

Report of the Board of Directors

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Management Discussion and Analysis

For the Financial Year Ended 31st March, 2019

SOCIO-ECONOMIC ENVIRONMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

Given India's disproportionately low share of global natural resources relative to its large population and where millions continue to live in abject poverty, the focus both at the national and corporate level should be on fashioning strategies that foster sustainable, equitable and inclusive growth. Differentiated and preferential incentives, in the form of fiscal or financial benefits to companies that adopt sustainable business practices would act as a force multiplier in achieving this critical national goal. It is your Company's belief that businesses can bring about transformational change by pursuing innovative business models that synergise the creation of sustainable livelihoods and the preservation of natural capital with enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely focusing on uni-dimensional 'shareholder value' creation, is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 17 years), 'carbon positive' (for 14 years), and 'solid waste recycling positive' (for 12 years). The focus on creating unique business models that generate substantial livelihoods across the value chains has led to your Company's Businesses supporting six million sustainable livelihoods, many of whom belong to the weakest in society. The following sections outline your Company's progress in pursuit of the 'Triple Bottom Line'.

FINANCIAL PERFORMANCE

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

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

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

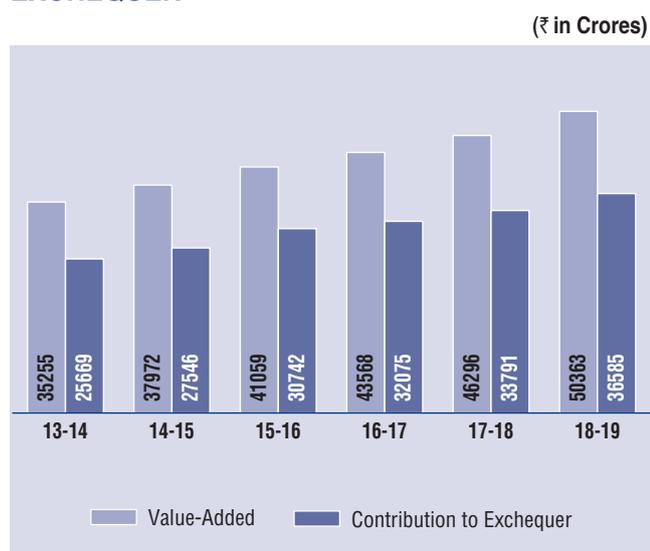
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Foods, Education & Stationery Products Business, Hotels and Paperboards. Excluding Exceptional items, Profit Before Tax and Profit After Tax grew by 12.2% and 13.8% respectively.

Profit After Tax at ₹ 12464.32 crores registered growth of 11.1% over the previous year. Total Comprehensive Income for the year stood at ₹ 12826.88 crores (previous year ₹ 11605.59 crores). Earnings Per Share for the year stood at ₹ 10.19 (previous year ₹ 9.22). Cash generated from operations aggregated ₹ 17234.93 crores.

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

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER



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

Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represented about 80% of its Value-Added during the year.

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

FOREIGN EXCHANGE EARNINGS

Your Company continues to view foreign exchange earnings as a priority. All Businesses in the ITC portfolio are mandated to engage with overseas markets with a view to testing and demonstrating international competitiveness and seeking profitable opportunities for growth. Foreign exchange earnings of the ITC Group over the last ten years aggregated nearly US\$ 7.2 billion, of which agri exports constituted 56%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

During the financial year 2018-19, your Company and its subsidiaries earned ₹ 4673 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 3828 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency aggregated ₹ 2373 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1947 crores and import of capital goods at ₹ 426 crores.

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PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in Crores)

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

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

FMCG Cigarettes

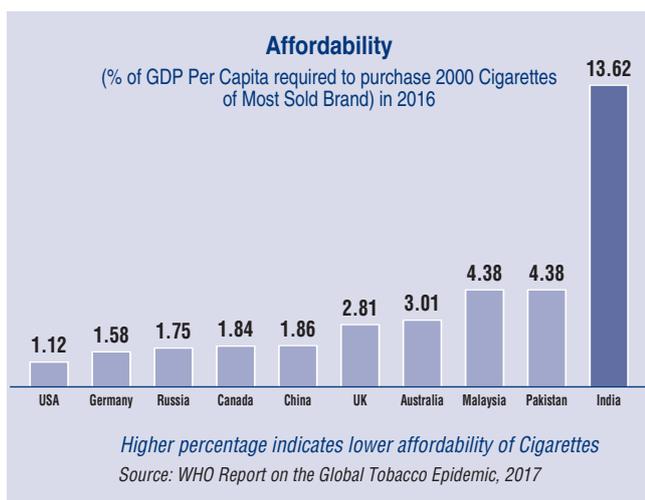
A punitive and discriminatory taxation and regulatory regime, together with sharp increase in illegal trade in recent years, continue to pose significant operating challenges to the legal cigarette industry in the country.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FMCG - Others

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

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

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

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

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

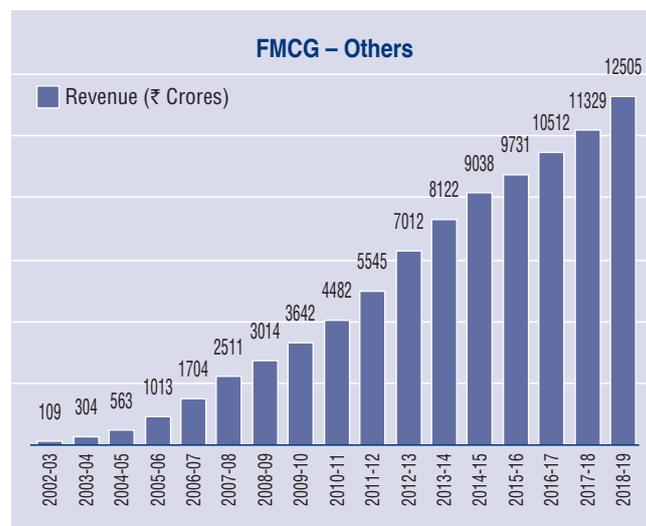
Segment EBITDA for the year registered a robust growth of 51% to ₹ 688.25 crores from ₹ 455.58 crores in 2017-18. Segment Results for the year (excl. net gain on restructuring of Lifestyle Retailing Business) posted significant improvement to ₹ 315.72 crores from ₹ 164.12 crores in 2017-18. This was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

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

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

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

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



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

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Today, your Company's vibrant portfolio of brands represents an annual consumer spend of over ₹ 18000 crores in aggregate. Over 25 world-class Indian brands, have been built largely organically by your Company over a relatively short period of time - a feat unparalleled in the Indian FMCG industry. In terms of annual consumer spend, 'Aashirvaad' is today over ₹ 4500 crores; 'Sunfeast' over ₹ 3800 crores; 'Bingo!' nearly ₹ 2500 crores; 'Classmate' over ₹ 1400 crores; 'YiPPee!' over ₹ 1100 crores and 'Vivel', 'Mangaldeep' & 'Candyman' are over ₹ 500 crores each. These world-class Indian brands support the competitiveness of domestic value chains of which they are a part, ensuring creation and retention of value within the country.

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

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

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

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

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

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

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

Highlights of progress in each category are set out below.

Branded Packaged Foods

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

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

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

Relentless focus on delivering superior quality products to consumers remains a key source of competitive advantage for the Branded Packaged Foods Businesses. The Businesses continue to leverage your Company's agri-commodity sourcing expertise to procure high quality raw materials thereby ensuring the highest level of quality and safety of its products. In addition, each of your Company's branded packaged food products is manufactured in HACCP/ISO-certified manufacturing locations ensuring compliance with all applicable laws and adherence to the highest quality norms.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Personal Care Products

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

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

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

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

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

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

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

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

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

Your Company continues to strengthen its presence in the Personal Care space in view of the robust long-term prospects of the industry given the low levels of per capita consumption currently, rising disposable incomes, increasing urbanisation and growing consumer preference for enhanced personal grooming. Your Company is well positioned to seize the emerging opportunities and continues to invest in creation of vibrant brands, innovative consumer-centric products and a robust supply chain to emerge as a significant player in this space.

Education and Stationery Products

During the year, the Stationery industry witnessed heightened competitive intensity along with a sharp escalation in paper prices. Despite these challenging conditions, the Business posted robust growth in revenue and sustained its leadership position in the industry anchored on a portfolio of world-class brands and products, and an efficient distribution network.

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

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

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

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

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

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

strengthened further through innovative processes and superior technology interventions.

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

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

Incense Sticks (Agarbattis) and Safety Matches

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

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

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

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

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

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

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

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

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

Lifestyle Retailing Business

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

Trade Marketing & Distribution

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

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

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

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

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

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

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

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

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

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

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

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

HOTELS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PAPERBOARDS, PAPER AND PACKAGING

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

Paperboards & Specialty Papers

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

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

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

The current import policy and extant regulations governing commercial and social forestry in the country have put the Indian Paper and Paperboard industry at a disadvantage vis-à-vis imports. There is clearly a need to review the current import duty structure and re-examine the existing Free Trade Agreements (FTAs) and the new ones under formulation towards providing a level playing field to the domestic industry and encouraging commercial farming of wood in India. Legislative changes along with appropriate environmental safeguards need to be implemented to enable private sector participation in commercial forestry on drylands and wastelands.

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

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

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

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

Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC-FM) certification, which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit and economic viability. Till date, your Company has received FSC-FM certification for over 37,000 hectares of plantations involving over 32,000 farmers. During the year, over 97,000 tonnes of FSC-certified wood were procured from these certified plantations. All four manufacturing units of the Business have obtained the FSC Chain of Custody certification and have complied with all requirements during the year, thereby sustaining your Company's position as the leading supplier of FSC-certified paper and paperboard in India.

All manufacturing units of the Business continue to recycle nearly 100% of the solid waste generated during operations by converting the same into lime, fly ash bricks, grey boards, egg trays, etc. In addition, the Business procured and recycled 1,17,000 tonnes of waste paper during the year, thereby sustaining your Company's overall positive solid waste recycling footprint.

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

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

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

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

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

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

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

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

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

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

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

Packaging and Printing

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

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

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

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

2018' and 'Packaging convertor of the year 2018' by Print Week. The Business continues to be acknowledged as a key associate by several large FMCG companies in the country for providing superior packaging solutions. The manufacturing facilities at Tiruvottiyur, Haridwar and Munger maintained the highest standards in Quality and Environment, Health & Safety (EHS). All the three units are certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 and have also received Social Accountability Certification (SA 8000:2008). Both the Tiruvottiyur and Haridwar units received the highest 'Grade A' BRC/IOP certification (British Retail Consortium/ Institute of Packaging), for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. During the year, Haridwar Unit received 'Shreshtha Suraksha Puraskar' by National Safety Council of India and 'National Safety Award' by Ministry of Labour and Employment while Tiruvottiyur Unit received 'CII-SR EHS Excellence Award 2018'. The Risk Management Framework of the Business was re-certified under ISO 31000:2009 during the year. The 14 MW wind energy farm in Tamil Nadu, set up in 2008, continues to provide clean energy to the Tiruvottiyur facility, contributing towards reducing your Company's carbon footprint.

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

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

AGRI BUSINESS

Leaf Tobacco

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

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

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

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

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

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

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

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

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

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

Other Agri Commodities

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

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

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

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

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

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

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

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

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

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

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

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

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

efficiency and to maintain quality with identity preservation and traceability.

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

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

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

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

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

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

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

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

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

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

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

NOTES ON SUBSIDIARIES

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

Surya Nepal Private Limited

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

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

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

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

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

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

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

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

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

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

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

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

ITC Infotech India Limited and its subsidiaries

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

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

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

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

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

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

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

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

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

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

Technico Pty Limited and its subsidiaries

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

For the year under review:

- a. Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 2.41 million (previous year A\$ 2.52 million) and a Net Profit of A\$ 1.25 million (previous year A\$ 1.45 million).
- b. Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico Horticultural (Kunming) Co. Limited, China – There were no significant events to report with respect to the above companies.

Technico Agri Sciences Limited

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

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

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

WelcomHotels Lanka (Private) Limited

WelcomHotels Lanka (Private) Limited (WLPL), a wholly-owned subsidiary of your Company was incorporated in Sri Lanka with the objective of developing and operating a mixed-use development project ('Project') comprising a luxury hotel and a super-premium residential apartment complex situated on 5.86 acres of prime sea-facing land in Colombo.

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

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

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

Landbase India Limited

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

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

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

Srinivasa Resorts Limited

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

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

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

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

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

Fortune Park Hotels Limited

The company, which caters to the 'Mid-market to Upscale' segment through a chain of Fortune hotels, continues to forge new alliances and expand its footprint. Currently, the company has an aggregate inventory of nearly 4,000 rooms spread over 53 properties of which 47 are operating hotels. Of the balance six properties, one is slated to be commissioned in the ensuing year while five are in various stages of development.

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

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

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

Bay Islands Hotels Limited

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

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

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

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

Wimco Limited

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

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

The company continues to focus on developing superior solutions towards addressing customer requirements.

North East Nutrients Private Limited

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

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

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

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

Russell Credit Limited

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

Gold Flake Corporation Limited

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

Greenacre Holdings Limited

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

ITC Investments & Holdings Limited

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

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

MRR Trading & Investment Company Limited

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

Pavan Poplar Limited

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

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

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

Prag Agro Farm Limited

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

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

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NOTES ON JOINT VENTURES

ITC Essentra Limited

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

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

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

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

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

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 34 heritage properties across 13 States in India. The company, with its WelcomHeritage brand portfolio comprising 'Legend Hotels', 'Heritage Hotels' and 'Nature Resorts' provides uniquely differentiated offerings to guests in the cultural, heritage and adventure tourism segments respectively.

During the year ended 31st March 2019, the company recorded Total Income of ₹ 3.82 crores (previous year ₹ 4.06 crores) and Net Loss of ₹ 0.14 crore (previous year (-) ₹ 0.33 crore). Total Comprehensive Income for the year stood at (-) ₹ 0.15 crore (previous year (-) ₹ 0.33 crore).

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

Espirit Hotels Private Limited

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

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

Your Company continues to explore its options in this regard.

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

Logix Developers Private Limited

Logix Developers Private Limited (LDPL) is a joint venture between your Company and Logix Estates Private Limited for developing a luxury hotel-cum-service apartment complex at the company's site located at Sector 105 in NOIDA. Under the terms of the Joint Venture Agreement, your Company holds 27.9% equity stake in LDPL and will, inter alia, provide hotel operating services, upon commissioning of the hotel by LDPL.

