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Enduring Value

30th July, 2018

The Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza,
Plot No. C-1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

The General Manager
Dept. of Corporate Services
BSE Ltd.
P. J. Towers
Dalal Street, Fort
Mumbai 400 001

The Secretary
The Calcutta Stock Exchange Ltd.
7, Lyons Range
Kolkata 700 001

Dear Sirs,

Report and Accounts 2018

Further to our letter dated 27th July, 2018, we enclose, in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a copy of the Report and Accounts of the Company for the financial year ended 31st March, 2018.

Yours faithfully,
ITC Limited

(R. K. Singhi)
Executive Vice President &
Company Secretary

Encl. as above.

Enduring Value

cc: Securities Exchange Commission
Division of Corporate Finance
Office of International Corporate Finance
Mail Stop 3-9
450 Fifth Street
Washington DC 20549
U.S.A.

- One copy of the Report and Accounts is enclosed

cc: Societe de la Bourse de Luxembourg
35A Boulevard Joseph II
L - 1840 Luxembourg

- One copy of the Report and Accounts is enclosed



ITC Limited

REPORT

AND

ACCOUNTS

2018

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Enduring Value



ITC: Creating Enduring Value for India

As a Company deeply rooted in India's soil, ITC is inspired by its vision to serve larger national priorities. ITC's pursuit of global competitiveness in economic value creation, whilst simultaneously creating larger societal value, spurred innovation in business models to synergise the building of economic, ecological and social capital as a unified strategy. This commitment to create enduring value for its stakeholders and the nation is manifest in its credo of 'Putting India First' – an abiding philosophy that seeks to put Country before Corporation and the Institution before the Individual.

Creating Multiple Drivers of Growth: Leveraging Enterprise Strengths

Over the years, ITC's multiple drivers of growth have been carefully crafted to match internal competencies with the emerging opportunities of a growing Indian market. A robust portfolio of businesses leverage ITC's unique enterprise strengths in terms of its deep consumer insight, intimate rural linkages, superior agri-sourcing, cutting-edge Research & Development, world-class manufacturing, brand building skills, culinary insights of ITC Hotel's master chefs, innovative consumer packaging, focus on digital technologies and an extensive trade marketing, distribution and logistics network. These unique enterprise strengths enable ITC to create multiple drivers of growth across all the three sectors – agriculture, manufacturing and services, whilst making a significant and holistic contribution to society, environment and the economy.

Contribution to the Exchequer

ITC is amongst the top three corporates in the private sector in terms of Contribution to the Exchequer. Over the last five years, the Value-Added by ITC, i.e. the value created by the economic activities of the Company and its employees, aggregated over ₹2,00,000 crores, of which nearly ₹1,50,000 crores accrued to the Exchequer. Including the share of dividends paid and retained-earnings attributable to

government-owned institutions, ITC's contribution to the Central and State Governments represents about 80% of its Value-Added during the year. Since 1996, ITC's Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, grew rapidly at a compound rate of 22.4% per annum, placing the Company amongst the foremost in the country in terms of efficiency of servicing financial capital.

Creating World-Class Indian Brands

It is ITC's belief that tomorrow's world will belong to those who create, own and nurture intellectual capital for the country. Successful brands and trademarks, which represent such intellectual capital, are a badge of honour for the country they belong to. ITC's world-class Indian brands anchor competitive and inclusive value chains that create, capture and retain larger value within the country as opposed to brands owned overseas that rely on global supply chains besides necessitating payments in the form of royalties, etc. ITC has built 25 world-class mother brands within a short span of time. ITC's new FMCG brands currently represent nearly ₹16,000 crores in terms of annualised consumer spend, and several of the Company's brands have assumed market leadership in a short period of time.

Creating Value for Indian Consumers

ITC is committed to delivering superior and differentiated products that create value for the Indian consumer. Some of the differentiated products include ITC Master Chef Super Safe spices that are tested for over 470 pesticide residues and the ITC Master Chef Super Safe prawns that are Individually Quick Frozen and undergo over 240 tests to conform to the best international standards offering consumers and future generations a safer and better product. ITC's differentiated products focused on health and wellness include the Aashirvaad Sugar Release Control Atta – a low Glycaemic Index atta, Sunfeast Farmlite biscuits, Farmland Naturally Low Sugar potatoes, among others.

Building World-Class Assets for India

ITC's commitment to create enduring value for India is also manifest in its investments in the development of world-class manufacturing and hospitality assets. These investments that contribute to the Company's competitiveness and in building assets to serve the nation are in the form of state-of-the-art manufacturing facilities, iconic luxury hotels, logistics hubs and the globally benchmarked Life Sciences and Technology Centre. Contributing to the Make in India vision, ITC is investing in creating 20 Integrated Consumer Goods Manufacturing & Logistics facilities for its FMCG businesses, which promise to lend significant competitive edge to ITC's businesses in the future. An investment outlay of ₹25,000 crore has been envisaged to support the Company's projects in manufacturing, hospitality, distribution and agri-backend. Several of these projects are already on stream. Commercial production commenced this year at ITC's integrated facilities in Uluberia and Panchla in West Bengal, Guwahati in Assam and Kapurthala in Punjab.

Building a Sustainable Future for all Stakeholders

ITC's quest is to attain extreme competitiveness in each of its businesses, whilst at the same time ensuring the replenishment of environmental resources and creation of large-scale sustainable livelihoods. Today, ITC's businesses create sustainable livelihoods for over 60 lakh people, many of whom represent the weakest in the society. The philosophy of 'Responsible Competitiveness' makes ITC the only company in the world to attain the global environmental distinction of being carbon positive, water positive and solid waste recycling positive for over a decade. Over 43% of the total energy requirement of the Company is met from renewable sources, a testimony to its commitment to a low carbon growth path. ITC's sustainability initiatives and social investments programmes, such as the celebrated e-Choupal, Social & Farm Forestry, Watershed Development, Animal Husbandry, Women Empowerment, Vocational Training, Primary Education, Health and Sanitation and Solid Waste Management have had a transformational impact on rural India. Many of ITC's social investment interventions are aligned to the United Nation's Sustainable Development Goals. In the field of waste management, ITC has spearheaded a 360-degree solutions framework, which includes packaging optimisation, resource conservation, over 99% of waste generated in operations being recycled, enabling source segregation of municipal solid waste, facilitating collection, re-use and re-cycling, thereby moving towards a circular economy. Over the next decade, ITC pledges to ensure that, going beyond Extended Producer Responsibility requirements, the Company will deploy superior solutions so that 100% of all packaging of the Company will be recyclable, reusable or compostable.

Creating an Exemplary National Enterprise

ITC's super-ordinate vision to create enduring value for the nation is today manifest in the foundation of multiple drivers of growth across businesses of tomorrow, which have achieved significant market standing and leadership. Today, ITC 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. This transformation of the Company has also enabled ITC to be a growing and significant contributor to the national economy. In the coming years, ITC's world-class manufacturing facilities will expand the nation's industrial capital, whilst the Company's iconic hotel properties will contribute to the country's tourism landscape. ITC's investments and multipronged initiatives in supporting agricultural and rural development will further contribute to doubling of farmers' income. ITC's commitment towards a paradigm of growth that is sustainable and inclusive will continue to shape a better and secure future for its stakeholders and the nation.

ITC's Businesses

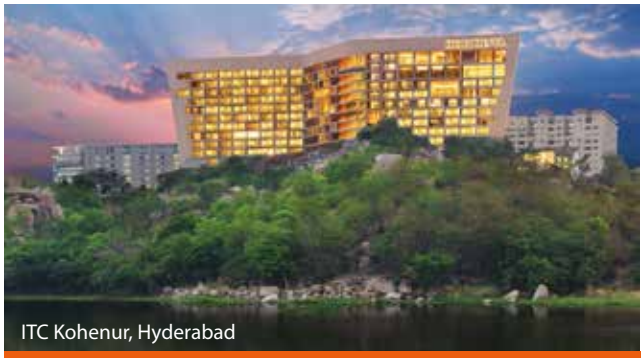
Spanning all three sectors of the economy – Agriculture, Manufacturing and Services

FMCG Businesses



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

Hotels



ITC Kohenur, Hyderabad

- One of India's fastest growing hospitality chains
- ITC's super premium luxury hotels are LEED Platinum-certified

Agri Business



- Pioneer in rural transformation through ITC e-Choupal
- Largest private sector procurer of wheat in India

Paperboards & Packaging



- Clear market leader in the segment
- Most environment friendly pulp mill in India

Information Technology



- Digital full services global player
- 9 development centres

ITC: An Exemplar in Triple Bottom Line Performance

Gross Sales Value*
₹67082 cr
for the year ended 31st March, 2018

ITC's contribution to the Central and State Governments represents about
80%
of Value-Added during the year

Total Shareholder Returns CAGR since 1996
22.4%
(as in March, 2018)

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

* For details, please refer to the section 'Report of the Board of Directors & Management Discussion and Analysis'

Sustainable livelihoods supported by ITC's businesses: **6 million**

The only Company in the world to be:

- Carbon Positive **13 years**
- Water Positive **16 years**
- Solid Waste Recycling Positive **11 years**

Renewable energy: Over **43%** of total energy consumption

e-Choupal: **4 million** farmers empowered

Afforestation: Over **6,80,000** acres greened

Watershed Development: Nearly **8,75,000** acres covered

Livestock Development: Providing animal husbandry services in **7 states** and **25 districts**

Solid Waste Management: Well-being Out of Waste (WoW) programme covers **77 lakh** citizens

Women Empowerment: Over **61,000** rural women benefitted

Skilling and Vocational Training: Covering over **55,000** youth

Primary Education: Reaching over **5,60,000** children

Health & Sanitation: Over **31,000** toilets built

Pioneer of green building movement in India: Established over **23** green buildings

ITC's World Class Indian Brands

Within a relatively short span of time, ITC has built 25 mother brands, many of which are market leaders in their segments. This vibrant portfolio of brands represents an annual consumer spend of nearly ₹16,000 crore today.

Today, ITC's FMCG products reach every second household in India. In terms of annual consumer spend, Aashirvaad is today over ₹4000 crores; Sunfeast over ₹3500 crores; Bingo! over ₹2000 crores; Classmate & YiPPee! are over ₹1000 crores each 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 the creation and retention of value within the country.

ITC's FMCG brands have achieved impressive market standing in a relatively short span of time. Today, many of ITC's products have assumed market leadership – Aashirvaad is No. 1 in Branded Atta, Sunfeast is No. 1 in Premium Cream Biscuits, Bingo! is No. 1 in the Bridges segment of Snack Foods, Classmate is No. 1 in Notebooks. Other ITC brands are also gaining significant consumer franchise – YiPPee! is No. 2 in Noodles, Engage is No. 2 in Deodorants and Mangaldeep is No. 2 in Agarbattis and No. 1 in the Dhoop segment.



ITC's World Class Indian Brands



ITC's World Class Indian Brands

25 mother brands in FMCG with an annual consumer spend of nearly ₹16000 cr

ITC's FMCG products reach **every second household** in India

Consumer Spend

- Aashirvaad - over **₹4,000 cr**
- Sunfeast - over **₹3,500 cr**
- Bingo! - over **₹2,000 cr**
- Classmate, YiPPee! - over **₹1,000 cr** each
- Vivel, Mangaldeep & Candyman - over **₹500 cr** each

Brand Leadership

- Aashirvaad is **No. 1** in Branded Atta
- Sunfeast is **No. 1** in Premium Cream Biscuits
- Bingo! is **No. 1** in the Bridges segment of Snack Foods
- Classmate is **No. 1** in Notebooks
- Aim is **No. 1** in Matches
- YiPPee! is **No. 2** in Noodles
- Engage is **No. 2** in Deodorants
- Fiama is **No.2** in Shower Gel
- Mangaldeep is **No. 1** in Dhoop segment and **No. 2** in Agarbatti

Branded Packaged Foods

AASHIRVAAD

Atta, Ghee, Salt, Spices & Instant Mixes

Aashirvaad is India's No. 1 in Branded Atta with an annualised consumer spend of over ₹4,000 Crores



Sunfeast

Biscuits, Cookies & Cakes

Among Top 3 Biscuit Brands

No. 1 in Premium Cream Biscuits



Branded Packaged Foods

BINGO!

Potato Chips & Finger Snacks

No.1 in Bridges segment of Snack Foods



Sunfeast YiPPee! noodles

Instant Noodles & Pasta

YiPPee! is No. 2 Instant Noodles brand in India



B Natural

Juices & Beverages

All of B Natural variants today, are made from fruit pulp or juice and are not from concentrates



Branded Packaged Foods

ITC MASTER CHEF

Blended Spices

Super Safe spices tested for 470+ pesticide residues



ITC MASTER CHEF

Frozen Prawns

Individually quick frozen technique ensures ITC's prawns are 'Fresher than fresh'



Foray into Fruits and Vegetables

ITC MASTER CHEF

Dehydrated Onions

Made from select high quality Red Onions without added colour or preservatives



Farmland SAFE AND NUTRITIOUS

Potatoes, Apples

Farmland, ITC's new brand of fresh, safe & nutritious fruits and vegetables



Branded Packaged Foods

FABELLE Exquisite CHOCOLATES

Luxury Chocolates

World-class **luxury chocolate** for the Indian connoisseur



SUNBEAN

Gourmet Coffee

Exquisite fusion blends that bring together some of India's best and the world's **finest coffees**



Kitchens of India

Ready to Eat Gourmet Cuisine, Daily Treat Masala Mixes, Chutneys & Conserves

Rich heritage of authentic Indian Cuisine



CandyMan mint-o GumOn

Candies, Toffees, Mints, Gums

ITC's range of confectioneries delights consumers of all ages



Personal Care Products

ESSENZA DI WILLS
YOUR ESSENCE. YOUR SOUL.

