of ₹ 20000.00 each, fully paid  | 267.66                                  |          | 243.86                                  |          |
| National Highways Authority of India<br>4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid  | 50.54                                   |          | 49.45                                   |          |
| 1,04,000 (2017 - Nil) 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (15 February 2029) of ₹ 1000.00 each, fully paid  | 11.98                                   |          | –                                       |          |
| National Housing Bank<br>1,03,785 Zero Coupon Unsecured Non-Convertible Taxable Bonds in the form of Promissory Notes (24 December 2018) of ₹ 10000.00 each, fully paid   | 98.51                                   |          | 89.67                                   |          |
| 5,000 6.82% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 2012-13 (26 March 2023) of ₹ 10000.00 each, fully paid   | 5.10                                    |          | 5.12                                    |          |
| PNB Housing Finance Limited<br>150 (2017 - 500) 7.46% Taxable Bonds Non-Convertible Non-Cumulative in the nature of Promissory Note Series XXXI (30 April 2020) of ₹ 1000000.00 each, fully paid                    | 14.89                                   |          | 50.00                                   |          |
| Power Finance Corporation Limited<br>450 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid                     | 45.94                                   |          | 45.83                                   |          |
| 1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series-80-A (25 November 2021) of ₹ 100000.00 each, fully paid  | 15.26                                   |          | 15.48                                   |          |
| 1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 1000000.00 each, fully paid   | 100.89                                  |          | 100.00                                  |          |
| 1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid   | 10.22                                   |          | 10.35                                   |          |
| 12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid  | 131.73                                  |          | 129.56                                  |          |
| Rural Electrification Corporation Limited<br>30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1 (19 December 2022) of ₹ 1000.00 each, fully paid                                  | 296.60                                  |          | 300.00                                  |          |
| 1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid   | 100.89                                  |          | 100.00                                  |          |
| 60,000 (2017 - Nil) 8.12% For Category I & II Tax Free Secured Redeemable Non-Convertible Bonds (27 March 2027) of ₹ 1000.00 each, fully paid   | 6.65                                    |          | –                                       |          |
| Carried over  | 1925.02                                 | 308.56   | 1817.26                                 | 292.95   |

## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|---|---|----------|---|----------|
|   | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>   |   |          |   |          |
| Brought forward   | 1925.02                                 | 308.56   | 1817.26                                 | 292.95   |
| <b>INVESTMENT IN CERTIFICATE OF DEPOSITS</b>  |   |          |   |          |
| Axis Bank Limited<br>20,000 (2017 - Nil) Certificate of Deposit (31 January 2019)<br>of ₹ 100000.00 each, fully paid                                    |   | 188.82   |   | –        |
| ICICI Bank Limited<br>10,000 (2017 - Nil) Certificate of Deposit (29 January 2019)<br>of ₹ 100000.00 each, fully paid                                   |   | 94.42    |   | –        |
| IDFC Bank Limited<br>Nil (2017 - 15,000) Certificate of Deposit (06 October 2017)<br>of ₹ 100000.00 each, fully paid                                    |   | –        |   | 145.10   |
| IndusInd Bank Limited<br>Nil (2017 - 10,000) Certificate of Deposit (31 August 2017)<br>of ₹ 100000.00 each, fully paid                                 |   | –        |   | 97.34    |
| Kotak Mahindra Bank Limited<br>50,000 (2017 - Nil) Certificate of Deposit (19 September 2018)<br>of ₹ 100000.00 each, fully paid                        |   | 484.50   |   | –        |
| National Bank For Agriculture and Rural Development<br>25,000 (2017 - Nil) Certificate of Deposit (14 February 2019)<br>of ₹ 100000.00 each, fully paid |   | 235.40   |   | –        |
| Small Industries Development Bank Of India<br>20,000 (2017 - Nil) Certificate of Deposit (18 January 2019)<br>of ₹ 100000.00 each, fully paid           |   | 189.21   |   | –        |
| 20,000 (2017 - Nil) Certificate of Deposit (22 January 2019)<br>of ₹ 100000.00 each, fully paid   |   | 189.14   |   | –        |
| 25,000 (2017 - Nil) Certificate of Deposit (08 February 2019)<br>of ₹ 100000.00 each, fully paid  |   | 235.67   |   | –        |
| 25,000 (2017 - Nil) Certificate of Deposit (14 February 2019)<br>of ₹ 100000.00 each, fully paid  |   | 235.40   |   | –        |
| <b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</b>   |   |          |   |          |
| National Saving Certificate pledged at Mandi Samiti (cost ₹ 13000.00)   |   | –        |   | ...      |
| National Savings Certificates (cost ₹ 10000.00)   |   | ...      |   | ...      |
| <b>INVESTMENT IN MUTUAL FUNDS</b>   |   |          |   |          |
| Axis Liquid Fund<br>Nil (2017 - 28,120) Units of ₹ 1000.00 each   |   | –        |   | 5.07     |
| Axis Short Term Fund<br>8,89,51,089 (2017 - 22,61,88,081) Units of ₹ 10.00 each   |   | 174.71   |   | 416.22   |
| Axis Treasury Advantage Fund<br>5,46,967 Units of ₹ 1000.00 each  |   | 108.35   |   | 100.98   |
| Aditya Birla Sun Life Fixed Term Plan - Series LQ (1113 Days)<br>Nil (2017 - 50,00,000) Units of ₹ 10.00 each   |   | –        | 6.26                                    |          |
| Aditya Birla Sun Life Floating Rate Fund - Long Term<br>3,54,35,898 (2017 - 1,73,63,566) Units of ₹ 100.00 each   |   | 762.97   |   | 348.36   |
| Aditya Birla Sun Life Floating Rate Fund Short Term Plan<br>5,96,17,262 (2017 - Nil) Units of ₹ 100.00 each   |   | 2.47     |   | –        |
| Aditya Birla Sun Life Cash Plus<br>3,15,512 (2017 - Nil) Units of ₹ 100.00 each   |   | 8.78     |   | –        |
| Carried over  | 1925.02                                 | 3218.40  | 1823.52                                 | 1406.02  |

## Notes to the Consolidated Financial Statements

|  | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|--|---|----------|---|----------|
|  | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>                          |   |          |   |          |
| Brought forward  | 1925.02                                 | 3218.40  | 1823.52                                 | 1406.02  |
| <b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>   |   |          |   |          |
| Aditya Birla Sun Life Savings Fund<br>1,91,06,088 (2017 - 1,50,00,045) Units of ₹ 100.00 each                                    |   | 656.17   |   | 479.83   |
| Aditya Birla Sun Life Short Term Fund<br>2,68,28,196 (2017 - 2,82,03,277) Units of ₹ 10.00 each                                  |   | 179.27   |   | 176.39   |
| Aditya Birla Sun Life Treasury Optimizer Plan<br>Nil (2017 - 15,45,665) Units of ₹ 100.00 each                                   |   | –        |   | 32.51    |
| DHFL Pramerica Fixed Maturity Plan Series 62<br>(Formerly known as DWS FMP Series 62)<br>Nil (2017 - 916) Units of ₹ 10.00 each  |   | –        | ...                                     |          |
| DHFL Pramerica Ultra Short Term Fund<br>3,91,50,224 (2017 - 5,09,80,716) Units of ₹ 10.00 each                                   |   | 49.74    |   | 60.40    |
| DSP BlackRock Low Duration Fund<br>(Formerly known as DSP BlackRock Ultra Short Term Fund)<br>26,30,57,340 Units of ₹ 10.00 each |   | 333.10   |   | 311.78   |
| DSP BlackRock Short Term Fund<br>Nil (2017 - 8,80,67,259) Units of ₹ 10.00 each  |   | –        |   | 252.18   |
| HDFC Floating Rate Income Fund - Short Term Plan<br>10,23,22,267 Units of ₹ 10.00 each   |   | 310.88   |   | 290.18   |
| HDFC High Interest Fund - Dynamic Plan<br>Nil (2017 - 1,06,18,432) Units of ₹ 10.00 each   |   | –        |   | 62.22    |
| HDFC Medium Term Opportunities Fund<br>13,70,31,285 Units of ₹ 10.00 each  |   | 265.95   |   | 249.09   |
| HDFC Short Term Opportunities Fund<br>14,47,53,251 (2017 - 14,94,65,786) Units of ₹ 10.00 each                                   |   | 277.56   |   | 268.91   |
| ICICI Prudential Fixed Maturity Plan Series 72 - 370 Days Plan G<br>Nil (2017 - 10,00,000) Units of ₹ 10.00 each                 |   | –        | 1.29                                    |          |
| ICICI Prudential - Flexible Income Plan<br>58,41,947 (2017 - 53,44,324) Units of ₹ 100.00 each                                   |   | 195.75   |   | 167.05   |
| ICICI Prudential Banking & PSU Debt Fund<br>4,92,90,221 (2017 - 5,39,16,760) Units of ₹ 10.00 each                               |   | 59.96    |   | 64.90    |
| ICICI Prudential Income Opportunities Fund<br>2,11,18,618 (2017 - 7,98,55,052) Units of ₹ 10.00 each                             |   | 52.29    |   | 186.27   |
| ICICI Prudential Money Market Fund<br>Nil (2017 - 8,80,448) Units of ₹ 100.00 each   |   | –        |   | 19.76    |
| ICICI Prudential Short Term<br>2,70,17,352 (2017 - 7,64,50,849) Units of ₹ 10.00 each  |   | 101.33   |   | 267.81   |
| ICICI Prudential Ultra-Short Term Plan<br>22,03,55,476 (2017 - 22,53,87,574) Units of ₹ 10.00 each                               |   | 374.16   |   | 358.63   |
| IDFC Corporate Bond Fund<br>Nil (2017 - 20,53,11,314) Units of ₹ 10.00 each  |   | –        |   | 230.28   |
| IDFC Money Manager Fund - Investment Plan<br>1,22,42,641 (2017 - 7,43,04,224) Units of ₹ 10.00 each                              |   | 128.63   |   | 172.89   |
| IDFC Money Manager Fund - Treasury Plan<br>4,22,87,680 (2017 - 5,21,99,899) Units of ₹ 10.00 each                                |   | 118.02   |   | 136.69   |
| Carried over   | 1925.02                                 | 6321.21  | 1824.81                                 | 5193.79  |

## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |          | As at 31st March, 2017<br>(₹ in Crores) |          |
|---|---|----------|---|----------|
|   | Quoted                                  | Unquoted | Quoted                                  | Unquoted |
| <b>11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)</b>   |   |          |   |          |
| Brought forward   | 1925.02                                 | 6321.21  | 1824.81                                 | 5193.79  |
| <b>INVESTMENT IN MUTUAL FUNDS (Contd.)</b>  |   |          |   |          |
| IDFC Super Saver Income Fund - Short Term<br>4,72,99,811 (2017 - 7,02,30,210) Units of ₹ 10.00 each   |   | 172.91   |   | 241.02   |
| Kotak Bond Short Term<br>7,68,78,681 (2017 - 16,24,19,814) Units of ₹ 10.00 each  |   | 204.71   |   | 463.19   |
| Kotak Treasury Advantage Fund<br>19,04,35,278 (2017 - 17,04,16,740) Units of ₹ 10.00 each   |   | 537.61   |   | 449.20   |
| Reliance Fixed Horizon Fund - XXVI - Series 31 (366 Days)<br>Nil (2017 - 50,00,000) Units of ₹ 10.00 each   |   | –        | 6.30                                    |          |
| Reliance Floating Rate Fund - Short Term Plan<br>38,18,89,185 (2017 - 40,11,92,118) Units of ₹ 10.00 each   |   | 478.59   |   | 498.44   |
| Reliance Liquid Fund - Treasury Plan<br>9,111 (2017 - Nil) Units of ₹ 1000.00 each  |   | 3.87     |   | –        |
| Reliance Medium Term Fund<br>10,42,77,348 (2017 - 10,67,50,776) Units of ₹ 10.00 each   |   | 246.09   |   | 238.05   |
| Reliance Money Manager Fund<br>6,71,878 Units of ₹ 1000.00 each   |   | 163.85   |   | 152.95   |
| Reliance Short Term Fund<br>2,07,06,236 Units of ₹ 10.00 each   |   | 69.75    |   | 65.43    |
| SBI Premier Liquid Fund<br>Nil (2017 - 14,48,578) Units of ₹ 1000.00 each   |   | –        |   | 368.75   |
| SBI Magnum Insta Cash Fund<br>13,162 (2017 - Nil) Units of ₹ 1000.00 each   |   | 5.06     |   | –        |
| Tata Money Market Fund<br>Nil (2017 - 1,05,626) Units of ₹ 1000.00 each   |   | –        |   | 26.99    |
| Tata Ultra Short Term<br>Nil (2017 - 12,53,751) Units of ₹ 1000.00 each   |   | –        |   | 311.12   |
| UTI Money Market Fund - Institutional<br>7,53,921 (2017 - 7,65,958) Units of ₹ 1000.00 each   |   | 146.27   |   | 139.15   |
| <b>Current Portion of Non-Current Investment (at amortised cost)</b>  |   |          |   |          |
| <b>INVESTMENT IN GOVERNMENT OR TRUST SECURITIES</b>   |   |          |   |          |
| 6.5% Bikash Rinpatra, 2075 (Vikram Samvat Calendar Year)  |   | 1.60     |   | –        |
| <b>INVESTMENT IN BONDS/DEBENTURES</b>   |   |          |   |          |
| Housing Development Finance Corporation Limited<br>30 (2017 - Nil) 8.45% Secured Redeemable Non-Convertible<br>Debentures Series O 009 (08 February 2019) of ₹ 10000000.00 each,<br>fully paid                                    |   | 30.17    |   | –        |
| ICICI Home Finance Company Limited<br>1,900 (2017 - Nil) 7.65% Unsecured Rated Listed Redeemable<br>Senior Non-Convertible Bonds in the nature of Debentures Series<br>HDBFB171 (23 October 2018) of ₹ 500000.00 each, fully paid |   | 95.00    |   | –        |
| IDFC Bank Limited<br>Nil (2017 - 3,000) Zero Coupon Unsecured Redeemable<br>Non-Convertible Debentures Series IDFC Bank OBB 20/2015<br>(27 November 2017) of ₹ 1000000.00 each, fully paid  |   | –        | 354.25                                  |          |
| Carried over  | 2050.19                                 | 8351.52  | 2185.36                                 | 8148.08  |



## Notes to the Consolidated Financial Statements

|   | As at 31st March, 2018<br>(₹ in Crores) |                 | As at 31st March, 2017<br>(₹ in Crores) |                 |
|---|---|-----------------|---|-----------------|
|   | Quoted                                  | Unquoted        | Quoted                                  | Unquoted        |
| <b>11. Current investments (Contd.)</b>   |   |                 |   |                 |
| Brought forward   | 2050.19                                 | 8351.52         | 2185.36                                 | 8148.08         |
| <b>INVESTMENT IN BONDS/DEBENTURES (Contd.)</b>  |   |                 |   |                 |
| LIC Housing Finance Limited   |   |                 |   |                 |
| Nil (2017 - 30) 8.50% Secured Redeemable Non-Convertible Debentures Tranche 187 (13 April 2017) of ₹ 1000000.00 each, fully paid  | –                                       |                 | 3.00                                    |                 |
| Nil (2017 - 1,000) 9.18% Secured Redeemable Non-Convertible Debentures Tranche 219 (03 July 2017) of ₹ 1000000.00 each, fully paid  | –                                       |                 | 100.11                                  |                 |
| Nil (2017 - 300) 9.29% Secured Redeemable Non-Convertible Debentures Tranche 230 Option 1 (16 October 2017) of ₹ 1000000.00 each, fully paid                                  | –                                       |                 | 30.12                                   |                 |
| Nil (2017 - 170) 9.80% Secured Redeemable Non-Convertible Debentures Tranche XXVI (22 October 2017) of ₹ 1000000.00 each, fully paid  | –                                       |                 | 17.10                                   |                 |
| 500 (2017 - Nil) 8.38% Secured Redeemable Non-Convertible Debentures Tranche 277 Option 1 (27 February 2019) of ₹ 1000000.00 each, fully paid                                 | 50.35                                   |                 | –                                       |                 |
| Power Finance Corporation Limited   |   |                 |   |                 |
| Nil (2017 - 1,000) 8.12% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 139-B (22 May 2017) of ₹ 1000000.00 each, fully paid           | –                                       |                 | 99.99                                   |                 |
| Nil (2017 - 1,500) 9.11% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 115 I (07 July 2017) of ₹ 1000000.00 each, fully paid          | –                                       |                 | 150.22                                  |                 |
| Nil (2017 - 379) 9.27% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 92-B (21 August 2017) of ₹ 1000000.00 each, fully paid                        | –                                       |                 | 38.04                                   |                 |
| Nil (2017 - 150) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 117A (19 August 2017) of ₹ 1000000.00 each, fully paid           | –                                       |                 | 15.06                                   |                 |
| 170 (2017 - Nil) 8.29% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 129-B (13 June 2018) of ₹ 1000000.00 each, fully paid            | 17.01                                   |                 | –                                       |                 |
| Rural Electrification Corporation Limited   |   |                 |   |                 |
| Nil (2017 - 1,000) 9.40% Unsecured Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2017 Series - 108 (Option I) (20 July 2017) of ₹ 1000000.00 each, fully paid     | –                                       |                 | 100.31                                  |                 |
| Small Industries Development Bank Of India  |   |                 |   |                 |
| 1,000 (2017 - Nil) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2015-16 (26 February 2019) of ₹ 1000000.00 each, fully paid | 100.00                                  |                 | –                                       |                 |
| <b>Aggregate amount of quoted and unquoted Investments</b>  | <b>2217.55</b>                          | <b>8351.52</b>  | <b>2739.31</b>                          | <b>8148.08</b>  |
| <b>TOTAL</b>  |   | <b>10569.07</b> |   | <b>10887.39</b> |

Aggregate market value of quoted investments ₹ 2394.82 Crores (2017 - ₹ 2743.52 Crores).