As reported in the previous year, your Company reiterated its position with the JV partner that it was committed to developing a luxury hotel-cum-service apartment complex as envisaged under the JV

Agreement and that it was not interested in progressing with any alternative project plans proposed by the JV partner. However, the JV partner refused to progress the project and instead expressed its intent to exit from the JV by selling its stake to your Company.

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

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

The financial statements of LDPL for the year ended 31st March, 2019 are yet to be approved by its Board of Directors. In the absence of audited financial statements of LDPL, the Consolidated Financial Statements of your Company for the year ended 31st March, 2019 have been prepared based on the financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

International Travel House Limited

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

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

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

Gujarat Hotels Limited

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

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

The Board of Directors of the company has recommended a dividend of ₹ 3.50 per Equity Share of ₹ 10/- each for the year ended 31st March, 2019 (previous year ₹ 3.50 per Equity Share).

ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. During the year, the company recorded Total Revenue of ₹ 23.67 crores (previous year ₹ 23.13 crores) and Net Profit of ₹ 0.31 crore (previous year ₹ 0.66 crore).

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

Associates of Russell Credit Limited

Russell Investments Limited

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

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

Divya Management Limited

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

Antrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.28 crore (previous year ₹ 0.28 crore) and Net Profit of ₹ 0.05 crore (previous year ₹ 0.10 crore). The company continues to explore opportunities to make investments.

INTERNAL FINANCIAL CONTROLS

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

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

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

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

RISK MANAGEMENT

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

- The Corporate Governance Policy approved by the Board, clearly lays down the roles and responsibilities of the various entities in relation to risk management

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

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

their top risks and set out a mitigation plan with agreed timelines and accountabilities. Businesses are required to confirm periodically that all relevant risks have been identified, assessed, evaluated and that appropriate mitigation systems have been implemented.

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

The centrally anchored initiative of conducting external independent reviews of key business processes with high 'value at risk' continued during the year. The Risk Management Committee met thrice during the year and was updated on the status and effectiveness of the risk management plans. The Audit Committee was also updated on the effectiveness of your Company's risk management systems and policies.

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

Your Company sources several commodities for use as inputs in its businesses and also engages in agri-commodity trading as part of its Agri Business.

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

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

Your Company's strategy of backward integration in sourcing of agri-commodities such as wheat, potato, fruit pulp, spices and leaf tobacco; in-house manufacturing of paperboards, paper and packaging (including pulp production and print cylinder making facilities); wood procurement from the economic vicinity of the Bhadrachalam unit, facilitates access to critical inputs at benchmark quality and competitive cost besides ensuring security of supplies. Further, each of your Company's businesses continuously focuses on product mix enrichment towards protecting margins and insulating operations from spikes in input price.

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

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

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

AUDIT AND SYSTEMS

Your Company believes that internal control is a necessary concomitant of the principle of governance

that freedom of management should be exercised within a framework of appropriate checks and balances.

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

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

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

The Internal Audit function consisting of professionally qualified accountants, engineers and Information Technology (IT) Specialists is adequately skilled and resourced to deliver audit assurances at highest levels.

In the context of the IT environment of your Company, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies receive focused attention of the Internal Audit team. Information Technology systems undergo pre-implementation audit before being deployed for usage in businesses, thereby delivering an independent assurance with respect to the rigour of implementation. The usage of data analytics in audits was augmented across the organisation.

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

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

The Audit Committee of your Board met eight times during the year. The Terms of Reference of the Audit Committee inter alia included reviewing the effectiveness of the internal control environment, evaluation of the Company's internal financial control and risk management systems, monitoring implementation of the action plans emerging out of Internal Audit findings including those relating to strengthening of your Company's risk management systems and discharging of statutory mandates.

HUMAN RESOURCE DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

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

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

WHISTLEBLOWER POLICY

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

SUSTAINABILITY – CONTRIBUTION TO THE 'TRIPLE BOTTOM LINE'

Inspired by the opportunity to sub-serve larger national priorities, your Company redefined its Vision to not only reposition the organisation for extreme competitiveness but also make societal value creation and environmental replenishment the bedrock of its corporate strategy. This super-ordinate vision spurred innovative strategies to address some of the most challenging societal issues including widespread poverty, unemployment and environmental degradation. Your Company's sustainability strategy aims at creating significant value for the nation through superior 'Triple Bottom Line' performance that builds and enriches the country's economic, social and environmental capital. The

sustainability strategy is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise.

Your Company is today a global exemplar in sustainability. It is a matter of immense satisfaction that your Company's models of sustainable development have led to the creation of sustainable livelihoods for around six million people, many of whom belong to the marginalised sections of society. Your Company has also sustained its position of being the only Company in the world of comparable dimensions to have achieved the global environmental distinction of being carbon positive (for 14 consecutive years), water positive (for 17 years in a row) and solid waste recycling positive (for 12 years in succession).

To contribute to the nation's efforts in combating climate change, your Company's strategy of adopting a low-carbon growth path is manifest in its growing renewable energy portfolio, establishment of green buildings, large-scale afforestation programme, achievement of international benchmarks in energy and water consumption. During the year, about 41% of your Company's total energy requirements were met from renewable energy sources - a creditable performance given its expanding manufacturing base.

Your Company has adopted a comprehensive set of sustainability policies that are being implemented across the organisation in pursuit of its 'Triple Bottom Line' agenda. These policies are aimed at strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impacts along the value chain of each business.

Your Company's 15th Sustainability Report, published during the year details the progress made across all dimensions of the 'Triple Bottom Line' for the year 2017-18. This report is in conformance with the Global Reporting Initiative (GRI) standards under 'In Accordance - Comprehensive' category and is third-party assured at the highest criteria of 'reasonable assurance' as per International Standard on Assurance Engagements (ISAE) 3000. The 16th Sustainability Report, covering the sustainability performance of your Company for the year 2018-19, is being prepared in accordance with the GRI Standards and will be made available shortly.

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

Corporate Social Responsibility (CSR)

Your Company's overarching commitment to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. Towards this end, your Company adopted a comprehensive CSR Policy in 2014-15 outlining programmes, projects and activities that your Company plans to undertake to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Schedule VII read with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The key elements of your Company's CSR interventions are to:

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

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Your Company's stakeholders are confronted with multi-dimensional and inter-related concerns, at the core of which is the challenge of securing sustainable livelihoods. Accordingly, interventions under your Company's Social Investments Programme (SIP) are appropriately designed to build their capacities and promote sustainable livelihoods.

The footprint of your Company's projects is spread over 27 States/Union Territories covering 235 districts.

Social Forestry

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

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

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

Soil and Moisture Conservation

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

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

Biodiversity

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

Sustainable Agriculture

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

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

Livestock Development

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

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

Women Empowerment

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

Education

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

Skilling & Vocational Training

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

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

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

Health & Sanitation

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

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

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

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

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

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

Solid Waste Management

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

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

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

ITC Sangeet Research Academy

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

Forging Partnerships with NGOs

The meaningful contribution made by your Company's Social Investments Programme to address some of the country's key development challenges, has been possible in significant measure, due to your Company's partnerships with globally renowned NGOs such as BAIF, DSC, FES, DHAN Foundation, MYRADA, Pratham, SEWA Bharat, Outreach, WASH Institute and Water for People, amongst others. These partnerships, which bring together the best-in-class management practices of your Company and the development experience and mobilisation skills of NGOs, will continue to provide innovative grassroots solutions to some of India's most challenging problems of development in the years to come.

CSR Expenditure

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

Environment, Health & Safety

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

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

Your Company is addressing the critical area of climate change mitigation through several innovative and pioneering initiatives. These include continuous improvement in energy efficiency, enhancing the renewable energy portfolio, integrating green attributes into the built environment, better efficiency in material utilisation, maximising water use efficiencies and rain water harvesting, maximising reuse and recycling of waste and utilising post-consumer waste as raw material.

Energy Conservation and Renewable Energy

Your Company is well positioned to benefit from energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. Accordingly, all factories incorporate appropriate green features and premium luxury hotels and office complexes continue to be certified at the highest level by either the US Green Building Council, Indian Green Building Council or the Bureau of Energy Efficiency (BEE).

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

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

Water Security

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

Greenhouse Gases and Carbon Sequestration

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

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

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

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

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

Over twice the amount of Carbon Dioxide emissions from your Company's operations, are being sequestered through its Social and Farm Forestry initiatives. Besides mitigating the impact of increasing levels of GHG emissions in the atmosphere, these initiatives help greening of degraded wasteland, prevent soil erosion, enhance organic matter content in soil and enhance ground water recharge.

Waste Recycling

Your Company continues to make significant progress in reducing specific waste generation through constant monitoring and improvement of efficiencies in material utilisation and also in achieving almost total recycling of waste generated in operations. In this way, your Company has prevented waste reaching landfills and the associated problems of soil and groundwater contamination and GHG emissions, all of which can adversely impact public health. In the current year, your Company has achieved over 99% waste recycling, with the Paperboards and Specialty Papers Business, which accounts for 89% of the total waste generated in your Company, recycling 99.9% of the total waste generated by its operations. During the year, this

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

Circular Economy Approach to Plastic Packaging

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

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

Safety

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

Your Company continuously strives to improve on safety performance by incorporating best-in-class engineering standards in the design and project execution phase itself for all investments in the built environment, besides optimising costs. Environment, Health & Safety audits before commissioning and during the operation of units continue to be carried out to verify compliance with standards.

Promoting Thought Leadership in Sustainability

The 'CII-ITC Centre of Excellence for Sustainable Development', established by your Company in 2006 in collaboration with the Confederation of Indian Industry (CII), continues to focus on its endeavour to promote sustainable business practices amongst Indian enterprises. The major highlights during the year include the following:

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

Report of the Board of Directors

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

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

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

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company continues to invest in a comprehensive Research & Development programme leveraging its world-class infrastructure, benchmarked processes, state-of-the-art technology and a business-focused R&D strategy.

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

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

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

Recognising the unique construct of your Company in terms of its strong presence in Agri, Branded Packaged Foods and Personal Care Products Businesses, a convergence of R&D capabilities is being leveraged to deliver future products aimed at nutrition, health and well-being. In keeping with the above, during the year, your Company launched a variety of potatoes which are low in sugar content and rich in antioxidants. LSTC's Biosciences team has designed and developed several long-term research platforms for evolving multi-generation product concepts and associated claims that are fully backed by scientific evidence for the Branded Packaged Foods and Personal Care Products Businesses. Consumer insight driven propositions have been identified in the area of functional foods which are being progressed to products of the future with strong scientifically validated claims via clinical trials. Several of these initiatives have completed clinical assessment of safety and efficacy of products in line with global standards and specifically for the Indian population. These interventions will go a long way in enabling your Company to become a world-class producer of

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

LSTC has a clear vision and road map for long-term R&D, backed by a well-crafted Intellectual Property strategy. With scale, speed, science and sustainability considerations, LSTC is poised to deliver long-term competitive advantage for your Company.

In line with your Company's relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on processes and systems to enhance their competitive position. During the year, your Company's Hotels Business leveraged its 'Lean' and 'Six Sigma' programmes to improve business process efficiencies. This will further enhance capability to create superior customer value through a service excellence framework. The Paperboards, Paper & Packaging Businesses continued to pursue 'Total Productive Maintenance' (TPM) programmes in all units, resulting in substantial cost savings and productivity improvements.

All manufacturing units of your Company have ISO quality certification. All manufacturing units of the Branded Packaged Foods Businesses (including contract manufacturing units) and hotels operate in compliance with stringent food safety and quality standards. Almost all Company owned units/hotels and contract manufacturing units of the Branded Packaged Foods Businesses are certified by an accredited third party in accordance with 'Hazard Analysis Critical Control Points' (HACCP)/ISO 22000 standards. Additionally, the quality of all FMCG products of your Company is regularly monitored through 'Product Quality Rating System' (PQRS) which measures competitive superiority of your Company's product offerings.

Report of the Board of Directors

PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

In the proceedings initiated by the Enforcement Directorate in 1997, in respect of some of the show cause memoranda issued by the Directorate, after hearing arguments on behalf of your Company, the appropriate authority has passed orders in favour of your Company, and dropped those memoranda.

In respect of some of the remaining memoranda, your Company filed writ petitions, challenging their validity before the Honourable Calcutta High Court, which have been allowed, and the proceedings in respect of these memoranda have been quashed. Meanwhile, some of the prosecutions launched by the Enforcement Directorate have been quashed by the Honourable Calcutta High Court while others are pending.

TREASURY OPERATIONS

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

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

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

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

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

As in earlier years, commensurate with the size of the temporary surplus liquidity under management, treasury operations continue to be supported by appropriate control mechanisms, including independent check of 100% of transactions by your Company's Internal Audit department.

DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2019, there were no deposits due for repayment except in respect of two deposit holders totalling to ₹ 20,000/- which have been withheld on the directives received from the government agencies.

There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of your Company's erstwhile Schemes.

Your Company has not accepted any deposit from the public / members under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year.

DIRECTORS

Changes in Directors

Mr. Yogesh Chander Deveshwar, Chairman of the Company since 1st January, 1996, passed away on 11th May, 2019. Your Directors express their sincere condolences on the demise of Mr. Deveshwar and place on record their deep appreciation for his legendary stewardship of the Company for more than two decades.

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

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

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

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

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

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

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

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

By virtue of the provisions of Article 96 of the Articles of Association of your Company and Section 161 of the Companies Act, 2013 ('the Act'), Messrs. Bhargava and Sumant will vacate office at the ensuing Annual General Meeting ('AGM') of your Company.

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

Further, the Board at the meeting held on 13th May, 2019, on the recommendation of the Committee, recommended for the approval of the Members, the re-appointment of Mr. Arun Duggal, Mr. Sunil Behari Mathur and Ms. Meera Shankar as Independent Directors of your Company in terms of Section 149 of the Act and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015') with effect from 15th September, 2019.