Fine Fragrances, Deodorants, Hair and Body Shampoos & Bathing Bars

Sublimely crafted to encapsulate the very essence of fine living



No. 2 in Shower Gel

Joy of bathing with a range designed for instant mood upliftment

Shower Gels, Bathing Bars & Bath Essentials

fiama



ENGAGE

Eau de Parfum, Perfume Sprays, Pocket Perfumes, Deodorants and Colognes

No. 2 in Deodorants

Innovative first-to-market format – Engage On Pocket Perfume



Personal Care Products

Vivel

Soaps,
Body Wash

Vivel is already a ₹500 Crore brand in terms of annualised consumer spend



Savlon

Antiseptic
Liquid, Soaps
& Handwashes

For over 50 years, Savlon has kept Indians protected against germs



Shower to Shower

Ayurvedic Prickly
Heat Powder

Preferred choice in the prickly heat segment



CHARMIS

Moisturising
Cold Cream

Enriched with the nourishing goodness of vitamin A, C and E



Education & Stationery Products

classmate
BE BETTER THAN YOURSELF

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

No. 1 notebook brand in India with a deep-rooted commitment to the environment



Premium Notebooks and Notepads

Paperkraft



Aesthetically designed with a positive environmental footprint

Agarbatti

Mangaldeep is the 2nd largest Agarbatti Brand



Safety Matches

Number 1 in Safety Matches



Lifestyle Retailing





ITC's Brands: Empowering Value Chains

A conscious strategy to drive the competitiveness of value chains linked to its businesses enables ITC to make a more enduring contribution to national economic development. ITC's winning brands drive synergies to make these value chains sustainable and inclusive. At the same time, by nurturing and strengthening these value chains, ITC adds a unique source of competitive strength to its brands. These value chains contribute to farmer empowerment and enrich the rural ecosystem.

ITC's Farm-to-Fork Value Chain

ITC's agri value chain provides a unique competitive edge to the Company's Foods Business by sourcing identity-preserved high-quality agricultural raw material that enables manufacturing of world-class food brands with consumer-preferred value traits. This is manifest in brands like Aashirvaad Atta, Aashirvaad Spices, Bingo! chips, ITC Master Chef Super Safe Spices and B Natural juices that source wheat, chillies, turmeric, coriander, potato, fruits, among others, from the farmer.













ITC's Paper Value Chain

ITC's large-scale Afforestation Programme provides sustainable livelihoods to marginal and tribal households along with a commercially viable land use option. These renewable plantations contribute to the carbon sequestration and soil conservation objectives of the country and enable ITC to offer the greenest paper and paperboards products manifest in stationery brands such as Classmate and Paperkraft, whilst creating largescale livelihoods. These plantations also provide a competitive source of wood pulp to ITC's Paperboards and Specialty Papers Business. ITC has also developed a unique agro-forestry model, which enables marginal households to convert their low productivity lands into pulpwood plantations, while at the same time helping derisk the farmer through additional production of crops within the same land area.





ITC's Brands: Innovating for India







ITC's strong portfolio of world-class brands and products is supported by cutting-edge research and development executed by the globally benchmarked, state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru. This Centre is working on game-changing R&D driving science-led product innovation with a world-class team of over 350 highly qualified scientists. In a short span of time over 750 patent applications have been filed from the Centre. The focus is on designing differentiated and superior solutions that address the unique needs of the Indian consumer.

ITC has been a forerunner in introducing first-in-the market innovative products for Indian consumers. A slew of innovative and superior products is already in the market and there is a continuous pipeline of such products that are being readied for launch. Some of the innovative first to the market products launched by ITC include the Aashirvaad Sugar Release Control Atta – a low Glycaemic Index atta, Sunfeast Farmlite Active Protein Power biscuits made from roasted bengal gram, Farmland potatoes with Natural Anti-oxidants and the Farmland Naturally Low Sugar potatoes, pocket perfume range Engage On, among others.

ITC: Investing in World Class Infrastructure







ITC is investing in 20 modern state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities across the length and breadth of the country to enable its FMCG Businesses to rapidly scale up, supporting the nation's Make in India mission. Creation of such world-class physical infrastructure for the future would enable ITC to constantly craft and deliver best-in-class products and provide ITC's brands a competitive edge in terms of scale, freshness and close-to-market distribution. Such facilities, which include state-of-the art food processing units, will further strengthen ITC's leadership across the farm-to-fork value chain, enhance cost efficiency whilst enabling greater value realisation to the farmer, and reducing India's agri wastages. Commercial production has already commenced at ITC's integrated facilities in Uluberia and Panchla in West Bengal, Guwahati in Assam and Kapurthala in Punjab. Consumer Goods facilities in Trichi, Medak and Ambarnath are in advanced stages of development.

ITC's Brands: Creating Sustainable Livelihoods through a Robust Distribution Network





Leveraging its unmatched distribution infrastructure, ITC has enhanced the market standing and consumer franchise of all its brands. Continued focus on supply chain improvements both in the traditional and modern trade arena enhances accessibility of ITC's large portfolio of products.

ITC's formidable distribution network covers over 1 lakh markets and over 6 million retail outlets directly and indirectly across various trade channels. This enhances the reach and availability of ITC's large and diverse FMCG product portfolio comprising many brands and hundreds of stock keeping units. This extensive network provides significant sustainable livelihoods across the distribution value chain.

Board of Directors

Chairman & Non-Executive Director

Yogesh Chander Deveshwar

Managing Director

Sanjiv Puri

Executive Directors

Nakul Anand

Rajiv Tandon
(also Chief Financial Officer)

Non-Executive Directors

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

Board Committees

Audit Committee

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

CSR and Sustainability Committee

Y C Deveshwar	Chairman
S B Mainak	Member
J Pulinthanam	Member
N Rao	Member
M Shankar	Member
D R Simpson	Member
R K Singhi	Secretary

Nomination & Compensation Committee

S Banerjee	Chairman
Y C Deveshwar	Member
S B Mainak	Member
S S H Rehman	Member
M Shankar	Member
R K Singhi	Secretary

Securityholders Relationship Committee

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

Independent Directors Committee

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

Corporate Management Committee

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

Executive Vice President & Company Secretary
Rajendra Kumar Singhi

General Counsel
Kannadiputhur Sundararaman Suresh

Investor Service Centre
37 Jawaharlal Nehru Road, Kolkata 700 071, India
Telephone nos. : 1800-345-8152 (Toll free)
033 2288 6426 / 0034
Facsimile no. : 033 2288 2358
e-mail : isc@itc.in

Statutory Auditors
Deloitte Haskins & Sells
Chartered Accountants, Kolkata

Registered Office
Virginia House
37 Jawaharlal Nehru Road, Kolkata 700 071, India
Telephone no. : 033 2288 9371

CIN : L16005WB1910PLC001985

ITC Corporate Website : www.itcportal.com

Enduring Value

Your Directors

Y. C. Deveshwar

Yogesh Chander Deveshwar (71), DIN: 00044171, is the Chairman of ITC. He was appointed as a Director on the Board of the Company on April 11, 1984 and became the Chief Executive and Chairman of the Board on January 1, 1996. On splitting the role of the Executive Chairman between Chairman and Chief Executive Officer with effect from February 5, 2017, Deveshwar, at the request of the Nomination & Compensation Committee and the Board, recognising the need for orderly transition in a company of ITC's size and complexity, agreed to continue as Chairman in non-executive capacity and also play the role of Mentor to the executive management.

Deveshwar joined ITC in 1968 and is an alumnus of the Indian Institute of Technology, Delhi, and Harvard Business School. Between 1991 and 1994, he led Air India as Chairman and Managing Director.

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

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

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

Deveshwar has served as a Director on the Central Board of the Reserve Bank of India and as a Member of the National Foundation for Corporate Governance. He is a Member of the Board of Trade, Ministry of Commerce and Industry, and a Member of the National Food Processing Development Council, Ministry of Food Processing Industries, Government of India. Deveshwar is a Member of the Governing Body of the National Council of Applied Economic Research and also the former Chairman of the Society and Board of Governors of the Indian Institute of Management, Calcutta. He is also a Member of the Governing Council of the Central Manufacturing Technology Institute, Ministry of Heavy Industries & Public Enterprises, Government of India. He serves on the National Executive Committees of some of India's premier trade and industry bodies, and has served as a Member of the UK-India CEOs Forum and US-India CEOs Forum instituted by the respective Governments. Deveshwar is a past President of CII.

In 2011, Deveshwar was conferred the Padma Bhushan, one of the highest civilian awards in the country, by the Government of India. Amongst several other awards and recognitions during his distinguished career, Deveshwar has been honoured with the Global Leadership Award

by the US-India Business Council of the US Chamber of Commerce, Business Leader of the Year Award 2012 from the All India Management Association, Business Person of the Year Award 2006 by the UK Trade & Investment, and the Sustainability Leadership Award conferred at Zurich at the International Sustainability Leadership Symposium. He was inducted to the prestigious Hall of Pride at the Indian Science Congress. Earlier, he was also named Manager Entrepreneur of the Year 2001 by Ernst & Young. The Economic Times has conferred on Deveshwar, the Indian Visionary Business Leader Award and the Smart Green Leader Lifetime Achievement Award, the Bombay Management Association has honoured him with the Management Man of the Year Award, and the Calcutta Management Association has inducted him as the first leader on the Management Hall of Fame. He has been conferred Lifetime Achievement Awards by Business Standard, Business Today, Economic Times & CNBC-TV18, and 'Global Entrepreneur of Bihar' Award by the Bihar Chamber of Commerce and Industries. The Government of West Bengal also conferred the 'Banga Bibhushan', the State's highest civilian honour, on Deveshwar. He was conferred the CII President's Award for Lifetime Achievement in April 2018.

Other Directorships

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

Committee Membership of other companies: Nil

S. Puri

Sanjiv Puri (55), DIN: 00280529, is the Managing Director of ITC effective May 16, 2018. He was appointed as a Director on the Board of ITC with effect from December 6, 2015 and Chief Executive Officer from February 5, 2017 taking independent charge of the executive leadership of the Company. He is also the Chairman of the Corporate Management Committee.

Prior to this, he was the Chief Operating Officer (COO) of ITC since July 22, 2016. Before taking over as the COO, he was responsible for overseeing the FMCG, Paperboards, Paper & Packaging and Agri Businesses of ITC. Puri is an alumnus of the Indian Institute of Technology, Kanpur, and Wharton School of Business. He joined ITC in 1986.

Prior to his appointment as a Director on the Board of ITC, Puri was President, FMCG Businesses - Cigarettes, Foods, Personal Care, Education & Stationery Products, Matches and Agarbattis, since December 2014. He has handled a wide range of responsibilities including business leadership positions as well as in manufacturing, operations and information & digital technology. Puri became Divisional Chief Executive of the Tobacco Division in 2009, with additional responsibility for the Company's Trade Marketing & Distribution Vertical. He has led ITC Infotech India Limited, a wholly owned subsidiary of ITC, as its Managing Director from May 2006 to August 2009. Puri served between 2001 and 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal. He has also been a Director on the Board of The Tobacco Institute of India and past Member of the Board of Governors of the Media Research Users Council.

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

Presently, Puri serves on the National Executive Committees of CII and FICCI. He is also a Director on the Board of US-India Strategic Partnership Forum and a Member of the Steering Committee of FICCI.

Other Directorships

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

Committee Membership of other companies: Nil

N. Anand

Nakul Anand (61), DIN: 00022279, was appointed as a Director on the Board of ITC effective January 3, 2011. In addition to overseeing the Hospitality, Travel & Tourism Businesses of ITC, he took over in December 2014, the responsibility for overseeing the Lifestyle Retailing Business.

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

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

Other Directorships

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

Committee Membership of other companies

Name of the company	Committee	Position
International Travel House Limited	Nominations & Remuneration Committee	Member
Gujarat Hotels Limited	Nominations & Remuneration Committee	Member
Landbase India Limited	Audit Committee	Member
Fortune Park Hotels Limited	Corporate Social Responsibility Committee	Chairman

R. Tandon

Rajiv Tandon (64), DIN: 00042227, was appointed as a Director on the Board of ITC effective January 22, 2016. He is responsible for Finance, Accounting and Internal Audit Functions and Investment Subsidiaries of the Company. Prior to this, he was the Chief Financial Officer of the Company, a position that he continues to hold. A Fellow Member of the Institute of Chartered Accountants of India with over three decades of experience, Tandon has held various positions in ITC including Executive Vice President - Finance & MIS of the Tobacco Division, Executive Vice President - Corporate Finance, Finance Advisor and member of the Management Committee of Agri Business and Tobacco Divisions.

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

Other Directorships

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

Committee Membership of other companies

Name of the company	Committee	Position
Russell Credit Limited	Audit Committee	Chairman
	CSR Committee	Chairman
	Nomination and Remuneration Committee	Member
Wimco Limited	Nomination and Remuneration Committee	Member
Landbase India Limited	Audit Committee	Chairman
ITC Infotech India Limited	Audit Committee	Chairman

S. Banerjee

Shilabhadra Banerjee (69), DIN: 02922331, joined the ITC Board as a Non-Executive Director effective July 24, 2014 and was appointed as an Independent Director on July 30, 2014.

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

Banerjee does not hold directorship of any other company.

A. Duggal

Arun Duggal (71), DIN: 00024262, joined the ITC Board as a Non-Executive Independent Director effective September 15, 2014.

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

Other Directorships

Name of the company	Position
ICRA Limited	Chairman & Non-Executive Director
Mangalore Chemicals & Fertilizers Limited	Chairman & Non-Executive Director
International Asset Reconstruction Company Private Limited	Chairman & Non-Executive Director
Info Edge (India) Limited	Non-Executive Director
Dish TV India Limited	Non-Executive Director
Dr. Lal PathLabs Limited	Non-Executive Director
ReNew Power Limited	Non-Executive Director
ReNew Solar Energy Private Limited	Non-Executive Director

Committee Membership of other companies

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

S. B. Mainak

Suryakant Balkrishna Mainak (62), DIN: 02531129, joined the ITC Board as a Non-Executive Director effective April 25, 2014, representing the Life Insurance Corporation of India (LIC).

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

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

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

Other Directorships

Name of the company	Position
CARE Ratings Limited	Chairman & Non-Executive Director
CARE Advisory Research and Training Limited	Chairman & Non-Executive Director
Mahindra & Mahindra Limited	Non-Executive Director
NSEIT Limited	Non-Executive Director
Himadri Speciality Chemical Limited	Non-Executive Director
Capacit'e Infraprojects Limited	Non-Executive Director

Committee Membership of other companies

Name of the company	Committee	Position
CARE Ratings Limited	Stakeholders Relationship Committee	Chairman
	Audit Committee	Member
	Nomination & Remuneration Committee	Member
Capacit'e Infraprojects Limited	Audit Committee	Chairman
	Nomination & Remuneration Committee	Chairman

S. B. Mathur

Sunil Behari Mathur (73), DIN: 00013239, has been on the ITC Board since July 29, 2005, first as a representative of LIC and then in his individual capacity as a Non-Executive Independent Director.