## Notes to the Consolidated Financial Statements

|  | As at<br>31st March, 2018<br>(₹ in Crores) | As at<br>31st March, 2017<br>(₹ in Crores) |
|--|--|--|
| <b>12. Trade Receivables (Current)</b>   |  |  |
| Secured, considered good                 | 29.41                                      | 29.14                                      |
| Unsecured, considered good               | 2652.88                                    | 2445.15                                    |
| Doubtful                                 | 133.90                                     | 120.55                                     |
| Less: Allowance for doubtful receivables | 133.90                                     | 120.55                                     |
| <b>TOTAL</b>                             | <b>2682.29</b>                             | <b>2474.29</b>                             |

|  |               |               |
|--|---------------|---------------|
| <b>13. Cash and cash equivalents @</b> |               |               |
| Balances with Banks                    |               |               |
| Current accounts                       | 131.52        | 233.82        |
| Deposit accounts                       | 16.66         | 92.31         |
| Cheques, drafts on hand                | 2.10          | 4.65          |
| Cash on hand                           | 2.79          | 2.29          |
| <b>TOTAL</b>                           | <b>153.07</b> | <b>333.07</b> |

@ Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.

|                                |                |                |
|--------------------------------|----------------|----------------|
| <b>14. Other bank balances</b> |                |                |
| Earmarked balances             | 158.45         | 157.68         |
| In deposit accounts*           | 2588.08        | 2476.65        |
| <b>TOTAL</b>                   | <b>2746.53</b> | <b>2634.33</b> |

\* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.

## Notes to the Consolidated Financial Statements

|  | As at<br>31st March, 2018<br>(No. of Shares) | As at<br>31st March, 2018<br>(₹ in Crores)   | As at<br>31st March, 2017<br>(No. of Shares) | As at<br>31st March, 2017<br>(₹ in Crores) |
|--|--|--|--|--|
| <b>15. Equity Share capital</b>  |  |  |  |  |
| <b>Authorised</b>  |  |  |  |  |
| Ordinary Shares of ₹ 1.00 each   | 20,00,00,00,000                              | 2000.00                                      | 20,00,00,00,000                              | 2000.00                                    |
| <b>Issued and Subscribed</b>   |  |  |  |  |
| Ordinary Shares of ₹ 1.00 each, fully paid   | 12,20,42,94,911                              | 1220.43                                      | 12,14,73,83,071                              | 1214.74                                    |
| <b>A) Reconciliation of number of Ordinary Shares outstanding</b>  |  |  |  |  |
| As at beginning of the year  | 12,14,73,83,071                              | 1214.74                                      | 8,04,72,06,991                               | 804.72                                     |
| Add: Issue of Bonus Shares   | –  | –  | 4,02,66,57,100                               | 402.67                                     |
| Add: Issue of Shares on exercise of Options  | 5,69,11,840                                  | 5.69   | 7,35,18,980                                  | 7.35                                       |
| As at end of the year  | <u>12,20,42,94,911</u>                       | <u>1220.43</u>                               | <u>12,14,73,83,071</u>                       | <u>1214.74</u>                             |
| <b>B) Shareholders holding more than 5% of the Ordinary Shares in the Company</b>  |  |  |  |  |
|  | As at<br>31st March, 2018<br>(No. of Shares) | As at<br>31st March, 2018<br>%               | As at<br>31st March, 2017<br>(No. of Shares) | As at<br>31st March, 2017<br>%             |
| Tobacco Manufacturers (India) Limited  | 2,97,83,47,320                               | 24.40  | 2,97,83,47,320                               | 24.52                                      |
| Life Insurance Corporation of India  | 1,97,50,75,980                               | 16.18  | 1,97,50,75,980                               | 16.26                                      |
| Specified Undertaking of the Unit Trust of India   | 1,02,52,89,805                               | 8.40   | 1,10,25,91,521                               | 9.08                                       |
| <b>C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March</b> |  |  |  |  |
|  | 2018<br>(No. of Shares)                      | 2017<br>(No. of Shares)                      |  |  |
| Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited   | 87,761                                       | 87,761                                       |  |  |
| <b>D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March</b>   |  |  |  |  |
|  | 2018<br>(No. of Shares)                      | 2017<br>(No. of Shares)                      |  |  |
| Bonus Shares issued in 2016-17   | 4,02,66,57,100                               | 4,02,66,57,100                               |  |  |
| <b>E) Rights, preferences and restrictions attached to the Ordinary Shares</b>   |  |  |  |  |
| The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.            |  |  |  |  |
| <b>F) Shares reserved for issue under Options</b>  |  |  |  |  |
|  | As at<br>31st March, 2018<br>(No. of Shares) | As at<br>31st March, 2017<br>(No. of Shares) |  |  |
| Ordinary Shares of ₹ 1.00 each   | 43,30,60,920                                 | 43,15,59,080                                 |  |  |

### Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010.

The vesting period for conversion of Options is as follows:

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

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

Further details of ITC Employee Stock Option Schemes are provided in Note 28(xiii).

## Notes to the Consolidated Financial Statements

|                                   | As at 31st March, 2018<br>(₹ in Crores) | As at 31st March, 2017<br>(₹ in Crores) |
|-----------------------------------|---|---|
| <b>16. Non-current borrowings</b> |   |   |
| <b>Unsecured</b>                  |   |   |
| Term loans                        |   |   |
| – From Others                     | 0.37                                    | 0.41                                    |
| Deferred payment liabilities      |   |   |
| – Sales tax deferment loans       | 11.13                                   | 17.99                                   |
| <b>TOTAL</b>                      | <b>11.50</b>                            | <b>18.40</b>                            |

**Terms of borrowings are as under:**

**Term Loans from Others:**

Comprise two interest free loans. One of the loans is repayable by 2018-19 in annual instalments and the other loan stipulates repayment on the basis of 33% (2017 - 33%) of the net profits earned by a subsidiary or the residual balance, whichever is less.

**Sales tax deferment loans:**

Interest free deferral period ranging from 10 to 14 years and are repayable by 2025-26.

The scheduled maturity of the Non-current borrowings are summarised as under:

|   | Term Loans  | Deferred Payment Liabilities | Term Loans  | Deferred Payment Liabilities |
|---|-------------|------------------------------|-------------|------------------------------|
| <b>Borrowings repayable</b>                 |             |                              |             |                              |
| In the first year (Refer Note 17)           | 0.21        | 6.86                         | 0.37        | 7.84                         |
| <b>Current maturities of long-term debt</b> | <b>0.21</b> | <b>6.86</b>                  | <b>0.37</b> | <b>7.84</b>                  |
| In the second year                          | 0.13        | 3.24                         | 0.13        | 6.86                         |
| In the third to fifth year                  | 0.24        | 3.35                         | 0.28        | 5.85                         |
| After five years                            | –           | 4.54                         | –           | 5.28                         |
| <b>Non-current borrowings</b>               | <b>0.37</b> | <b>11.13</b>                 | <b>0.41</b> | <b>17.99</b>                 |

|   | As at 31st March, 2018<br>(₹ in Crores) | As at 31st March, 2017<br>(₹ in Crores) |
|---|---|---|
| <b>17. Other financial liabilities</b>  |   |   |
| <b>Non-current</b>  |   |   |
| Others<br>(Includes retention money payable towards property, plant and equipment, deposits, etc.)                  | 67.79                                   | 41.21                                   |
| <b>TOTAL</b>  | <b>67.79</b>                            | <b>41.21</b>                            |
| <b>Current</b>  |   |   |
| Current maturities of long-term debt (Refer Note 16)  | 7.07                                    | 8.21                                    |
| Interest accrued  | 1.75                                    | 1.78                                    |
| Unpaid dividend*  | 158.23                                  | 157.42                                  |
| Unpaid matured deposits and interest accrued thereon  | ...                                     | ...                                     |
| Unpaid matured debentures/bonds and interest accrued thereon**  | 0.30                                    | 0.30                                    |
| Others<br>(Includes payable for property, plant and equipment, derivatives designated as hedging instruments, etc.) | 826.52                                  | 735.54                                  |
| <b>TOTAL</b>  | <b>993.87</b>                           | <b>903.25</b>                           |

\* Represents dividend amounts either not claimed or kept in abeyance in accordance with Section 126 of the Companies Act, 2013, or such amounts in respect of which Prohibitory/Attachment Orders are on record with the Company.

\*\* Represents amounts which are subject matter of a pending legal dispute with a bank for which the Company has filed a suit.

## Notes to the Consolidated Financial Statements

|   | As at<br>31st March, 2018<br>(₹ in Crores) |                | As at<br>31st March, 2017<br>(₹ in Crores) |                |
|---|--|----------------|--|----------------|
|   | Current                                    | Non-Current    | Current                                    | Non-Current    |
| <b>18. Provisions</b>   |  |                |  |                |
| Provision for employee benefits [Refer Note 28(viii)]                   |  |                |  |                |
| Retirement benefits   | 23.38                                      | 104.71         | 32.92                                      | 105.58         |
| Other benefits  | 40.42                                      | 44.63          | 28.24                                      | 52.55          |
| Provision for standard assets   | –  | 0.29           | –  | 0.29           |
| <b>TOTAL</b>  | <b>63.80</b>                               | <b>149.63</b>  | <b>61.16</b>                               | <b>158.42</b>  |
| <b>19. Other liabilities</b>  |  |                |  |                |
|   |  |                |  |                |
| <b>Non-current</b>  |  |                |  |                |
| Revenue received in advance   |  | 3.89           |  | 3.14           |
| Deferred revenue arising from Government grant                          |  | 38.30          |  | 14.65          |
| <b>TOTAL</b>  |  | <b>42.19</b>   |  | <b>17.79</b>   |
| <b>Current</b>  |  |                |  |                |
| Statutory liabilities   |  | 4038.46        |  | 2732.20        |
| Advances received from customers  |  | 460.53         |  | 494.82         |
| Revenue received in advance   |  | 11.02          |  | 9.79           |
| Others  |  |                |  |                |
| – Deferred revenue arising from Government grant                        |  | 1.27           |  | 0.79           |
| – Others (includes deferred revenue, accruals, customer deposits, etc.) |  | 99.11          |  | 89.86          |
| <b>TOTAL</b>  |  | <b>4610.39</b> |  | <b>3327.46</b> |
| <b>20. Current borrowings</b>   |  |                |  |                |
|   |  |                |  |                |
| <b>Secured</b>  |  |                |  |                |
| Loans from Banks  |  |                |  |                |
| Cash credit facilities*   |  | 6.79           |  | 1.11           |
| Short term loan from Bank**   |  | 10.56          |  | –              |
| <b>Unsecured</b>  |  |                |  |                |
| Loans from related parties (Refer Note 30)                              |  | –              |  | 18.00          |
| <b>TOTAL</b>  |  | <b>17.35</b>   |  | <b>19.11</b>   |

\* Cash credit facilities are secured by hypothecation of certain property, plant and equipment, investments and current assets, both present and future.

\*\* Short term loan from Bank is in the nature of fixed rate short tenure loan @ 8.15% p.a. and is secured by way of charge on certain current assets.

## Notes to the Consolidated Financial Statements

|   | As at<br>31st March, 2018<br>(₹ in Crores)              | As at<br>31st March, 2017<br>(₹ in Crores)              |
|---|---|---|
| <b>21A. Income Tax Assets (Net)</b>   |   |   |
| Income Tax Assets (net of provisions)   | 61.54   | 38.57   |
| Fringe Benefit Tax (net of provisions)  | 0.02  | 0.02  |
| <b>TOTAL</b>  | <b>61.56</b>  | <b>38.59</b>  |
| <b>21B. Current Tax liabilities (Net)</b>   |   |   |
| Current taxation (net of advance payment)   | 68.56   | 150.70  |
| <b>TOTAL</b>  | <b>68.56</b>  | <b>150.70</b>   |
|   | For the year ended<br>31st March, 2018<br>(₹ in Crores) | For the year ended<br>31st March, 2017<br>(₹ in Crores) |
| <b>22A. Revenue from operations</b>   |   |   |
| Sale of Products  | 44385.65  | 55486.62  |
| Sale of Services  | 2976.86   | 2801.33   |
| Gross Revenue from sale of products and services*<br>[including excise duty/National Calamity Contingent Duty of<br>₹ 5238.80 Crores (2017 - ₹ 16564.98 Crores)]@ | 47362.51  | 58287.95  |
| Other Operating Revenues#   | 326.04  | 416.57  |
| <b>TOTAL</b>  | <b>47688.55</b>   | <b>58704.52</b>   |

\* Net of sales returns and damaged stocks.

@ Also refer to the note in the 'Consolidated Statement of Profit and Loss'.

# Includes Government grants received of ₹ 94.23 Crores (2017 - ₹ 140.90 Crores) on account of Export Promotion Capital Goods, Served from India Scheme, Service Export from India Scheme, Merchandise Export from India Scheme, etc.

| <b>22B. Gross revenue from sale of products and services *@</b>  |                 |                 |
|--|-----------------|-----------------|
| <b>FMCG</b>  |                 |                 |
| – Cigarettes etc.  | 24848.09        | 35877.66        |
| – Branded Packaged Food Products   | 8667.43         | 8035.34         |
| – Others (Apparel, Education and Stationery Products,<br>Personal Care Products, Safety Matches, Agarbattis, etc.) | 2671.88         | 2488.22         |
| <b>Hotels</b>  |                 |                 |
| – Hotels Sales/Income from Hotel Services  | 1480.02         | 1400.35         |
| <b>Agri Business</b>   |                 |                 |
| – Unmanufactured Tobacco   | 1538.52         | 1664.26         |
| – Other Agri Products and Commodities<br>(Wheat, Soya, Spices, Coffee, Aqua, etc.)                                 | 2935.70         | 3649.87         |
| <b>Paperboards, Paper and Packaging</b>  |                 |                 |
| – Paperboards and Paper  | 3212.12         | 3210.92         |
| – Printed Materials  | 483.29          | 521.71          |
| <b>Others</b>  |                 |                 |
| – Others   | 1525.46         | 1439.62         |
| <b>TOTAL</b>   | <b>47362.51</b> | <b>58287.95</b> |

\* Net of sales returns and damaged stocks.

@ Also refer to the note in the 'Consolidated Statement of Profit and Loss'.