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

Appropriate resolutions seeking your approval to the above are appearing in the Notice convening the 108th AGM of your Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 91 of the Articles of Association of

Report of the Board of Directors

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

Number of Board Meetings

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

Attributes, Qualifications & Independence of Directors and their Appointment

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

The Articles of Association of your Company provide that the strength of the Board shall not be fewer than five nor more than eighteen. Directors are appointed/re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines and as may be determined by the Board from time to time. All Directors, other than Independent Directors, are liable to retire by rotation, unless otherwise approved by the Members. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

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

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

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

Board Evaluation

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

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Listing Regulations 2015 read with the Company's Governance Policy. The parameters for Board performance evaluation have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as to fulfil expectations of other stakeholders through strategic supervision of the Company. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairman with the Board. Individual Directors are evaluated in the context of the role played by each Director as a member of the Board at its meetings, in assisting the Board in realising its role of strategic supervision of the functioning of the Company in pursuit of its purpose and goals.

While the Board evaluated its performance against the parameters laid down by the Nomination & Compensation Committee, the evaluation of individual Directors was carried out against the laid down parameters, anonymously in order to ensure objectivity. Reports on functioning of Committees were placed before the Board by the Committee Chairmen. The Independent Directors Committee of the Board also reviewed the performance of the non-Independent Directors and the Board, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations 2015.

KEY MANAGERIAL PERSONNEL

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

AUDIT COMMITTEE & AUDITORS

The composition of the Audit Committee is provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Statutory Auditors

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

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

Cost Auditors

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

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

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

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

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

Secretarial Auditors

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

CHANGES IN SHARE CAPITAL

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

Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2019, stands increased to ₹ 1225,86,31,601/- divided into 1225,86,31,601 Ordinary Shares of ₹ 1/- each.

The Ordinary Shares issued during the year rank pari passu with the existing Ordinary Shares of your Company.

EMPLOYEE STOCK OPTION SCHEMES

Disclosures with respect to Stock Options, as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the Regulations'), are available in the Notes to the Financial Statements and can also be accessed on the Company's corporate website 'www.itcportal.com' under the section 'Shareholder Value'. During the year, there has not been any material change in the Company's Employee Stock Option Schemes.

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, have certified that the Employee Stock Option Schemes of the Company have been implemented in accordance with the Regulations and the resolutions passed by the Members in this regard.

Report of the Board of Directors

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), accredited with ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services. ISC continues to focus on upgrading its infrastructure, systems and processes for providing contemporary and efficient services to the shareholders and investors of your Company, in compliance with the applicable statutory requirements.

During the year, Messrs. Det Norske Veritas, accredited agency for ISO certification, accorded the highest possible 'Level 5' rating to ISC's systems and processes for the tenth consecutive year, exemplifying the excellence achieved by ISC in providing quality investor services.

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All such contracts or arrangements have been approved by the Audit Committee, as applicable. No material contracts or arrangements with related parties were entered into during the year under review. Further, the prescribed details of related party transaction in Form No. AOC-2, in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in the Annexure to this Report.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- selected such accounting policies and applied them consistently and made judgements and estimates

that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- prepared the Annual Accounts on a going concern basis;
- laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and were operating effectively; and
- devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

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

The respective Board of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used

for the purpose of preparation of the consolidated financial statements by the Directors of your Company, as aforesaid.

OTHER INFORMATION

Compliance with conditions of Corporate Governance Report

The certificate from your Company's Auditors, Messrs. Deloitte Haskins & Sells, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations 2015, is annexed.

Integrated Report

The Company has voluntarily prepared its Integrated Report for the financial year 2018-19. As a green initiative, the Report has been hosted on the Company's corporate website at <https://www.itcportal.com/about-itc/shareholder-value/index.aspx#sectionb2>.

Going Concern status

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

Extract of Annual Return

The information required under Section 134 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is provided in the Annexure forming part of this Report.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 4, 5, 6, 9 and 27 (v) (a) (ii) to the Financial Statements.

Particulars relating to Conservation of Energy and Technology Absorption

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

Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company

Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

Employees

The total number of employees as on 31st March, 2019 stood at 27,279.

There were 91 employees, who were employed throughout the year and were in receipt of remuneration aggregating ₹ 102 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating ₹ 8.5 lakhs per month or more during the financial year ended 31st March, 2019. The information required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of this Report.

Dividend Distribution Policy

The Company's Dividend Distribution Policy is provided in the Annexure forming part of this Report and is also available on the Company's corporate website 'www.itcportal.com'. There has been no change in the Policy during the year.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2019, are provided in the Annexure forming part of this report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its Businesses are intended to identify such forward-looking statements.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

Report of the Board of Directors

CONCLUSION

Inspired by the opportunity to serve a larger national purpose, your Company redefined its Vision about two decades ago to transform itself into a vibrant engine of growth that would make a substantial contribution to the Indian economy, whilst rewarding shareholders by creating growing value for the Indian society.

Over the last 23 years, your Company has created multiple drivers of growth by developing a portfolio of world-class businesses across all sectors of the national economy spanning agriculture, manufacturing and services. Your Company ranks amongst the Top 3 in the private sector in terms of Contribution to the Exchequer. Over the last 23 years, your Company's Value Addition aggregated ₹ 4.6 lakh crores of which nearly 75% accrued to the Exchequer at the Central and State levels. During this period, your Company's net revenue and post-tax profit have recorded an impressive compound annual growth of 13.3% and 18.3% respectively. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 22.3% per annum during this period, placing your Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

Your Company's non-cigarette businesses have grown over 21-fold since 1996 and presently constitute appx. 60% of net segment revenue. In aggregate, the non-cigarette businesses account for over 80% of your Company's operating capital employed, about 90% of the employee base and over 80% of annual investments.

Your Company today is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboard and Packaging industry, a pioneering

trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices.

Aligned with the Government's Make in India Vision, your Company is building national assets in the manufacturing and tourism sector. As stated earlier in this Report, several world-class Integrated Consumer Manufacturing & Logistics facilities are being built to deliver sustainable competitive advantage to your Company's FMCG businesses. Several projects with an aggregate outlay of ₹ 25000 crores are in various stages of implementation / planning across the length and breadth of the country facilitating regional and national economic development. Recognising that tomorrow's world will belong to those who create, own and nurture intellectual capital, your Company continues to invest in augmenting the capability of its globally benchmarked Life Sciences and Technology Centre to ensure that its Businesses are future-ready and contribute to building intellectual property assets for the nation.

Your Company's Board and employees are inspired by the Vision of sustaining ITC's position as one of India's most admired and valuable companies, creating enduring value for all stakeholders, including the shareholders and the Indian society. The vision of enlarging your Company's contribution to the Indian economy is driven by its 'Let's Put India First' credo anchored on the core values of Trusteeship, Transparency, Empowerment, Accountability and Ethical Citizenship, which are the cornerstones of ITC's Corporate Governance philosophy.

Inspired by this Vision, driven by Values and powered by internal Vitality, your Directors and employees look forward to the future with confidence and stand committed to creating an even brighter future for all stakeholders.

13th May, 2019
Gurugram
India

On behalf of the Board

S. PURI *Chairman & Managing Director*
R. TANDON *Director & Chief Financial Officer*

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2019

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES OF THE COMPANY

1. CSR Policy - Brief Outline and Overview

a. Brief outline of CSR Policy:

To direct ITC's CSR Programmes, inter alia, towards achieving one or more of the following: enhancing environmental and natural capital; supporting rural development; promoting education and vocational skills; providing preventive healthcare; providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India; preserving and promoting traditional art and culture and promoting sports. The CSR Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>.

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is, inter alia, to formulate, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists in crafting unique models to support creation of sustainable livelihoods. The Committee formulates, reviews and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company. The Committee also reviews the Business Responsibility Report of the Company.

c. Programmes/Projects:

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

- Rural communities primarily in the Company's Agri Business areas.
- The communities residing in close proximity to our production units.

The Company's stakeholder representation is varied, calling for an integrated approach to development comprising several layers of interventions which are summarised below:

i. Promoting Preventive Healthcare, Sanitation & Poverty Alleviation (Schedule VII – i):

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases. Focus on interventions to enhance awareness and impact behaviour change on Water, Sanitation & Hygiene (WASH).
- **Health:** Focus on maternal and child care (MCH) through a network of women Village Health Champions (VHC) and by generation of demand by at-risk women and children for institutional support in MCH.
- **Health Infrastructure:** Undertake various social and civic infrastructure services to improve sanitation and hygiene in the neighbourhood of our factories, comprising potable drinking water, drainage systems, etc.
- **Solid Waste Management:** Create a clean and green environment through source segregation and recycling of dry waste, and create sustainable livelihoods for rag pickers and waste collectors.
- **Poverty Alleviation:** These programmes are targeted at the needy and poor who are provided with basic needs like clothing and food as a part of the implementation agency's goal of poverty alleviation.

ii. Livelihood Enhancement (Schedule VII – ii):

- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers by increasing productivity of milch animals through a comprehensive package of extension services and training to dairy farmers.
- **Education:** Provide children from weaker sections access to education with focus on enrolment, retention and improved pedagogy.
- **Vocational Training:** Build and upgrade skills of youth to better conform with the emerging needs of the job market across different sectors.

iii. Economic Empowerment of Women (Schedule VII – iii):

Provide a range of gainful employment and entrepreneurial opportunities to poor women supported with financial assistance by way of loans and grants.

iv. Ensuring Environmental Sustainability (Schedule VII – iv):

- **Social Forestry:** Provide food, fuel and fodder security to small farmers through social forestry.
- **Soil & Moisture Conservation:** Promote local management of water resources by facilitating community-based participation in planning and executing watershed projects.
- **CII-ITC Centre of Excellence for Sustainable Development:** Enable businesses to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies and processes.

v. **Protection of National Heritage, Art & Culture (Schedule VII – v):**

Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians of the time through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977.

vi. **Rural Development (Schedule VII – x):**

- **Sustainable Agriculture:** Introduce advanced knowledge and technology through package of practices and increase awareness of farmers on optimum use of natural resources in order to increase farm productivity and minimise cost of cultivation.
- **Knowledge Empowerment:** Leverage knowledge based interventions to empower farmers to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge on farm management, risk management and scientific farming.
- **Agri-extension/services:** Encourage sustainable agricultural practices through Choupal Pradarshan Khets to enable access to relevant farm mechanisation technologies and implements, especially for small farm holdings.
- **Farm Productivity Enhancement:** Improve the technical know-how of farmers, increase access to best practices and agricultural technologies and, thereby, enhance farm productivity.

2. Composition of the CSR and Sustainability Committee as on 31st March, 2019:

Mr. Y. C. Deveshwar *	Chairman
Mr. H. Bhargava	Member
Mr. J. Pulinthanam	Member
Ms. N. Rao	Member
Ms. M. Shankar	Member
Mr. D. R. Simpson	Member
Mr. R. K. Singhi	Secretary to the Committee

* Passed away on 11th May, 2019. Mr. S. Puri is the Chairman of the CSR and Sustainability Committee with effect from 13th May, 2019.

3. Average Net Profit of the company for last three financial years: ₹ 15327.74 crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 306.55 crores for FY 2018-19

5. Details of CSR Spent during the financial year:

The total CSR expenditure for the financial year 2018-19 stood at ₹ 306.95 crores. Please refer attached statement for details.

6. Details of implementing agencies:

Your Company's CSR projects are implemented through partner implementing agencies which were identified and selected through a comprehensive due diligence process. Your Company partnered with:

- Eminent NGOs / Trusts such as BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, Foundation for Ecological Security, etc.;
- ITC Sangeet Research Academy (ITC SRA), a true embodiment of your Company's sustained commitment to a priceless national heritage;
- ITC Rural Development Trust, a Public Charitable Trust, involved in undertaking various programmes of rural development;
- 'CII-ITC Centre of Excellence for Sustainable Development', established by your Company in collaboration with the Confederation of Indian Industry (CII).

7. Responsibility Statement of the CSR Committee:

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

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman – CSR Committee
Director & Chief Financial Officer

Statement of details of CSR spends during the financial year 2018-19

₹ in Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) State and district where projects or programmes was undertaken	Amount (budget) project or programme wise	Amount spent on the projects or programmes		Cumulative expenditure up to the reporting period	Amount spent: Direct or Through Implementing Agency
					1. Direct expenditure on projects or programmes	2. Overheads		
1	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water, Eradication of Poverty	Local & Others *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Jammu & Kashmir, Himachal Pradesh, Madhya Pradesh, Maharashtra, Kerala, Assam, Chhattisgarh, Gujarat, Meghalaya, Odisha, Rajasthan, Punjab, Delhi, Jharkhand, Arunachal Pradesh, Tripura, Manipur, Nagaland	13037	12316	467	12783	**Through Project Implementing Agencies, Government & Direct
2	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education Vocational Training Livestock Development Livelihood Promotion	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Rajasthan, Himachal Pradesh, Madhya Pradesh, Maharashtra, Assam, Odisha, Punjab, Delhi, Chhattisgarh, Jammu & Kashmir, Kerala, Gujarat, Haryana	4977	2278 1556 324 175	116 142 34 0	2394 1698 358 175	**Through Project Implementing Agencies & Direct
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Madhya Pradesh, Uttar Pradesh, Assam, Rajasthan, West Bengal, Maharashtra, Uttarakhand, Himachal Pradesh	1551	1202	110	1312	**Through Project Implementing Agencies & Direct
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Environment Sustainability, Soil & Moisture Conservation Social Forestry	Local & Others *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Bihar, Rajasthan, Maharashtra, Madhya Pradesh, Delhi, Punjab, Uttar Pradesh, Tripura, Chhattisgarh, Odisha, Uttarakhand, Assam, Haryana	6607	5348 458	395 49	5743 507	**Through Project Implementing Agencies & Direct
5	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture	Local *West Bengal, Punjab	557	378	0	378	**Through Project Implementing Agencies & Direct
6	Rural Development projects.	Agri Development	Local *Bihar, West Bengal, Odisha, Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Madhya Pradesh, Maharashtra, Uttar Pradesh, Rajasthan, Gujarat, Punjab, Chhattisgarh, Assam, Uttarakhand, Jharkhand, Haryana, Himachal Pradesh	4071	5145	202	5347	**Through Project Implementing Agencies & Direct
Total				30700	29180	1515	30695	