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

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

Other Directorships

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

Committee Membership of other companies

Name of the company	Committee	Position
Hindustan Oil Exploration Company Limited	Audit Committee	Chairman
	Corporate Social Responsibility Committee	Chairman
	Nomination and Remuneration Committee	Member
NSE Strategic Investment Corporation Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
National Collateral Management Services Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
DCM Shriram Industries Limited	Nomination & Remuneration Committee	Chairman
	Audit Committee	Member
UltraTech Cement Limited	Audit Committee	Chairman
	Stakeholder Relationship Committee	Member
Thomas Cook (India) Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
Infrastructure Leasing and Financial Services Limited	Nomination & Remuneration Committee	Chairman
Travel Corporation (India) Limited	Audit Committee	Chairman
	Nomination & Remuneration Committee	Member
QRG Enterprises Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
India Mortgage Guarantee Corporation Private Limited	Audit Committee	Member

J. Pulinthanam

John Pulinthanam (58), DIN: 07881040, has been appointed as an Additional Non-Executive Director on the Board of ITC effective May 16, 2018, representing the General Insurers' (Public Sector) Association of India. He holds a Masters Degree in Economics and is an MBA from the Kerala University, in addition to being a Fellow of the Insurance Institute of India. He is currently the Officiating Chairman-cum-Managing Director (Joint Charge) of National Insurance Company Limited (NIC).

Pulinthanam has more than 37 years of experience in general insurance industry. He joined The New India Assurance Company Limited as a Direct Recruit Officer in 1981 and gained rich experience in administration, management and core insurance matters, while working in various capacities in Branch / Divisional Offices, Regional Offices and the Head Office of New India. He was the Managing Director of Tanzindia Assurance Company Limited in Tanzania, East Africa, for four years. In 2009, he was posted to NIC and was heading its Bengaluru Regional Office, before being elevated to the post of General Manager in 2013. He was appointed as Wholetime Director of NIC in 2017.

Other Directorships

Name of the company	Position
National Insurance Company Limited	Officiating Chairman-cum-Managing Director (Joint Charge)

Committee Membership of other companies

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

N. Rao

Nirupama Rao (67), DIN: 06954879, was appointed as a Non-Executive Independent Director on the Board of ITC effective April 8, 2016.

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

A career diplomat from the Indian Foreign Service from 1973 to 2011, she served the Government in several important positions including that of the Foreign Secretary of India. She has represented India in several countries during her distinguished career and was the first Indian woman to be appointed High Commissioner to Sri Lanka and Ambassador to China. She was also the first woman spokesperson of the Ministry of External Affairs. After her retirement, she was appointed Ambassador of India to the United States for a tenure of two years from 2011 to 2013.

Other Directorships

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

Committee Membership of other companies

Name of the company	Committee	Position
Network18 Media & Investments Limited	Audit Committee	Member
TV18 Broadcast Limited	Stakeholders Relationship Committee	Member
Coromandel International Limited	Stakeholders Relationship Committee	Member
Viacom 18 Media Private Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member

S. S. H. Rehman

Sahibzada Syed Habib-ur-Rehman (74), DIN: 00050862, was appointed as a Non-Executive Independent Director on the Board of ITC effective July 27, 2012. Rehman's illustrious career began with a tenure in the Indian Army after he graduated from the Indian Military Academy in Dehradun. He moved to the hospitality industry in 1975 and joined ITC in 1979, beginning a three decade association with the Company.

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

Rehman was the founder President of the Hotel Association of India, and a founder Member of the World Travel & Tourism Council, Experience India / Incredible India and has headed several industry associations including tourism committees of FICCI, ASSOCHAM and CII. Rehman has been a recipient of several awards and honours, recognising his vast contribution to the Indian hospitality industry.

Rehman does not hold directorship of any other company.

M. Shankar

Meera Shankar (67), DIN: 06374957, was appointed as a Non-Executive Independent Director on the Board of ITC effective September 6, 2012.

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

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

Other Directorships

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

Committee Membership of other companies

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

D. R. Simpson

David Robert Simpson (61), DIN: 07717430, was appointed as a Non-Executive Director on the Board of ITC effective January 27, 2017, as a representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c. In addition to holding a Masters Degree from the University of Cambridge, he is a qualified lawyer from the Guildford College of Law.

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

Other Directorships

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

Committee Membership of other companies: Nil

* *Denotes foreign company*

Notes:

1. *Other Directorships and Committee Memberships of Directors are as on 16th May, 2018.*
2. *Committee Memberships cover Committees under the Companies Act, 2013 viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee of Indian companies.*

Enduring Value

Report on Corporate Governance

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

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

THE COMPANY'S GOVERNANCE PHILOSOPHY

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

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

(i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and

(ii) This freedom of management should be exercised within a framework of effective accountability.

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

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC's governance philosophy, namely trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability. ITC believes that the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

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

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

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

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

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

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

THE GOVERNANCE STRUCTURE

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

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee headed by the Managing Director
Executive management	by the Divisional Chief Executive assisted by the Divisional Management Committee

The three-tier governance structure ensures that:

(a) Strategic supervision (on behalf of the Shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board with objectivity, thereby sharpening accountability of management;

(b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and

(c) Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

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

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

The Governance Document that sets out the structure, policies and practices of governance within the organisation is available on the Company's corporate website **www.itcportal.com**.

ROLES OF VARIOUS ENTITIES

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

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

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

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

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

Chairman: The primary role of the Chairman of the Company is to provide leadership to the Board. As the Chairman of the Board, he presides over its meetings and leads and assists the Board in setting and realising the Company's strategic vision and related short and long term goals. He is responsible, inter alia, for the working of the Board, for its balance of membership (subject to Board and Shareholder approvals) and for ensuring that all Directors are enabled and encouraged to play a full part in the activities of the Board. Based on information and feedback from the Managing Director,

the Chairman ensures that all relevant issues are on the Board agenda and the Board is kept informed on all matters of importance. He presides over General Meetings of Shareholders.

The present Chairman, at the request of the Nomination & Compensation Committee and the Board, recognising the need for orderly transition in a company of ITC's size and complexity, agreed to continue as Chairman in non-executive capacity and also play the role of Mentor to the executive management. Providing mentorship to the executive management and support towards management of critical external stakeholders' relationships, accordingly, form part of the role of the present Chairman.

Managing Director: The Managing Director carries total responsibility for the strategic management of the Company and accordingly heads the CMC. His primary role is to provide leadership to the CMC for realising Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the CMC, for ensuring that all relevant issues are on the agenda and that all CMC Members are enabled and encouraged to play a full part in its activities.

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

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

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

Divisional Chief Executive: The Divisional Chief Executive for a business has the executive responsibility for its day-to-day operations and to provide leadership to the DMC in its task of executive management of the business and the Verticals within the Division.

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

BOARD OF DIRECTORS

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

Composition

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors. The Non-Executive Directors include the Chairman and independent professionals. At least one-third of the total strength of the Board is required to comprise Independent Directors.

In terms of the Articles of Association of the Company, the strength of the Board shall not be fewer than five nor more than eighteen. The present strength of the Board is thirteen, including the Managing Director, two other Executive Directors and six Non-Executive Independent Directors, of which two are Women Directors.

Composition of the Board as on 31st March, 2018:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	3	25
Non-Executive Independent Directors	6	50
Other Non-Executive Directors	3	25
Total	**12**	**100**

Director	Category	No. of other Directorship(s)	No. of Membership(s) / Chairmanship(s) of Audit Committee / Stakeholders Relationship Committee of other Indian public limited companies
Y. C. Deveshwar	Chairman & Non-Executive Director	5	Nil
S. Puri *	Chief Executive Officer & Executive Director	4	Nil
N. Anand	Executive Director	8	1
R. Tandon	Executive Director & Chief Financial Officer	9	3 [all as Chairman]
S. Banerjee	Independent Director	Nil	Nil
A. Duggal	Independent Director	6	5 [including 1 as Chairman]
S. B. Mathur	Independent Director	11	9 [including 3 as Chairman]
N. Rao	Independent Director	5	2
S. S. H. Rehman	Independent Director	Nil	Nil
M. Shankar	Independent Director	3	2
S. B. Mainak	Non-Executive Director - Representative of Life Insurance Corporation of India as Investor	6	3 [including 2 as Chairman]
D. R. Simpson	Non-Executive Director - Representative of Tobacco Manufacturers (India) Limited, a subsidiary of British American Tobacco p.l.c.	2	Nil

* *Re-designated as Managing Director w.e.f. 16th May, 2018, subject to the approval of the Shareholders.*

Meetings and Attendance

The Company's Governance Policy requires the Board to meet at least five times a year. The intervening period between two Board meetings was well within the maximum gap of 120 days prescribed under the Listing Regulations 2015. The tentative annual calendar of meetings is broadly determined at the beginning of each year.

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated at least seven days prior to the Board meeting.

Information placed before the Board

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

- External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Status and effectiveness of risk management systems and processes.
- Succession to senior management (through the Nomination & Compensation Committee).
- Show cause / demand / prosecution / adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company's net worth, and their outcome.
- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company's image.
- Product liability claims of a substantial nature, if any.
- Default, if any, in payment of dues to any major creditor.
- Write-offs / disposals (fixed assets, inventories, receivables, advances etc.) on a half-yearly basis.
- Significant development in Human Resources / Industrial Relations.
- Material non-compliance of any regulatory or listing requirements and in relation to shareholders' services.
- All other matters required to be placed before the Board for its review / information under the Listing Regulations 2015 and other statutes.

Post-meeting follow-up system

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

Details of Board Meetings during the financial year

During the financial year ended 31st March, 2018, six meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	11th April, 2017	14	12
2	26th May, 2017	15	14
3	27th July, 2017	15	13
4	28th July, 2017	15	13
5	27th October, 2017	13	12
6	19th January, 2018	13	13

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

Director	No. of Board meetings attended	Attendance at last AGM
Y. C. Deveshwar	6	Yes
S. Puri	6	Yes
N. Anand	6	Yes
R. Tandon	6	Yes
S. Banerjee	6	Yes
A. Duggal	6	Yes
S. B. Mainak	6	Yes
S. B. Mathur	6	Yes
N. Rao	4	No
S. S. H. Rehman	6	Yes
M. Shankar	6	Yes
D. R. Simpson	6	Yes
Z. Alam [1]	4	Yes
A. Malik [2]	3	Yes
P. B. Ramanujam [3]	0	No

1. *Resigned as Non-Executive Director w.e.f. 20th March, 2018.*
2. *Appointed Non-Executive Director w.e.f. 11th April, 2017 and resigned w.e.f. 1st August, 2017.*
3. *Resigned as Non-Executive Director w.e.f. 1st August, 2017.*

COMMITTEES OF THE BOARD

Currently, there are five Board Committees – the Audit Committee, the Nomination & Compensation Committee, the Securityholders Relationship Committee, the CSR and Sustainability Committee and the Independent Directors Committee. The terms of reference of the Board Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law. Meetings of each Board Committee are convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee meetings, are placed before the Board with clearance of the Committee Chairman. Minutes of Board Committee meetings are placed before the Board for its information. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. AUDIT COMMITTEE

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

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

The role of the Committee includes the following:

(a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(b) To recommend the appointment, remuneration, terms of appointment and removal of Statutory Auditors;

(c) To recommend the appointment, remuneration and removal of Cost Auditors, where necessary;

(d) To approve transactions of the Company with related parties, including modifications thereto;

(e) To review and monitor the Statutory Auditors' independence and performance, and effectiveness of the audit process;

(f) To evaluate the Company's internal financial controls and risk management systems;

(g) To review with the management the following:

(i) Annual financial statements and Auditors' Report thereon before submission to the Board for approval;

(ii) Quarterly financial statements before submission to the Board for approval;

(h) To review the following:

(i) Management discussion and analysis of financial condition and results of operations;

(ii) Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;

(iii) Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow-up thereon;

(iv) System for storage, retrieval, security etc. of books of account maintained in the electronic form;

(v) Functioning of Whistle Blower mechanism in the Company.

Composition

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

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

Meetings and Attendance

Details of Audit Committee Meetings during the financial year

During the financial year ended 31st March, 2018, eight meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	8th May, 2017	5	4
2	26th May, 2017	5	4
3	27th July, 2017	5	4
4	18th August, 2017	5	5
5	27th October, 2017	5	4
6	14th December, 2017	5	3
7	19th January, 2018	5	5
8	24th March, 2018	4	4

Attendance at Audit Committee Meetings during the financial year

Member	No. of meetings attended
S. B. Mathur	8
A. Duggal	7
S. B. Mainak [1]	5
S. S. H. Rehman	8
Z. Alam [2]	5
P. B. Ramanujam [3]	0

1. Appointed Member w.e.f. 2nd August, 2017.
2. Ceased to be Member w.e.f. 20th March, 2018.
3. Ceased to be Member w.e.f. 1st August, 2017.

II. NOMINATION & COMPENSATION COMMITTEE

The Nomination and Remuneration Committee of the Board, under the nomenclature 'Nomination & Compensation Committee', inter alia, identifies persons qualified to become Directors and formulates criteria for evaluation of performance of the Directors and the Board as a whole. The Committee's role also includes recommending to the Board the appointment, remuneration and removal of Directors, CMC Members and managers one level below that of Executive Director. This Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.

Composition

The Nomination & Compensation Committee presently comprises the Chairman of the Company and four other Non-Executive Directors, three of whom are Independent Directors. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee.

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

Meetings and Attendance

Details of Nomination & Compensation Committee Meetings during the financial year

During the financial year ended 31st March, 2018, six meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	11th April, 2017	5	5
2	26th May, 2017	5	5
3	27th July, 2017	5	5
4	28th July, 2017	5	5
5	27th October, 2017	5	5
6	19th January, 2018	5	5

Attendance at Nomination & Compensation Committee Meetings during the financial year

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

Remuneration Policy

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

The Policy on remuneration of Directors, Key Managerial Personnel and other employees of the Company is available on the Company's corporate website **www.itcportal.com** and is also provided in the Annexure forming part of this Report.