## Notes to the Consolidated Financial Statements

|   | For the year ended<br>31st March, 2018<br>(₹ in Crores) | For the year ended<br>31st March, 2017<br>(₹ in Crores) |
|---|---|---|
| <b>23. Other income</b>   |   |   |
| Interest income   | 964.74  | 903.16  |
| Dividend income   | 8.48  | 0.14  |
| Other non-operating income  | 19.22   | 41.27   |
| Other gains and losses  | 839.42  | 816.96  |
| <b>TOTAL</b>  | <b>1831.86</b>  | <b>1761.53</b>  |
| Interest income comprises interest from:  |   |   |
| a) Deposits with Banks etc. - carried at amortised cost   | 261.27  | 341.71  |
| b) Financial assets mandatorily measured at FVTPL   | 183.30  | 170.69  |
| c) Other financial assets measured at amortised cost  | 481.86  | 389.90  |
| d) Others (from statutory authorities etc.)   | 38.31   | 0.86  |
| <b>TOTAL</b>  | <b>964.74</b>   | <b>903.16</b>   |
| Dividend income comprises dividend from:  |   |   |
| a) Equity instruments measured at FVTOCI held at the end of reporting period                      | 8.32  | 0.02  |
| b) Other investments  | 0.16  | 0.12  |
| <b>TOTAL</b>  | <b>8.48</b>   | <b>0.14</b>   |
| Other gains and losses:   |   |   |
| Net foreign exchange gain/(loss)  | 47.14   | 8.39  |
| Net gain/(loss) arising on financial assets mandatorily measured at FVTPL*                        | 787.49  | 663.62  |
| Gain recognised on disposal of subsidiary   | 9.61  | 144.95  |
| Impairment of investment in joint venture company   | (4.82)  | -   |
| <b>TOTAL</b>  | <b>839.42</b>   | <b>816.96</b>   |
| * Includes ₹ 299.11 Crores (2017 - ₹ 153.69 Crores) being net gain/(loss) on sale of investments. |   |   |
| <b>24. Employee benefits expense</b>  |   |   |
| Salaries and wages  | 2943.95   | 2744.64   |
| Contribution to Provident and other funds   | 232.18  | 212.40  |
| Share based payments to employees   | 393.41  | 496.02  |
| Staff welfare expenses  | 218.07  | 206.38  |
|   | <b>3787.61</b>  | <b>3659.44</b>  |
| Less: Recoveries made/reimbursements received   | 26.71   | 27.71   |
| <b>TOTAL</b>  | <b>3760.90</b>  | <b>3631.73</b>  |

## Notes to the Consolidated Financial Statements

|   | For the year ended<br>31st March, 2018<br>(₹ in Crores) | For the year ended<br>31st March, 2017<br>(₹ in Crores) |
|---|---|---|
| <b>25. Finance costs</b>                              |   |   |
| Interest expense:                                     |   |   |
| – On financial liabilities measured at amortised cost | 36.64   | 8.77  |
| – Others  | 53.27   | 15.53   |
| <b>TOTAL</b>  | <b>89.91</b>  | <b>24.30</b>  |
| <b>26. Other expenses</b>                             |   |   |
| Power and fuel  | 653.50  | 584.33  |
| Consumption of stores and spare parts                 | 268.69  | 271.11  |
| Contract processing charges                           | 862.04  | 858.35  |
| Rent [Refer Note 28 (ix)]                             | 332.84  | 327.55  |
| Rates and taxes                                       | 222.39  | 569.05  |
| Insurance   | 85.68   | 89.98   |
| Repairs   |   |   |
| – Buildings   | 61.31   | 67.55   |
| – Machinery   | 220.62  | 224.60  |
| – Others  | 62.82   | 66.62   |
| Maintenance and upkeep                                | 222.14  | 195.67  |
| Outward freight and handling charges                  | 904.07  | 855.97  |
| Warehousing charges                                   | 152.97  | 131.83  |
| Advertising/Sales promotion                           | 902.24  | 810.70  |
| Market research                                       | 132.64  | 114.63  |
| Design and product development                        | 46.49   | 50.80   |
| Hotel reservation/Marketing expenses                  | 34.80   | 32.61   |
| Retail accessories                                    | 134.36  | 205.12  |
| Brokerage and discount - sales                        | 7.89  | 9.01  |
| Commission to selling agents                          | 27.98   | 40.88   |
| Doubtful and bad debts                                | 30.82   | 34.08   |
| Doubtful and bad advances, loans and deposits         | 4.03  | 1.25  |
| Bank and credit card charges                          | 25.10   | 24.73   |
| Information technology services                       | 147.16  | 143.63  |
| Travelling and conveyance                             | 359.98  | 345.26  |
| Training and development                              | 30.27   | 25.37   |
| Legal expenses  | 42.00   | 49.08   |
| Consultancy/Professional fees                         | 338.40  | 320.10  |
| Postage, telephone, etc.                              | 34.12   | 39.82   |
| Printing and stationery                               | 18.59   | 18.35   |
| Loss on sale of property, plant and equipment - Net   | 8.81  | 8.87  |
| Loss on sale of stores and spare parts - Net          | 3.72  | 4.58  |
| Miscellaneous expenses                                | 971.13  | 1138.33   |
| <b>TOTAL</b>  | <b>7349.60</b>  | <b>7659.81</b>  |



## Notes to the Consolidated Financial Statements

|  | For the year ended<br>31st March, 2018<br>(₹ in Crores) | For the year ended<br>31st March, 2017<br>(₹ in Crores) |
|--|---|---|
| <b>27. Income tax expenses</b>   |   |   |
| <b>A. Amount recognised in profit or loss</b>  |   |   |
| <b>Current tax</b>   |   |   |
| Income tax for the year  |   |   |
| Current tax  | 6158.16   | 5601.57   |
| Adjustments/(credits) related to previous years - Net  |   |   |
| Current tax  | (264.97)  | (55.05)   |
| MAT credit entitlement   | -   | (0.36)  |
| <b>Total current tax</b>   | <b>5893.19</b>  | <b>5546.16</b>  |
| <b>Deferred tax</b>  |   |   |
| Deferred tax for the year  | (71.08)   | (51.10)   |
| Adjustments/(credits) related to previous years - Net  | 94.32   | 54.03   |
| <b>Total deferred tax</b>  | <b>23.24</b>  | <b>2.93</b>   |
| <b>TOTAL</b>   | <b>5916.43</b>  | <b>5549.09</b>  |
| <b>B. Amount recognised in other comprehensive income</b>  |   |   |
| The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:                   |   |   |
| On items that will not be reclassified to profit or loss   |   |   |
| Remeasurement gains/(losses) on defined benefit plans  | (29.84)   | 2.73  |
| Related to designated portion of hedging instruments in cash flow hedges   | (3.56)  | 21.18   |
|  | <b>(33.40)</b>  | <b>23.91</b>  |
| On items that will be reclassified to profit or loss   |   |   |
| Related to designated portion of hedging instruments in cash flow hedges   | 6.42  | (6.31)  |
| <b>TOTAL</b>   | <b>(26.98)</b>  | <b>17.60</b>  |
| <b>C. Amount recognised directly in equity</b>   |   |   |
| The income tax (charged)/credited directly to equity during the year is as follows:  |   |   |
| <b>Deferred tax</b>  |   |   |
| Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items | 12.17   | 5.77  |
| <b>TOTAL</b>   | <b>12.17</b>  | <b>5.77</b>   |
| <b>D. Reconciliation of effective tax rate</b>   |   |   |
| The income tax expense for the year can be reconciled to the accounting profit as follows:                                       |   |   |
| <b>Profit before tax</b>   | <b>17409.11</b>   | <b>16026.32</b>   |
| Income tax expense calculated @ 34.608% (2017: 34.608%)  | 6024.94   | 5546.39   |
| Effect of tax relating to uncertain tax positions  | 88.95   | 106.28  |
| Effect of different tax rate on certain items  | (60.60)   | (48.44)   |
| Difference in tax rates of subsidiary companies  | (40.15)   | (41.19)   |
| Effect of income not taxable   | (103.36)  | (86.98)   |
| Other differences  | 201.93  | 128.86  |
| Benefit of previously unrecognised tax loss to reduce current tax expense  | (23.60)   | (43.15)   |
| Benefit of previously unrecognised tax loss to reduce deferred tax expense   | (1.03)  | (11.48)   |
| <b>Total</b>   | <b>6087.08</b>  | <b>5550.29</b>  |
| Adjustments recognised in the current year in relation to the current tax of prior years   | (170.65)  | (1.20)  |
| <b>Income tax recognised in profit or loss</b>   | <b>5916.43</b>  | <b>5549.09</b>  |

The tax rate used for the year 2016-17 and 2017-18 is the corporate tax rate of 34.608% (30% + surcharge @ 12% and education cess @ 3%) payable on taxable profits under the Income Tax Act, 1961.

# Notes to the Consolidated Financial Statements

## 28. Additional Notes to the Consolidated Financial Statements

(i) Exceptional Items represent provisions for earlier years of ₹ 412.90 Crores (₹ 270.00 Crores post tax), in respect of Tamil Nadu entry tax that have been written back, based on a favourable order of the Hon'ble Supreme Court.

| (ii) Earnings per share:   | 2018            | 2017            |
|--|-----------------|-----------------|
| Earnings per share has been computed as under:   |                 |                 |
| (a) Profit for the year (₹ in Crores)  | 11271.20        | 10289.44        |
| (b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share | 12,17,58,14,877 | 12,10,38,51,999 |
| (c) Effect of potential Ordinary shares on Employee Stock Options outstanding                          | 7,09,84,629     | 7,54,20,442     |
| (d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]     | 12,24,67,99,506 | 12,17,92,72,441 |
| (e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)                            |                 |                 |
| – Basic [(a)/(b)]  | ₹ 9.26          | ₹ 8.50          |
| – Diluted [(a)/(d)]  | ₹ 9.20          | ₹ 8.45          |

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

| Name  | Country of Incorporation | Percentage of ownership interest as at 31st March, 2018 | Percentage of ownership interest as at 31st March, 2017 |
|---|--------------------------|---|---|
| Srinivasa Resorts Limited   | India                    | 68  | 68  |
| Fortune Park Hotels Limited   | India                    | 100   | 100   |
| Bay Islands Hotels Limited  | India                    | 100   | 100   |
| Surya Nepal Private Limited   | Nepal                    | 59  | 59  |
| Landbase India Limited  | India                    | 100   | 100   |
| MRR Trading & Investment Company Limited<br>(a 100% subsidiary of ITC Investments & Holdings Limited) | India                    | 100   | 100   |
| Russell Credit Limited  | India                    | 100   | 100   |
| Greenacre Holdings Limited<br>(a 100% subsidiary of Russell Credit Limited)                           | India                    | 100   | 100   |
| Wimco Limited   | India                    | 98.21   | 98.21   |
| Prag Agro Farm Limited  | India                    | 100   | 100   |
| Pavan Poplar Limited  | India                    | 100   | 100   |
| Technico Agri Sciences Limited  | India                    | 100   | 100   |
| Technico Pty Limited  | Australia                | 100   | 100   |
| Technico Technologies Inc.<br>(a 100% subsidiary of Technico Pty Limited)                             | Canada                   | 100   | 100   |

# Notes to the Consolidated Financial Statements

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

| Name   | Country of Incorporation | Percentage of ownership interest as at 31st March, 2018 | Percentage of ownership interest as at 31st March, 2017 |
|--|--------------------------|---|---|
| Technico Asia Holdings Pty Limited<br>(a 100% subsidiary of Technico Pty Limited)                            | Australia                | 100   | 100   |
| Technico Horticultural<br>(Kunming) Co. Limited<br>(a 100% subsidiary of Technico Asia Holdings Pty Limited) | China                    | 100   | 100   |
| ITC Infotech India Limited   | India                    | 100   | 100   |
| ITC Infotech Limited<br>(a 100% subsidiary of ITC Infotech India Limited)                                    | UK                       | 100   | 100   |
| ITC Infotech (USA), Inc.<br>(a 100% subsidiary of ITC Infotech India Limited)                                | USA                      | 100   | 100   |
| Indivate Inc.<br>[a 100% subsidiary of ITC Infotech (USA), Inc.]   | USA                      | 100   | 100   |
| Gold Flake Corporation Limited   | India                    | 100   | 100   |
| WelcomHotels Lanka (Private) Limited   | Sri Lanka                | 100   | 100   |
| ITC Investments & Holdings Limited   | India                    | 100   | 100   |
| North East Nutrients Private Limited   | India                    | 76  | 76  |

ITC Global Holdings Pte. Limited, Singapore (a wholly owned subsidiary of ITC Limited), in liquidation, has not been considered in the preparation of these Consolidated Financial Statements.

The financial statements of all subsidiaries, considered in the Consolidated Accounts, are drawn upto 31st March other than for Surya Nepal Private Limited where it is upto 14th March, based on the local laws of Nepal where the company is incorporated.

(b) Interests in Joint Ventures:

The Group's interests in jointly controlled entities (incorporated Joint Ventures) are:

| Name  | Country of Incorporation | Percentage of ownership interest as at 31st March, 2018 | Percentage of ownership interest as at 31st March, 2017 |
|---|--------------------------|---|---|
| Maharaja Heritage Resorts Limited   | India                    | 50  | 50  |
| Espirit Hotels Private Limited  | India                    | 26  | 26  |
| Logix Developers Private Limited  | India                    | 27.90   | 27.90   |
| ITC Essentra Limited<br>(a joint venture of Gold Flake Corporation Limited) | India                    | 50  | 50  |

# Notes to the Consolidated Financial Statements

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

The Group's interests in jointly controlled operations:

Technico Technologies Inc., Canada has entered into a farming arrangement with Shamrock Seed Potato Farm Limited, Canada for production and sale of early generation seed potatoes. The participating share of Technico Technologies Inc., Canada is 35% (2017 - 35%).

The financial statements of all the Joint Ventures, considered in the Consolidated Accounts, are drawn upto 31st March.

(c) Investments in Associates:

The Group's Associates are:

| Name                               | Country of Incorporation | Percentage of ownership interest as at 31st March, 2018 | Percentage of ownership interest as at 31st March, 2017 |
|------------------------------------|--------------------------|---|---|
| Gujarat Hotels Limited             | India                    | 45.78   | 45.78   |
| International Travel House Limited | India                    | 48.96   | 48.96   |
| Russell Investments Limited        | India                    | 25.43   | 25.43   |
| Divya Management Limited           | India                    | 33.33   | 33.33   |
| Antrang Finance Limited            | India                    | 33.33   | 33.33   |
| ATC Limited                        | India                    | 47.50   | 47.50   |

The financial statements of all Associates, considered in the Consolidated Accounts, are drawn upto 31st March.

(d) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries, associates and joint ventures on the audited financial statements prepared for consolidation in accordance with the requirements of Indian Accounting Standard - 110 (Ind AS 110) on "Consolidated Financial Statements", Indian Accounting Standard - 28 (Ind AS 28) on "Investments in Associates and Joint Ventures" and Indian Accounting Standard - 111 (Ind AS 111) on "Joint Arrangements" by each of the included entities other than in respect of a joint venture Logix Developers Private Limited which has been considered on the basis of financial statements as certified by Logix Developers Private Limited's management and provided to the Company.

(iv) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 294.95 Crores (2017 - ₹ 281.00 Crores) comprising employee benefits expenses of ₹ 7.84 Crores (2017 - ₹ 6.75 Crores) and other expenses of ₹ 287.11 Crores (2017 - ₹ 274.25 Crores) of which ₹ 14.42 Crores (2017 - ₹ 16.80 Crores) is accrued for payment as on 31st March, 2018. Such CSR expenditure of ₹ 294.95 Crores (2017 - ₹ 281.00 Crores) excludes ₹ 10.29 Crores (2017 - ₹ 11.80 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit imposed of 5% of total CSR expenditure laid down under Rule 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as applicable to individual entities.

(v) Contingent liabilities and commitments:

(a) Contingent liabilities:

Claims against the Group not acknowledged as debts, are ₹ 855.74 Crores (2017 - ₹ 785.77 Crores), including interest on claims, where applicable, estimated to be ₹ 237.56 Crores (2017 - ₹ 208.36 Crores), including share of joint venture ₹ 0.11 Crore (2017 - ₹ 0.11 Crore) and share of associates ₹ 0.15 Crore (2017 - ₹ 0.15 Crore). These comprise:

- Excise duty, VAT/sales taxes, GST and other indirect taxes claims disputed by the Group relating to issues of applicability and classification aggregating ₹ 640.23 Crores (2017 - ₹ 592.30 Crores), including interest on claims, where applicable,

# Notes to the Consolidated Financial Statements

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

estimated to be ₹ 217.07 Crores (2017 - ₹ 187.11 Crores), including share of joint venture ₹ 0.11 Crore (2017 - ₹ 0.11 Crore) and share of associates ₹ 0.12 Crore (2017 - ₹ 0.12 Crore).

- Local Authority taxes/cess/royalty on property, utilities etc. claims disputed by the Group relating to issues of applicability and determination aggregating ₹ 106.06 Crores (2017 - ₹ 61.26 Crores), including interest on claims, where applicable, estimated to be ₹ 5.03 Crores (2017 - ₹ 4.99 Crores) including share of associates ₹ 0.03 Crore (2017 - ₹ 0.03 Crore).
- Third party claims arising from disputes relating to contracts aggregating ₹ 39.25 Crores (2017 - ₹ 39.12 Crores), including interest on claims, where applicable, estimated to be ₹ 0.48 Crore (2017 - ₹ 0.36 Crore).
- Other matters aggregating ₹ 70.20 Crores (2017 - ₹ 93.09 Crores), including interest on other matters, where applicable, estimated to be ₹ 14.98 Crores (2017 - ₹ 15.90 Crores).
- In respect of Surya Nepal Private Limited (SNPL), Excise, Income Tax and VAT authorities issued Show Cause Notices (SCNs) and raised demands to recover taxes for different years on theoretical production of cigarettes. The basis for all these SCNs and demands is an untenable contention by the Revenue Authorities that SNPL could have produced more cigarettes than it has actually produced in a given year, by applying an input-output ratio allegedly submitted by SNPL in the year 1990-91 and that, SNPL is liable to pay taxes on such cigarettes that could have been theoretically produced and sold. This, despite the fact that SNPL's cigarette factory was under 'physical control' of the Revenue Authorities and cigarettes produced are duly accounted for and certified as such by the Revenue Authorities.