* The CSR programmes are carried out primarily in the following district of the States / Union Territories as mentioned below:
 Andhra Pradesh – East Godavari, Guntur, Krishna, Nellore, Prakasam, Srikakulam, Visakhapatnam, West Godavari, Chittoor, Anaparthi, Kurnool, Kadapa
 Assam – Baka, Borge, Darrang, Dhubri, Goalpara, Kamrup, Cachar, Karimganj, Dibrugarh
 Bihar – Araria, Begusarai, Buxar, Khatkar, Lakhisarai, Munger, Samastipur, Sheikhpura, Sitamarhi, Patna, Saran, Muzaffarpur, East Champaran (Mothani), Ronghat, Nalanda, Kaimur (Bhabua), Kriegaria, Bhagalpur, Gaya
 Chhattisgarh – Sukma, Naryanpur, Bilaspur, Raipur
 Himachal Pradesh – Solan, Shimla
 Jammu & Kashmir – Srinagar, Jammu, Pulwama
 Jharkhand – Pakur, Sahibganj, East Singhbhum, Jamtara, Deoghar, Ranchi, Hazaribag, Dhanbad, Bokaro
 Karnataka – Bengaluru, Chikkaballapur, Hassan, Kolar, Mandya, Mysuru, Dakshina Kannada, Bengaluru Urban, Kodagu, Bellary (Belga), Bagalkot, Udupi, Chikmagalur, (Chikmagalur)
 Madhya Pradesh – Agar Malwa, Barwani, Bhopal, Chhatarpur, Chhindwara, Damoh, Dewas, Dhar, Guna, Hoshangabad, Indore, Khandwa, Mandla, Raichur, Raigarh, Railam, Sagar, Sehore, Shivpuri, Neemuch, Singrauli, Ujjain, Vidisha, Jabalpur
 Maharashtra – Ahmednagar, Amravati, Nanded, Parbhani, Pune, Raichur, Satara, Warhade, Aurangabad, Nagpur, Chandrapur, Sangli, Mumbai City, Akola, Nanded, Solapur, Nashik, Thane
 Delhi – South Delhi, New Delhi
 Odisha – Ganjam, Kalahandi, Khordha, Malkangiri, Rayagada, Puri, Bhubaneswar, Cuttack, Sundargarh
 Punjab – Kapurthala, Amritsar
 Rajasthan – Baran, Bhiwara, Bundi, Jaisalmer, Jhalawar, Kota, Pali, Jhunjhunu, Barmer, Jalore, Jaipur
 Tamil Nadu – Chennai, Coimbatore, Krishnagiri, Madurai, Pudukkottai, Theni, Tiruvallur, Tiruchirappalli, Thoothukudi (Tuticorin), Tiruvannamalai, Nilgiris, Vellore, Ramanaipattanam, Sivaganga, Erode, Thanjavur, Cuddalore, Tiruppur, Tirunelveli, Kanyakumari, Salem, Kanchipuram
 Telangana – Bhadrachalam, Khammam, Hyderabad, Mahabubabad, Suryapet, Warangal, Siddipet, Rajanna Sircilla, Medak, Mahabubnagar, Karimnagar
 Tripura – West Tripura, Unakoti
 Uttar Pradesh – Bahraich, Balrampur, Chandauli, Chitrakoot, Ghazipur, Gorakhpur, Hathras, Kaushambi, Lucknow, Saharanpur, Shravasti, Sonbhadra, Kanpur, Mathura, Varanasi, Allahabad, Ghaziabad, Gaudam Buddha Nagar, Lucknow, Agra, Bareilly, Meerut, Jhansi, Shahjahanpur, Moradabad, Aligarh
 Uttarakhand – Haridwar, Champawat, Dehradun
 West Bengal – Birbhum, Hooghly, Howrah, Kolkata, Jalpaiguri, Darjeeling, Malda, Murshidabad, Purulia, Bankura, North 24 Parganas, South 24 Parganas, Purba Medinipur, Paschim Medinipur, Purba Bardhaman (Bardhaman), Cooch Behar, Nadia, Paschim Bardhaman (Bardhaman)
 Arunachal Pradesh – West Siang, Itanagar
 Gujarat – Devbhoomi Dwarka, Valsad, Surat, Ahmedabad
 Kerala – Ernakulam, Kozhikode, Malappuram, Pathanamthitta, Wayanad, Thrissur, Thiruvananthapuram
 Manipur – Imphal
 Meghalaya – East Khasi Hills
 Nagaland – Dimapur
 Haryana – Gurugram
 ** The CSR programmes are carried out both directly and through the project implementing agencies the details of which are stated in the Report

Annexure to the Report of the Board of Directors

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ITC Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2018 to March 31, 2019 (hereinafter referred to as 'Audit Period' or 'Period under Review'), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company till March 31, 2019, according to the provisions of:

1. The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 - **The in-house Investor Service Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services.**
6. Specific laws applicable as mentioned hereunder:
 - a. The Tobacco Board Act, 1975 and the Rules made thereunder;
 - b. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and the Rules made thereunder and other laws relating to manufacture and sale of Tobacco;
 - c. The Food Safety and Standards Act, 2006 and the Rules made thereunder;
 - d. The Drugs and Cosmetics Act, 1940 and the Rules made thereunder.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

We report that during the Period under Review, the Company has complied with the provisions of the Laws, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Period under Review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Dissenting members' views were not required to be captured and recorded as part of the minutes as there was no such instance.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific events / actions that can have a bearing on the Company's compliance responsibility in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., except as follows:

Issue and allotment of 5,43,36,690 Ordinary Shares of ₹ 1/- each, fully paid-up, upon exercise of Stock Options under the Employee Stock Option Schemes of the Company, from time to time.

**For Vinod Kothari & Company
Practising Company Secretaries**

Kolkata

29-04-2019

Encl: Annexure 'A' forming an integral part of this Report

**Vinod Kothari
Managing Partner**

Membership No.: A4718

CP No.: 1391

Annexure 'A'

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and books of account of the Company;
4. Wherever required, we have obtained Management Representation about the compliance of Laws, Rules and Regulations and happening of events etc.;
5. The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations, Standards etc. is the responsibility of management. Our examination was limited to the verification of procedures on test basis;
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Vinod Kothari & Company
Practising Company Secretaries**

Kolkata

29-04-2019

**Vinod Kothari
Managing Partner**

Membership No.: A4718

CP No.: 1391

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2019

Form No. AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship	Surya Nepal Private Limited (SNPL), a subsidiary company
(b) Nature of contracts / arrangements / transactions	Licensing of certain trademarks
(c) Duration of the contracts / arrangements / transactions	Five years from the Effective Date [i.e., the date of signing of the agreement, or the date on which the last of the statutory approval(s), if any, required to make the Agreement operational, is granted].
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Licensing of 'Surya', 'Khukuri' and 'Shikhar' trademarks owned by the Company in certain Gulf Cooperation Council (GCC) countries, for export of cigarettes bearing the said trademarks by SNPL to the GCC countries. In view of the current regulatory environment in Nepal, a token license fee of Nepalese Rupees 100/- is proposed to be charged by the Company.
(e) Justification for entering into such contracts or arrangements or transactions	SNPL presently manufactures cigarettes under the aforesaid brands in Nepal and it is anticipated that offerings by SNPL bearing 'Made in Nepal' markings will generate positive response among the Nepalese cigarette consumers in the GCC countries. The launch of products under the Company's trademarks by SNPL will help in reinforcing saliency of the trademarks of the Company in GCC markets and unlocking their value over time.
(f) Date(s) of approval by the Board	23rd January, 2019
(g) Amount paid as advances, if any	N.A.
(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.

2. Details of material contracts or arrangements or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	NOT APPLICABLE
(b) Nature of contracts / arrangements / transactions	
(c) Duration of the contracts / arrangements / transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Date(s) of approval by the Board, if any	
(f) Amount paid as advances, if any	

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors

EXTRACT OF ANNUAL RETURN (FORM NO. MGT-9)

as on the Financial Year ended on 31st March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L16005WB1910PLC001985
ii)	Registration Date	:	24th August, 1910
iii)	Name of the Company	:	ITC Limited
iv)	Category / Sub-Category of the Company	:	Public company - Limited by shares
v)	Address of the Registered office and contact details	:	Virginia House 37 Jawaharlal Nehru Road Kolkata 700 071 India Telephone no. : 033-2288 9371 Facsimile no. : 033-2288 2358 e-mail : enduringvalue@itc.in
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	The Company provides share registration and related services in-house through its Investor Service Centre.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sl. No.	Name and Description of main Products / Services	NIC Code of the Products / Services	% to total Turnover of the Company	
			Gross Turnover	Net Turnover
1	FMCG			
	- Cigarettes etc.	12003, 46307, 21002, 46909	45.80%	44.82%
	- Branded Packaged Food Products	10501, 10502, 10504, 10611, 10612, 10795, 10798, 10712, 10732, 10733, 10735, 10740, 10750, 10308, 10304, 10792	21.38%	21.77%
	- Others (Personal Care Products, Apparel, Education and Stationery Products, Safety Matches, Agarbattis etc.)	20231, 20234, 20236, 20237, 20293, 46491, 46497, 47711, 46496, 46909	6.23%	6.35%
2	Hotels			
	- Hotels Sales / Income from Hotel Services	55101, 56101, 56210, 56301, 74909	3.65%	3.71%
3	Agri Business			
	- Wheat, Soya, Spices, Coffee, Unmanufactured Tobacco, Aqua etc.	10795, 10209, 10304, 10309, 10406, 10611, 10792, 46201, 46207, 46209, 46301, 46305, 46306, 47190, 47300, 47737, 20213, 12001, 10202, 10302	13.42%	13.66%
4	Paperboards, Paper & Packaging			
	- Paperboards and Paper	17016	8.22%	8.37%
	- Printed Material	17022, 17029, 22203	1.30%	1.32%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
1	Russell Credit Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65993WB1994PLC061684	Subsidiary	100%	2(87)
2	Greenacre Holdings Limited ITC Centre 37 J. L. Nehru Road Kolkata 700 071	U55202WB1986PLC049467	Wholly owned subsidiary of Russell Credit Limited, referred to in Sl. No. 1	–	2(87)
3	Technico Agri Sciences Limited 25 Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U01111DL1999PLC098646	Subsidiary	100%	2(87)
4	Technico Pty Limited 49 Bowral Street Bowral, NSW 2576 Australia	N.A.	Subsidiary	100%	2(87)
5	Technico Technologies Inc. c/o Stewart McKelvey Stirling Scales Suite 600, Frederick Square 77 Westmoreland, Fredericton New Brunswick E3B 5B4 Canada	N.A.	Wholly owned subsidiary of Technico Pty Limited, referred to in Sl. No. 4	–	2(87)
6	Technico Asia Holdings Pty Limited 49 Bowral Street Bowral, NSW 2576 Australia	N.A.	Wholly owned subsidiary of Technico Pty Limited, referred to in Sl. No. 4	–	2(87)
7	Technico Horticultural (Kunming) Co. Limited A-38, Yanglin Industrial Development Zone Songming, Yunnan Province People's Republic of China	N.A.	Wholly owned subsidiary of Technico Asia Holdings Pty Limited, referred to in Sl. No. 6	–	2(87)
8	Srinivasa Resorts Limited 6-3-1187, Begumpet Hyderabad 500 016	U74999TG1984PLC005192	Subsidiary	68%	2(87)
9	Fortune Park Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U55101HR1995PLC052281	Subsidiary	100%	2(87)
10	Bay Islands Hotels Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U74899HR1976PLC052282	Subsidiary	100%	2(87)
11	ITC Infotech India Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65991WB1996PLC077341	Subsidiary	100%	2(87)
12	ITC Infotech Limited Building 5, Caldecotte Lake Drive Caldecotte, Milton Keynes Buckinghamshire England, MK7 8LF	N.A.	Wholly owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 11	–	2(87)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.):

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
13	ITC Infotech (USA), Inc. 12 Route, 17 North Suite 303, Paramus New Jersey 07652 United States of America	N.A.	Wholly owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 11	–	2(87)
14	Indivate Inc. 820 Bear Tavern Road West Trenton New Jersey 08628 United States of America	N.A.	Wholly owned subsidiary of ITC Infotech (USA), Inc., referred to in Sl. No. 13	–	2(87)
15	Gold Flake Corporation Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U16003WB1935PLC008314	Subsidiary	100%	2(87)
16	Landbase India Limited ITC Green Centre 10 Institutional Area, Sector - 32 Gurugram 122 001	U74899HR1992PLC052412	Subsidiary	100%	2(87)
17	Wimco Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U24291MH1923PLC001082	Subsidiary	98.21%	2(87)
18	Pavan Poplar Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1995PLC128849	Subsidiary	100%	2(87)
19	Prag Agro Farm Limited Indian Mercantile Chambers R. K. Marg, Ballard Estate Mumbai 400 001	U01100MH1997PLC128846	Subsidiary	100%	2(87)
20	ITC Investments & Holdings Limited Virginia House 37 J. L. Nehru Road Kolkata 700 071	U65923WB2012PLC176166	Subsidiary	100%	2(87)
21	MRR Trading & Investment Company Limited Eucharistic Congress Building No. 1 5 Convent Street Mumbai 400 039	U65990MH1980PLC023259	Wholly owned subsidiary of ITC Investments & Holdings Limited, referred to in Sl. No. 20	–	2(87)
22	Surya Nepal Private Limited Shree Bal Sadan Gha-2-513, Kantipath Kathmandu Nepal	N.A.	Subsidiary	59%	2(87)
23	WelcomHotels Lanka (Private) Limited 216 De Saram Place, Colombo 10 Sri Lanka	N.A.	Subsidiary	100%	2(87)
24	North East Nutrients Private Limited Aradhana Building 2/1 Anandilal Poddar Sarani Kolkata 700 071	U15122WB2013PTC196135	Subsidiary	76%	2(87)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Contd.):