Remuneration of Directors

Remuneration of the Managing Director and the other Executive Directors is determined by the Board, on the recommendation of the Nomination & Compensation Committee, subject to the approval of the Shareholders. The Managing Director and the other Executive Directors are entitled to performance bonus for each financial year up to a maximum of 300% and 200% of their basic / consolidated salary, respectively, as may be determined by the Board, on the recommendation of the Nomination & Compensation Committee. Such remuneration is linked to the performance of the Company inasmuch as the performance bonus is based on various qualitative and quantitative performance criteria.

Non-Executive Directors, including Independent Directors, are entitled to remuneration by way of commission for each financial year, presently ranging between ₹ 30,00,000/- and ₹ 60,00,000/- individually, as approved

by the Shareholders. Non-Executive Directors' commission is determined by the Board based, inter alia, on Company performance and regulatory provisions and is payable on a uniform basis to reinforce the principle of collective responsibility. Mr. Y. C. Deveshwar, Chairman and Non-Executive Director effective 5th February, 2017, in view of his enlarged role, is entitled to additional remuneration and benefits as approved by the Shareholders, apart from the remuneration as applicable to the other Non-Executive Directors of the Company. Non-Executive Directors are also entitled to sitting fees for attending meetings of the Board and its Committees, the quantum of which is determined by the Board.

The sitting fees to Non-Executive Directors as determined by the Board are ₹ 1,00,000/- for each meeting of the Board, ₹ 50,000/- for each meeting of the Audit Committee, Nomination & Compensation Committee, CSR and Sustainability Committee and Independent Directors Committee, and ₹ 10,000/- for each meeting of the Securityholders Relationship Committee. Non-Executive Directors are also entitled to coverage under Personal Accident Insurance.

Performance Evaluation of Directors

Performance evaluation of the Board, the Board Committees and individual Directors was carried out in accordance with the Policy approved by the Nomination & Compensation Committee in this regard, synopsis of which is provided in the 'Report of the Board of Directors & Management Discussion and Analysis' in the Report and Accounts.

Details of Remuneration paid to the Directors during the financial year ended 31st March, 2018

(₹ in Lakhs)

Director	Basic / Consolidated Salary / Remuneration	Perquisites / other Benefits	Performance Bonus / Commission	Sitting Fees	Total
Y. C. Deveshwar	1200.00	729.36	1045.67 #	10.50	2985.53
S. Puri	144.00	33.49	229.14	-	406.63
N. Anand	96.00	67.73	192.00	-	355.73
R. Tandon	96.00	23.04	192.00	-	311.04
S. Banerjee	-	-	40.00	9.50	49.50
A. Duggal	-	-	40.00	10.00	50.00
S. B. Mainak	-	-	40.00 *	13.00	53.00
S. B. Mathur	-	-	40.00	10.50	50.50
N. Rao	-	-	39.23	6.00	45.23
S. S. H. Rehman	-	-	40.00	14.10	54.10
M. Shankar	-	-	40.00	11.00	51.00
D. R. Simpson	-	-	7.01	7.50	14.51
Z. Alam [1]	-	-	17.21 *	7.00 *	24.21
A. Baijal [2]	-	-	29.92	-	29.92
A. V. Girija Kumar [3]	-	-	12.38 *	-	12.38
R. E. Lerwill [4]	-	-	8.99	-	8.99
A. Malik [5]	-	-	-	3.00	3.00
P. B. Ramanujam [6]	-	-	40.00	-	40.00
K. Vaidyanath [7]	-	-	13.04	-	13.04

Includes ₹ 1039.64 Lakhs paid towards performance bonus as Executive Chairman till 4th February, 2017.

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

1. *Resigned as Non-Executive Director w.e.f. 20th March, 2018.*
2. *Ceased to be Non-Executive Director w.e.f. 30th December, 2016.*
3. *Ceased to be Non-Executive Director on conclusion of the 105th AGM held on 22nd July, 2016.*
4. *Resigned as Non-Executive Director w.e.f. 22nd June, 2016.*
5. *Appointed Non-Executive Director w.e.f. 11th April, 2017 and resigned w.e.f. 1st August, 2017.*
6. *Resigned as Non-Executive Director w.e.f. 1st August, 2017.*
7. *Ceased to be Non-Executive Director w.e.f. 29th July, 2016.*

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

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

Employee Stock Option Schemes

The Company granted 65,03,860 Options during the financial year to the eligible employees and Directors of the Company, other than Independent Directors, and eligible employees of some of its subsidiary companies.

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

The vesting period for conversion of Options is as follows:

On completion of 12 months from the date of grant of the Options : 30% vests

On completion of 24 months from the date of grant of the Options : 30% vests

On completion of 36 months from the date of grant of the Options : 40% vests

Shares and Options of Directors

Director	No. of Ordinary Shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2018	No. of Options granted during the financial year
Y. C. Deveshwar	10,15,000	10,000
S. Puri	1,00,000	2,70,000
N. Anand	29,475	1,35,000
R. Tandon	2,89,750	1,35,000
S. Banerjee	Nil	Nil
A. Duggal	Nil	Nil
S. B. Mainak	Nil	Nil
S. B. Mathur	1,70,500	Nil
N. Rao	Nil	Nil
S. S. H. Rehman	17,732	Nil
M. Shankar	Nil	Nil
D. R. Simpson	Nil	Nil

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

Service Contract, Severance Fee and Notice Period

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

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

III. SECURITYHOLDERS RELATIONSHIP COMMITTEE

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

Composition

The Securityholders Relationship Committee presently comprises three Directors. The Chairman of the Committee is an Independent Director. The Company Secretary is the Secretary to the Committee.

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

Meetings and Attendance

Details of Securityholders Relationship Committee Meetings during the financial year

During the financial year ended 31st March, 2018, fourteen meetings of the Securityholders Relationship

Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	28th April, 2017	3	2
2	15th May, 2017	3	2
3	29th June, 2017	4	2
4	27th July, 2017	4	3
5	28th August, 2017	3	2
6	18th September, 2017	3	2
7	27th October, 2017	3	3
8	21st November, 2017	3	2
9	14th December, 2017	3	2
10	19th January, 2018	3	3
11	1st February, 2018	3	2
12	16th February, 2018	3	2
13	6th March, 2018	3	2
14	24th March, 2018	3	3

Attendance at Securityholders Relationship Committee Meetings during the financial year

Member	No. of meetings attended
S. S. H. Rehman [1]	6
S. Puri	13
R. Tandon	13
P. B. Ramanujam [2]	0

1. *Appointed Member w.e.f. 26th May, 2017 and Chairman of the Committee w.e.f. 2nd August, 2017.*
2. *Ceased to be Member and Chairman of the Committee w.e.f. 1st August, 2017.*

IV. CSR AND SUSTAINABILITY COMMITTEE

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

Composition

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

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

Meetings and Attendance

Details of CSR and Sustainability Committee Meetings during the financial year

During the financial year ended 31st March, 2018, three meetings of the CSR and Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	11th April, 2017	6	5
2	26th May, 2017	6	6
3	27th October, 2017	6	5

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

Attendance at CSR and Sustainability Committee Meetings during the financial year

Member	No. of meetings attended
Y. C. Deveshwar	3
S. B. Mainak	3
N. Rao	3
M. Shankar	3
D. R. Simpson	3
Z. Alam [1]	1
A. Malik [2]	N.A.

1. *Ceased to be Member w.e.f. 20th March, 2018.*
2. *Member of the Committee from 26th May, 2017 to 31st July, 2017.*

V. INDEPENDENT DIRECTORS COMMITTEE

The statutory role of the Independent Directors Committee of the Board is to review the performance of the non-Independent Directors including the Chairman of the Company, and the Board and also to assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

Composition

The Independent Directors Committee comprises all the Independent Directors of the Company, whose names are provided under the section 'Board of Directors and Committees' in the Report and Accounts.

Meetings and Attendance

Details of Independent Directors Committee Meeting during the financial year

During the financial year ended 31st March, 2018, one meeting of the Independent Directors Committee was held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	11th April, 2017	7	6

Attendance at Independent Directors Committee Meeting during the financial year

Member	No. of meeting attended
S. Banerjee	1
A. Duggal	1
S. B. Mathur	1
N. Rao	1
S. S. H. Rehman	1
M. Shankar	1
P. B. Ramanujam [1]	0

1. *Ceased to be Member w.e.f. 1st August, 2017.*

CORPORATE MANAGEMENT COMMITTEE

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

Composition

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

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

Meetings and Attendance

Matters requiring the Board's attention / approval are placed in the form of notes from the relevant Executive Director / CMC Member, backed by comprehensive background information, along with DMC's recommendation / approval, where applicable. Minutes of CMC meetings are placed before the Board for its information.

Details of Corporate Management Committee Meetings during the financial year

During the financial year ended 31st March, 2018, thirty nine meetings of the CMC were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	28th April, 2017	10	10
2	15th May, 2017	10	10
3	28th June, 2017	10	8
4	7th & 8th July, 2017	10	8
5	12th & 13th July, 2017	10	9
6	18th July, 2017	10	9
7	22nd & 23rd August, 2017	10	9
8	21st & 22nd September, 2017	10	10
9	12th & 13th October, 2017	10	10
10	23rd October, 2017	10	9
11	22nd & 23rd November, 2017	10	9
12	20th December, 2017	10	9
13	9th January, 2018	10	10
14	17th January, 2018	10	9
15	6th February, 2018	9	8
16	6th February, 2018	9	8
17	12th February, 2018	9	8
18	13th February, 2018	9	7
19	15th February, 2018	9	8
20	15th February, 2018	9	8
21	19th February, 2018	9	8
22	22nd February, 2018	9	9
23	22nd February, 2018	9	9
24	27th February, 2018	9	9
25	27th & 28th February, 2018	9	9
26	5th March, 2018	9	9
27	5th March, 2018	9	9
28	8th, 9th, 12th, 13th & 14th March, 2018	9	9
29	9th March, 2018	9	9
30	14th March, 2018	9	8
31	19th March, 2018	9	8
32	19th March, 2018	9	8
33	21st March, 2018	9	9
34	22nd March, 2018	9	9
35	22nd March, 2018	9	9
36	26th March, 2018	9	9
37	26th March, 2018	9	9
38	26th March, 2018	9	9
39	30th March, 2018	9	9

Attendance at Corporate Management Committee Meetings during the financial year

Member	No. of meetings attended
S. Puri	39
N. Anand	38
R. Tandon	39
C. Dar	37
S. K. Singh	35
S. Sivakumar	39
R. Sridhar	39
B. Sumant	29
K. S. Suresh	37
B. B. Chatterjee [1]	11

1. Ceased to be Member on retirement w.e.f. 4th February, 2018.

RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee, constituted pursuant to the Listing Regulations 2015, is inter alia to approve the strategic risk management framework of the Company, and review the risk mitigation strategies and results of risk identification, prioritisation & mitigation plans for all businesses / functions.

Composition

The Risk Management Committee presently comprises the Managing Director, the other Executive Directors and senior members of management. The Managing Director is the Chairman of the Committee. The Chief Risk Officer is the Secretary to the Committee.

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

Meetings and Attendance

Details of Risk Management Committee Meetings during the financial year

During the financial year ended 31st March, 2018, two meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	30th October, 2017	7	7
2	26th February, 2018	7	7

Attendance at Risk Management Committee Meetings during the financial year

Member	No. of meetings attended
S. Puri (Chairman)	2
N. Anand	2
R. Tandon	2
S. Sivakumar	2
B. Sumant	2
Invitee	**No. of meetings attended**
R. Parasuram	2
S. K. Singh	2

SUBSIDIARY COMPANIES

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

The Company does not have any material subsidiary. The Company's Policy for determination of a material subsidiary may be accessed on its corporate website at **http://www.itcportal.com/about-itc/policies/policy-on-material-subsidiaries.aspx**.

FAMILIARISATION PROGRAMME FOR DIRECTORS

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

DISCLOSURES

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

  None

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

  None

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

  None

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

  None

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

- Compliance Officer under the Listing Regulations 2015:

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

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

MEANS OF COMMUNICATION

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

- The quarterly results of the Company were announced within a month from the end of the quarter. Audited annual results along with the results for the fourth quarter were announced within sixty days from the end of the financial year. Extract of these results were published, inter alia, in 'The Times of India' and 'Bartaman' / 'Sangbad Pratidin' from Kolkata, and on an all India basis in major newspapers, and also in 'Luxemburger Wort', Luxembourg; annual results were also published in 'Financial Times', London. Further, quarterly results, shareholding pattern and other important information relating to the Company were submitted to the Stock Exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites. As in the past, the Company will publish its quarterly, half-yearly and annual financial results and also post such results on the Company's corporate website **www.itcportal.com**. The Company's presentations on the results, quarterly results updates along with FAQs are made available on the Company's corporate website.
- The Company's corporate website provides comprehensive information on ITC's portfolio of businesses, CSR and Sustainability initiatives, EHS performance, shareholding pattern, key Company Policies, and contact details of Company's employees responsible for assisting investors & handling investor grievances. The website has entire sections dedicated to ITC's profile, history and evolution, its core values, corporate governance and leadership. An exclusive section on 'Shareholder Value' serves to inform and service Shareholders, enabling them to access information at their convenience. The entire Report and Accounts as well as quarterly, half-yearly and annual financial results are available in downloadable formats under the section 'Shareholder Value' on the Company's corporate website as a measure of added convenience to investors. The 'Media Centre' section includes all major media releases from the Company and relevant media reports.
- The Report of the Board of Directors, forming part of the Report and Accounts, includes all aspects of Management Discussion and Analysis as required under the Listing Regulations 2015.

ITC CODE OF CONDUCT

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

Declaration as required under the Listing Regulations 2015

All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2018.

S. Puri
Gurugram, 16th May, 2018. Managing Director

WHISTLEBLOWER POLICY

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

POLICY ON RELATED PARTY TRANSACTIONS

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

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2015

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

DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS 2015

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

1. **Separate posts of Chairman and Chief Executive Officer:** The Company has a Chairman in non-executive capacity and a Managing Director.
2. **Chairman's Office:** Chairman's Office is maintained by the Company and expenses towards performance of the Chairman's duties are borne by the Company / reimbursed to him.
3. **Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are posted on the Company's corporate website and extract of these results are published in newspapers on an all India basis. Significant events are also posted on the Company's website under the 'Media Centre' section. The complete Annual Report is sent to every Shareholder of the Company.
4. **Audit Opinion:** It has always been the Company's endeavour to present financial statements with unmodified audit opinion. The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31st March, 2018.
5. **Internal Audit:** The Head of Internal Audit reports to the Audit Committee of the Board.