The above basis of theoretical production has been rejected by the Supreme Court of Nepal vide its orders dated 29th October, 2009 and 1st April, 2010. In the said order of the Supreme Court of Nepal dated 1st April, 2010, the Excise demands (for the financial years 1998-99 to 2002-03) and Income Tax demands (for the financial year 2001-02) were set aside. Citing the aforesaid decisions of the Supreme Court of Nepal, the Inland Revenue Department has, on 11th February, 2011 and 12th August, 2013 decided the following administrative review petitions in favour of SNPL relating to theoretical production:

- (i) Value Added Tax - ₹ 11.88 Crores [Nepalese Rupee (NRs.) 19.01 Crores] for the financial years 2001-02 and 2007-08.
- (ii) Income Tax - ₹ 3.07 Crores (NRs. 4.91 Crores) for the financial year 2005-06.

SNPL's counsel appearing in the matter has opined that the verdict of the Supreme Court of Nepal dated 29th October, 2009, which was delivered by a Full Bench of the Supreme Court of Nepal, will add substantial strength to SNPL's case in all the other matters relating to the issue of theoretical production.

Following is the status of pending demands and Show Cause Notices received from the Revenue Authorities based on similar untenable contention:

### (i) Excise Demands and Show Cause Notices

1. Excise demand letter dated 22nd February, 2008 for ₹ 9.34 Crores (NRs. 14.95 Crores) relating to the financial years 2003-04 to 2005-06. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 2nd April, 2008 and it has issued Show Cause Notices to the respondents.
2. Excise demand letter dated 30th November, 2008 for ₹ 8.03 Crores (NRs. 12.85 Crores) relating to the financial year 2006-07. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 6th January, 2009 and it has issued Show Cause Notices to the respondents.
3. Show Cause Notice dated 19th January, 2010 seeking to demand ₹ 12.28 Crores (NRs. 19.65 Crores) by way of Excise Duty for the financial year 2007-08. SNPL's writ petition challenging the Notice was admitted by the Supreme Court of Nepal. On 7th March, 2010, Supreme Court of Nepal issued interim order directing Inland Revenue Department not to raise demand, pending final disposal of the writ petition.

# Notes to the Consolidated Financial Statements

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

### (ii) Value Added Tax (VAT) Demands

1. VAT demand letter dated 8th August, 2007 for ₹ 3.58 Crores (NRs. 5.72 Crores) relating to the financial year 2002-03. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.
2. VAT demand letter dated 5th August, 2008 for ₹ 0.67 Crore (NRs. 1.07 Crores) relating to the financial year 2003-04. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 5th September, 2008 and it has issued Show Cause Notices to the respondents.
3. VAT demand letter dated 10th July, 2009, for ₹ 6.69 Crores (NRs. 10.70 Crores) relating to the financial years 2004-05 to 2006-07. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 9th August, 2009 and it has issued Show Cause Notices to the respondents.

### (iii) Income Tax Demands

1. Income Tax demand letter dated 12th August, 2007 for ₹ 12.26 Crores (NRs. 19.61 Crores) relating to the financial year 2002-03. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 12th September, 2007 and it has issued Show Cause Notices to the respondents.
2. Income Tax demand letter dated 15th September, 2008 for the financial year 2003-04. Out of total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of the demand for ₹ 1.19 Crores (NRs. 1.91 Crores) is on theoretical production. SNPL's writ petition, challenging the demand, has been admitted by the Supreme Court of Nepal on 8th December, 2008 and it has issued Show Cause Notices to the respondents.
3. Income Tax demand letter dated 16th October, 2009 for the financial year 2004-05. Out of a total demand of ₹ 1.41 Crores (NRs. 2.26 Crores), the basis of the demand for ₹ 1.35 Crores (NRs. 2.16 Crores) is on theoretical production. SNPL has filed an administrative review petition before the Director General, Inland Revenue Department on 18th December, 2009. The Director General without dealing with the issues raised by SNPL, summarily dismissed the petition by an order dated 2nd March, 2010. SNPL thereafter filed an appeal before the Revenue Tribunal, on 17th June, 2010. The Revenue Tribunal, vide its order dated 9th July, 2012 (received by SNPL on 2nd November, 2012), has directed Director General, Inland Revenue Department to reassess the case. The Director General appealed to the Supreme Court of Nepal for admission of the case against the decision of the Revenue Tribunal. The Supreme Court has admitted the case on 11th March, 2016. The matter was heard on 12th February, 2018 and the order is awaited.

SNPL considers that all the demands and show cause notices listed above have no legal or factual basis. Accordingly, SNPL is of the view that there is no liability that is likely to arise, particularly in the light of the decisions in favour of SNPL by the Supreme Court of Nepal and the Inland Revenue Department.

It is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

- (b) Uncalled liability on investments partly paid is ₹ 8.75 Crores (2017 - ₹ 1.25 Crores).
- (c) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding ₹ 1.30 Crores (2017 - ₹ 1.30 Crores).
- (d) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint ventures ₹ 10.28 Crores (2017 - ₹ 9.47 Crores), are ₹ 2330.67 Crores (2017 - ₹ 3026.69 Crores).
- (vi) Research and Development expenses for the year amount to ₹ 130.60 Crores (2017 - ₹ 134.83 Crores).
- (vii) Cost of inventory recognised as expense during the year amount to ₹ 23731.05 Crores (2017 - ₹ 35412.73 Crores).

# Notes to the Consolidated Financial Statements

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

(viii) The Group has adopted Indian Accounting Standard – 19 (Ind AS 19) on 'Employee Benefits'. These Consolidated Financial Statements include the obligations as per requirement of this standard except for those subsidiaries which are incorporated outside India who have determined the valuation/provision for employee benefits as per requirements of their respective countries. In the opinion of the management, the impact of this deviation is not considered material.

(a) Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on 31st March, 2018 and recognised in the financial statements in respect of Employee Benefit Schemes:

### Description of Plans

The Group makes contributions to both Defined Benefit and Defined Contribution Plans for qualifying employees. These Plans are administered through approved Trusts, which operate in accordance with the Trust Deeds, Rules and applicable Statutes. The concerned Trusts are managed by Trustees who provide strategic guidance with regard to the management of their investments and liabilities and also periodically review their performance.

Provident Fund and Pension Benefits are funded, Gratuity Benefits are both funded as well unfunded; and Leave Encashment Benefits are unfunded in nature. The Defined Benefit Pension Plans are based on employees' pensionable remuneration and length of service. Under the Provident Fund, Gratuity and Leave Encashment Schemes, employees are entitled to receive lump sum benefits.

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method as at year end. The Group makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation.

### Risk Management

The Defined Benefit Plans expose the Group to risk of actuarial deficit arising out of investment risk, interest rate risk and salary cost inflation risk.

**Investment Risks:** This may arise from volatility in asset values due to market fluctuations and impairment of assets due to credit losses. These Plans primarily invest in debt instruments such as Government securities and highly rated corporate bonds – the valuation of which is inversely proportional to the interest rate movements.

**Interest Rate Risk:** The present value of Defined Benefit Plans liability is determined using the discount rate based on the market yields prevailing at the end of reporting period on Government bonds. A decrease in yields will increase the fund liabilities and vice-versa.

**Salary Cost Inflation Risk:** The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

These Plans have a relatively balanced mix of investments in order to manage the above risks. The investment strategy is designed based on the interest rate scenario, liquidity needs of the Plans and pattern of investment as prescribed under various Statutes.

The Trustees regularly monitor the funding and investments of these Plans. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure adequacy of internal controls. Pension obligation of the employees is secured by purchasing annuities thereby de-risking the Plans from future payment obligation.

# Notes to the Consolidated Financial Statements

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

|  | For the year ended<br>31st March, 2018<br>(₹ in Crores) |                |               |                     | For the year ended<br>31st March, 2017<br>(₹ in Crores) |               |             |                     |
|--|---|----------------|---------------|---------------------|---|---------------|-------------|---------------------|
|  | Pension   | Gratuity       |               | Leave<br>Encashment | Pension   | Gratuity      |             | Leave<br>Encashment |
|  | Funded  | Funded         | Unfunded      | Unfunded            | Funded  | Funded        | Unfunded    | Unfunded            |
| <b>I Components of Employer Expense</b>  |   |                |               |                     |   |               |             |                     |
| - <b>Recognised in Profit or Loss</b>  |   |                |               |                     |   |               |             |                     |
| 1 Current Service Cost   | 46.30   | 33.00          | 0.39          | 11.43               | 46.29   | 33.51         | 0.25        | 8.91                |
| 2 Past Service Cost  | -   | 7.99           | (0.46)        | -                   | -   | -             | -           | -                   |
| 3 Net Interest Cost  | (3.37)  | (3.26)         | 0.05          | 7.18                | (5.09)  | (1.31)        | 0.06        | 6.91                |
| <b>4 Total expense recognised in the Statement of Profit and Loss</b>  | <b>42.93</b>  | <b>37.73</b>   | <b>(0.02)</b> | <b>18.61</b>        | <b>41.20</b>  | <b>32.20</b>  | <b>0.31</b> | <b>15.82</b>        |
| - <b>Re-measurements recognised in Other Comprehensive Income</b>  |   |                |               |                     |   |               |             |                     |
| 5 Return on plan assets (excluding amounts included in net interest cost)  | (2.99)  | (5.96)         | -             | -                   | (20.45)   | (4.35)        | -           | -                   |
| 6 Effect of changes in demographic assumptions   | (0.48)  | (0.34)         | 0.01          | (0.37)              | -   | (0.22)        | -           | (0.01)              |
| 7 Effect of changes in financial assumptions   | (36.00)   | (11.79)        | (0.52)        | (5.91)              | 31.73   | 15.69         | 0.05        | 4.86                |
| 8 Changes in asset ceiling (excluding interest income)   | -   | -              | -             | -                   | -   | -             | -           | -                   |
| 9 Effect of experience adjustments   | (18.24)   | (4.64)         | (0.56)        | 1.62                | 9.01  | (11.83)       | (0.03)      | 2.74                |
| <b>10 Total re-measurements included in Other Comprehensive Income</b>   | <b>(57.71)</b>  | <b>(22.73)</b> | <b>(1.07)</b> | <b>(4.66)</b>       | <b>20.29</b>  | <b>(0.71)</b> | <b>0.02</b> | <b>7.59</b>         |
| <b>11 Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)</b>   | <b>(14.78)</b>  | <b>15.00</b>   | <b>(1.09)</b> | <b>13.95</b>        | <b>61.49</b>  | <b>31.49</b>  | <b>0.33</b> | <b>23.41</b>        |
| The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 24. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income. |   |                |               |                     |   |               |             |                     |

|  |        |        |        |          |         |        |        |          |
|--|--------|--------|--------|----------|---------|--------|--------|----------|
| <b>II Actual Returns</b>                                     | 55.46  | 29.12  | -      | -        | 73.45   | 28.24  | -      | -        |
| <b>III Net Asset/(Liability) recognised in Balance Sheet</b> |        |        |        |          |         |        |        |          |
| 1 Present Value of Defined Benefit Obligation                | 739.61 | 365.29 | 5.85   | 113.23   | 755.94  | 359.36 | 7.35   | 113.51   |
| 2 Fair Value of Plan Assets                                  | 809.14 | 374.48 | -      | -        | 745.55  | 352.11 | -      | -        |
| 3 Status [Surplus/(Deficit)]                                 | 69.53  | 9.19   | (5.85) | (113.23) | (10.39) | (7.25) | (7.35) | (113.51) |
| 4 Restrictions on Asset Recognised                           | -      | -      | -      | -        | -       | -      | -      | -        |
| 5 Net (Liability) recognised in Balance Sheet                | (3.79) | (5.22) | (5.85) | (113.23) | (10.39) | (7.25) | (7.35) | (113.51) |
| a. Current   | (0.88) | (5.01) | (0.30) | (17.19)  | (8.01)  | (6.99) | (1.04) | (16.88)  |
| b. Non-Current   | (2.91) | (0.21) | (5.55) | (96.04)  | (2.38)  | (0.26) | (6.31) | (96.63)  |
| 6 Net Asset recognised in Balance Sheet                      | 73.32  | 14.41  | -      | -        | -       | -      | -      | -        |
| a. Current   | 53.81  | 14.41  | -      | -        | -       | -      | -      | -        |
| b. Non-Current   | 19.51  | -      | -      | -        | -       | -      | -      | -        |



# Notes to the Consolidated Financial Statements

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

| IV | Change in Defined Benefit Obligation (DBO)              | For the year ended<br>31st March, 2018<br>(₹ in Crores) |               |             |                     | For the year ended<br>31st March, 2017<br>(₹ in Crores) |               |             |                     |
|----|---|---|---------------|-------------|---------------------|---|---------------|-------------|---------------------|
|    |   | Pension   | Gratuity      |             | Leave<br>Encashment | Pension   | Gratuity      |             | Leave<br>Encashment |
|    |   | Funded  | Funded        | Unfunded    | Unfunded            | Funded  | Funded        | Unfunded    | Unfunded            |
| 1  | Present Value of DBO at the beginning of the year       | 755.94  | 359.36        | 7.35        | 113.51              | 656.69  | 336.82        | 7.09        | 104.72              |
| 2  | Current Service Cost                                    | 46.30   | 33.00         | 0.39        | 11.43               | 46.29   | 33.51         | 0.25        | 8.91                |
| 3  | Past Service Cost                                       | –   | 7.99          | (0.46)      | –                   | –   | –             | –           | –                   |
| 4  | Interest Cost   | 49.10   | 19.90         | 0.05        | 7.18                | 47.91   | 22.58         | 0.06        | 6.91                |
| 5  | Re-measurement Gains/(Losses):                          |   |               |             |                     |   |               |             |                     |
|    | a. Effect of changes in demographic assumptions         | (0.48)  | (0.34)        | 0.01        | (0.37)              | –   | (0.22)        | –           | (0.01)              |
|    | b. Effect of changes in financial assumptions           | (36.00)   | (11.79)       | (0.52)      | (5.91)              | 31.73   | 15.69         | 0.05        | 4.86                |
|    | c. Changes in asset ceiling (excluding interest income) | –   | –             | –           | –                   | –   | –             | –           | –                   |
|    | d. Effect of experience adjustments                     | (18.24)   | (4.64)        | (0.56)      | 1.62                | 9.01  | (11.83)       | (0.03)      | 2.74                |
| 6  | Curtailment Cost/(Credit)                               | –   | –             | –           | –                   | –   | –             | –           | –                   |
| 7  | Settlement Cost/(Credit)                                | –   | –             | –           | –                   | –   | –             | –           | –                   |
| 8  | Liabilities assumed in business combination             | –   | –             | –           | –                   | –   | –             | –           | –                   |
| 9  | Exchange difference on foreign plans                    | –   | –             | –           | –                   | –   | –             | –           | –                   |
| 10 | Benefits Paid   | (57.01)   | (38.19)       | (0.41)      | (14.23)             | (35.69)   | (37.19)       | (0.07)      | (14.62)             |
| 11 | <b>Present Value of DBO at the end of the year</b>      | <b>739.61</b>   | <b>365.29</b> | <b>5.85</b> | <b>113.23</b>       | <b>755.94</b>   | <b>359.36</b> | <b>7.35</b> | <b>113.51</b>       |

| V | Best Estimate of Employers' Expected Contribution for the next year | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|------------------------|------------------------|
|   |   | (₹ in Crores)          | (₹ in Crores)          |
|   | – Pension   | 56.83                  | 110.29                 |
|   | – Gratuity  | 29.81                  | 28.41                  |

# Notes to the Consolidated Financial Statements

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

|           |                                       | For the year ended<br>31st March, 2018<br>(₹ in Crores) |               |               |                     | For the year ended<br>31st March, 2017<br>(₹ in Crores) |               |               |                     |          |
|-----------|---------------------------------------|---|---------------|---------------|---------------------|---|---------------|---------------|---------------------|----------|
|           |                                       | Pension   | Gratuity      |               | Leave<br>Encashment | Pension   | Gratuity      |               | Leave<br>Encashment |          |
|           |                                       |   | Funded        | Funded        |                     |   | Unfunded      | Unfunded      |                     | Funded   |
| <b>VI</b> | <b>Change in Fair Value of Assets</b> |   |               |               |                     |   |               |               |                     |          |
|           | 1                                     | Plan Assets at the beginning of the year                | 745.55        | 352.11        | –                   | –   | 667.76        | 313.60        | –                   | –        |
|           | 2                                     | Asset acquired in Business Combination                  | –             | –             | –                   | –   | –             | –             | –                   | –        |
|           | 3                                     | Interest Income   | 52.47         | 23.16         | –                   | –   | 53.00         | 23.89         | –                   | –        |
|           | 4                                     | Re-measurement Gains/ (Losses) on plan assets           | 2.99          | 5.96          | –                   | –   | 20.45         | 4.35          | –                   | –        |
|           | 5                                     | Actual Company Contributions                            | 65.14         | 31.44         | –                   | –   | 40.03         | 47.46         | –                   | –        |
|           | 6                                     | Benefits Paid   | (57.01)       | (38.19)       | –                   | –   | (35.69)       | (37.19)       | –                   | –        |
|           | 7                                     | <b>Plan Assets at the end of the year</b>               | <b>809.14</b> | <b>374.48</b> | <b>–</b>            | <b>–</b>  | <b>745.55</b> | <b>352.11</b> | <b>–</b>            | <b>–</b> |

|   |                              | As at 31st March, 2018 | As at 31st March, 2017 |      |
|---|------------------------------|------------------------|------------------------|------|
|   |                              | Discount Rate (%)      | Discount Rate (%)      |      |
| <b>VII</b>  | <b>Actuarial Assumptions</b> |                        |                        |      |
|   | 1                            | Pension                | 7.50                   | 6.75 |
|   | 2                            | Gratuity               | 7.50                   | 6.75 |
|   | 3                            | Leave Encashment       | 7.50                   | 6.75 |
| The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. |                              |                        |                        |      |

|  |   | As at 31st March, 2018                          | As at 31st March, 2017   |        |
|--|---|---|--|--------|
|  |   | <b>VIII</b>                                     | <b>Major Category of Plan Assets as a % of the Total Plan Assets</b> |        |
|  | 1 | Government Securities/Special Deposit with RBI  | 23.85%   | 27.75% |
|  | 2 | High Quality Corporate Bonds                    | 15.85%   | 19.89% |
|  | 3 | Insurer/Citizen Investment Trust Managed Funds* | 49.26%   | 41.79% |
|  | 4 | Mutual Funds                                    | 2.34%  | 2.38%  |
|  | 5 | Cash and Cash Equivalents                       | 6.14%  | 5.35%  |
|  | 6 | Term Deposits                                   | 2.56%  | 2.84%  |

\* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The fair value of Government Securities, Corporate Bonds, Mutual Funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the participating companies.