Sl. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held by the Company	Applicable Section
25	Gujarat Hotels Limited WelcomHotel Vadodara R. C. Dutt Road, Alkapuri Vadodara 390 007	L55100GJ1982PLC005408	Associate	45.78%	2(6)
26	International Travel House Limited Travel House, T-2 Community Centre Sheikh Sarai, Phase I New Delhi 110 017	L63040DL1981PLC011941	Associate	3.60%	2(6)
27	Russell Investments Limited 21 Prafulla Sarkar Street Kolkata 700 072	U65993WB1987PLC043324	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
28	Divya Management Limited Room No. 28 8/2 Kiron Sankar Roy Road Kolkata 700 001	U51109WB1995PLC069518	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
29	Antrang Finance Limited 4 Ripon Street Kolkata 700 016	U65993WB1993PLC060271	Associate of Russell Credit Limited, referred to in Sl. No. 1	–	2(6)
30	ATC Limited 35 Rajaji Nagar Hosur 635 126	U16000TZ1973PLC018100	Associate of Gold Flake Corporation Limited, referred to in Sl. No. 15	–	2(6)
31	Maharaja Heritage Resorts Limited 25 Community Centre Basant Lok, Vasant Vihar New Delhi 110 057	U74899DL1995PLC099649	Joint Venture	25%	2(6)
32	Espirit Hotels Private Limited 810-818 Swapnalok Complex 92/93 S. D. Road Secunderabad 500 003	U55101TG2009PTC063757	Joint Venture	26%	2(6)
33	Logix Developers Private Limited 301-A World Trade Tower Barakhamba Lane, Connaught Place New Delhi 110 001	U70101DL2010PTC207640	Joint Venture	27.90%	2(6)
34	ITC Essentra Limited Survey No. 139/140, Veerapura Village Kasaba Hobli Doddaballapur Taluk Bengaluru 561 203	U85110KA1993PLC014278	Joint Venture of Gold Flake Corporation Limited, referred to in Sl. No. 15	–	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as Percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt.(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	0	0	0	0	0	0	0	0	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):-	0	0	0	0	0	0	0	0	0
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds	77,13,95,288	1,04,490	77,14,99,778	6.32	1,04,47,97,853	68,749	1,04,48,66,602	8.52	2.20
(b) Banks / FI	1,04,16,58,047	11,76,365	1,04,28,34,412	8.55	98,91,39,938	11,57,460	99,02,97,398	8.08	(0.47)
(c) Central Govt.	0	0	0	0	0	0	0	0	0
(d) State Govt.(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	2,70,32,03,708	83,227	2,70,32,86,935	22.15	2,63,59,40,676	53,067	2,63,59,93,743	21.50	(0.65)
(g) FPIs / FII	2,19,19,58,865	3,46,005	2,19,23,04,870	17.96	2,08,50,60,614	2,87,595	2,08,53,48,209	17.01	(0.95)
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others:									
(i) Alternative Investment Funds	11,08,632	0	11,08,632	0.01	33,23,424	0	33,23,424	0.03	0.02
(ii) Qualified Institutional Buyers	0	0	0	0	3,583	0	3,583
Sub-total (B)(1):-	6,70,93,24,540	17,10,087	6,71,10,34,627	54.99	6,75,82,66,088	15,66,871	6,75,98,32,959	55.14	0.15
(2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	49,63,79,635	12,30,462	49,76,10,097	4.08	50,31,26,437	10,84,319	50,42,10,756	4.11	0.03
(ii) Overseas	6,78,312	3,61,96,14,150	3,62,02,92,462	29.66	5,20,558	3,61,96,14,150	3,62,01,34,708	29.53	(0.13)
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh	79,47,16,543	12,48,30,078	91,95,46,621	7.54	80,18,04,708	9,08,32,452	89,26,37,160	7.28	(0.26)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	25,04,07,077	2,41,23,660	27,45,30,737	2.25	24,76,29,005	1,93,30,195	26,69,59,200	2.18	(0.07)
(c) Others:									
(i) NRIs / OCIs	6,04,25,731	1,22,40,087	7,26,65,818	0.60	6,42,59,664	1,07,63,727	7,50,23,391	0.61	0.01
(ii) Foreign Nationals	0	4,44,240	4,44,240	...	0	2,22,120	2,22,120
(iii) Trusts	6,93,54,630	0	6,93,54,630	0.57	8,50,03,142	0	8,50,03,142	0.70	0.13
(iv) Clearing Members / Clearing House	64,43,926	0	64,43,926	0.05	1,30,37,275	0	1,30,37,275	0.11	0.06
(v) Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	76,79,834	0	76,79,834	0.06	2,08,51,960	0	2,08,51,960	0.17	0.11
Sub-total (B)(2):-	1,68,60,85,688	3,78,24,82,677	5,46,85,68,365	44.81	1,73,62,32,749	3,74,18,46,963	5,47,80,79,712	44.69	(0.12)
Total Public Shareholding (B) = (B)(1)+(B)(2)	8,39,54,10,228	3,78,41,92,764	12,17,96,02,992	99.80	8,49,44,98,837	3,74,34,13,834	12,23,79,12,671	99.83	0.03
C. Shares held by Custodian for GDRs & ADRs	2,46,51,419	40,500	2,46,91,919	0.20	2,06,78,430	40,500	2,07,18,930	0.17	(0.03)
Grand Total (A+B+C)	8,42,00,61,647	3,78,42,33,264	12,20,42,94,911	100.00	8,51,51,77,267	3,74,34,54,334	12,25,86,31,601	100.00	0

(ii) Shareholding of Promoters: NOT APPLICABLE

(iii) Change in Promoters' Shareholding: NOT APPLICABLE

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Tobacco Manufacturers (India) Limited				
	At the beginning of the year	2,97,83,47,320	24.40		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			2,97,83,47,320	24.30 [@]
2	Life Insurance Corporation of India				
	At the beginning of the year	1,97,50,75,980	16.18		
	Increase / Decrease in Shareholding during the year:				
	15/03/2019	25,54,659	0.02	1,97,76,30,639	16.14
	22/03/2019	21,34,000	0.02	1,97,97,64,639	16.15
	31/03/2019	17,85,081	0.01	1,98,15,49,720	16.16
	At the end of the year			1,98,15,49,720	16.16
3	Specified Undertaking of the Unit Trust of India				
	At the beginning of the year	1,02,52,89,805	8.40		
	Increase / Decrease in Shareholding during the year:				
	15/06/2018	(5,66,32,664)	0.46	96,86,57,141	7.94
	06/07/2018	58,74,286	0.05	97,45,31,427	7.98
	At the end of the year			97,45,31,427	7.95 [@]
4	Myddleton Investment Company Limited				
	At the beginning of the year	48,63,11,940	3.99		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			48,63,11,940	3.97 [@]
5	General Insurance Corporation of India				
	At the beginning of the year	21,08,75,828	1.73		
	Increase / Decrease in Shareholding during the year:				
	06/04/2018	(3,75,000)	0.00	21,05,00,828	1.72
	11/05/2018	(2,00,000)	0.00	21,03,00,828	1.72
	18/05/2018	(1,00,000)	0.00	21,02,00,828	1.72
	30/06/2018	(4,00,000)	0.00	20,98,00,828	1.72
	27/07/2018	(1,00,000)	0.00	20,97,00,828	1.72
	03/08/2018	(2,80,000)	0.00	20,94,20,828	1.71
	10/08/2018	(2,20,000)	0.00	20,92,00,828	1.71
	24/08/2018	(2,00,000)	0.00	20,90,00,828	1.71
	31/08/2018	(4,50,000)	0.00	20,85,50,828	1.71
	07/09/2018	(4,60,000)	0.00	20,80,90,828	1.70
	14/09/2018	(3,40,000)	0.00	20,77,50,828	1.70
	21/09/2018	(4,00,000)	0.00	20,73,50,828	1.69
	30/09/2018	(6,00,000)	0.00	20,67,50,828	1.69
	18/01/2019	13,75,755	0.01	20,81,26,583	1.70
	25/01/2019	2,94,245	0.00	20,84,20,828	1.70
	15/02/2019	35,000	0.00	20,84,55,828	1.70
	22/02/2019	1,70,000	0.00	20,86,25,828	1.70
	01/03/2019	1,32,002	0.00	20,87,57,830	1.70
08/03/2019	2,00,000	0.00	20,89,57,830	1.71	
	At the end of the year			20,89,57,830	1.70 [@]
6	The New India Assurance Company Limited				
	At the beginning of the year	19,53,10,738	1.60		
	Increase / Decrease in Shareholding during the year:				
	13/04/2018	(25,000)	0.00	19,52,85,738	1.60
	04/05/2018	(1,15,000)	0.00	19,51,70,738	1.60
	11/05/2018	(1,85,000)	0.00	19,49,85,738	1.60
	01/06/2018	(9,00,000)	0.01	19,40,85,738	1.59
	08/06/2018	(9,20,175)	0.01	19,31,65,563	1.58

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	15/06/2018	(8,79,825)	0.01	19,22,85,738	1.58
	17/08/2018	(1,19,045)	0.00	19,21,66,693	1.57
	24/08/2018	(3,46,101)	0.00	19,18,20,592	1.57
	31/08/2018	(34,854)	0.00	19,17,85,738	1.57
	07/09/2018	(29,090)	0.00	19,17,56,648	1.57
	21/09/2018	(5,45,000)	0.00	19,12,11,648	1.56
	30/09/2018	(11,55,000)	0.01	19,00,56,648	1.55
	05/10/2018	(7,00,000)	0.01	18,93,56,648	1.55
	19/10/2018	(1,86,001)	0.00	18,91,70,647	1.55
	26/10/2018	(4,13,999)	0.00	18,87,56,648	1.54
	09/11/2018	(1,40,000)	0.00	18,86,16,648	1.54
	23/11/2018	(2,86,842)	0.00	18,83,29,806	1.54
	At the end of the year			18,83,29,806	1.54
7	Government of Singapore				
	At the beginning of the year	16,71,16,378	1.37		
	Increase / Decrease in Shareholding during the year:				
	06/04/2018	38,060	0.00	16,71,54,438	1.37
	20/04/2018	(5,28,804)	0.00	16,66,25,634	1.37
	27/04/2018	(24,050)	0.00	16,66,01,584	1.37
	04/05/2018	(35,257)	0.00	16,65,66,327	1.36
	11/05/2018	(7,40,751)	0.01	16,58,25,576	1.36
	18/05/2018	(49,731)	0.00	16,57,75,845	1.36
	25/05/2018	(18,111)	0.00	16,57,57,734	1.36
	01/06/2018	9,51,155	0.01	16,67,08,889	1.37
	08/06/2018	18,74,338	0.02	16,85,83,227	1.38
	15/06/2018	14,07,227	0.01	16,99,90,454	1.39
	22/06/2018	27,418	0.00	17,00,17,872	1.39
	06/07/2018	(5,15,318)	0.00	16,95,02,554	1.39
	13/07/2018	(7,12,975)	0.01	16,87,89,579	1.38
	20/07/2018	(2,58,553)	0.00	16,85,31,026	1.38
	27/07/2018	(2,703)	0.00	16,85,28,323	1.38
	03/08/2018	1,06,92,898	0.09	17,92,21,221	1.47
	10/08/2018	26,59,204	0.02	18,18,80,425	1.49
	17/08/2018	11,54,125	0.01	18,30,34,550	1.50
	24/08/2018	3,00,317	0.00	18,33,34,867	1.50
	31/08/2018	20,07,528	0.02	18,53,42,395	1.52
	07/09/2018	12,73,385	0.01	18,66,15,780	1.53
	14/09/2018	1,79,641	0.00	18,67,95,421	1.53
	21/09/2018	7,01,166	0.01	18,74,96,587	1.53
	30/09/2018	(5,84,831)	0.00	18,69,11,756	1.53
	05/10/2018	(6,07,083)	0.00	18,63,04,673	1.52
	12/10/2018	(15,81,397)	0.01	18,47,23,276	1.51
	19/10/2018	4,22,158	0.00	18,51,45,434	1.51
	26/10/2018	(20,11,800)	0.02	18,31,33,634	1.50
	02/11/2018	(39,00,080)	0.03	17,92,33,554	1.46
	09/11/2018	3,65,329	0.00	17,95,98,883	1.47
	16/11/2018	(3,400)	0.00	17,95,95,483	1.47
	23/11/2018	4,02,276	0.00	17,99,97,759	1.47
	30/11/2018	22,68,377	0.02	18,22,66,136	1.49
	07/12/2018	1,85,880	0.00	18,24,52,016	1.49
	14/12/2018	1,08,864	0.00	18,25,60,880	1.49
	21/12/2018	15,06,871	0.01	18,40,67,751	1.50
	31/12/2018	(29,338)	0.00	18,40,38,413	1.50

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	04/01/2019	6,69,110	0.01	18,47,07,523	1.51
	11/01/2019	1,10,000	0.00	18,48,17,523	1.51
	18/01/2019	(638)	0.00	18,48,16,885	1.51
	08/02/2019	13,61,535	0.01	18,61,78,420	1.52
	15/02/2019	(4,92,603)	0.00	18,56,85,817	1.52
	01/03/2019	(13,04,638)	0.01	18,43,81,179	1.50
	08/03/2019	(8,50,952)	0.01	18,35,30,227	1.50
	15/03/2019	58,167	0.00	18,35,88,394	1.50
	22/03/2019	2,11,858	0.00	18,38,00,252	1.50
	31/03/2019	(28,513)	0.00	18,37,71,739	1.50
	At the end of the year			18,37,71,739	1.50
8	Rothmans International Enterprises Limited				
	At the beginning of the year	15,49,54,890	1.27		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			15,49,54,890	1.26[@]
9	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	12,67,99,778	1.04		
	Increase / Decrease in Shareholding during the year:				
	06/04/2018	18,37,909	0.02	12,86,37,687	1.05
	13/04/2018	8,64,690	0.01	12,95,02,377	1.06
	20/04/2018	(2,94,300)	0.00	12,92,08,077	1.06
	27/04/2018	(1,17,999)	0.00	12,90,90,078	1.06
	04/05/2018	6,593	0.00	12,90,96,671	1.06
	11/05/2018	(28,57,944)	0.02	12,62,38,727	1.03
	18/05/2018	(22,42,613)	0.02	12,39,96,114	1.02
	25/05/2018	(20,47,911)	0.02	12,19,48,203	1.00
	01/06/2018	22,73,008	0.02	12,42,21,211	1.02
	08/06/2018	(9,52,860)	0.01	12,32,68,351	1.01
	15/06/2018	9,07,058	0.01	12,41,75,409	1.02
	22/06/2018	(7,17,809)	0.01	12,34,57,600	1.01
	30/06/2018	(3,23,437)	0.00	12,31,34,163	1.01
	06/07/2018	35,98,923	0.03	12,67,33,086	1.04
	13/07/2018	28,84,098	0.02	12,96,17,184	1.06
	20/07/2018	11,29,976	0.01	13,07,47,160	1.07
	27/07/2018	64,22,348	0.05	13,71,69,508	1.12
	03/08/2018	23,04,407	0.02	13,94,73,915	1.14
	10/08/2018	5,33,445	0.00	14,00,07,360	1.15
	17/08/2018	7,87,454	0.01	14,07,94,814	1.15
	24/08/2018	50,33,229	0.04	14,58,28,043	1.19
	31/08/2018	(8,40,077)	0.01	14,49,87,966	1.19
	07/09/2018	(12,70,630)	0.01	14,37,17,336	1.17
	14/09/2018	(5,26,401)	0.00	14,31,90,935	1.17
	21/09/2018	(5,31,135)	0.00	14,26,59,800	1.17
	30/09/2018	41,021	0.00	14,27,00,821	1.17
	05/10/2018	1,02,76,508	0.08	15,29,77,329	1.25
	12/10/2018	5,43,819	0.00	15,35,21,148	1.25
	19/10/2018	12,81,723	0.01	15,48,02,871	1.26
	26/10/2018	43,89,535	0.04	15,91,92,406	1.30
	02/11/2018	(11,33,673)	0.01	15,80,58,733	1.29
	09/11/2018	(6,75,660)	0.01	15,73,83,073	1.29
	16/11/2018	(1,05,89,571)	0.09	14,67,93,502	1.20
	23/11/2018	(57,70,859)	0.05	14,10,22,643	1.15
	30/11/2018	(13,23,314)	0.01	13,96,99,329	1.14