GENERAL SHAREHOLDER INFORMATION

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

CONFIRMATION OF COMPLIANCE

As required under the Listing Regulations 2015 –

- It is confirmed that the Company has complied with the requirements prescribed under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations 2015.
- The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance is annexed to the 'Report of the Board of Directors & Management Discussion and Analysis'.

Notes:

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

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

ANNEXURE TO THE REPORT ON CORPORATE GOVERNANCE

Remuneration Policy

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

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

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

Policy

It is ITC's policy:

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

Remuneration of Executive Directors, Key Managerial Personnel and Senior Management

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

Remuneration of Non-Executive Directors and Chairman

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

The present Chairman, at the request of the Nomination & Compensation Committee and the Board, recognising the need for orderly transition in a company of ITC's size and complexity, agreed to continue as Chairman in non-executive capacity and also play the role of Mentor to the new executive management, and is entitled to additional remuneration and benefits, as determined by the Board within the limit stipulated under the Companies Act, 2013 and approved by the shareholders.

Remuneration of Management Staff

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

Remuneration of Non-Management Employees

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

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Enduring Value

Shareholder Information

AGM Details

Date	Friday, 27th July, 2018
Venue	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046
Time	10.00 a.m.
Book Closure Dates	Tuesday, 29th May, 2018 to Thursday, 31st May, 2018 (both days inclusive)
Dividend Payment Date	Tuesday, 31st July, 2018

Registrar & Share Transfer Agents

The in-house Investor Service Centre of the Company (ISC) provides share registration and related services to the Shareholders and Investors. The ISC is registered with the Securities and Exchange Board of India (SEBI) as Category II Share Transfer Agent. During the year, the ISO Quality Management System Certification for investor servicing by ISC was upgraded to ISO 9001:2015 by Messrs. Det Norske Veritas, accredited agency for this purpose.

Shareholder / Investor complaints

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

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

National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange have confirmed that there were no investor complaints pending against the Company at the end of each quarter as also on 31st March, 2018, which position was also reflected on SCORES, the web based complaint redressal system of SEBI. The e-mail ID earmarked by the Company for this purpose is **isc@itc.in**.

Shareholder Satisfaction Survey

A Shareholder Satisfaction Survey was conducted by the Company during the year to assess the service standards of ISC. Amongst the Shareholders who participated in the Survey, 97% expressed that they were satisfied with the services provided by ISC.

Share and Debenture Transfer Committee

The Share and Debenture Transfer Committee of the Company met thirty one times during the financial year ended 31st March, 2018 to approve share transfers. The processing activities with respect to requests received for share transfers are generally completed within three working days. There were no share transfers pending as on 31st March, 2018.

The Committee presently comprises the following:

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

A. Bose, Deputy Secretary and Head of ISC, is the Secretary to the Committee and also the Compliance Officer under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Dematerialisation of Shares and Liquidity

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

During the financial year, 1,72,01,605 shares of the Company, covered in 2,710 requests and constituting 0.14% of the issued and subscribed Share Capital of the Company, were dematerialised. The processing activities with respect to requests received for dematerialisation are generally completed within three working days.

The Company's shares are amongst the most liquid and actively traded shares on the Indian Stock Exchanges and consistently rank among the top frequently traded shares, both in terms of number of shares traded as well as in terms of value. The Company's market capitalisation stood at ₹ 3,11,820 Crores (US$ 47.84 billion) on 31st March, 2018.

Distribution of Shareholding as on 31st March, 2018

No. of Shares Slab	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 – 5000	30,841	7,21,244	7,52,085	94.50	2,61,58,900	23,52,08,953	26,13,67,853	2.14
5001 – 10000	3,221	14,544	17,765	2.23	2,42,15,545	10,71,05,608	13,13,21,153	1.08
10001 – 20000	1,950	9,768	11,718	1.47	2,66,76,773	13,79,87,684	16,46,64,457	1.35
20001 – 30000	845	4,345	5,190	0.65	2,07,12,589	10,76,28,544	12,83,41,133	1.05
30001 – 40000	265	1,941	2,206	0.28	90,29,195	6,72,77,457	7,63,06,652	0.63
40001 – 50000	180	1,312	1,492	0.19	80,31,295	5,89,90,517	6,70,21,812	0.55
50001 – 100000	336	2,418	2,754	0.35	2,34,07,897	16,87,32,494	19,21,40,391	1.57
100001 and above	132	2,501	2,633	0.33	3,64,60,01,070	7,53,71,30,390	11,18,31,31,460	91.63
Total	**37,770**	**7,58,073**	**7,95,843**	**100.00**	**3,78,42,33,264**	**8,42,00,61,647**	**12,20,42,94,911**	**100.00**

Categories of Shareholders as on 31st March, 2018

Category	No. of Shares held	%
(A) Institutional Shareholding		
Financial Institutions, Insurance Companies, Mutual Funds, Banks and Others	4,51,87,29,757	37.03
Foreign Portfolio Investors and Foreign Institutional Investors	2,19,23,04,870	17.96
Sub-Total (A)	**6,71,10,34,627**	**54.99**
(B) Non-Institutional Shareholding		
Foreign Companies	3,62,02,92,462	29.66
NRIs, OCIs and Foreign Nationals	7,31,10,058	0.60
Bodies Corporate	49,76,10,097	4.08
Public and Others	1,27,75,55,748	10.47
Sub-Total (B)	**5,46,85,68,365**	**44.81**
Public Shareholding (A+B)	**12,17,96,02,992**	**99.80**
Shares underlying Global Depository Receipts	**2,46,91,919**	**0.20**
Total	**12,20,42,94,911**	**100.00**

Global Depository Receipts

Pursuant to the offer of Global Depository Receipts (GDRs) made in 1993 by the Company, 2,46,91,919 GDRs, representing 2,46,91,919 underlying shares i.e. 0.20% of the issued and subscribed Share Capital of the Company, were outstanding as on 31st March, 2018.

The Company's GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919) at Societe de la Bourse de Luxembourg, 35A Boulevard Joseph II, L-1840, Luxembourg. The Listing Fee for the calendar year 2018 has been paid to the said Exchange.

Enduring Value

Shareholder Information

Listing of Shares on Stock Exchanges with Stock Code

Stock Exchange	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai 400 051 Telephone nos. : 022-2659 8100-14 Facsimile no. : 022-2659 8120 e-mail : ignse@nse.co.in Website : www.nseindia.com	ITC
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Telephone nos. : 022-2272 1233/34 Facsimile no. : 022-2272 1919 e-mail : is@bseindia.com Website : www.bseindia.com	500875
The Calcutta Stock Exchange Limited (CSE) 7, Lyons Range Kolkata 700 001 Telephone no. : 033-4025 3000 Facsimile no. : 033-4025 3030 e-mail : cseisc@cse-india.com Website : www.cse-india.com	10000018

The Listing Fees for the financial year 2018-19 have been paid to the Stock Exchanges.

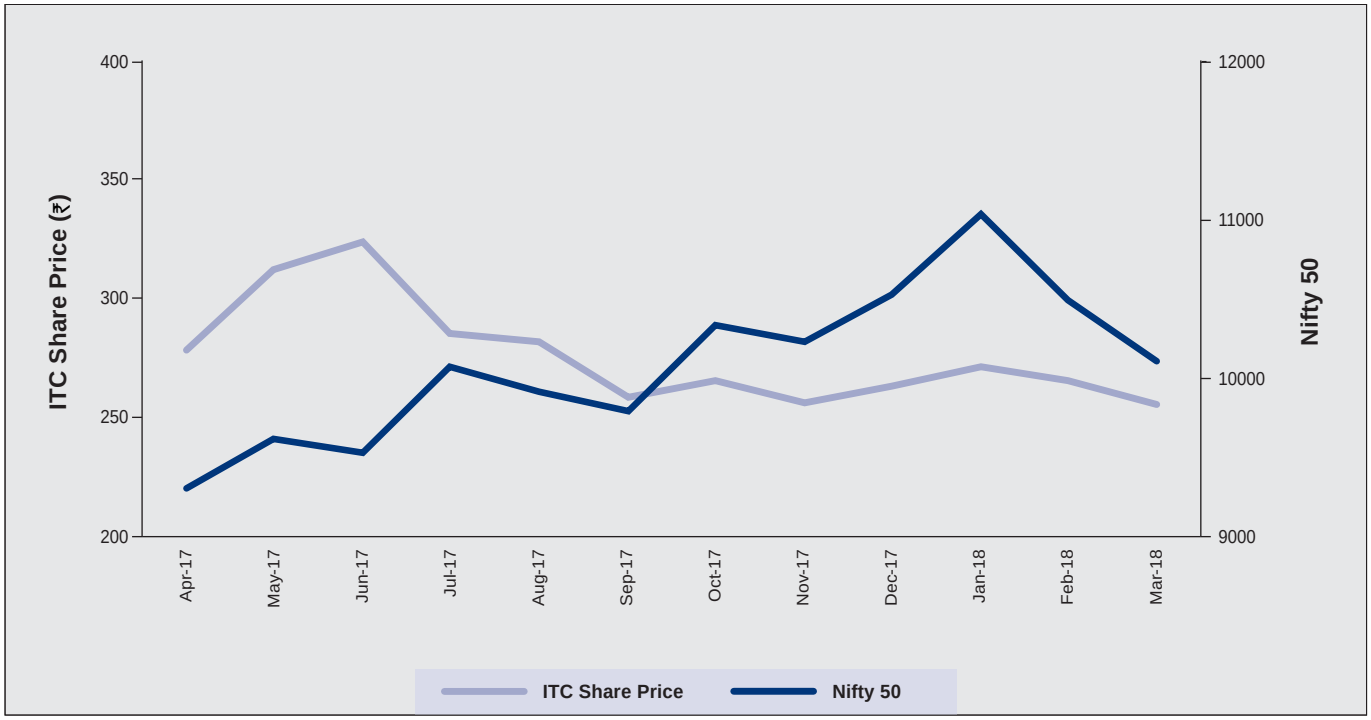
Stock Exchange	Reuters Code	Bloomberg
NSE	ITC.NS	ITC IS
BSE	ITC.BO	ITC IB

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

Year & Month	NSE			BSE			LSE		
	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (₹)	Low (₹)	Volume in 000's (Nos.)	High (US$)	Low (US$)	Volume in 000's (Nos.)
2017 APRIL	292.90	270.90	1,61,631	292.85	271.00	16,344	4.54	4.23	1
MAY	319.85	271.00	2,79,575	319.90	270.90	22,857	4.90	4.20	14
JUNE	324.70	299.15	2,04,109	324.80	299.00	23,390	5.01	4.67	10
JULY	367.70	276.40	4,69,345	353.20	276.90	35,219	N.A.	N.A.	Nil
AUGUST	289.90	270.10	2,35,843	289.50	270.05	18,615	N.A.	N.A.	Nil
SEPTEMBER	284.35	256.80	2,66,494	284.60	257.10	16,908	N.A.	N.A.	Nil
OCTOBER	276.00	258.50	1,87,816	276.10	258.10	10,462	N.A.	N.A.	Nil
NOVEMBER	271.20	250.40	2,38,310	271.15	250.35	12,442	N.A.	N.A.	Nil
DECEMBER	267.50	250.00	1,77,780	267.40	250.50	17,884	N.A.	N.A.	Nil
2018 JANUARY	283.30	259.55	3,12,418	283.10	259.60	21,799	N.A.	N.A.	Nil
FEBRUARY	290.30	262.15	2,83,591	290.15	262.10	21,598	N.A.	N.A.	Nil
MARCH	272.00	252.50	1,98,313	271.70	251.30	15,426	N.A.	N.A.	Nil

There was no trading in the Company's shares on CSE during the financial year 2017-18.

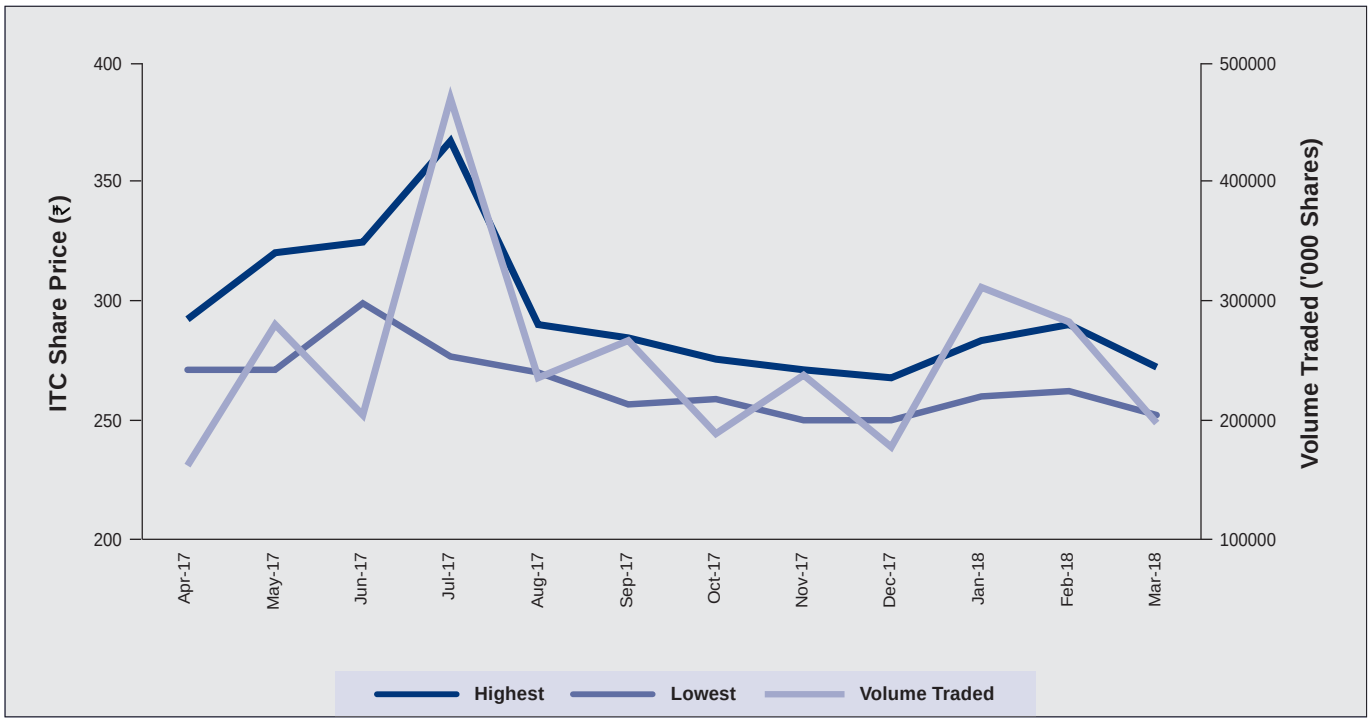
ITC Share Price vis-à-vis Nifty 50



Note: Indicates monthly closing positions.