# Notes to the Consolidated Financial Statements

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

### IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

| X | Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact) | For the year ended<br>31st March, 2018<br>(₹ in Crores) |        |          |          | For the year ended<br>31st March, 2017<br>(₹ in Crores) |         |                  |          |
|---|--|---|--------|----------|----------|---|---------|------------------|----------|
|   |  | Pension   |        | Gratuity |          | Gratuity  |         | Leave Encashment |          |
|   |  | Funded  | Funded | Unfunded | Unfunded | Funded  | Funded  | Unfunded         | Unfunded |
| 1 | Present Value of Defined Benefit Obligation  | 739.61  | 365.29 | 5.85     | 113.23   | 755.94  | 359.36  | 7.35             | 113.51   |
| 2 | Fair Value of Plan Assets  | 809.14  | 374.48 | –        | –        | 745.55  | 352.11  | –                | –        |
| 3 | Status [Surplus/(Deficit)]   | 69.53   | 9.19   | (5.85)   | (113.23) | (10.39)   | (7.25)  | (7.35)           | (113.51) |
| 4 | Experience Adjustment of Plan Assets [Gain/(Loss)]   | 2.99  | 5.96   | –        | –        | 20.45   | 4.35    | –                | –        |
| 5 | Experience Adjustment of obligation [(Gain)/Loss]  | (18.24)   | (4.64) | (0.56)   | 1.62     | 9.01  | (11.83) | (0.03)           | 2.74     |

### XI Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

(₹ in Crores)

|                                    | DBO as at 31st March, 2018 | DBO as at 31st March, 2017 |
|------------------------------------|----------------------------|----------------------------|
| 1 Discount Rate + 100 basis points | 1158.38                    | 1148.58                    |
| 2 Discount Rate – 100 basis points | 1292.73                    | 1292.20                    |
| 3 Salary Increase Rate + 1%        | 1291.81                    | 1278.05                    |
| 4 Salary Increase Rate – 1%        | 1170.43                    | 1150.58                    |

### Maturity Analysis of the Benefit Payments

|                | DBO as at 31st March, 2018 | DBO as at 31st March, 2017 |
|----------------|----------------------------|----------------------------|
| 1 Year 1       | 198.46                     | 172.50                     |
| 2 Year 2       | 139.86                     | 154.02                     |
| 3 Year 3       | 131.60                     | 97.76                      |
| 4 Year 4       | 112.61                     | 121.02                     |
| 5 Year 5       | 132.26                     | 121.99                     |
| 6 Next 5 Years | 507.67                     | 532.96                     |

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 24: ₹ 151.52 Crores (2017 - ₹ 139.00 Crores).

## Notes to the Consolidated Financial Statements

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

- (ix) The Group's significant leasing arrangements are in respect of operating leases for land and building premises (residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as 'Rent' under Note 26.

With regard to certain other non-cancellable operating leases for premises, the future minimum rentals are as follows:

|   | As at<br>31st March, 2018<br>(₹ in Crores) | As at<br>31st March, 2017<br>(₹ in Crores) |
|---|--|--|
| Not later than one year                           | 14.52                                      | 18.63                                      |
| Later than one year and not later than five years | 29.04                                      | 42.78                                      |
| Later than five years                             | 35.15                                      | 35.91                                      |

- (x) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

| Name of the Entity  | Net Assets                      |                      | Share in Profit or (Loss)             |                      | Share in Other Comprehensive Income             |                      | Share in Total Comprehensive Income             |                      |         |
|---------------------|---------------------------------|----------------------|---------------------------------------|----------------------|---|----------------------|---|----------------------|---------|
|                     | As % of Consolidated Net Assets | Amount (₹ in Crores) | As % of Consolidated Profit or (Loss) | Amount (₹ in Crores) | As % of Consolidated Other Comprehensive Income | Amount (₹ in Crores) | As % of Consolidated Total Comprehensive Income | Amount (₹ in Crores) |         |
| <b>Parent</b>       |                                 |                      |                                       |                      |   |                      |   |                      |         |
| ITC Limited         | 93.07%                          | 49185.07             | 94.33%                                | 10840.87             | 96.04%  | 382.34               | 94.39%  | 11223.21             |         |
| <b>Subsidiaries</b> |                                 |                      |                                       |                      |   |                      |   |                      |         |
| <b>Indian</b>       |                                 |                      |                                       |                      |   |                      |   |                      |         |
| 1                   | Russell Credit Limited          | 1.41%                | 745.90                                | 0.48%                | 55.13   | 6.48%                | 25.79   | 0.68%                | 80.92   |
| 2                   | Greenacre Holdings Limited      | 0.08%                | 44.35                                 | 0.02%                | 1.87  | 0.02%                | 0.07  | 0.02%                | 1.94    |
| 3                   | Wimco Limited                   | ...                  | (0.37)                                | (0.03%)              | (2.98)  | 0.01%                | 0.02  | (0.02%)              | (2.96)  |
| 4                   | Prag Agro Farm Limited          | ...                  | 1.07                                  | ...                  | ...   | –                    | –   | ...                  | ...     |
| 5                   | Pavan Poplar Limited            | ...                  | 1.04                                  | ...                  | (0.29)  | ...                  | ...   | ...                  | (0.29)  |
| 6                   | Technico Agri Sciences Limited  | 0.13%                | 67.72                                 | (0.12%)              | (14.07)   | 0.01%                | 0.05  | (0.12%)              | (14.02) |
| 7                   | Srinivasa Resorts Limited       | 0.13%                | 67.35                                 | ...                  | 0.33  | (0.02%)              | (0.06)  | ...                  | 0.27    |
| 8                   | Fortune Park Hotels Limited     | 0.05%                | 26.92                                 | 0.02%                | 1.93  | 0.03%                | 0.12  | 0.02%                | 2.05    |

# Notes to the Consolidated Financial Statements

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

| Name of the Entity | Net Assets                                   |                      | Share in Profit or (Loss)             |                      | Share in Other Comprehensive Income             |                      | Share in Total Comprehensive Income             |                      |         |
|--------------------|--|----------------------|---------------------------------------|----------------------|---|----------------------|---|----------------------|---------|
|                    | As % of Consolidated Net Assets              | Amount (₹ in Crores) | As % of Consolidated Profit or (Loss) | Amount (₹ in Crores) | As % of Consolidated Other Comprehensive Income | Amount (₹ in Crores) | As % of Consolidated Total Comprehensive Income | Amount (₹ in Crores) |         |
|                    | <b>Indian</b>                                |                      |                                       |                      |   |                      |   |                      |         |
| 9                  | Bay Islands Hotels Limited                   | 0.03%                | 15.46                                 | 0.01%                | 0.97  | –                    | –   | 0.01%                | 0.97    |
| 10                 | ITC Infotech India Limited                   | 0.54%                | 286.54                                | 0.16%                | 18.26   | 2.00%                | 7.98  | 0.22%                | 26.24   |
| 11                 | Gold Flake Corporation Limited               | 0.03%                | 16.65                                 | ...                  | 0.35  | ...                  | ...   | ...                  | 0.35    |
| 12                 | ITC Investments & Holdings Limited           | 0.01%                | 5.15                                  | ...                  | 0.03  | –                    | –   | ...                  | 0.03    |
| 13                 | MRR Trading & Investment Company Limited     | ...                  | 0.01                                  | ...                  | ...   | –                    | –   | ...                  | ...     |
| 14                 | Landbase India Limited                       | 0.44%                | 231.27                                | 0.09%                | 9.84  | 0.02%                | 0.06  | 0.08%                | 9.90    |
| 15                 | North East Nutrients Private Limited         | 0.20%                | 107.82                                | 0.04%                | 4.10  | 0.03%                | 0.11  | 0.04%                | 4.21    |
|                    | <b>Foreign</b>                               |                      |                                       |                      |   |                      |   |                      |         |
| 1                  | Technico Pty Limited                         | 0.05%                | 24.16                                 | 0.06%                | 7.23  | 0.22%                | 0.86  | 0.07%                | 8.09    |
| 2                  | Technico Technologies Inc.                   | ...                  | 1.09                                  | ...                  | 0.19  | –                    | –   | ...                  | 0.19    |
| 3                  | Technico Asia Holdings Pty Limited           | –                    | –                                     | –                    | –   | –                    | –   | –                    | –       |
| 4                  | Technico Horticultural (Kunming) Co. Limited | 0.01%                | 6.78                                  | 0.01%                | 1.05  | –                    | –   | 0.01%                | 1.05    |
| 5                  | WelcomHotels Lanka (Private) Limited         | 1.58%                | 836.44                                | (0.01%)              | (0.79)  | (2.86%)              | (11.37)   | (0.10%)              | (12.16) |
| 6                  | ITC Infotech Limited                         | 0.11%                | 59.80                                 | 0.08%                | 9.46  | –                    | –   | 0.08%                | 9.46    |

## Notes to the Consolidated Financial Statements

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

| Name of the Entity                           |                                    | Net Assets                      |                      | Share in Profit or (Loss)             |                      | Share in Other Comprehensive Income             |                      | Share in Total Comprehensive Income             |                      |
|--|------------------------------------|---------------------------------|----------------------|---------------------------------------|----------------------|---|----------------------|---|----------------------|
|  |                                    | As % of Consolidated Net Assets | Amount (₹ in Crores) | As % of Consolidated Profit or (Loss) | Amount (₹ in Crores) | As % of Consolidated Other Comprehensive Income | Amount (₹ in Crores) | As % of Consolidated Total Comprehensive Income | Amount (₹ in Crores) |
| <b>Foreign</b>                               |                                    |                                 |                      |                                       |                      |   |                      |   |                      |
| 7  | ITC Infotech (USA), Inc.           | 0.33%                           | 175.51               | 0.11%                                 | 12.49                | –   | –                    | 0.11%   | 12.49                |
| 8  | Indivate Inc.                      | ...                             | 0.21                 | ...                                   | 0.17                 | –   | –                    | ...   | 0.17                 |
| 9  | Surya Nepal Private Limited        | 0.64%                           | 327.24               | 2.75%                                 | 317.48               | (0.06%)   | (0.25)               | 2.65%   | 317.23               |
| Non-Controlling Interest in all subsidiaries |                                    | 0.63%                           | 334.47               | 1.93%                                 | 221.48               | (0.04%)   | (0.17)               | 1.86%   | 221.31               |
| <b>Associates</b>                            |                                    |                                 |                      |                                       |                      |   |                      |   |                      |
| <b>Indian</b>                                |                                    |                                 |                      |                                       |                      |   |                      |   |                      |
| 1  | International Travel House Limited | 0.18%                           | 92.86                | 0.03%                                 | 3.07                 | (0.12%)   | (0.46)               | 0.02%   | 2.61                 |
| 2  | Gujarat Hotels Limited             | 0.03%                           | 14.03                | 0.01%                                 | 1.40                 | –   | –                    | 0.01%   | 1.40                 |
| 3  | Russell Investments Limited        | 0.06%                           | 34.04                | 0.02%                                 | 1.82                 | (1.73%)   | (6.90)               | (0.04%)   | (5.08)               |
| 4  | Divya Management Limited           | 0.01%                           | 7.29                 | ...                                   | 0.07                 | –   | –                    | ...   | 0.07                 |
| 5  | Antrang Finance Limited            | 0.01%                           | 4.85                 | ...                                   | 0.03                 | –   | –                    | ...   | 0.03                 |
| 6  | ATC Limited                        | 0.01%                           | 6.72                 | ...                                   | 0.32                 | (0.03%)   | (0.10)               | ...   | 0.22                 |
| <b>Joint Ventures</b>                        |                                    |                                 |                      |                                       |                      |   |                      |   |                      |
| <b>Indian</b>                                |                                    |                                 |                      |                                       |                      |   |                      |   |                      |
| 1  | ITC Essentra Limited               | 0.10%                           | 52.47                | 0.07%                                 | 7.81                 | ...   | 0.01                 | 0.07%   | 7.82                 |
| 2  | Maharaja Heritage Resorts Limited  | –                               | –                    | –                                     | –                    | –   | –                    | –   | –                    |
| 3  | Espirit Hotels Private Limited     | 0.09%                           | 46.17                | ...                                   | ...                  | –   | –                    | ...   | ...                  |
| 4  | Logix Developers Private Limited   | 0.04%                           | 18.50                | (0.06%)                               | (6.94)               | –   | –                    | (0.06%)   | (6.94)               |
| <b>Total</b>                                 |                                    | <b>100.00%</b>                  | <b>52844.58</b>      | <b>100.00%</b>                        | <b>11492.68</b>      | <b>100.00%</b>                                  | <b>398.10</b>        | <b>100.00%</b>                                  | <b>11890.78</b>      |

# Notes to the Consolidated Financial Statements

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

Notes:

The Subsidiary not considered in the preparation of the above statement is ITC Global Holding Pte. Limited, Singapore, ('Global') a wholly owned subsidiary of ITC Limited, which is under liquidation vide Singapore High Court's Order dated 30th November, 2007. Prior to this, Global was under Judicial Management in terms of an Interim Order passed by the Singapore High Court on 8th November, 1996, and confirmed by the Singapore High Court on 6th December, 1996.

### (xi) Changes in Group Structure:

During the previous year ended 31st March, 2017, King Maker Marketing, Inc. USA (KMM) ceased to be a subsidiary of the Group with effect from 16th November, 2016 consequent to divestment of the Group's entire shareholding in KMM along with certain related trademarks owned by the Group. Details of the assets and liabilities which were derecognised are as under:

|                        | 2017<br>₹ in Crores |
|------------------------|---------------------|
| Current assets         | 22.58               |
| Non-current assets     | 8.28                |
| Current liabilities    | (19.37)             |
| Net assets disposed of | <b>11.49</b>        |

(xii) Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28th March, 2018 notifying Ind AS 115, 'Revenue from Contracts with Customers' and amending Ind AS 21 'The Effects of Changes in Foreign Exchange Rates'; Ind AS 12 'Income Taxes'. The same are applicable for financial statements pertaining to annual periods beginning on or after 1st April, 2018. The Company expects that there will be no material impact on the financial statements resulting from the above.