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.):

Sl. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	07/12/2018	(5,88,613)	0.00	13,91,10,716	1.14
	14/12/2018	(7,89,429)	0.01	13,83,21,287	1.13
	21/12/2018	7,59,843	0.01	13,90,81,130	1.14
	31/12/2018	(17,35,910)	0.01	13,73,45,220	1.12
	04/01/2019	(9,45,544)	0.01	13,63,99,676	1.11
	11/01/2019	(3,56,908)	0.00	13,60,42,768	1.11
	18/01/2019	24,65,428	0.02	13,85,08,196	1.13
	25/01/2019	(41,55,333)	0.03	13,43,52,863	1.10
	01/02/2019	(32,40,028)	0.03	13,11,12,835	1.07
	08/02/2019	(6,95,794)	0.01	13,04,17,041	1.06
	15/02/2019	17,24,319	0.01	13,21,41,360	1.08
	22/02/2019	4,44,745	0.00	13,25,86,105	1.08
	01/03/2019	22,46,238	0.02	13,48,32,343	1.10
	08/03/2019	88,30,497	0.07	14,36,62,840	1.17
	15/03/2019	51,54,493	0.04	14,88,17,333	1.21
	22/03/2019	28,49,343	0.02	15,16,66,676	1.24
	31/03/2019	21,27,851	0.02	15,37,94,527	1.25
	At the end of the year			15,37,94,527	1.25
10	The Oriental Insurance Company Limited				
	At the beginning of the year	15,21,65,492	1.25		
	Increase / Decrease in Shareholding during the year:				
	13/04/2018	(3,00,000)	0.00	15,18,65,492	1.24
	20/04/2018	(6,75,000)	0.01	15,11,90,492	1.24
	27/04/2018	(4,30,000)	0.00	15,07,60,492	1.24
	04/05/2018	(2,68,770)	0.00	15,04,91,722	1.23
	11/05/2018	(5,01,230)	0.00	14,99,90,492	1.23
	18/05/2018	(4,66,926)	0.00	14,95,23,566	1.23
	25/05/2018	(1,33,074)	0.00	14,93,90,492	1.22
	08/06/2018	(3,75,000)	0.00	14,90,15,492	1.22
	15/06/2018	(3,75,000)	0.00	14,86,40,492	1.22
	22/06/2018	(5,75,000)	0.00	14,80,65,492	1.21
	30/06/2018	(7,25,000)	0.01	14,73,40,492	1.21
	06/07/2018	(7,50,000)	0.01	14,65,90,492	1.20
	13/07/2018	(5,50,000)	0.00	14,60,40,492	1.20
	20/07/2018	(7,00,000)	0.01	14,53,40,492	1.19
	27/07/2018	(7,50,000)	0.01	14,45,90,492	1.18
	03/08/2018	(7,50,000)	0.01	14,38,40,492	1.18
	10/08/2018	(5,70,000)	0.00	14,32,70,492	1.17
	17/08/2018	(3,05,000)	0.00	14,29,65,492	1.17
	24/08/2018	(10,00,000)	0.01	14,19,65,492	1.16
	31/08/2018	(10,00,000)	0.01	14,09,65,492	1.15
	07/09/2018	(9,20,000)	0.01	14,00,45,492	1.14
	14/09/2018	(6,05,000)	0.00	13,94,40,492	1.14
	21/09/2018	(10,75,000)	0.01	13,83,65,492	1.13
	30/09/2018	(7,25,000)	0.01	13,76,40,492	1.12
	05/10/2018	(12,75,000)	0.01	13,63,65,492	1.11
	11/01/2019	(40,000)	0.00	13,63,25,492	1.11
	At the end of the year			13,63,25,492	1.11

@ Change in shareholding percentage was consequent to increase in Share Capital on account of allotment of shares under the ITC Employee Stock Option Schemes (ITC ESOS).

Note: Increase / decrease in shareholding, as indicated above, are based on downloads of beneficial ownership provided by the Depositories, generally every Friday.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares@	% of total Shares of the Company	No. of Shares@	% of total Shares of the Company
1	Y. C. Deveshwar, Chairman & Non-Executive Director #				
	At the beginning of the year	10,15,000	0.01		
	Increase / Decrease in Shareholding during the year:				
	28/06/2018*	12,15,000	0.01	22,30,000	0.02
	30/07/2018**	(72,000)	0.00	21,58,000	0.02
	31/07/2018**	(11,000)	0.00	21,47,000	0.02
	01/08/2018**	(80,000)	0.00	20,67,000	0.02
	02/08/2018**	(60,000)	0.00	20,07,000	0.02
	03/08/2018**	(1,55,000)	0.00	18,52,000	0.02
	09/08/2018**	(75,000)	0.00	17,77,000	0.01
	10/08/2018**	(1,25,000)	0.00	16,52,000	0.01
	13/08/2018**	(2,25,000)	0.00	14,27,000	0.01
	14/08/2018**	(18,000)	0.00	14,09,000	0.01
	17/08/2018**	(1,50,000)	0.00	12,59,000	0.01
	20/08/2018**	(1,85,000)	0.00	10,74,000	0.01
	05/09/2018**	(1,08,050)	0.00	9,65,950	0.01
	07/09/2018**	(5,000)	0.00	9,60,950	0.01
	21/09/2018**	(3,00,000)	0.00	6,60,950	0.01
	01/02/2019**	(2,15,000)	0.00	4,45,950	0.00
	At the end of the year			4,45,950	0.00
2	S. Puri, Managing Director \$				
	At the beginning of the year	1,00,000	0.00		
	Increase / Decrease in Shareholding during the year:				
	30/07/2018**	(50,000)	0.00	50,000	0.00
	02/08/2018*	1,00,000	0.00	1,50,000	0.00
	03/08/2018**	(50,000)	0.00	1,00,000	0.00
	22/08/2018*	50,000	0.00	1,50,000	0.00
	03/09/2018**	(50,000)	0.00	1,00,000	0.00
	14/09/2018*	25,000	0.00	1,25,000	0.00
	07/03/2019**	(25,000)	0.00	1,00,000	0.00
	12/03/2019**	(25,000)	0.00	75,000	0.00
	19/03/2019*	25,000	0.00	1,00,000	0.00
	28/03/2019**	(12,500)	0.00	87,500	0.00
	At the end of the year			87,500	0.00
3	N. Anand, Executive Director				
	At the beginning of the year	29,475	0.00		
	Increase / Decrease in Shareholding during the year:				
	29/08/2018**	(29,475)	0.00	0	0.00
	At the end of the year			0	N.A.
4	B. Sumant, Executive Director				
	At the beginning of the year	N.A.	N.A.		
	Appointed Director with effect from 16/11/2018	3,42,780	0.00		
	Increase / Decrease in Shareholding during the year i.e. w.e.f. 16/11/2018:				
	07/12/2018**	(20,000)	0.00	3,22,780	0.00
	17/12/2018**	(20,000)	0.00	3,02,780	0.00
	19/12/2018**	(15,000)	0.00	2,87,780	0.00
	21/12/2018**	(8,163)	0.00	2,79,617	0.00
	18/02/2019**	(20,000)	0.00	2,59,617	0.00
	05/03/2019**	(20,000)	0.00	2,39,617	0.00
	06/03/2019**	(40,000)	0.00	1,99,617	0.00
	07/03/2019**	(30,000)	0.00	1,69,617	0.00
	19/03/2019**	(15,000)	0.00	1,54,617	0.00
	19/03/2019*	73,440	0.00	2,28,057	0.00
	20/03/2019**	(5,000)	0.00	2,23,057	0.00
	28/03/2019**	(15,000)	0.00	2,08,057	0.00
	At the end of the year			2,08,057	0.00
5	R. Tandon, Executive Director & Chief Financial Officer				
	At the beginning of the year	2,89,750	0.00		
	Increase / Decrease in Shareholding during the year:				
	30/07/2018**	(60,000)	0.00	2,29,750	0.00
	02/08/2018**	(30,000)	0.00	1,99,750	0.00
	03/08/2018**	(40,000)	0.00	1,59,750	0.00

(v) Shareholding of Directors and Key Managerial Personnel (Contd.):

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares@	% of total Shares of the Company	No. of Shares@	% of total Shares of the Company
	06/08/2018**	(10,000)	0.00	1,49,750	0.00
	10/08/2018**	(20,000)	0.00	1,29,750	0.00
	14/08/2018**	(10,000)	0.00	1,19,750	0.00
	17/08/2018**	(4,500)	0.00	1,15,250	0.00
	22/08/2018*	50,000	0.00	1,65,250	0.00
	03/09/2018**	(1,500)	0.00	1,63,750	0.00
	05/03/2019**	(20,000)	0.00	1,43,750	0.00
	06/03/2019**	(20,000)	0.00	1,23,750	0.00
	07/03/2019**	(10,000)	0.00	1,13,750	0.00
	08/03/2019**	(15,000)	0.00	98,750	0.00
	13/03/2019**	(15,000)	0.00	83,750	0.00
	14/03/2019*	1,00,000	0.00	1,83,750	0.00
	At the end of the year			1,83,750	0.00
6	S. B. Mathur, Non-Executive Independent Director				
	At the beginning of the year	1,70,500	0.00		
	Increase / Decrease in Shareholding during the year:	0	N.A.	0	N.A.
	At the end of the year			1,70,500	0.00
7	S. S. H. Rehman, Non-Executive Independent Director				
	At the beginning of the year	17,732	0.00		
	Increase / Decrease in Shareholding during the year:				
	14/02/2019*	50,000	0.00	67,732	0.00
	25/03/2019**	(5,000)	0.00	62,732	0.00
	27/03/2019**	(5,000)	0.00	57,732	0.00
	28/03/2019**	(4,942)	0.00	52,790	0.00
	29/03/2019**	(20,000)	0.00	32,790	0.00
	At the end of the year			32,790	0.00
8	R. K. Singhi, Executive Vice President & Company Secretary				
	At the beginning of the year	1,35,900	0.00		
	Increase / Decrease in Shareholding during the year:				
	07/06/2018**	(3,900)	0.00	1,32,000	0.00
	30/07/2018**	(3,000)	0.00	1,29,000	0.00
	01/08/2018**	(2,000)	0.00	1,27,000	0.00
	06/08/2018**	(1,000)	0.00	1,26,000	0.00
	14/08/2018**	(2,000)	0.00	1,24,000	0.00
	17/08/2018**	(3,000)	0.00	1,21,000	0.00
	21/08/2018**	(1,000)	0.00	1,20,000	0.00
	30/08/2018**	(5,000)	0.00	1,15,000	0.00
	31/08/2018**	(1,000)	0.00	1,14,000	0.00
	14/09/2018*	15,000	0.00	1,29,000	0.00
	21/09/2018**	(1,000)	0.00	1,28,000	0.00
	28/09/2018**	(3,000)	0.00	1,25,000	0.00
	23/01/2019*	10,000	0.00	1,35,000	0.00
	01/02/2019**	(5,000)	0.00	1,30,000	0.00
	28/02/2019**	(10,900)	0.00	1,19,100	0.00
	01/03/2019**	(10,000)	0.00	1,09,100	0.00
	05/03/2019**	(5,000)	0.00	1,04,100	0.00
	06/03/2019**	(4,100)	0.00	1,00,000	0.00
	12/03/2019**	(1,000)	0.00	99,000	0.00
	19/03/2019**	(4,000)	0.00	95,000	0.00
	19/03/2019*	35,200	0.00	1,30,200	0.00
	28/03/2019**	(6,000)	0.00	1,24,200	0.00
	At the end of the year			1,24,200	0.00

Mr. S. Banerjee, Mr. A. Duggal, Ms. N. Rao, Ms. M. Shankar and Mr. D. R. Simpson, Directors, did not hold any Shares of the Company, either at the beginning or at the end of the year or at any time during the year.

Mr. H. Bhargava and Mr. J. Pulinthanam, Directors, also did not hold any Shares of the Company either at the time of appointment as Director or at the end of the year or at any time since their appointment till 31st March, 2019.

@ Shares held singly / jointly.

Passed away on 11th May, 2019.

* Allotment of Shares under ITC ESOS; Options were granted to Non-Executive Independent Directors prior to their current tenure.

** Sale of Shares allotted under ITC ESOS.

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

Note: Increase / decrease in shareholding, as indicated above, are based on disclosures received from the Directors and KMP.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

(₹ in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans*	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	0.00	1,799.12	0.20	1,799.32
(ii) Interest due but not paid	0.00	0.00	0.00	0.00
(iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	0.00	1,799.12	0.20	1,799.32
Change in Indebtedness during the financial year				
– Addition	0.00	0.00	0.00	0.00
– Reduction	0.00	686.40	0.00	686.40
Net Change	0.00	(686.40)	0.00	(686.40)
Indebtedness at the end of the financial year				
(i) Principal Amount	0.00	1,112.72	0.20	1,112.92
(ii) Interest due but not paid	0.00	0.00	0.00	0.00
(iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	0.00	1,112.72	0.20	1,112.92

* Includes amounts disclosed under 'Note 14 - Deferred payment liabilities' and 'Note 15 - Current maturities of long-term debt' to the Financial Statements forming part of the Report and Accounts.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD				Total Amount
		S. Puri, Managing Director*	N. Anand, Executive Director	B. Sumant, Executive Director [#]	R. Tandon, Executive Director & Chief Financial Officer	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	577.50	295.37	36.00	289.50	1,198.37
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 ¹	105.50	53.57	10.62	54.58	224.27
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option ²	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission					
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00	0.00
	Total (A)	683.00	348.94	46.62	344.08	1,422.64
	Ceiling as per the Act	1,78,856	(Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)			

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

[#] Executive Director since 16th November, 2018.