During the year, the performance of the Company's share price remained subdued relative to Nifty 50, reflecting the sharp increase in taxation and regulatory pressures on the cigarette industry.

ITC Share Price & Volume traded on NSE



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

Enduring Value

Shareholder Information

Dividend History (Last 10 Years)

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

Financial Year	Dividend per Share (₹)	Dividend (₹ in Crores)	Dividend Distribution Tax (₹ in Crores)	Total Dividend including Dividend Distribution Tax (₹ in Crores)
2017-18	5.15 *	6,285.21	1,291.94	7,577.15
2016-17	4.75 $	5,770.01	1,174.64	6,944.65
2015-16	8.50 ^	6,840.13	1,392.48	8,232.61
2014-15	6.25	5,009.71	1,019.86	6,029.57
2013-14	6.00	4,771.91	810.99	5,582.90
2012-13	5.25	4,148.46	705.03	4,853.49
2011-12	4.50	3,518.29	570.75	4,089.04
2010-11	4.45 @	3,443.48	558.62	4,002.10
2009-10	10.00 #	3,818.18	634.15	4,452.33
2008-09	3.70	1,396.53	237.34	1,633.87

* *Subject to the approval of the Shareholders.*
$ *On expanded Share Capital arising out of Bonus Shares issued in the ratio of 1:2.*
^ *Includes special dividend of ₹ 2.00 per share.*
@ *On expanded Share Capital arising out of Bonus Shares issued in the ratio of 1:1 and includes special dividend of ₹ 1.65 per share.*
Includes special Centenary dividend of ₹ 5.50 per share.

Financial Calendar

Financial Year 2018-19 (1st April - 31st March)		
1	First Quarter Results	July 2018
2	Second Quarter and Half-Year Results	October / November 2018
3	Third Quarter Results	January / February 2019
4	Fourth Quarter and Annual Results	May 2019

Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolution passed
106th	2016-17	Science City Main Auditorium JBS Haldane Avenue Kolkata 700 046	28/07/2017	10.00 a.m.	None
105th	2015-16		22/07/2016		
104th	2014-15		31/07/2015		

Postal Ballot

No special resolution requiring postal ballot was either proposed last year or is being proposed for the ensuing AGM.

Plant Locations

CIGARETTE FACTORIES

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

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

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

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

Saharanpur
5. Sardar Patel Marg
Saharanpur
Uttar Pradesh 247 001

GREEN LEAF THRESHING PLANTS

Anaparti
1. Anaparti
District East Godavari
Andhra Pradesh 533 342

Chirala
2. Chirala
District Prakasam
Andhra Pradesh 523 157

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

PACKAGING & PRINTING FACTORIES

Chennai
1. Tiruvottiyur
Chennai
Tamil Nadu 600 019

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

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

PAPER & PAPERBOARD MILLS

Bollaram
1. Anrich Industrial Estate
Bollaram Village, Jinnaram Mandal
District Sangareddy
Telangana 502 325

Sarapaka
2. Sarapaka Village
District Bhadradri Kothagudem
Telangana 507 128

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

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

FOODS FACTORIES

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

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

Kamrup
3. NH - 37, Bortejpur
Mouza Rampur
Kukurmara, District Kamrup
Assam 781 134

Kapurthala
4. Plot No. A-1-A
Integrated Mixed Use Industrial Park
Village Jhalthikriwal, District Kapurthala
Punjab 144 601

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

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

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

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

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

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

PERSONAL CARE PRODUCTS FACTORIES

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

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

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

LIFESTYLE RETAILING

Design & Technology Centre

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

PLANTS UNDER CONSTRUCTION

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

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

Medak
3. Integrated Consumer Goods
Manufacturing and Logistics Facility
Village Manhorabad, District Medak
Telangana 502 336

Enduring Value

Shareholder Information

Pudukkottai

4. Integrated Consumer Goods Manufacturing and Logistics Facility
Vadugapatti & Velur Villages
Taluk Illupur, District Pudukkottai
Tamil Nadu 621 316

Sehore

5. Integrated Consumer Goods Manufacturing and Logistics Facility
Industrial Area Badiya Khedi
District Sehore
Madhya Pradesh 466 001

HOTELS

Owned Hotels

Agra

1. ITC Mughal
Taj Ganj
Agra
Uttar Pradesh 282 001

Bengaluru

2. ITC Gardenia
1, Residency Road
Bengaluru
Karnataka 560 025

3. ITC Windsor
25, Windsor Square
Golf Course Road
Bengaluru
Karnataka 560 052

4. WelcomHotel Bengaluru
46, Richmond Road
Bengaluru
Karnataka 560 025

Chennai

5. ITC Grand Chola
63, Mount Road, Guindy
Chennai
Tamil Nadu 600 032

6. WelcomHotel Chennai
Cathedral Road
Chennai
Tamil Nadu 600 086

Coimbatore

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

Jaipur

8. ITC Rajputana
Palace Road
Jaipur
Rajasthan 302 006

Kolkata

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

Mumbai

10. ITC Maratha
Sahar, Mumbai
Maharashtra 400 099

11. ITC Grand Central
287, Dr. B. Ambedkar Road
Parel, Mumbai
Maharashtra 400 012

New Delhi

12. ITC Maurya
Sardar Patel Marg
Diplomatic Enclave
New Delhi 110 021

13. Sheraton New Delhi Hotel
District Centre, Saket
New Delhi 110 017

Licenced Hotels

Ahmedabad

14. Fortune Park, Ahmedabad
Ellis Bridge
Ahmedabad
Gujarat 380 006

Gurugram

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

Kota

16. WelcomHeritage Umed Bhawan Palace
Palace Road, Kota
Rajasthan 324 001

Port Blair

17. Fortune Resort Bay Island
Marine Hill
Port Blair
Andaman & Nicobar Islands 744 101

Vadodara

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

Hotels Under Operating Services

Aurangabad

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

Hyderabad

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

Jodhpur

21. WelcomHotel Jodhpur
Khasra No. 53
Uchiyarda Village, Jodhpur
Rajasthan 342 027

Khimsar

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

Mamallapuram

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

Mussoorie

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

New Delhi

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

Pahalgam

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

Panchkula

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

Visakhapatnam

28. WelcomHotel Grand Bay
Beach Road
Visakhapatnam
Andhra Pradesh 530 002

CHOUPAL SAAGARS – RURAL SERVICES CENTRES

Amravati

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

Badaun

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

Bahraich
3. Khasra Nos. 475-476, 477 (Part), 496-kha (Part), 497, 498 (Part), 500-Mi, 501-505, 507 & 509
Village Mohammad Nagar
Tehsil, Pargana & District Bahraich
Uttar Pradesh 271 801

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

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

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

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

Gonda
8. Arazi Nos. 420 (Part), 421-424, 427-428, 431, 433-434, 442-446, 447 (Part), 448 (Part), 450-456, 456 (kha) & 457 (Part)
Village Haripur
Tehsil & District Gonda
Uttar Pradesh 271 001

Hardoi
9. Arazi Nos. 658 & 659
Village Korriyan, Pargana Gopamau
Tehsil & District Hardoi
Uttar Pradesh 241 001

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

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

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

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

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

Nagda
15. Khasra Nos. 1393 (Part), 1394 (Part), 1396/1 & 1397/1
Patwari Halka No. 23
Village Padliya Kala
Tehsil Nagda, District Ujjain
Madhya Pradesh 456 335

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

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

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

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

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

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

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

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

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

Shareholder Referencer

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

During the financial year 2017-18, unclaimed dividend for the financial year 2009-10 aggregating ₹ 15,40,70,060/- and the corresponding 76,79,834 Ordinary Shares in respect of which dividend entitlements remained unclaimed for seven consecutive years or more, have been transferred by the Company to the Investor Education and Protection Fund established by the Central Government (IEPF), pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Shareholders may claim their unclaimed dividend for the years prior to and including the financial year 2009-10 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority **www.iepf.gov.in**, the access link of which is also available on the Company's corporate website **www.itcportal.com** under the section 'Investor Relations'.

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

The unclaimed dividend for the undernoted years and the corresponding shares will be transferred by the Company to IEPF in accordance with the schedule given below. Communication has been sent to the concerned Shareholders advising them to write to the Investor Service Centre of the Company (ISC) to claim their dividend. Notices in this regard have also been published in newspapers. Details of such unclaimed dividend and corresponding shares are available on the Company's corporate website under the section 'Investor Relations'. Attention in particular is drawn that the unclaimed dividend for the financial year 2010-11 and the corresponding shares will be due for transfer to IEPF on 4th September, 2018.

Financial Year	Dividend Identification No.	Date of declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2018		Due date for transfer to IEPF
				(₹)	%	
2010-11	81st	29th July, 2011	34,43,47,81,921	14,68,07,350	0.43	4th September, 2018 *
2011-12	82nd	27th July, 2012	35,18,29,33,284	15,24,63,396	0.43	2nd September, 2019
2012-13	83rd	26th July, 2013	41,48,46,73,429	17,73,43,924	0.43	1st September, 2020
2013-14	84th	30th July, 2014	47,71,90,97,700	21,67,56,942	0.45	5th September, 2021
2014-15	85th	31st July, 2015	50,09,70,66,528	22,82,67,947	0.46	5th September, 2022
2015-16	86th	22nd July, 2016	68,40,13,10,170	32,03,25,787	0.47	27th August, 2023
2016-17	87th	28th July, 2017	57,70,01,46,310	32,50,84,807	0.56	2nd September, 2024

** It will not be possible to entertain any claim received by ISC after 3rd September, 2018.*

Unclaimed Shares

The status of unclaimed shares of the Company transferred to the demat account, 'ITC Limited - Unclaimed Suspense Account', in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations 2015), is as follows:

Particulars	No. of Shareholders	No. of Shares
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 1st April, 2017	3,922	1,20,41,597
Number of Shareholders who approached the Company during the year for transfer of shares from the Unclaimed Suspense Account	132	9,77,192
Number of Shareholders to whom the shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	146	11,64,450
Unclaimed Bonus Shares issued by the Company during the financial year 2016-17 transferred to the Unclaimed Suspense Account	3,268	24,88,991
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2018	7,044	1,33,66,138

Note: 131 requests for transfer of 4,46,944 shares from the Unclaimed Suspense Account were pending as on 31st March, 2018 for want of necessary documents from the Shareholders.

Voting rights in respect of the aforesaid 1,33,66,138 shares will remain frozen till the time such shares are transferred from the Unclaimed Suspense Account to the concerned Shareholders.

Service of documents

The Company sends Notices, Report and Accounts and other communications in electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories and in physical mode to the other Shareholders.

Shareholders who wish to update or register their e-mail addresses with the Company may use the updation / registration Form sent along with the Report and Accounts; this Form can also be downloaded from the Company's corporate website under the section 'Investor Relations'.

Remittance of Dividend through Electronic Mode

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

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

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

Bank Details

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

Shareholders are advised that their bank details or addresses, as available with the Company, will be printed on the dividend warrants as required under the Listing Regulations 2015 as a measure of protection against fraudulent encashment.

Permanent Account Number (PAN)

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

i) Transferees' and Transferors' PAN Cards for transfer of shares,

ii) Legal heirs' / Nominees' PAN Cards for transmission of shares,

iii) Surviving joint holders' PAN Cards for deletion of name of deceased Shareholder, and

iv) Joint holders' PAN Cards for transposition of shares.

Nomination Facility

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

Depository Services

Shareholders may write to the respective Depository or to ISC for guidance on depository services. The contact details of the Depositories are given below:

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

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

Central Depository Services (India) Limited
Marathon Futurex, 'A' Wing, 25th Floor
Mafatlal Mills Compound
N. M. Joshi Marg, Lower Parel
Mumbai 400 013

Telephone no. : 022-2302 3333
Facsimile no. : 022-2300 2035
e-mail : helpdesk@cdslindia.com
Website : www.cdslindia.com

Address for Correspondence with ISC

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

Telephone nos. : 1800-345-8152 (Toll free)
033-2288 6426 / 0034
Facsimile no. : 033-2288 2358
e-mail : isc@itc.in
Website : www.itcportal.com

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

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

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Enduring Value

Report of the Board of Directors

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2018

SOCIO-ECONOMIC ENVIRONMENT

The global cyclical upswing that began midway through 2016 gathered strength during 2017. As per latest IMF estimates, World GDP grew by 3.8% in 2017 representing a marked improvement over 2016, which at 3.2% was the weakest year of growth since the global financial crisis of 2009. The pick-up in growth was supported by synchronous growth in the Advanced Economies which grew by 2.3% in 2017 against 1.7% in 2016, and Emerging Markets & Developing Economies which recorded a growth of 4.8% in 2017 against 4.4% in 2016.

Within the Advanced Economies, the US posted a strong growth of 2.3% in 2017 against 1.5% in 2016, led by robust recovery in Private Investment and expansion in consumer spending. The Euro Area also expanded by 2.3% during the year compared to 1.8% in 2016. In the Emerging Markets & Developing Economies, acceleration in growth was mainly attributable to Brazil and Russia achieving positive growth after two successive years of decline. The Chinese economy also grew faster at 6.9% in 2017 compared to 6.7% in 2016.