### (xiii) Information in respect of Options granted under the Company's Employee Stock Option Schemes ('Schemes'):

| Sl. No.  |  | ITC Employee Stock Option Scheme (introduced in 2001)  | ITC Employee Stock Option Scheme - 2006                          | ITC Employee Stock Option Scheme - 2010                          |
|--|--|--|--|--|
| 1.   | Date of Shareholders' approval :                     | 17-01-2001   | 22-01-2007   | 23-07-2010   |
| 2.   | Total number of Options approved under the Schemes : | Options equivalent to 12,27,07,450 Ordinary Shares of ₹ 1/- each   | Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1/- each | Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1/- each |
| <i>Note: Adjusted for Bonus Shares issued in terms of Shareholders approval.</i> |  |  |  |  |
| 3.   | Vesting Schedule :                                   | The vesting period for conversion of Options is as follows: <ul style="list-style-type: none"> <li>• On completion of 12 months from the date of grant of the Options: 30% vests</li> <li>• On completion of 24 months from the date of grant of the Options: 30% vests</li> <li>• On completion of 36 months from the date of grant of the Options: 40% vests</li> </ul>  |  |  |
| 4.   | Pricing Formula :                                    | The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.<br><br>The Options have been granted at 'market price' as defined from time to time under the aforesaid Regulations. |  |  |

## Notes to the Consolidated Financial Statements

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

| Sl. No. |  | ITC Employee Stock Option Scheme (introduced in 2001)   | ITC Employee Stock Option Scheme - 2006 | ITC Employee Stock Option Scheme - 2010 |
|---------|--|---|---|---|
| 5.      | Maximum term of Options granted  | : 5 years from the date of grant  | 5 years from the date of vesting        |   |
| 6.      | Source of Shares   | : Primary   |   |   |
| 7.      | Variation in terms of Options  | : None  |   |   |
| 8.      | Method used for accounting of share-based payment plans  | : The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The total fair value cost for the financial year 2017-18 is ₹ 398.76 Crores (2017- ₹ 502.85 Crores), out of which, ₹ 393.41 Crores (2017 - ₹ 496.02 Crores) relate to employee benefits expense, ₹ 2.64 Crores (2017 - ₹ 2.98 Crores) to property, plant and equipment and ₹ 2.71 Crores (2017 - ₹ 3.85 Crores) to group entities.   |   |   |
| 9.      | Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan                           | : Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010. The above is in addition to the other terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore. |   |   |
| 10.     | Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock | : Weighted average exercise price per Option: ₹ 2884.88<br>Weighted average fair value per Option: ₹ 697.13   |   |   |
| 11.     | Option movements during the year   | :   |   |   |
|         | a) Options outstanding at the beginning of the year  | : –   | 24,40,800                               | 4,07,15,108                             |
|         | b) Options granted during the year   | : –   | 1,04,090                                | 63,99,770                               |
|         | c) Options cancelled and lapsed during the year  | : –   | 62,118                                  | 6,00,374                                |
|         | d) Options vested and exercisable during the year (net of Options lapsed and exercised)  | : –   | 46,564                                  | 76,16,833                               |
|         | e) Options exercised during the year   | : –   | 13,85,250                               | 43,05,934                               |
|         | f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year   | : –   | 1,38,52,500                             | 4,30,59,340                             |
|         | g) Options outstanding at the end of the year  | : –   | 10,97,522                               | 4,22,08,570                             |
|         | h) Options exercisable at the end of the year  | : –   | 9,17,359                                | 2,78,62,976                             |
|         | i) Money realised by exercise of the Options during the year (₹ in Crores)   | : –   | 134.51                                  | 778.28                                  |



# Notes to the Consolidated Financial Statements

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

| Sl. No. |   | ITC Employee Stock Option Scheme (introduced in 2001)  | ITC Employee Stock Option Scheme - 2006     | ITC Employee Stock Option Scheme - 2010            |   |                                      |  |
|---------|---|--|---|--|---|--------------------------------------|--|
| 12.     | Summary of the status of Options  |  |   |  |   |                                      |  |
|         | <b>Particulars</b>  | <b>As at 31st March, 2018</b>  |   | <b>As at 31st March, 2017</b>                      |   |                                      |  |
|         |   | <b>No. of Options</b>  | <b>Weighted average Exercise Prices (₹)</b> | <b>No. of Options</b>                              | <b>Weighted average Exercise Prices (₹)</b> |                                      |  |
|         | Outstanding at the beginning of the year  | 4,31,55,908  | 2066.94                                     | 3,01,29,927  | 2835.55                                     |                                      |  |
|         | Add: Granted during the year<br>(Includes Bonus Options allocated consequent to the Bonus Share issue in 2016-17) | 65,03,860  | 2884.88                                     | 2,12,65,611  | 2088.96 *                                   |                                      |  |
|         | Less: Lapsed during the year  | 6,62,492   | 2238.58                                     | 8,87,732   | 2128.33 *                                   |                                      |  |
|         | Less: Exercised during the year   | 56,91,184  | 1603.88                                     | 73,51,898  | 1451.27 *                                   |                                      |  |
|         | Outstanding at the end of the year  | 4,33,06,092  | 2248.01                                     | 4,31,55,908  | 2066.94 *                                   |                                      |  |
|         | Options exercisable at the end of the year  | 2,87,80,335  | 2082.54                                     | 2,61,58,809  | 1897.24 *                                   |                                      |  |
|         | * Adjusted for Bonus Share Issue 1:2 in 2016-17   |  |   |  |   |                                      |  |
| 13.     | Weighted average share price of Shares arising upon exercise of Options   | The Options were exercised during the periods permitted under the Schemes, and weighted average share price of Shares arising upon exercise of Options, based on the closing market price on NSE on the date of exercise of Options (i.e. the date of allotment of shares by the Securityholders Relationship Committee) for the year ended 31st March, 2018 was ₹ 286.71 (2017 - ₹ 265.38). |   |  |   |                                      |  |
| 14.     | Summary of Options outstanding, scheme-wise:  |  |   |  |   |                                      |  |
|         | <b>Particulars</b>  | <b>As at 31st March, 2018</b>  |   |  | <b>As at 31st March, 2017</b>               |                                      |  |
|         |   | <b>No. of Options Outstanding</b>  | <b>Range of Exercise Prices (₹)</b>         | <b>Weighted average remaining contractual life</b> | <b>No. of Options Outstanding</b>           | <b>Range of Exercise Prices* (₹)</b> | <b>Weighted average remaining contractual life</b> |
|         | ITC Employee Stock Option Scheme - 2006   | 10,97,522  | 974.50 – 2885.50                            | 1.90   | 24,40,800                                   | 726.67 – 2506.00                     | 1.55   |
|         | ITC Employee Stock Option Scheme - 2010   | 4,22,08,570  | 1349.00 – 2885.50                           | 3.30   | 4,07,15,108                                 | 1349.00 – 2655.00                    | 3.32   |
|         | * Adjusted for Bonus Share Issue 1:2 in 2016-17   |  |   |  |   |                                      |  |

# Notes to the Consolidated Financial Statements

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

|  |   |   |                             |       |                    |            |                           |        |                         |       |  |           |
|--|---|---|-----------------------------|-------|--------------------|------------|---------------------------|--------|-------------------------|-------|--|-----------|
| 15.  | <p>A description of the method used during the year to estimate the fair values of Options, the weighted average exercise prices and weighted average fair values of Options granted</p> <p>The significant assumptions used to ascertain the above</p> | <p>: The fair value of each Option is estimated using the Black Scholes Option Pricing model.</p> <p>Weighted average exercise price per Option : ₹ 2884.88</p> <p>Weighted average fair value per Option : ₹ 697.13</p> <p>The fair value of each Option is estimated using the Black Scholes Option Pricing model after applying the following key assumptions on a weighted average basis:</p> <table border="0"> <tr> <td>(i) Risk-free interest rate</td> <td>6.40%</td> </tr> <tr> <td>(ii) Expected life</td> <td>3.47 years</td> </tr> <tr> <td>(iii) Expected volatility</td> <td>26.37%</td> </tr> <tr> <td>(iv) Expected dividends</td> <td>1.94%</td> </tr> <tr> <td>(v) The price of the underlying shares in market at the time of Option grant</td> <td>₹ 2884.91</td> </tr> </table> <p>(One Option = 10 Ordinary Shares)</p> | (i) Risk-free interest rate | 6.40% | (ii) Expected life | 3.47 years | (iii) Expected volatility | 26.37% | (iv) Expected dividends | 1.94% | (v) The price of the underlying shares in market at the time of Option grant | ₹ 2884.91 |
| (i) Risk-free interest rate  | 6.40%   |   |                             |       |                    |            |                           |        |                         |       |  |           |
| (ii) Expected life   | 3.47 years  |   |                             |       |                    |            |                           |        |                         |       |  |           |
| (iii) Expected volatility  | 26.37%  |   |                             |       |                    |            |                           |        |                         |       |  |           |
| (iv) Expected dividends  | 1.94%   |   |                             |       |                    |            |                           |        |                         |       |  |           |
| (v) The price of the underlying shares in market at the time of Option grant | ₹ 2884.91   |   |                             |       |                    |            |                           |        |                         |       |  |           |
| 16.  | Methodology for determination of expected volatility  | <p>: The volatility used in the Black Scholes Option Pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.</p>   |                             |       |                    |            |                           |        |                         |       |  |           |

Bonus Options were allocated during 2016-17 on unvested Options in the same ratio as Bonus Shares (i.e., in the ratio of 1 Bonus Share for every 2 Ordinary Shares), in accordance with the ITC Employee Stock Option Scheme read with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

(xiv) Movement in 'Exchange differences on translating the financial statements of foreign operations' includes reclassification from other comprehensive income to profit or loss Nil (2017 - ₹ 9.36 Crores on account of disposal of a subsidiary and return of capital by a subsidiary).

(xv) The financial statements were approved for issue by the Board of Directors on 16th May, 2018.

# Notes to the Consolidated Financial Statements

## 29. Segment reporting

(₹ in Crores)

|   | 2018                  |                             |                       | 2017                        |                |                 |
|---|-----------------------|-----------------------------|-----------------------|-----------------------------|----------------|-----------------|
|   | External              | Inter Segment               | Total                 | External                    | Inter Segment  | Total           |
| <b>1. Segment Revenue - Gross</b>   |                       |                             |                       |                             |                |                 |
| FMCG - Cigarettes   | 24848.09              | –                           | 24848.09              | 35877.66                    | –              | 35877.66        |
| FMCG - Others   | 11339.31              | 18.07                       | 11357.38              | 10523.56                    | 13.90          | 10537.46        |
| <b>FMCG - Total</b>   | <b>36187.40</b>       | <b>18.07</b>                | <b>36205.47</b>       | <b>46401.22</b>             | <b>13.90</b>   | <b>46415.12</b> |
| Hotels  | 1480.02               | 14.65                       | 1494.67               | 1400.35                     | 14.04          | 1414.39         |
| Agri Business   | 4474.22               | 3680.82                     | 8155.04               | 5314.13                     | 3070.73        | 8384.86         |
| Paperboards, Paper and Packaging  | 3695.41               | 1554.23                     | 5249.64               | 3732.63                     | 1630.23        | 5362.86         |
| Others  | 1525.46               | 76.97                       | 1602.43               | 1439.62                     | 74.06          | 1513.68         |
| <b>Segment Total</b>  | <b>47362.51</b>       | <b>5344.74</b>              | <b>52707.25</b>       | <b>58287.95</b>             | <b>4802.96</b> | <b>63090.91</b> |
| Eliminations  |                       |                             | (5344.74)             |                             |                | (4802.96)       |
| <b>Gross Revenue from sale of products and services</b>   |                       |                             | <b>47362.51</b>       |                             |                | <b>58287.95</b> |
| <b>2. Segment Results</b>   |                       |                             |                       |                             |                |                 |
| FMCG - Cigarettes   |                       |                             | 14128.12              |                             |                | 13203.70        |
| FMCG - Others   |                       |                             | 170.46                |                             |                | 26.15           |
| <b>FMCG - Total</b>   |                       |                             | <b>14298.58</b>       |                             |                | <b>13229.85</b> |
| Hotels  |                       |                             | 145.00                |                             |                | 117.12          |
| Agri Business   |                       |                             | 841.49                |                             |                | 926.32          |
| Paperboards, Paper and Packaging  |                       |                             | 1042.16               |                             |                | 965.84          |
| Others  |                       |                             | 126.81                |                             |                | 102.71          |
| <b>Segment Total</b>  |                       |                             | <b>16454.04</b>       |                             |                | <b>15341.84</b> |
| Eliminations  |                       |                             | (93.60)               |                             |                | 41.46           |
| <b>Consolidated Total</b>   |                       |                             | <b>16360.44</b>       |                             |                | <b>15383.30</b> |
| Unallocated corporate expenses net of unallocated income  |                       |                             | 1020.29               |                             |                | 1007.60         |
| <b>Profit before interest etc. and taxation</b>   |                       |                             | <b>15340.15</b>       |                             |                | <b>14375.70</b> |
| Finance Costs   |                       |                             | 89.91                 |                             |                | 24.30           |
| Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net |                       |                             | 1738.39               |                             |                | 1668.95         |
| Share of net profit of associates & joint ventures  |                       |                             | 7.58                  |                             |                | 5.97            |
| Exceptional items [Refer Note 28 (i)]   |                       |                             | 412.90                |                             |                | –               |
| <b>Profit before tax</b>  |                       |                             | <b>17409.11</b>       |                             |                | <b>16026.32</b> |
| Tax expense   |                       |                             | 5916.43               |                             |                | 5549.09         |
| <b>Profit for the year</b>  |                       |                             | <b>11492.68</b>       |                             |                | <b>10477.23</b> |
| <b>3. Other Information</b>   |                       |                             |                       |                             |                |                 |
|   |                       | <b>2018</b>                 |                       | <b>2017</b>                 |                |                 |
|   | <b>Segment Assets</b> | <b>Segment Liabilities*</b> | <b>Segment Assets</b> | <b>Segment Liabilities*</b> |                |                 |
| FMCG - Cigarettes   | 8508.42               | 4756.35                     | 8573.92               | 2561.31                     |                |                 |
| FMCG - Others   | 7760.11               | 1909.42                     | 7257.61               | 1411.58                     |                |                 |
| <b>FMCG - Total</b>   | <b>16268.53</b>       | <b>6665.77</b>              | <b>15831.53</b>       | <b>3972.89</b>              |                |                 |
| Hotels (Refer Note 3B)  | 6564.68               | 619.34                      | 5849.59               | 446.94                      |                |                 |
| Agri Business   | 3693.37               | 807.75                      | 3255.76               | 723.60                      |                |                 |
| Paperboards, Paper and Packaging  | 6730.78               | 786.73                      | 6313.82               | 623.85                      |                |                 |
| Others  | 900.81                | 229.54                      | 771.74                | 209.52                      |                |                 |
| <b>Segment Total</b>  | <b>34158.17</b>       | <b>9109.13</b>              | <b>32022.44</b>       | <b>5976.80</b>              |                |                 |
| Unallocated Corporate Assets/Liabilities  | 30130.69              | 2335.15                     | 23920.83              | 3258.80                     |                |                 |
| <b>Total</b>  | <b>64288.86</b>       | <b>11444.28</b>             | <b>55943.27</b>       | <b>9235.60</b>              |                |                 |

\* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 233.02 Crores (2017 - ₹ 629.83 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States' appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'. Also Refer Note 28(i).