B. Remuneration to the other Directors:

(₹ in Lakhs)

Sl. No.	Directors	Particulars of Remuneration			Total Amount
		Fee for attending Board / Board Committee Meetings	Commission	Others (additional remuneration and benefits)	
1	Independent Directors				
	S. Banerjee	11.50	60.00	0.00	71.50
	A. Duggal	12.50	60.00	0.00	72.50
	S. B. Mathur	12.50	60.00	0.00	72.50
	N. Rao	7.50	60.00	0.00	67.50
	S. S. H. Rehman	16.50	60.00	0.00	76.50
	M. Shankar	13.00	60.00	0.00	73.00
	Total (B)(1)	73.50	360.00	0.00	433.50
2	Other Non-Executive Directors				
	Y. C. Deveshwar [^]	12.50	60.00	1,589.80	1,662.30
	H. Bhargava [#]	7.00 *	0.00	0.00	7.00
	J. Pulinthanam [§]	2.60 *	0.00	0.00	2.60
	D. R. Simpson	9.50	60.00	0.00	69.50
	Total (B)(2)	31.60	120.00	1,589.80	1,741.40
	Total (B) = (B)(1) + (B)(2)				2,174.90
	Total Managerial Remuneration (A+B)				3,597.54
	Overall Ceiling as per the Act	1,96,742	(Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)		

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

[#] Non-Executive Director since 28th July, 2018.

[§] Non-Executive Director since 16th May, 2018.

* Paid to the Public Financial Institution the Director represents.

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	R. K. Singhi, Executive Vice President & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	103.29
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 ¹	8.14
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00
2	Stock Option ²	0.00
3	Sweat Equity	0.00
4	Commission	
	- as % of profit	0.00
	- others, specify	0.00
5	Others, please specify	0.00
	Total Amount	111.43

Notes:

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

2. During the year, the Company granted Stock Options to the Directors and KMP under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration.

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

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors

INFORMATION UNDER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE REPORT OF THE BOARD OF DIRECTORS

CONSERVATION OF ENERGY:

All business units continued their efforts to improve energy usage efficiencies and increase the share of renewable energy. Various key performance indicators like specific energy consumption (energy consumed per unit of product), specific energy costs and renewable energy contributions were continuously tracked to monitor alignment with the Company's overall sustainability approach. The Company has a process to identify and evaluate energy risks and opportunities, taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects. Accordingly, phased implementation of energy conservation and renewable energy generation projects are carried out and innovative ways and new technologies are constantly explored to bring about alignment between organisational interests and the larger social purpose.

a) Steps taken or impact on conservation of energy:

Some of the energy conservation measures adopted across the Company are outlined below:

- I. Installation of energy efficient pulp refiners.
- II. Installation of automatic condensate drain valves to improve efficiency of air compressors.
- III. Installation of high energy efficiency baking ovens.
- IV. Installation of Vapour Absorption Machine (VAM) and thermo-compressors to utilise waste heat.
- V. Installation of thermodynamic steam traps with condensate recovery to improve energy efficiency.
- VI. Installation of heat pump for improving the efficiency of Heating, Ventilation and Air Conditioning (HVAC) system at ITC Hotels.
- VII. Automation of tube cleaning system in HVAC chillers resulting in improved efficiency.
- VIII. Installation of Variable Frequency Drives for ventilation units, blowers, pumps, fans etc.
- IX. Replacement of heat exchanger, UPS, motors, compressors, chillers, air conditioners, pumps, blower and agitators with higher efficiency ones.
- X. Process improvements to enhance productivity and reduce specific energy consumption.

b) Steps taken for utilising alternate sources of energy:

Some of the renewable energy initiatives undertaken during the year are as follows:

- I. Commissioning of additional solar photovoltaic (1.2 MWp) and wind (4.2 MW) power plants.
- II. Generation of biogas from food waste and using it in the kitchen to partially displace fossil fuels.
- III. Continued use of biomass-based fuels for thermal energy generation to reduce dependency on fossil fuels.

c) Capital investment on energy conservation equipment:
₹ 2,839 lakhs

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

- I. Installation of smart utility system with advanced data analytics as part of Industry 4.0 initiative and automation of manufacturing lines including full process automation using Supervisory Control and Data Acquisition (SCADA) system in Branded Packaged Foods Businesses.
- II. Multi-category beverage manufacturing line with a combination of milk and fruit pulp along with inclusion of fruit pieces and dry fruits etc.
- III. Installation of new paper machine with advanced controls such as better refining technology, pulp stock mixing and screening technology etc. in Paperboards and Specialty Papers Business.
- IV. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in Personal Care Products Business.
- V. Induction of contemporary technologies and continuous improvement across businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability.

b) Benefits derived:

- I. Cycle time reduction and productivity enhancement.
- II. World-class quality and differentiated products.
- III. Addressing market specific end-use applications.
- IV. Conservation of resources and improved efficiencies.

c) The expenditure incurred on Research and Development:

	For the year ended 31st March, 2019
Expenditure on R&D:	(₹ in Lakhs)
i) Capital	2,738.16
ii) Revenue	14,533.10
Total	17,271.26
Total Expenditure (as a % of Gross Revenue)	0.38%

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2019

A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of Directors & Key Managerial Personnel	Designation	Ratio of Remuneration to Median Remuneration of all Employees	Increase in Remuneration over LY (%)#
Y C Deveshwar *	Chairman & Non-Executive Director	397 : 1	(17)
S Puri [§]	Managing Director	168 : 1	1
N Anand	Executive Director	87 : 1	5
B Sumant	Executive Director (From 16th November, 2018)	12 : 1	-
R Tandon	Executive Director & Chief Financial Officer	87 : 1	3
S Banerjee	Independent Director	17 : 1	3
H Bhargava	Non-Executive Director (From 28th July, 2018)	2 : 1	-
A Duggal	Independent Director	17 : 1	4
S B Mainak	Non-Executive Director (Till 23rd July, 2018)	14 : 1	(18)
S B Mathur	Independent Director	17 : 1	3
J Pulinthanam	Non-Executive Director (From 16th May, 2018)	1 : 1	-
N Rao	Independent Director	16 : 1	2
S S H Rehman	Independent Director	18 : 1	3
M Shankar	Independent Director	17 : 1	3
D R Simpson	Non-Executive Director	17 : 1	3
R K Singhi	Executive V.P. & Company Secretary	27 : 1	14

Based on annualised remuneration

* Passed away on 11th May, 2019

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

Notes

- 1) The number of permanent employees as on 31st March, 2019 was 27,279
- 2) Compared to 2017-18, the figures for 2018-19 reflect that:
 - (i) Median remuneration of employees - Decreased by 2%
 - (ii) Average remuneration of employees - Increased by 2%
 - (iii) Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 2%
 - (iv) Remuneration of KMPs - Increased by 14% due to increase in number of KMP and increase in remuneration of the Managing Director
- 3) Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Top ten employees in terms of remuneration drawn.								
Puri S*	56	Managing Director	7,03,34,430	3,17,39,709	B.Tech.	34	20.01.1986	TELCO Ltd., Trainee
Tandon R	65	Executive Director & Chief Financial Officer	3,64,16,303	1,56,54,533	B.Sc., F.C.A.	41	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Anand N	62	Executive Director	3,63,06,137	1,60,83,746	B.A. (Hons.)	39	01.12.1979	@
Sivakumar S	58	Group Head - Agri Business	2,40,13,510	1,27,59,751	B.Sc., P.G. Dip. in Rural Mgmt.	36	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Suresh K S	59	General Counsel	2,19,15,850	89,09,043	B.A., B.L., P.G.D.P.M., I.R. & L.W.	37	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Rajput A K	63	Senior V.P. - Corporate Affairs	2,16,85,350	96,20,921	B.Com., M.B.A.	42	10.04.1976	Nil
Sumant B	55	Executive Director	2,15,70,818	85,69,767	B.E.	33	20.01.1986	Nil
Dar C	63	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,03,47,685	89,26,306	B.Tech. (Hons.), P.G.D.M.	40	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Malik H	53	Divisional Chief Executive (FBD)	1,99,09,753	88,43,833	B.A., M.B.A.	29	01.06.1989	Nil
Satpathy S	46	Divisional Chief Executive (PCPBD)	1,95,85,055	88,13,925	B.Com., P.G.D.M.	23	01.12.2015	Marico Ltd., Chief Marketing Officer
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum.								
Ahmad S M	65	On deputation	1,34,02,024	58,69,141	B.A., M.A.	42	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Ambasta A (Dr.)	60	Executive V.P. & Head - Social Investments	1,27,67,645	59,42,809	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	32	01.04.2002	Action Aid (India), Sr. Programme Analyst
Arif N	57	Executive V.P. & Head - Corporate Communications	1,62,79,619	71,65,046	B.A. (Hons.), M.A.	33	01.09.2006	Indian Chamber of Commerce, Secretary General
Ashok D	55	General Manager - Strategic Planning	1,20,48,595	56,50,969	B.Com., A.C.S., F.C.M.A.	34	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Bajaj K	46	General Manager - Marketing (ITD)	1,09,20,375	51,87,810	B.A. (Hons.), M.B.A.	24	16.03.2011	Bharti Retail Ltd., Head - Brands
Balakrishnan S	52	Head - Manufacturing Operations (PCPBD)	1,12,53,047	51,17,280	B.E.	31	01.09.1987	Nil
Balar S	44	Brand Group Head - Personal Wash (PCPBD)	1,06,84,793	51,13,747	B.Tech.	18	01.06.2000	Nil
Bezbaroa S K	56	Executive V.P. - Corporate EHS	1,13,64,302	52,37,759	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	36	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bose S	50	Executive V.P. - HR & Learning & Development (HD)	1,40,72,375	72,10,756	B.A., P.G. Dip. in P.M.	24	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations
Chandrasekharan L C (Dr.)	64	Chief Scientist - Research & Technology Innovation (LS & T)	1,55,72,271	90,10,934	Ph.D.	37	01.10.2005	G.E. India, Director, Mfg.
Chaturvedi K	41	Head of Marketing - Staples, Snacks & Meals (FBD)	1,08,67,374	51,81,354	B.A. (Hons.), P.G. Dip. in Communication	17	19.05.2003	Mindshare Fulcrum, Planning Executive
Degan S	50	V.P. - Skin Care & New Product Development (PCPBD)	1,06,38,743	59,90,800	M.B.A.	19	15.07.2014	Britannia Industries Ltd., Category Director - Delight & Lifestyle
Dixit P K	58	General Manager - T & RA (ITD)	1,18,55,034	54,68,561	B.Sc. (Hons.)	35	17.10.1983	Nil
Dutta Saradindu	59	Head - Corporate Accounts	1,28,47,389	56,06,814	B.Com. (Hons.), M.Com., A.C.A.	37	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	52	Corporate Financial Controller	1,49,40,651	63,13,994	B.Com. (Hons.), C.W.A., A.C.A.	28	01.11.1990	Nil
Ganesan M	56	Head - Corporate Internal Audit	1,51,25,552	70,04,693	B.Com., A.C.A., A.C.S.	33	01.03.1986	Nil
Ganesh Kumar S	51	SBU Chief Executive - Staples, Snacks & Meals (FBD)	1,44,97,885	66,47,313	B.E.	27	14.12.1991	Nil
Garg A K	58	Head - Finance & IT (PCPBD)	1,08,50,344	61,66,172	B.A. (Hons.), M.B.A. (U.S.A.)	36	01.08.1985	International Travel House Ltd., Regional Financial Controller
Guha S	57	Executive V.P. - Technical (ITD)	1,28,53,772	58,07,556	B.Tech.	35	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Gupta V	54	Divisional Chief Executive (LRBD)	1,53,30,869	84,26,670	B.E., P.G.D.M.	28	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Haksar D	61	Chief Executive - ITC Hotels/ WelcomHotels (HD)	1,21,18,750	57,09,978	B.Com. (Hons.)	41	01.09.1977	@
Janardanan Anand P	53	V.P. - HR (FBD)	1,04,10,002	48,10,405	B.Com. (Hons.), P.G. Dip. in P.M. & I.R.	28	01.06.1990	Nil
Jasper N K	49	Executive V.P. - Finance & IT (FBD)	1,05,90,859	51,82,972	B.Com. (Hons.), A.C.M.A., A.C.A.	26	25.06.1993	A.F. Ferguson, Asst. Consultant
John R	50	Chief Engineer - Operations (ITD)	1,05,48,183	49,59,260	B.Tech.	27	03.03.2006	Wings Corporation (Indonesia), Operations Director - Nigerian Operations
Kaul S	52	Divisional Chief Executive (ITD)	1,82,08,222	80,94,964	B.E., P.G.D.M.	28	01.06.1990	Nil
Kulkarni V	44	Chief Operating Officer (PSPD)	1,25,86,695	64,92,614	B.Tech.	22	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Kumar A	55	Chief Technologist - Packaging & Graphics Design (ITD)	1,09,21,079	50,01,288	B.Sc., M.B.A.	33	01.07.1990	Uptron India Ltd., Planning Officer
Kumar G K	53	V.P. - Leaf Operations, Tobacco SBU (ABD)	1,03,37,470	54,13,667	B.Sc. (Agriculture)	31	01.08.1987	Nil
Rustagi A K	44	Chief Operating Officer - Chocolates, Coffee & New Category Development (FBD)	1,68,37,610	79,32,110	B.Tech., P.G.P.M.	22	01.10.2017	Unilever Inc. (London), Global Brand Director
Kunchejy J K	44	General Manager - Supply Chain & Logistics (ITD)	1,16,41,070	53,93,416	B.Tech., P.G. Dip. in I.E.	21	24.08.2007	Reliance Retail Co., Head - Planning & Logistics
Mukherjee P	57	V.P. - Finance & MIS (PPB - SBU)	1,08,61,775	48,57,310	B.Com. (Hons.), A.C.S., A.C.A.	33	01.09.1987	Khanna & Annadhanam, Chartered Accountants, Asst. Audit
Mukherjee S (Dr.)	53	Chief Scientist and Head R&D (ITD)	1,10,56,716	65,22,495	B.Sc., M.Sc., Ph.D.	23	16.03.1998	ICI India Ltd., Manager Q.A.
Mukherji A	46	Head - Corporate Human Resources	1,15,33,431	64,77,835	B.A., P.G. Dip. in P.M. & I.R., M.I.L.R.	23	01.08.1995	ANZ Grindlays Bank, Mgmt. Trainee
Noronha A R	65	Executive V.P. - Projects (HD)	1,14,11,526	53,52,417	B.E. (Elec.)	41	01.05.1978	@
Prabhakar L	53	Executive V.P. - HR (ABD)	1,05,22,877	52,75,594	B.E. (Mech.), P.G. Dip. in P.M. & I.R.	31	01.05.2006	ITC Infotech India Ltd., G.M. - HR
Puri Sudhir	42	Category Manager - Chocolates & Coffee (FBD)	1,09,70,352	51,82,766	B.Tech.	20	01.06.1998	Nil
Rai R K	56	SBU Chief Executive - Agri Business SBU (ABD)	1,59,81,117	69,32,126	B.A. (Mktg.), P.G.D. in Exports & Imports	36	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rama Prasad H N	53	V.P. - Exports & Supply Chain, Tobacco SBU (ABD)	1,04,70,220	51,63,265	B.Sc. (Agriculture), M.Sc. (Agriculture)	30	26.09.1988	Nil
Ramamurthi S (Dr.)	54	Chief Scientist - Biosciences (LS & T)	1,06,20,914	50,78,196	B.Sc., M.Sc. (Tech.), Ph.D.	25	27.08.2007	Hindustan Unilever Ltd., Sr. Research Scientist
Rangrass S	58	Divisional Chief Executive (ABD)	1,68,35,660	81,04,185	B.Tech.	36	01.07.1982	Nil
Rayavaram R K	46	SBU Chief Executive - Matches & Agarbatti SBU	1,02,00,048	49,69,876	B.E., P.G.P.M.	23	01.06.2003	3M India Ltd., Marketing Analyst
Reddy K V	53	Head Product Development - Staples & Noodles (FBD)	1,03,42,921	58,76,332	B.Tech.	29	01.08.2001	Cargill India Pvt. Ltd., Production Manager
Roy A	53	Executive V.P. - Corporate Finance	1,28,47,496	59,22,122	B.Com. (Hons.), A.C.A.	30	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Sarma C V	57	Executive V.P. - Finance & MIS (PSPD)	1,22,99,528	58,60,808	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	25	03.05.1993	Nil