The synchronised growth momentum in Advanced and Emerging Economies is likely to sustain going forward resulting in a further pick-up in global economic growth to 3.9% in 2018 and 2019. The US economy is projected to grow at 2.9% in 2018 aided by an expansionary fiscal policy, positive investment and private consumption outlook and 'full employment' of its workforce. At 4.9% growth in 2018, the strong growth momentum in the Emerging Markets & Developing Economies is likely to sustain and improve marginally mainly due to robust performance of commodity exporting countries such as Brazil, South Africa, Saudi Arabia and an anticipated pick-up in growth in India. Growth in China, however, is projected to slow down to 6.6% in 2018, reflecting the ongoing rebalancing of the economy towards a more sustainable and broad-based consumption and services led growth.

However, the increasing trend of protectionist policies in the developed world, faster pace of increase in US interest rates and progressive tapering of quantitative easing in the EU could impact capital flows and weigh on the nascent recovery in commodity-exporting emerging economies.

The Indian economy witnessed another challenging year, with Real GDP growth slowing down sharply to 6.6% compared to 7.1% in 2016-17, reflecting the short-term disruptions caused by GST implementation, residual impact of cash crunch and deceleration in Net Exports. It is pertinent to note that Nominal GDP growth in 2017-18 stood at 9.8% - the lowest in six years. The Industry sector decelerated further during the year, recording the slowest growth in four years. The anticipated pick-up in Consumption remained elusive with Private Final Consumption Expenditure (PFCE) growing by only 6.1% during the year against 7.3% in 2016-17. Likewise, recovery of the capex cycle did not fructify with deceleration in Fixed Capital Formation growth to 7.6%. Data on new project announcements, new capacity commissioned and stalled/abandoned projects during the year point to the subdued investment

[India remains the fastest growing major economy in the world. The pace of GDP growth is expected to gather momentum in the medium term on the back of favourable global economic tailwinds, pick-up in Private Investment and implementation of key policy reforms.]

climate in the country. The 'twin deficits' came under pressure as well – higher expenditure and lower net tax collections resulted in Fiscal Deficit touching 3.5% of GDP against a target of 3.2% while the Current Account Deficit expanded to about 1.9% of GDP (Vs. 0.7% in 2016-17) due to pick-up in imports even as growth in exports remained subdued.

On the positive side, India remains the fastest growing major economy in the world. Inflation remained largely within the comfort zone of the RBI during the year with the Consumer Price Index (CPI) declining to 3.6% in 2017-18 against 4.5% in 2016-17, prompting the RBI to reduce policy interest rates by 25 bps during the year. However, with rising crude oil prices, anticipation of commodity prices firming up in the ensuing year and Core CPI steadily rising for the past several months, the scope for further reduction in interest rates seems limited. Foreign capital flows into the country remained robust leading to stability in the Indian Rupee and sustained buoyancy in the capital markets with the Sensex advancing by 11% in 2017-18 after a 17% rise in 2016-17.

As per median estimates, based on the Survey of Professional Forecasters conducted by RBI, GDP is likely to grow by 7.3% in 2018-19 on the back of improvement in the Net Exports position and normalisation of private consumption growth levels, partly aided by a favourable base effect. The green shoots of recovery in investments witnessed towards the end of the year especially in the infrastructure sector along with expectations of a normal monsoon augur well for the economy in the near term. Rising crude oil prices, revenue collections, external capital flows and rural demand recovery are the key monitorables in 2018-19. The pace of GDP growth is expected to gather momentum in the medium term on the back of favourable global economic tailwinds, pick-up in Private Investment and implementation of key policy reforms.

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 desired levels and the country's potential. Stagnation in the manufacturing sector needs to be reversed at the earliest towards the creation of sustainable livelihoods and absorption of millions of Indians entering the job market every year.

The successful implementation of structural initiatives identified by the Government towards improving the ease of doing business in the country by enhancing transparency, speeding up the approvals process, resolving policy issues and fostering greater levels of value addition within the country would be crucial to boost the performance of the Indian economy and realise its true potential. Enhancing agricultural productivity and value addition to international standards while simultaneously improving market linkages remain critical for the growth of the agricultural sector. In this context, it is pertinent to note that anywhere between 5% and 40% of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. India processes only 8% of its total food production as compared to 23% in China, 65% in USA and 78% in Philippines. A big thrust on India's Food Processing sector can lead to significant job creation, enhance rural incomes and help manage food inflation. Similarly, supportive policies in the area of agro-forestry would go a long way in creating sustainable livelihoods while simultaneously augmenting the nation's environmental capital.

Over the last four years, your Company has implemented an integrated pilot programme towards doubling farmer incomes in four districts of Allahabad, Chandauli,

The successful implementation of structural initiatives identified by the Government towards improving the ease of doing business in the country would be crucial to boost the performance of the Indian economy and realise its true potential.

Ghazipur and Varanasi, reaching out to nearly 2,00,000 farmers. The programme seeks to enhance productivity, crop quality and price realisation through specific interventions such as adoption of new high yielding varieties of wheat, introduction of short duration paddy to enable timely sowing of wheat in rabi season, promotion of value-added crops as well as educating farmers on best practices, knowledge and know-how transfer through the Choupal Pradarshan Khet initiative and, in particular, through practices like zero till sowing. Over 28,000 farmers, who have adopted all the initiatives under the integrated programme, have already reported doubling of incomes. Your Company is also engaged in enriching the potato value chain through its subsidiary, Technico Agri Sciences Ltd, which is a leading player in the production of early generation seed potato. The interventions in this area include introduction of better quality and improved variety of seed potato and supporting potato farmers in upgrading their produce to chip grade potato for enhanced value realisation.

With a view to scaling up your Company's contribution to the national goal of improving farmer incomes, your Company has recently entered into a partnership with the NITI Aayog to boost agricultural and allied activities in 25 districts under the Aspirational Districts programme launched to further the Honourable Prime Minister's vision to transform such areas. Under this initiative, your Company will collaborate with NITI Aayog and the district administration to train 2,00,000 lead farmers to enable them to reduce costs / enhance farm productivity across major crops in the identified districts.

The forward linkages to domestic agricultural value chains provided through your Company's Branded Packaged Foods Businesses stood further strengthened during the year with the recent foray into branded packaged potatoes & apples for the retail segment under the 'Farmland' brand, and 'Super Safe' spices, frozen prawns and dehydrated onions under the 'ITC Master Chef' brand.

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 ensuring uni-dimensional 'shareholder value', is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive' (for 16 years), 'carbon positive' (for 13 years), and 'solid waste recycling positive' (for 11 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'.

With a view to scaling up your Company's contribution to the national goal of improving farmer incomes, your Company has recently entered into a partnership with the NITI Aayog to boost agricultural and allied activities in 25 districts under the Aspirational Districts programme launched to further the Honourable Prime Minister's vision to transform such areas.

FINANCIAL PERFOMANCE

Your Company delivered a resilient performance during the year which was a particularly challenging one due to a sharp slowdown in the economy, steep escalation in tax incidence on cigarettes under the GST regime, subdued demand conditions in the FMCG industry and supply chain disruptions caused during the transition to GST. The non-cigarette FMCG segment also had to contend with gestation costs relating to new products/categories and the ongoing restructuring of the retail footprint/trade terms in the Lifestyle Retailing Business. Shortage of leaf tobacco in Andhra Pradesh due to lower crop output on account of drought in 2016 and adverse crop quality, relative strength of the Indian Rupee vis-à-vis currencies of competing origins and limited trading opportunities in other agri-commodities weighed on the performance of the Agri Business. While there was an improvement in room rates, performance of the Hotels Business remained subdued during the year due to the overhang of excess room inventory in key cities and the impact of ban on sale of liquor at outlets in close proximity to highways in the first half of the year. The Paperboards, Paper and Packaging Business was also impacted by unabsorbed capacity in the value-added paperboards segment, cheap imports and slowdown in end user industries such as FMCG, liquor and pharmaceuticals.

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

On a comparable basis, Gross Sales Value (net of rebates/discounts)[1] for the year stood at ₹ 67081.92 crores, representing a growth of 4.5% over 2016-17 driven mainly by the Branded Packaged Foods, Personal Care Products and the Education and Stationery Products Businesses offset by decline in Agri Business revenue due to the reasons as aforestated. Profit Before Depreciation, Interest and Tax (excl. Exceptional items) at ₹ 15540.98 crores and Profit Before Tax (excl. Exceptional items) grew by 6.6% and 6.0% respectively.

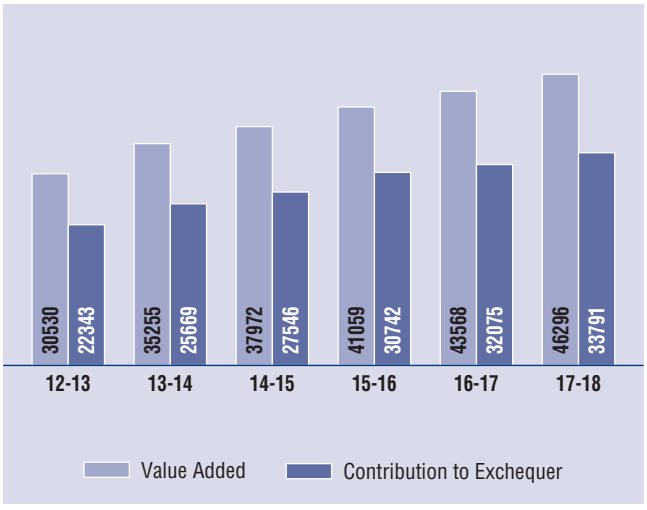
Exceptional items during the year represent provisions for earlier years of ₹ 412.90 crores (₹ 270.00 crores post tax) in respect of Tamil Nadu entry tax that have been written back, based on a favourable order of the Honourable Supreme Court.

Including Exceptional items, Profit Before Tax at ₹ 16851.70 crores and Profit After Tax at ₹ 11223.25 crores registered growth of 8.7% and 10.0% respectively during the year. Total Comprehensive Income for the year stood at ₹ 11605.59 crores (previous year ₹ 10277.90 crores). Earnings Per Share for the year stood at ₹ 9.22 (previous year ₹ 8.43). Cash generated from operations aggregated ₹ 18370.42 crores, compared to ₹ 15214.98 crores in the previous year.

The Directors are pleased to recommend an Ordinary Dividend of ₹ 5.15 per share (previous year Ordinary Dividend of ₹ 4.75 per share) for the year ended 31st March, 2018. Total cash outflow in this regard will be ₹ 7577.15 crores including Dividend Distribution Tax of ₹ 1291.94 crores.

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

(₹ in Crores)



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

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 over ₹ 200000 crores of which nearly ₹ 150000 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 represents 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$ 7.1 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 2017-18, your Company and its subsidiaries earned ₹ 4189 crores in foreign exchange. The direct foreign exchange earned by your Company amounted to ₹ 3480 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 2038 crores, comprising purchase of raw materials, spares and other expenses of ₹ 1506 crores and import of capital goods at ₹ 532 crores.

PROFITS, DIVIDENDS AND RETAINED EARNINGS

(₹ in Crores)

PROFITS	2018	2017
a) Profit Before Tax	16851.70	15502.96
b) Tax Expense		
– Current Tax	5599.83	5285.65
– Deferred Tax	28.62	16.41
c) Profit for the year	11223.25	10200.90
d) Other Comprehensive Income	382.34	77.00
e) Total Comprehensive Income	11605.59	10277.90
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	17576.81	16589.89
b) Add: Profit for the year	11223.25	10200.90
c) Add: Other Comprehensive Income (net of tax)	52.78	(24.92)
d) Add: Transfer from share option on exercise and lapse	18.65	14.58
e) Less: Dividends		
– Ordinary Dividend of ₹ 4.75 (2017: ₹ 4.33) per share	5770.01	5230.68
– Special Dividend of ₹ Nil (2017: ₹ 1.33) per share	–	1609.44
– Income Tax on Dividend paid	1110.24	1333.52
f) Less: Transfer to General Reserve	–	1030.00
g) At the end of the year	21991.24	17576.81

Your Company delivered a resilient performance during the year which was a particularly challenging one due to a sharp slowdown in the economy, steep escalation in tax incidence on cigarettes under the GST regime, subdued demand conditions in the FMCG industry and supply chain disruptions caused during the transition to GST.

FMCG Cigarettes

A punitive and discriminatory taxation and regulatory regime continues to exert severe pressure on the domestic legal cigarette industry even as illegal cigarette trade grows unabated.

The legal cigarette industry, already reeling under the cumulative impact of steep increase in taxation over the last five years and intense regulatory pressures, was further impacted by the sharp upward revision in GST Compensation Cess announced in July 2017. Contrary to indications from the Government that the transition to GST would be based on the principle of maintaining revenue neutrality, tax incidence on cigarettes rose sharply by 13% with an even steeper increase of 19% 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 burden of over 20% on your Company's Cigarette Business post implementation of GST.

It is pertinent to note that the tax incidence on cigarettes, after cognising for the latest increase in Cess rates, has nearly trebled over the last six years, on a comparable basis.

The Cigarette Business also had to contend with additional costs associated with the transition to GST due to non-availability of Additional Duty Surcharge credit on transition stocks and the unanticipated revision of GST Compensation Cess w.e.f. 18th July, 2017 which impacted pipeline stocks.

In addition to being subjected to punitive taxation, cigarettes continue to be discriminated against in the GST regime. Even as a uniform GST rate of 28% has been made applicable to all tobacco products the discriminatory tax incidence continues on account of differential rates of GST Compensation Cess. For example, a Specific GST Compensation Cess, at rates higher than the Central Excise Duty levied on cigarettes in the erstwhile regime, is levied on cigarettes in addition to an Ad-valorem GST Compensation Cess of 36% for king-size cigarettes and 5% for the other length segments. In comparison, no GST Compensation Cess is levied on bidis. Consequently, cigarette taxes remain, effectively, about 50 times higher than on other tobacco products.

The high rates of tax on cigarettes also provide attractive tax arbitrage opportunities to unscrupulous players, fanning the growth of illegal cigarette trade in the country. While the legitimate cigarette industry has declined steadily since 2010-11 at a compound annual rate of 4.8% p.a., illegal cigarette volumes in contrast have grown at about 5% p.a. during the same period, making India one of the fastest growing illegal cigarette markets in the world. It is pertinent to note that, according to Euromonitor International, India is now the 4th largest illegal cigarette market in the world.