# Notes to the Consolidated Financial Statements

## 29. Segment reporting (Contd.)

(₹ in Crores)

|                                  | 2018                |                               | 2017                |                               |
|----------------------------------|---------------------|-------------------------------|---------------------|-------------------------------|
|                                  | Capital expenditure | Depreciation and amortization | Capital expenditure | Depreciation and amortization |
| FMCG - Cigarettes                | 96.23               | 295.15                        | 262.35              | 305.15                        |
| FMCG - Others                    | 835.85              | 301.97                        | 1157.41             | 246.08                        |
| <b>FMCG - Total</b>              | <b>932.08</b>       | <b>597.12</b>                 | <b>1419.76</b>      | <b>551.23</b>                 |
| Hotels                           | 918.64              | 174.98                        | 472.19              | 172.31                        |
| Agri Business                    | 92.90               | 68.04                         | 160.63              | 50.42                         |
| Paperboards, Paper and Packaging | 910.01              | 274.60                        | 560.63              | 254.14                        |
| Others                           | 16.25               | 25.68                         | 10.46               | 28.53                         |
| <b>Segment Total</b>             | <b>2869.88</b>      | <b>1140.42</b>                | <b>2623.67</b>      | <b>1056.63</b>                |
| Unallocated                      | 327.65              | 95.86                         | 553.76              | 96.16                         |
| <b>Total</b>                     | <b>3197.53</b>      | <b>1236.28</b>                | <b>3177.43</b>      | <b>1152.79</b>                |

|                                  | Non Cash expenditure other than depreciation | Non Cash expenditure other than depreciation |
|----------------------------------|--|--|
| FMCG - Cigarettes                | 2.44   | 3.42   |
| FMCG - Others                    | 48.55  | 40.14  |
| <b>FMCG - Total</b>              | <b>50.99</b>                                 | <b>43.56</b>                                 |
| Hotels                           | 6.89   | 11.30  |
| Agri Business                    | 2.33   | 0.52   |
| Paperboards, Paper and Packaging | 44.32  | 22.97  |
| Others                           | 4.89   | 5.67   |
| <b>Segment Total</b>             | <b>109.42</b>                                | <b>84.02</b>                                 |

### GEOGRAPHICAL INFORMATION

|   | 2018            | 2017            |
|---|-----------------|-----------------|
| <b>1. Revenue from external customers</b> |                 |                 |
| – Within India                            | 41175.15        | 51796.82        |
| – Outside India                           | 6187.36         | 6491.13         |
| <b>Total</b>                              | <b>47362.51</b> | <b>58287.95</b> |
| <b>2. Non-Current Assets</b>              |                 |                 |
| – Within India                            | 23341.21        | 21816.13        |
| – Outside India                           | 1245.68         | 1009.85         |
| <b>Total</b>                              | <b>24586.89</b> | <b>22825.98</b> |

### NOTES:

- The Group's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Group is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Group's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.  
The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.
- The business groups comprise the following:
 

|                                  |              |   |
|----------------------------------|--------------|---|
| FMCG                             | : Cigarettes | – Cigarettes, Cigars etc.   |
|                                  | : Others     | – Branded Packaged Foods Businesses (Staples; Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis. |
| Hotels                           |              | – Hoteliering.  |
| Paperboards, Paper and Packaging |              | – Paperboards, Paper including Specialty Paper and Packaging including Flexibles.   |
| Agri Business                    |              | – Agri commodities such as soya, spices, coffee and leaf tobacco.   |
| Others                           |              | – Information Technology services etc.  |
- The Group companies have been included in segment classification as follows:
 

|               |              |   |
|---------------|--------------|---|
| FMCG          | : Cigarettes | – Surya Nepal Private Limited.  |
|               | : Others     | – Surya Nepal Private Limited and North East Nutrients Private Limited.   |
| Hotels        |              | – Srinivasa Resorts Limited, Fortune Park Hotels Limited, Bay Islands Hotels Limited and WelcomHotels Lanka (Private) Limited.  |
| Agri Business |              | – Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., along with its jointly controlled operation with Shamrock Seed Potato Farm Limited, Technico Asia Holdings Pty Limited and Technico Horticultural (Kunming) Co. Limited.  |
| Others        |              | – ITC Infotech India Limited and its subsidiaries ITC Infotech Limited, ITC Infotech (USA), Inc. and Indivate Inc., Russell Credit Limited and its subsidiary Greenacre Holdings Limited, Wimco Limited, Pavan Poplar Limited, Prag Agro Farm Limited, ITC Investments & Holdings Limited and its subsidiary MRR Trading & Investment Company Limited, Landbase India Limited and Gold Flake Corporation Limited. |
- The geographical information considered for disclosure are:
 

|  |                       |
|--|-----------------------|
|  | – Sales within India  |
|  | – Sales outside India |
- Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.
- As stock options are granted under ITC ESOS to align the interests of employees with those of shareholders and also to attract and retain talent for the Group as a whole, the option value of ITC ESOS do not form part of the segment performance reviewed by the Corporate Management Committee.
- The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

# Notes to the Consolidated Financial Statements

## 30. Related Party Disclosures

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

#### i) Associates & Joint Ventures:

##### Associates

- a) Gujarat Hotels Limited
- b) Russell Investments Limited
- c) ATC Limited
- d) International Travel House Limited
- e) Divya Management Limited
- f) Antrang Finance Limited
  - being associates of the Group
- g) Tobacco Manufacturers (India) Limited, UK
  - of which the Company is an associate

##### Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) Espirit Hotels Private Limited
- c) Logix Developers Private Limited
- d) ITC Essentra Limited

#### ii) a) Key Management Personnel (KMP):

|                  |  |
|------------------|--|
| Y. C. Deveshwar  | Chairman & Non-Executive Director                              |
| S. Puri          | Chief Executive Officer & Executive Director                   |
| N. Anand         | Executive Director   |
| R. Tandon        | Executive Director & Chief Financial Officer                   |
| Z. Alam          | Non-Executive Director (upto 20.03.2018)                       |
| A. Malik         | Non-Executive Director (w.e.f. 11.04.2017 and upto 31.07.2017) |
| S. Banerjee*     | Non-Executive Director   |
| A. Duggal*       | Non-Executive Director   |
| S. B. Mainak     | Non-Executive Director   |
| S. B. Mathur*    | Non-Executive Director   |
| P. B. Ramanujam* | Non-Executive Director (upto 31.07.2017)                       |
| N. Rao*          | Non-Executive Director   |
| S. S. H. Rehman* | Non-Executive Director   |
| M. Shankar*      | Non-Executive Director   |
| D.R. Simpson     | Non-Executive Director   |

\* Independent Directors

Members - Corporate Management Committee

S. Puri

N. Anand

R. Tandon

B. B. Chatterjee (upto 03.02.2018)

S. Sivakumar

K. S. Suresh

C. Dar

R. Sridhar

B. Sumant

S. K. Singh

Company Secretary

R. K. Singhi (w.e.f. 04.02.2018)

#### b) Relatives of Key Management Personnel:

Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)

Mrs. R. Tandon (wife of Mr. R. Tandon)

Mrs. Neelam Singhi (wife of Mr. R. K. Singhi)

#### iii) Employee Trusts where there is significant influence:

- a) IATC Provident Fund
- b) ITC Defined Contribution Pension Fund
- c) ITC Management Staff Gratuity Fund
- d) ITC Employees Gratuity Fund
- e) ITC Gratuity Fund 'C'
- f) ITC Pension Fund
- g) ILTD Seasonal Employees Pension Fund
- h) ITC Platinum Jubilee Pension Fund
- i) Tribeni Tissues Limited Gratuity Fund (merged with ITC Employees Gratuity Fund w.e.f. 01.04.2017)
- j) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- l) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- m) ITC Hotels Limited Employees Superannuation Scheme
- n) Greenacre Holdings Limited Provident Fund
- o) Greenacre Holdings Limited Gratuity Fund

# Notes to the Consolidated Financial Statements

## 30. Related Party Disclosures (Contd.)

### 2. DISCLOSURE OF TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2018

(₹ in Crores)

| RELATED PARTY TRANSACTIONS SUMMARY  | Associates                |         | Joint Ventures |        | Key Management Personnel |       | Relatives of Key Management Personnel |      | Employee Trusts |        | Total   |         |
|---|---------------------------|---------|----------------|--------|--------------------------|-------|---------------------------------------|------|-----------------|--------|---------|---------|
|   | 2018                      | 2017    | 2018           | 2017   | 2018                     | 2017  | 2018                                  | 2017 | 2018            | 2017   | 2018    | 2017    |
|   | 1. Sale of Goods/Services | 3.48    | 2.88           | 17.37  | 6.88                     |       |                                       |      |                 |        |         | 20.85   |
| 2. Purchase of Goods/Services   | 104.43                    | 105.56  | 223.28         | 252.97 |                          |       |                                       |      |                 |        | 327.71  | 358.53  |
| 3. Sale of Property, Plant and Equipments/Scraps                                      | -                         | 0.05    |                |        |                          |       |                                       |      |                 |        | -       | 0.05    |
| 4. Value of share based payment   |                           |         |                |        |                          |       |                                       |      |                 |        |         |         |
| 4A. Reimbursement for Share Based Payments for current year                           | 1.94                      | 2.89    | 0.77           | 0.96   |                          |       |                                       |      |                 |        | 2.71    | 3.85    |
| 4B. Reimbursement for Capital Contribution for Share Based Payments for previous year | -                         | 3.33    | -              | 1.14   |                          |       |                                       |      |                 |        | -       | 4.47    |
| 5. Interest Income  | 0.07                      | 0.24    |                |        |                          |       |                                       |      |                 |        | 0.07    | 0.24    |
| 6. Interest Paid  | 0.12                      | 0.43    |                |        |                          |       |                                       |      |                 |        | 0.12    | 0.43    |
| 7. Rent Received  | 1.07                      | 1.03    |                |        |                          |       |                                       |      |                 |        | 1.07    | 1.03    |
| 8. Rent Paid  | 3.88                      | 3.74    |                |        | 0.25                     | 0.14  | 0.75                                  | 0.72 |                 |        | 4.88    | 4.60    |
| 9. Remuneration of Managers on Deputation reimbursed                                  | 5.25                      | 5.32    |                |        |                          |       |                                       |      |                 |        | 5.25    | 5.32    |
| 10. Remuneration of Managers on Deputation recovered                                  | 4.82                      | 4.45    | 1.33           | 1.53   |                          |       |                                       |      |                 |        | 6.15    | 5.98    |
| 11. Contribution to Employees' Benefit Plans  |                           |         |                |        |                          |       |                                       |      | 141.34          | 128.18 | 141.34  | 128.18  |
| 12. Dividend Income   | 2.27                      | 2.27    | 2.03           | 2.03   |                          |       |                                       |      |                 |        | 4.30    | 4.30    |
| 13. Dividend Payments   | 1414.71                   | 1687.73 |                |        | 1.10                     | 3.77  |                                       |      |                 |        | 1415.81 | 1691.50 |
| 14. Expenses Recovered  | 0.33                      | 0.39    | 0.28           | 0.33   |                          |       |                                       |      |                 |        | 0.61    | 0.72    |
| 15. Expenses Reimbursed   | 0.36                      | 0.73    | 0.92           | 0.09   |                          | 0.03  |                                       |      |                 |        | 1.31    | 0.85    |
| 16. Receipt towards Loan Repayment  | 1.40                      | 1.40    |                |        |                          |       |                                       |      |                 |        | 1.40    | 1.40    |
| 17. Loans Taken   | -                         | 18.00   |                |        |                          |       |                                       |      |                 |        | -       | 18.00   |
| 18. Adjustment/Payment towards Loan Repayment   | 18.00                     | -       |                |        |                          |       |                                       |      |                 |        | 18.00   | -       |
| 19. Advances Given during the year  | 0.35                      | -       |                |        |                          |       |                                       |      |                 |        | 0.35    | -       |
| 20. Adjustment/Receipt towards Refund of Advances                                     | 0.12                      | -       |                |        |                          |       |                                       |      |                 |        | 0.12    | -       |
| 21. Deposits Given during the year  |                           |         |                |        | 0.04                     | -     | 0.08                                  | -    |                 |        | 0.12    | -       |
| 22. Adjustment/Payment towards Refund of Deposits                                     | -                         | 0.04    |                |        |                          |       |                                       |      |                 |        | -       | 0.04    |
| 23. Transactions with Key Management Personnel <sup>1</sup>                           |                           |         |                |        |                          |       |                                       |      |                 |        |         |         |
| 23A. - Short term benefits  |                           |         |                |        | 45.05                    | 37.83 |                                       |      |                 |        | 45.05   | 37.83   |
| 23B. - Other remuneration   |                           |         |                |        | 6.34                     | 5.05  |                                       |      |                 |        | 6.34    | 5.05    |
| 23C. - Stock options granted <sup>2</sup>   |                           |         |                |        |                          |       |                                       |      |                 |        |         |         |
| 24. Outstanding Balances <sup>#</sup>   |                           |         |                |        |                          |       |                                       |      |                 |        |         |         |
| i) Receivables  | 2.67                      | 7.58    | 14.81          | 4.54   |                          |       |                                       |      |                 |        | 17.48   | 12.12   |
| ii) Advances Given  | 0.23                      | -       |                |        |                          |       |                                       |      | 87.73           | -      | 87.96   | -       |
| iii) Loans Given  | -                         | 1.40    |                |        |                          |       |                                       |      |                 |        | -       | 1.40    |
| iv) Deposits Given <sup>3</sup>   | -                         | -       |                |        | 0.08                     | 0.07  | 0.40                                  | 0.30 |                 |        | 0.48    | 0.37    |
| v) Loans Taken  | -                         | 18.00   |                |        |                          |       |                                       |      |                 |        | -       | 18.00   |
| vi) Deposits Taken  | 0.62                      | 0.62    |                |        |                          |       |                                       |      |                 |        | 0.62    | 0.62    |
| vii) Payables   | 5.55                      | 9.31    | 9.88           | 0.87   |                          |       |                                       |      |                 | 8.00   | 15.43   | 18.18   |
| 25. Impairment of investment in Joint Venture   |                           |         | 4.82           | -      |                          |       |                                       |      |                 |        | 4.82    | -       |

<sup>#</sup> The amounts outstanding are unsecured and will be settled in cash.

<sup>1</sup> Post employment benefits are actuarially determined on overall basis and hence not separately provided. Payments made on settlement of leave liability upon retirement - Nil (2017 - ₹ 4.10 Crores) has not been included in the above.

<sup>2</sup> The Group grants Stock Options to the Directors, Key Management Personnel (KMP) and other employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant. However, the Group has recorded employee benefits expense by way of share based payments to employees, in accordance with Ind AS 102, at ₹ 393.41 Crores for the year ended 31st March, 2018 (2017 - ₹ 496.02 Crores), out of which ₹ 53.43 Crores (2017 - ₹ 74.05 Crores) is attributable to Directors and KMP.

<sup>3</sup> Outstanding deposit balances includes/excludes deposit with KMPs which are existing on the date of being designated/retired as KMPs.



# Notes to the Consolidated Financial Statements

## 31. Financial Instruments and Related Disclosures

### A. Capital Management

The Group's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Group funds its operations through internal accrual and aims at maintaining a strong capital base to support the future growth of its businesses.

During the year, the Group issued 5,69,11,840 equity shares of ₹ 1.00 each amounting to ₹ 5.69 Crores (2017 - ₹ 7.35 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 7415.58 Crores as at 31st March, 2018 (2017 - ₹ 6403.41 Crores).

### B. Categories of Financial Instruments

(₹ in Crores)

| Particulars   | Note  | As at<br>31st March, 2018 |                 | As at<br>31st March, 2017 |                 |
|---|-------|---------------------------|-----------------|---------------------------|-----------------|
|   |       | Carrying<br>Value         | Fair<br>Value   | Carrying<br>Value         | Fair<br>Value   |
| <b>A. Financial assets</b>  |       |                           |                 |                           |                 |
| <b>a) Measured at amortised cost</b>  |       |                           |                 |                           |                 |
| i) Cash and cash equivalents  | 13    | 153.07                    | 153.07          | 333.07                    | 333.07          |
| ii) Other bank balances   | 14    | 2746.53                   | 2746.53         | 2634.33                   | 2634.33         |
| iii) Investment in Bonds/<br>Debentures & Government<br>or Trust Securities           | 4, 11 | 8553.18                   | 8566.02         | 5615.95                   | 5645.53         |
| iv) Loans   | 5     | 15.53                     | 12.81           | 15.32                     | 14.74           |
| v) Trade receivables  | 12    | 2682.29                   | 2682.29         | 2474.29                   | 2474.29         |
| vi) Other financial assets  | 6     | 3088.12                   | 3058.45         | 1157.63                   | 1097.90         |
| <b>Sub-total</b>  |       | <b>17238.72</b>           | <b>17219.17</b> | <b>12230.59</b>           | <b>12199.86</b> |
| <b>b) Measured at Fair value<br/>through OCI</b>                                      |       |                           |                 |                           |                 |
| i) Equity shares  | 4     | 1588.99                   | 1588.99         | 1228.15                   | 1228.15         |
| <b>Sub-total</b>  |       | <b>1588.99</b>            | <b>1588.99</b>  | <b>1228.15</b>            | <b>1228.15</b>  |
| <b>c) Measured at Fair value<br/>through Profit or Loss</b>                           |       |                           |                 |                           |                 |
| i) Investment in Mutual Funds   | 4, 11 | 7540.13                   | 7540.13         | 8098.72                   | 8098.72         |
| ii) Investment in Bonds/<br>Debentures, Certificate of<br>Deposits, Preference Shares | 11    | 4086.13                   | 4086.13         | 2352.65                   | 2352.65         |
| iii) Investments in Alternative<br>Investment Fund                                    | 4     | 7.50                      | 7.50            | –                         | –               |
| <b>Sub-total</b>  |       | <b>11633.76</b>           | <b>11633.76</b> | <b>10451.37</b>           | <b>10451.37</b> |
| <b>d) Derivatives measured at fair value</b>  |       |                           |                 |                           |                 |
| i) Derivative instruments not<br>designated as hedging instruments                    | 6     | 0.87                      | 0.87            | 6.60                      | 6.60            |
| ii) Derivative instruments designated<br>as hedging instruments                       | 6     | 11.23                     | 11.23           | 26.50                     | 26.50           |
| <b>Sub-total</b>  |       | <b>12.10</b>              | <b>12.10</b>    | <b>33.10</b>              | <b>33.10</b>    |
| <b>Total financial assets</b>   |       | <b>30473.57</b>           | <b>30454.02</b> | <b>23943.21</b>           | <b>23912.48</b> |



# Notes to the Consolidated Financial Statements

## 31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

| Particulars   | Note   | As at<br>31st March, 2018 |                | As at<br>31st March, 2017 |                |
|---|--------|---------------------------|----------------|---------------------------|----------------|
|   |        | Carrying<br>Value         | Fair<br>Value  | Carrying<br>Value         | Fair<br>Value  |
| <b>B. Financial liabilities</b>                                 |        |                           |                |                           |                |
| <b>a) Measured at amortised cost</b>                            |        |                           |                |                           |                |
| i) Cash credit facilities & loans                               | 16, 20 | 17.93                     | 17.90          | 19.89                     | 19.89          |
| ii) Sales tax deferment loans                                   | 16, 20 | 17.99                     | 14.25          | 25.83                     | 20.23          |
| iii) Trade payables   |        | 3496.18                   | 3496.18        | 2659.33                   | 2659.33        |
| iv) Other financial liabilities                                 | 15     | 1050.74                   | 1046.37        | 916.72                    | 915.49         |
| <b>Sub-total</b>  |        | <b>4582.84</b>            | <b>4574.70</b> | <b>3621.77</b>            | <b>3614.94</b> |
| <b>b) Derivatives measured at fair value</b>                    |        |                           |                |                           |                |
| i) Derivative instruments not designated as hedging instruments | 15     | 1.39                      | 1.39           | 0.99                      | 0.99           |
| ii) Derivative instruments designated as hedging instruments    | 15     | 2.46                      | 2.46           | 18.54                     | 18.54          |
| <b>Sub-total</b>  |        | <b>3.85</b>               | <b>3.85</b>    | <b>19.53</b>              | <b>19.53</b>   |
| <b>Total financial liabilities</b>                              |        | <b>4586.69</b>            | <b>4578.55</b> | <b>3641.30</b>            | <b>3634.47</b> |

### C. Financial risk management objectives

Entities comprising the Group have put in place risk management systems as applicable to the respective operations. The following explains the objective and processes of the Company, being the largest component of the Group: The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

#### Liquidity Risk

The Group's Current assets aggregate to ₹ 26393.62 Crores (2017 - ₹ 26269.10 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 13468.67 Crores (2017 - ₹ 13299.79 Crores) against an aggregate Current liability of ₹ 9250.14 Crores (2017 - ₹ 7121.01 Crores); Non-current liabilities due between one year to three years amounting to ₹ 71.86 Crores (2017 - ₹ 50.72 Crores) and Non-current liabilities due after three years amounting to ₹ 7.43 Crores (2017 - ₹ 8.89 Crores) on the reporting date.