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position Held
1	2	3	4	5	6	7	8	9
Senguttuvan R	57	Chief Executive (PPB - SBU)	1,57,76,829	84,34,721	B.E., P.G.D.M.	33	27.05.1991	Asian Paints, Purchase Executive
Shanmuga Sundaram A	52	Senior Deputy General Counsel	1,42,69,627	68,17,478	B.L., M.L.	30	20.10.1997	Maxworth Home Ltd., Manager, Legal
Shenoy T S M	51	Head of Finance (TM & D)	1,03,22,636	49,43,712	B.Com. (Hons.), A.C.A.	31	03.08.1992	A.F. Ferguson & Co., Mgmt. Consultant
Singal S	48	Chief Operating Officer - Dairy & Beverages Cluster (FBD)	1,56,96,863	72,71,924	B.Sc., P.G.D.M.	23	01.07.2016	Dabur India Ltd., Head of Marketing
Singh J	53	Executive V.P. - Finance, IT & Procurement (HD)	1,18,53,052	58,38,564	B.Com. (Hons.), A.C.A.	31	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh S K	62	Group Head - Paper & Packaging and Divisional Chief Executive (PSPD)	1,78,53,626	89,30,041	B.Tech. (Chem.)	42	21.06.1977	#
Singhi R K	54	Executive V.P. and Company Secretary	1,14,93,926	61,62,673	B.Com. (Hons.), LL.B., F.C.S.	34	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Stephanos K G	54	Executive V.P. - Finance, MIS and T & RA (ITD)	1,11,64,600	52,32,952	B.Com. (Hons.), A.C.A.	31	01.07.1988	PricewaterhouseCoopers & Co., Jr. Officer
Sule S	53	Chief Executive Officer (TM & D)	1,50,37,651	67,52,724	B.Com., M.I.B.	29	16.07.1990	Bayer India Ltd., Management Trainee
Tandan S	59	V.P. - Corporate Affairs	1,04,99,717	50,37,715	B.A. (Hons.), A.C.A.	33	01.10.1985	Nil
Thakar A	52	V.P. - Finance (FBD)	1,05,91,354	50,45,709	B.Com. (Hons.), A.C.A., M.B.A.	26	30.06.1992	Nil
Tyagi S	60	SBU Chief Executive (ESPB - SBU)	1,47,00,616	67,11,006	M.Sc., P.G.D.M.	37	01.02.1982	Nil
Venkateswaran K (Dr.)	59	Chief Scientist & Head - Product Development and R&D (PCPBD)	1,19,31,287	71,73,489	B.Sc., M.Sc., Ph.D.	34	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care
Vijayakrishnan V (Dr.)	52	Senior Principal Scientist (PCPBD)	1,34,34,040	61,98,112	B.Sc., M.Sc., Ph.D.	23	02.05.2017	Unilever Inc., Global R & D - Design Director
Viswanathan K I	58	Executive V.P. - Marketing & Commercial (PSPD)	1,16,18,708	60,97,193	M.B.A.	36	06.09.1982	Nil
Wanchoo S	58	Executive V.P. - Marketing (ITD)	1,25,08,779	56,33,893	B.Com. (Hons.)	37	19.10.1981	Nil
Yadav S M	49	V.P. - Technology & Manufacturing (FBD)	1,39,17,928	64,04,407	B.E., Dip. in International Business	28	24.08.2016	Mondelez International, Associate Director - Asia Pacific (Engineering)

Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month.

Abraham C	55	Chief Executive - Healthcare	1,82,32,038	97,38,146	M.B.B.S., Adv. Dip. in Healthcare Administration	25	02.05.2018	Health City Cayman Islands, CEO & Head of Medical Services
Asthana Nitin K	58	Regional Manager, T & RA - South (TM & D)	20,82,586	14,21,274	B.Sc.	34	01.04.1984	Nil
Balani Bhagwan D	43	General Manager, ITC Grand Goa (HD)	54,47,158	34,86,153	B.A., Dip. in Hotel Mgmt. & Catering Technology	23	29.09.2018	Hilton Mumbai International Airport, India - G.M.
Biswas D	43	Manager - Process Design & Capability (TM & D)	1,00,93,343	44,23,968	B.Com.	21	16.01.2004	Cavin Care, Sr. Commercial Asst.
Chakraborty K	60	Head of Technology & Engineering - Biscuits (FBD)	73,19,713	46,68,192	B.E.	38	21.04.2006	Britannia Industries Ltd., Co. Engg. Services Manager
Ghosh C	52	Head - Competency Development & HR (TM & D)	22,79,507	12,66,791	B.Sc.(Hons.), M.M.S.	27	01.03.2007	Ideact Pvt. Ltd. and Studycats.Com, Director
Gupta P	62	Head - Corporate Taxation	1,15,35,830	66,44,273	B.Com. (Hons.), A.C.A., D.M.A. (I.C.A.)	39	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Joshi A	60	National Sales Manager - Personal Care, Agarbatti & Matches (TM & D)	63,24,147	27,81,959	B.A., M.A., M.B.A.	36	01.01.1982	Nil
Mani M	60	Chief Scientist - Tobacco SBU (ABD)	38,16,629	26,40,310	M.Sc. (Agriculture), Ph.D.	36	01.10.1990	Central Instt. Of Medicinal & Aromatic Plants, Scientist
Mohan A L N Krishna	55	V.P. - Operations (PSPD)	18,57,572	12,94,466	B.E. (Mech.)	31	16.07.1986	Nil
Mukerji A K	60	Corporate Financial Controller	1,28,38,158	77,17,448	B.Com. (Hons.), A.C.A.	36	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Parasuram R	60	Head - Corporate Internal Audit	95,37,287	55,87,318	B.Com. (Hons.), A.C.A.	36	15.09.1982	Nil
Prabhakar K	52	General Manager - Central Projects Organisation	56,83,022	33,96,711	B.E. (Mech.), M.B.A.	30	05.07.2007	GEA Energy Systems (I) Ltd., D.G.M. Projects
Purandare H	60	Regional HR Manager - West (HD)	50,24,386	26,74,317	B.A., Dip. in P.M. & I.R.	37	01.01.1987	@
Rajasekharan V M	60	SBU Chief Executive - Matches & Agarbatti SBU	94,85,337	57,06,862	B.E.	38	01.06.1986	M.M. Rubber Co. Ltd., Sales Mgr.
Rajendran R	60	Production Manager - Tobacco SBU (ABD)	19,51,869	14,52,932	Dip. in Mechanical Engg.	41	30.09.1981	Tamil Nadu Mopeds Ltd., Supervisor
Sharma A	60	Executive V.P. - HR & Learning Services (HD)	82,09,823	43,31,961	B.A., Masters in P.M. & I.R.	35	06.11.1985	@
Sridhar R	60	Head - Corporate Human Resources	1,47,24,911	63,85,396	B.Sc., P.G. Dip. in P.M. & I.R., Fellow in Mgmt.	36	01.06.1982	Nil
Thiruvengadam A	60	Manager - Operations (Matches)	23,21,865	17,96,638	B.Sc. (Physics)	37	01.07.1982	ARV Industries, Sales Executive
Zachariah A	60	Executive V.P. & Head - Central Projects Organisation	1,11,49,674	50,35,897	B.Sc. (Engg.)	36	01.09.2012	Lanco Infratech Ltd., Senior Vice President

Abbreviations denote :

ITD	: India Tobacco Division	PCPBD	: Personal Care Products Business Division
PSPD	: Paperboards & Specialty Papers Division	ESPB	: Education & Stationery Products Business
LRBD	: Lifestyle Retailing Business Division	PPB	: Packaging & Printing Business
ABD	: Agri Business Division	LS & T	: Life Sciences & Technology
HD	: Hotels Division	TM & D	: Trade Marketing & Distribution
FBD	: Foods Business Division	SBU	: Strategic Business Unit

* Appointed also as the Chairman of the Company with effect from 13th May, 2019

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

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

Notes :

- Remuneration includes salary, performance bonus, allowances & other benefits/applicable perquisites except contribution to the approved Pension Funds under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
- During the year, the Company granted Stock Options to the Directors, KMP and certain other employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. The Company also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to eligible employees under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since the Stock Options and ESAR Units are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Options / ESAR Units, and accordingly the said grant has not been considered as remuneration.
- Net remuneration comprises cash income less : a) income tax, surcharge (as applicable) & education cess deducted at source. b) employees' own contribution to Provident Fund.
- All appointments are/were contractual in accordance with terms and conditions as per Company rules.
- None of the above employees is a relative of any Director of the Company.
- The above list does not include employees who are on deputation and whose cost is not borne by the Company.

On behalf of the Board

Gurugram
13th May, 2019

S. PURI *Chairman & Managing Director*
R. TANDON *Director & Chief Financial Officer*

Annexure to the Report of the Board of Directors

DIVIDEND DISTRIBUTION POLICY

This Dividend Distribution Policy is framed in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dividend Distribution shall take into account the distributable surplus available under law as well as the need to retain earnings, which in turn will take into account foreseeable funding requirements of the Company's businesses, including their growth plans, organic and inorganic, as also the financial capacity that needs to be conserved to address contingencies that may arise. The surplus so determined shall be returned to shareholders over the long term.

Consistent with the above, the Company will strive to declare a steady stream of dividend to its shareholders. The actual quantum of dividend pay-out each year will be guided by the Company's financial performance and cash flow position and will take into account the requirements of funds to sustain the business and growth plans of the Company, as well as the economic and market conditions then prevailing. Dividend distribution will also cognise for foreseeable opportunities and threats in the globalised competitive context.

The Board of Directors of the Company (hereinafter referred to as the 'Board') may declare interim dividend(s), at their discretion. The Board's recommendation to the shareholders on the final dividend may include special dividend(s) as considered appropriate.

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2019

KEY FINANCIAL RATIOS

[Pursuant to Schedule V(B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Consequent to the introduction of the Goods and Services Tax (GST) w.e.f 1st July, 2017, Gross Revenue from sale of products and services for the year ended 31st March, 2019 is not comparable with the previous year (refer Note in the 'Statement of Profit and Loss').

Hence, Debtors Turnover ratio, Inventory Turnover ratio, Operating Profit margin and Net Profit margin for the year ended 31st March, 2019 are not comparable with the previous year.

In order to facilitate like for like comparison:

- **Debtors Turnover ratio** has been computed for both years on the basis of Gross Sales Value (net of rebates and discounts) instead of Gross Revenue, and
- **Inventory Turnover, Operating Profit Margin and Net Profit Margin ratios** have been computed on the basis of annualised Gross Revenue for the nine months' period from 1st July, 2018 to 31st March, 2019 and corresponding period in the previous year.

		2019	2018
(i)	Operating Profit Margin (%)	41.1	41.6
(ii)	Net Profit Margin ¹ (%)	28.0	27.8
(iii)	Debtors Turnover ² – Based on Gross Sales Value	20.7	28.5
(iv)	Inventory Turnover	6.1	5.6
(v)	Current Ratio	3.1	2.8
(vi)	Return on Net worth ¹ (%)	21.5	21.3

Notes

1. **Net Profit Margin** and **Return on Net worth ratios** have been computed based on **Profit After Tax (before exceptional items)**.
Return on Net Worth is higher for the year ended 31st March, 2019 due to higher rate of growth in Profit After Tax.
2. The relatively lower **Debtors Turnover ratio** for the year ended 31st March, 2019 is largely attributable to tighter market liquidity conditions, increase in sales volume in the Paperboards & Specialty Papers Division due to capacity additions, new business development in the Agri Business segment and higher sales across operating segments in the last three months of the year. A substantial portion of the Trade Receivables as at 31st March, 2019 has been subsequently collected.
3. **Interest Coverage Ratio** and **Debt Equity ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

Gurugram
13th May, 2019

S. PURI
R. TANDON

Chairman & Managing Director
Director & Chief Financial Officer