Further, while the Group's total equity stands at ₹ 52844.58 Crores (2017 - ₹ 46707.67 Crores), it has borrowings of ₹ 28.85 Crores (2017 - ₹ 37.51 Crores). In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its obligations as they become due does not exist.

#### Market Risks

The Group is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income. The value of investments in such equity instruments as at 31st March, 2018 is ₹ 1588.99 Crores (2017 - ₹ 1228.15 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Group is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible.

The Group's investments are predominantly held in bonds/debentures, fixed deposits and debt mutual funds. Mark to market

## Notes to the Consolidated Financial Statements

### 31. Financial Instruments and Related Disclosures (Contd.)

movements in respect of the Group's investments in bonds/debentures that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

The Group also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Group has invested, such price risk is not significant.

For select agricultural commodities primarily held for trading, futures contracts are used to hedge price risks till positions in the physical market are matched. The carrying value of inventories is adjusted to the extent of fair value movement of the risk being hedged. Such hedges are generally for short time horizons and recognised in profit or loss within the crop cycle and are managed by the business within the approved policy framework. Accordingly, the Group's net exposure to commodity price risk is considered to be insignificant.

#### Foreign currency risk

The Group undertakes transactions denominated in foreign currency (mainly US Dollar, Pound Sterling, Euro and Japanese Yen) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, including the Group's net investments in foreign operations (with a functional currency other than Indian Rupee), are also subject to reinstatement risks.

The carrying amount of foreign currency denominated financial assets and liabilities including derivative contracts, are as follows:

(₹ in Crores)

| As at 31st March, 2018 | USD    | Euro  | GBP    | JPY   | Others | Total  |
|------------------------|--------|-------|--------|-------|--------|--------|
| Financial Assets       | 617.16 | 54.14 | 129.40 | 1.32  | 58.07  | 860.09 |
| Financial Liabilities  | 96.86  | 56.60 | 37.69  | 14.45 | 85.12  | 290.72 |
| As at 31st March, 2017 | USD    | EURO  | GBP    | JPY   | Others | Total  |
| Financial Assets       | 587.27 | 40.28 | 74.80  | 0.46  | 39.50  | 742.31 |
| Financial Liabilities  | 90.73  | 34.56 | 21.12  | 23.68 | 17.69  | 187.78 |

The Group uses forward exchange contracts and currency options to hedge its exposures in foreign currency arising from firm commitments and highly probable forecast transactions. Accordingly

- a. Forward exchange contracts that were outstanding on respective reporting dates:

(in Million)

| Designated under Hedge Accounting |                | As at 31st March, 2018 |       | As at 31st March, 2017 |       |
|-----------------------------------|----------------|------------------------|-------|------------------------|-------|
| Currency                          | Cross Currency | Buy                    | Sell  | Buy                    | Sell  |
| US Dollar                         | Indian Rupee   | 43.08                  | 99.53 | 55.22                  | 71.10 |
| Euro                              | US Dollar      | 18.21                  | –     | 31.76                  | –     |
| AUD                               | US Dollar      | 2.76                   | –     | 0.09                   | –     |
| CHF                               | US Dollar      | –                      | –     | 0.57                   | –     |
| GBP                               | US Dollar      | 0.65                   | –     | 0.11                   | –     |
| SEK                               | US Dollar      | –                      | –     | 0.73                   | –     |
| SGD                               | US Dollar      | 0.04                   | –     | 0.09                   | –     |
| JPY                               | US Dollar      | 437.90                 | –     | 368.95                 | –     |

The aforesaid hedges have a maturity of less than 1 year from the year end.

# Notes to the Consolidated Financial Statements

## 31. Financial Instruments and Related Disclosures (Contd.)

(in Million)

| Not designated under Hedge Accounting |                | As at 31st March, 2018 |       | As at 31st March, 2017 |       |
|---------------------------------------|----------------|------------------------|-------|------------------------|-------|
| Currency                              | Cross Currency | Buy                    | Sell  | Buy                    | Sell  |
| US Dollar                             | Indian Rupee   | 0.06                   | 45.74 | 2.20                   | 52.34 |
| Euro                                  | US Dollar      | 5.21                   | 2.30  | 6.04                   | 2.37  |
| AUD                                   | US Dollar      | –                      | –     | –                      | 0.29  |
| CAD                                   | US Dollar      | –                      | 1.08  | –                      | 0.94  |
| SGD                                   | US Dollar      | 0.03                   | –     | –                      | –     |
| CHF                                   | US Dollar      | 0.53                   | –     | 0.28                   | –     |
| GBP                                   | US Dollar      | –                      | 4.85  | –                      | 4.24  |
| SEK                                   | US Dollar      | 2.11                   | –     | 4.25                   | 0.85  |
| JPY                                   | US Dollar      | 634.74                 | –     | 272.65                 | –     |
| DKK                                   | US Dollar      | –                      | –     | 0.40                   | –     |
| ZAR                                   | US Dollar      | –                      | 15.50 | –                      | 6.80  |
| NOK                                   | US Dollar      | –                      | –     | 0.60                   | –     |
| USD                                   | Nepalese Rupee | 0.68                   | –     | 0.57                   | –     |
| Euro                                  | Nepalese Rupee | 0.11                   | –     | 0.42                   | –     |
| GBP                                   | Nepalese Rupee | 0.01                   | –     | –                      | –     |

b. Currency options that were outstanding on respective reporting dates (Not designated under Hedge Accounting):

(in Million)

|           |                | As at 31st March, 2018 |      | As at 31st March, 2017 |      |
|-----------|----------------|------------------------|------|------------------------|------|
| Currency  | Cross Currency | Buy                    | Sell | Buy                    | Sell |
| US Dollar | Indian Rupee   | –                      | –    | 3.00                   | 7.00 |

### Hedges of foreign currency risk and derivative financial instruments

Each entity comprising the Group manages its own currency risk. Within the Group, derivative instruments are largely entered into by the Company. The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant. The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss.

The Company may also designate certain hedges, usually for large transactions, as a cash flow hedge under hedge accounting, with the objective of shielding the exposure from variability in cash flows. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

## Notes to the Consolidated Financial Statements

### 31. Financial Instruments and Related Disclosures (Contd.)

The movement in the cash flow hedging reserve in respect of designated cash flow hedges is summarised below:

(₹ in Crores)

| Particulars  | 2018           | 2017           |
|--|----------------|----------------|
| <b>At the beginning of the year</b>  | <b>(10.73)</b> | <b>6.42</b>    |
| Add: Changes in the fair value of effective portion of matured cash flow hedges during the year                            | 26.64          | (3.29)         |
| Add: Changes in fair value of effective portion of outstanding cash flow hedges  | 8.21           | (17.38)        |
| Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year | 43.49          | 21.71          |
| Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur                | (0.24)         | 0.52           |
| Less: Amounts transferred to initial cost of non-financial assets  | (35.17)        | (16.65)        |
| Less: Net gain/(loss) transferred to the Statement of Profit and Loss on ineffectiveness                                   | –              | –              |
| (Less)/Add: Deferred tax   | (9.31)         | 9.10           |
| <b>At the end of the year</b>  | <b>6.73</b>    | <b>(10.73)</b> |
| Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships                              | 1.06           | 0.64           |

Once the hedged transaction materialises, the amount accumulated in the cash flow hedging reserve will be included in the initial cost of the non-financial hedged item on its initial recognition or reclassified to profit or loss, as applicable, in the anticipated timeframes given below:

(₹ in Crores)

| Outstanding balance in Cash Flow Hedge Reserve to be subsequently recycled from OCI | As at 31st March, 2018 | As at 31st March, 2017 |
|---|------------------------|------------------------|
| Within one year   | 6.19                   | (10.62)                |
| Between one and three years   | 0.54                   | (0.11)                 |
| <b>Total</b>  | <b>6.73</b>            | <b>(10.73)</b>         |

#### Foreign Currency Sensitivity

For every percentage point change in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, including derivative contracts, holding all other variables constant, the profit before tax for the year ended 31st March, 2018 would change by ₹ 1.97 Crores (2017 - ₹ 2.65 Crores) and pre-tax total equity as at 31st March, 2018 would change by ₹ 0.03 Crore (2017 - ₹ 4.00 Crores).

#### Credit Risk

Each entity comprising the Group manages its own credit risk. The following explains the processes followed by the Company, being the largest component of the Group, to manage its credit risk: Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and companies; bonds issued by government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Group's investments that are held at amortised cost stood at ₹ 13458.47 Crores (2017 - ₹ 8751.49 Crores).

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets.

# Notes to the Consolidated Financial Statements

## 31. Financial Instruments and Related Disclosures (Contd.)

The Group's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 2682.29 Crores (2017 - ₹ 2474.29 Crores).

The movement of the expected loss provision (allowance for bad and doubtful loans and receivables etc.) made by the Group are as under:

(₹ in Crores)

| Particular                                      | Expected Loss Provision |                        |
|---|-------------------------|------------------------|
|   | As at 31st March, 2018  | As at 31st March, 2017 |
| Opening Balance                                 | 129.77                  | 103.77                 |
| Add: Provisions made (net)                      | 33.18                   | 29.37                  |
| Less: Utilisation for impairment/de-recognition | 16.44                   | 2.84                   |
| Effects of foreign exchange fluctuation         | (0.45)                  | (0.53)                 |
| Closing Balance                                 | <b>146.06</b>           | <b>129.77</b>          |

### D. Fair value measurement

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ in Crores)

| Particulars   | Fair Value Hierarchy (Level) | As at 31st March, 2018 | As at 31st March, 2017 |
|---|------------------------------|------------------------|------------------------|
| <b>A. Financial assets</b>  |                              |                        |                        |
| <b>a) Measured at amortised cost</b>  |                              |                        |                        |
| i) Investment in Bonds/Debentures & Government or Trust Securities              | 2                            | 8566.02                | 5645.53                |
| ii) Loans*  | 3                            | 6.97                   | 7.96                   |
| iii) Other Financial assets*  | 3                            | 1717.71                | 40.98                  |
| <b>Sub-total</b>  |                              | <b>10290.70</b>        | <b>5694.47</b>         |
| <b>b) Measured at Fair value through OCI</b>                                    |                              |                        |                        |
| i) Equity shares - Quoted   | 1                            | 1561.09                | 1200.25                |
| <b>Sub-total</b>  |                              | <b>1561.09</b>         | <b>1200.25</b>         |
| <b>c) Measured at Fair value through Profit or Loss</b>                         |                              |                        |                        |
| i) Investment in Mutual Funds   | 1                            | 7540.13                | 8098.72                |
| ii) Investment in Bonds/ Debentures, Certificate of Deposits, Preference Shares | 2                            | 4086.13                | 2352.65                |
| iii) Investments in Alternative Investment Fund                                 | 2                            | 7.50                   | —                      |
| <b>Sub-total</b>  |                              | <b>11633.76</b>        | <b>10451.37</b>        |
| <b>d) Derivatives measured at fair value</b>                                    |                              |                        |                        |
| i) Derivative instruments not designated as hedging instruments                 | 2                            | 0.87                   | 6.60                   |
| ii) Derivative instruments designated as hedging instruments                    | 2                            | 11.23                  | 26.50                  |
| <b>Sub-total</b>  |                              | <b>12.10</b>           | <b>33.10</b>           |
| <b>Total financial assets</b>   |                              | <b>23497.65</b>        | <b>17379.19</b>        |

# Notes to the Consolidated Financial Statements

## 31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

| Particulars   | Fair Value Hierarchy (Level) | As at 31st March, 2018 | As at 31st March, 2017 |
|---|------------------------------|------------------------|------------------------|
| <b>B. Financial liabilities</b>                                 |                              |                        |                        |
| <b>a) Measured at amortised cost</b>                            |                              |                        |                        |
| i) Sales tax deferment loans*                                   | 3                            | 7.39                   | 12.39                  |
| ii) Other Financial liabilities*                                | 3                            | 63.42                  | 39.98                  |
| iii) Cash credit and loans*                                     | 3                            | 0.34                   | –                      |
| <b>Sub-total</b>  |                              | <b>71.15</b>           | <b>52.37</b>           |
| <b>b) Derivatives measured at fair value</b>                    |                              |                        |                        |
| i) Derivative instruments not designated as hedging instruments | 2                            | 1.39                   | 0.99                   |
| ii) Derivative instruments designated as hedging instruments    | 2                            | 2.46                   | 18.54                  |
| <b>Sub-total</b>  |                              | <b>3.85</b>            | <b>19.53</b>           |
| <b>Total financial liabilities</b>                              |                              | <b>75.00</b>           | <b>71.90</b>           |

\*Represents Fair value of Non-current Financial Instruments

### Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

**Level 1:** Quoted prices (unadjusted) in active market for identical assets or liabilities.

**Level 2:** Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

On behalf of the Board

Y. C. DEVESHWAR

Chairman

S. PURI

Managing Director

R. TANDON

Director & Chief Financial Officer

R. K. SINGHI

Company Secretary

# Independent Auditor's Report to the Members of ITC Limited

## Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **ITC LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of profit/loss in its associates and its joint ventures, comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

2. The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and its joint ventures 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 consolidated

financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Independent Auditor's Report

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, associates and joint venture referred to in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

### Other Matters

8. We did not audit the financial statements of ten subsidiaries, whose financial statements reflect total assets of ₹ 1261.56 Crores as at 31st March, 2018, total revenues of ₹ 525.39 Crores and net cash outflows amounting to ₹ 29.55 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 3.64 Crores for the year ended 31st March, 2018, as considered in the consolidated financial statements, in respect of five associates and one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associates, is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries.

The Company's management has converted the financial statements of such subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries, associates and joint venture company incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.



- e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the Parent, subsidiary companies, associate companies and joint ventures, which are companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our

information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures in accordance with the generally accepted accounting practice – also refer Note 28(v)(a) to the consolidated financial statements.
- ii) The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India.

For Deloitte Haskins & Sells  
*Chartered Accountants*  
(Firm's Registration No. 302009E)

Gurugram,  
16th May, 2018

P. R. Ramesh  
*Partner*  
(Membership No. 70928)

# Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 9(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of ITC Limited of even date)

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of ITC Limited (hereinafter referred to as "the Parent") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint venture, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiary companies, five associate companies and one joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 302009E)

Gurugram  
16th May, 2018

P. R. Ramesh  
Partner  
(Membership No. 70928)