Another factor that fuels the growth of smuggled international brands is that such cigarette packs do not carry the excessively large (85% of the surface area of both sides of the cigarette package) pictorial warnings with extremely gruesome and unreasonable images that are prescribed under Indian laws. While the legal cigarette industry scrupulously complies with the statutory provisions, smuggled international brands of cigarettes either do not bear any pictorial or other health warnings or bear warnings of much smaller dimensions, that too different from what is mandated under Indian law. Findings from research conducted by IMRB International, an independent organisation, indicate that the lack of warnings or their diminutive size creates a perception in the consumer's mind that the smuggled cigarettes

It is pertinent to note that the tax incidence on cigarettes, after cognising for the latest increase in Cess rates, has nearly trebled over the last six years, on a comparable basis.

are 'safer' than domestic duty-paid cigarettes that carry the statutory warnings.

The attractive tax arbitrage opportunity for smuggled cigarettes allows unscrupulous players to make the products available to consumers at a fraction of the price of duty-paid domestic cigarettes. In fact, the affordability of illegal cigarettes and the other cheaper tobacco products (by reason of lower tax incidence as well as evasion of taxes) has been driving the consumption of tobacco from duty-paid cigarettes to the other forms. Consequently, India's per capita cigarette consumption is amongst the lowest in the world and is significantly lower in comparison to Russia, Japan, China, United States and even neighbouring countries such as Pakistan and Bangladesh.

While overall tobacco consumption in the country continues to grow, the share of duty-paid cigarettes has come down substantially over the years and is estimated to account for around 11% of current tobacco consumption in the country. Despite accounting for such a low share of overall tobacco consumption in the country, the legal cigarette industry contributes more than 87% of tax revenue from the tobacco sector. The other types of tobacco products contribute barely 13% of tax revenue from the tobacco sector despite accounting for 89% of total tobacco consumption. It is estimated that the exchequer is losing more than ₹ 13000 crores revenue annually on account of tax evasion on cigarettes alone. The loss to the exchequer is even higher when the evaded taxes on other tobacco products are also considered.

The growth of smuggled international brands has also adversely impacted the demand for domestic Flue Cured Virginia (FCV) tobacco that is used in cigarette manufacture. The absence of a strong domestic demand base has not only resulted in loss of income but has also exposed the Indian tobacco farmer to the volatilities of the international market, thereby sub-optimising earnings from tobacco crop exports as well. These developments have had a devastating impact on the Indian tobacco farmer and the 46 million livelihoods dependent on the tobacco value chain. Soft demand for Indian FCV tobacco has prompted the Tobacco Board of India to reduce the authorised crop size for three successive years i.e. 2015-16, 2016-17, 2017-18. Further, the unprecedented drought in Andhra Pradesh in late 2016 played havoc on the actual crop output in 2017 besides adversely impacting its quality. This, in turn, has also led to lower exports of tobacco. It is estimated that the cumulative drop in farmer earnings is in excess of ₹ 3450 crores over the last three years, i.e., an average loss in earnings of over ₹ 1150 crores per year.

As reported last year, your Company and several other stakeholders had challenged the validity of the pictorial warnings. Based on a direction of the Honourable Supreme Court, all litigation on pictorial warnings were tagged together and heard by the Honourable High Court of Karnataka. The 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 stayed the Order of the High Court. Pending the final hearing of this matter, the regime of the extremely repugnant 85% pictorial warnings continues.

It is pertinent to note that the global average size of pictorial warnings is only about 30% coverage of the principal display area. In fact, the three countries

> While the legitimate cigarette industry has declined steadily since 2010-11, illegal cigarette volumes in contrast have grown at about 5% p.a. during the same period, making India one of the fastest growing illegal cigarette markets in the world.

that account for about 51% of the world's cigarette consumption, viz., USA, Japan and China have not adopted pictorial / graphical warnings and have prescribed only text-based warnings on cigarette packages.

Although India is the 3rd largest FCV tobacco grower in the world, it has put in place extremely stringent tobacco control laws. For instance, the statutorily prescribed pictorial warning occupying 85% of both sides of a cigarette pack ranks India in the 2nd position globally in terms of their stringency[1]. Unfortunately, these laws have fuelled, albeit unintentionally, the growth of illegal cigarettes in the country and consequently, impacted adversely on farmer incomes. In contrast, several major tobacco producing countries, including the USA, have taken into consideration the interests of their tobacco farmers in deciding whether or not to adopt large or excessive pictorial warnings. The Indian tobacco control laws have, thus, had the inadvertent and unforeseen effect of causing losses to the Indian farmer with corresponding gains to tobacco farmers in the countries that have opted for moderate and equitable tobacco control laws.

Regardless of the steps taken by the Government towards tobacco control in the country, taking advantage of the country's large porous international borders as well as by exploiting loopholes in the policies that are in place, the smuggling of international brands of cigarettes into the country continues to grow at an alarming rate. This is confirmed by the fact that detection and seizure of smuggled cigarettes by the enforcement agencies[2] has gone up from 1312 cases in 2014-15 to 3108 cases in 2016-17 – an increase of more than 136%.

Unfortunately, the taxation and regulatory policies of the country are largely cigarette-centric and based on tobacco consumption patterns prevalent in developed countries. Such policies are not suitable for India since duty-paid cigarettes account for only about 11% of tobacco consumption in the country as compared to the global average of more than 90%. The unintended consequences of the extant tobacco taxation and regulatory framework may be summarised as follows:

– Continuing decline in legal cigarette volumes in favour of lightly taxed and tax-evaded tobacco products, due to extremely attractive tax arbitrage, 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 warnings on smuggled international brands.

– The greater portion of tobacco consumption in the country (estimated at about 68%[3]) remaining outside the tax net.

– Widespread availability of illegal cigarettes and other tobacco products of dubious quality and hygiene to consumers at extremely affordable prices.

– Persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco for their livelihood.

As always, your Company complies with all regulations and laws in letter and spirit whilst remaining engaged

[1] *Cigarette Package Health Warnings – International Status Report, 5th Edition, October 2016, Canadian Cancer Society.*

[2] *Replies to Unstarred Question No. 1153 dated 22.12.2017 (Lok Sabha) and Starred Question No. 305 dated 08.08.2016 (Lok Sabha) by the Ministers of State, Ministry of Finance and Ministry of Commerce & Industry, respectively.*

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

The smuggling of international brands of cigarettes into the country continues to grow at an alarming rate. Detection and seizure of smuggled cigarettes by the enforcement agencies has gone up from 1312 cases in 2014-15 to 3108 cases in 2016-17 – an increase of more than 136%.

with policy makers for reasonable, pragmatic and evidence based regulation and taxation policies that balance the health, employment and economic imperatives of the country.

Your Company's strong product portfolio along with superior consumer insights and a strategy of continuous innovation and value creation has, once again, helped deliver superior competitive performance during the year, notwithstanding the extremely challenging operating environment. It is a matter of deep satisfaction that your Company consolidated its leadership position in the industry during the year and continues to improve its standing in key competitive markets across the country. Some of the key interventions during the year include the launch of innovative variants viz., Classic Double Burst, Gold Flake Mint Switch, Flake Mint Switch, Bristol Magnum, Navy Cut Century and a new brand, Wave. Additionally, two brands, American Club and Players, which were launched towards the end of 2016-17 were strengthened significantly during the year.

During the year, the Electronic Vaping Devices portfolio was augmented with the launch of EON Myx, a disposable variant which is offered in adult flavours like coffee in addition to menthol and full flavour. The consumer response to this offering has been encouraging. The rechargeable variant, EON Charge, further strengthened its performance during the year. Given the nascent state of the market and the evolving regulatory oversight globally, your Company remains engaged with the policy makers for adoption of an appropriate and equitable regulatory framework in India for this category. 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 was granted three more patents during the year – two international and one national – in respect of cigarettes.

To secure increasingly higher levels of productivity and product excellence going forward, the Business continues to modernise its manufacturing facilities by inducting contemporary technologies. The Business leveraged its in-house design and development expertise and innovation capabilities to step up flexibility in manufacturing technologies and to further improve speed to market for differentiated products and pack formats. In line with its philosophy of manufacturing excellence, the Business has commenced several initiatives towards capability enhancement in the arena of Industry 4.0 including Advanced Analytics, Artificial Intelligence, Virtual Assist and Augmented Reality. These interventions are expected to bring about a digital transformation in the manufacturing process. Upgradation of on-line, real time quality assurance systems and induction of state-of-the-art technology for several product and packaging types were carried out during the year. These initiatives have further improved the speed to market for successful launches and augmented the innovation pipeline of the Business. Further, Long Term Agreements were concluded successfully with the unionised workforce at the Bengaluru and Ranjangaon cigarette factories.

It is extremely satisfying to report that the Business continues to be recognised for its leadership role and commitment towards excellence, sustainability and HR practices. The Bengaluru factory was conferred the 'Sustainable Factory of the Year' award by Frost & Sullivan and The Energy & Resource Institute (TERI).

[The Indian tobacco control laws have, had the inadvertent and unforeseen effect of causing losses to the Indian farmer with corresponding gains to tobacco farmers in the countries that have opted for moderate and equitable tobacco control laws.]

The factory has also been recertified as an IGBC Platinum Rated Green Factory Building with the highest score in India. The Saharanpur factory was awarded the First Prize under the 'FICCI Safety Systems Excellence Awards for Industry 2017'. The Munger factory was honoured with the 'Excellent Energy Efficient Unit' award at the 18th National Award for Excellence in Energy Management 2017. The Kidderpore cigarette factory was the recipient of the 'Safety Innovation Award' by The Institution of Engineers (India). Your Company was also conferred two awards by the Association for Talent Development (ATD) and another one by Employees Federation of India (EFI) for excellence in HR practices.

A punitive and discriminatory taxation regime along with ever increasing regulatory pressures and the unabated growth in illegal trade will continue to pose several challenges in the year ahead. Your Company will continue to engage with policy makers for a tobacco taxation and regulatory policy that is non-discriminatory, helps combat the menace of illegal cigarettes and addresses the issues of all stakeholders, particularly tobacco farmers, Exchequer and consumers. Such a policy will not only help maximisation of the revenue potential of tobacco even in a shrinking basket of tobacco consumption but also address the tobacco control and health objectives of the Government. Your Company remains confident that despite the severe pressures, the trust and faith reposed by the consumers coupled with the Company's robust product portfolio, world-class quality, innovation in processes, investments in cutting-edge technology and superior execution of competitive strategies will enable it to retain its pole position and reinforce its market standing in the years to come.

FMCG - Others

The FMCG industry faced another challenging year with demand conditions remaining sluggish for the fifth year in a row. The slowdown in the broader economy, as reflected by the marked deceleration in Nominal GDP and private consumption expenditure growth, headwinds in rural demand and supply chain disruptions during the transition to the GST regime was manifest in your Company's operating segments in the FMCG space. The year also witnessed commodity prices settling at an elevated level, exerting pressure on margins. While it is anticipated that the FMCG industry will take a few more quarters for demand revival to play out fully, the green shoots of economic recovery and expectations of normal monsoons augur well for the industry. The structural drivers of long-term growth such as increasing affluence and consumer awareness, a young and expanding workforce, increasing urbanisation, Government's thrust on infrastructure development and the rural sector, implementation of GST amongst others, remain firmly in place and the FMCG industry is poised for rapid growth in the ensuing years.

Despite the challenging conditions prevailing during the year, your Company's FMCG-Others Businesses' Segment Revenue at ₹ 11329 crores grew ahead of industry and recorded an increase of 11.3% (on a comparable basis) on a relatively firm base. It is pertinent to note that while the second half of 2016-17 witnessed reduced consumer offtake and trade pipelines in the wake of adverse liquidity conditions, your Company's FMCG-Others Businesses were relatively less impacted. Most major categories enhanced their market standing during the year. While 'Bingo!' snacks, 'Aashirvaad' atta and 'Dark Fantasy Choco Fills' premium cream biscuits were the key drivers of growth in the Branded Packaged

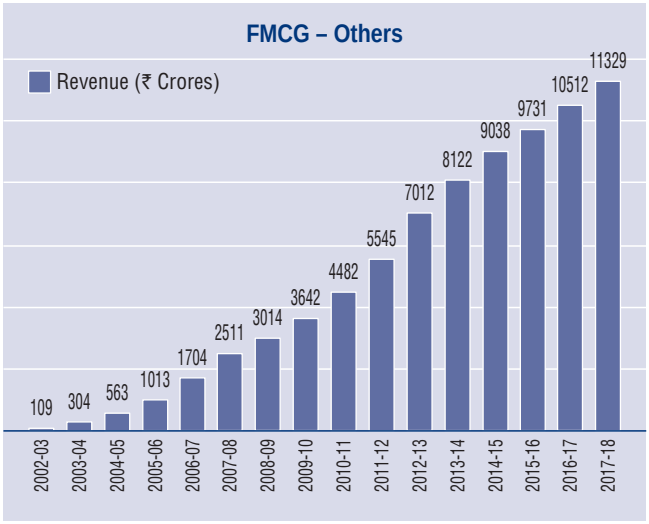
Despite the challenging conditions prevailing during the year, your Company's FMCG-Others Businesses' Segment Revenue at ₹ 11329 crores grew ahead of industry and recorded an increase of 11.3% (on a comparable basis) on a relatively firm base.

Foods Businesses, 'Engage' deodorants, 'Vivel'/'Fiama' soaps & shower gels and 'Savlon' handwash fuelled strong growth in the Personal Care Products Business. The Education and Stationery Products Business posted a robust performance during the year led by 'Classmate' notebooks, which consolidated its leadership position in the industry. However, the performance of the Lifestyle Retailing Business remained sluggish mainly on account of an early and prolonged 'end-of-season' sale in the wake of disruption to the trade during transition to GST and ongoing structural interventions to enhance operating efficiencies. Segment Results for the year improved to ₹ 164 crores from ₹ 28 crores in 2016-17 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 viz. Juices, Dairy, Chocolates and Coffee 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. Several initiatives were also implemented during the year towards leveraging the rapidly 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.

During the year, your Company commissioned two world-class Integrated Consumer Goods Manufacturing and Logistics Units (ICMLs) at Panchla, West Bengal and Kapurthala, Punjab. Significant progress was also made in constructing several other state-of-the-art owned ICMLs across regions to secure capacity and enable the FMCG Businesses to rapidly scale up in line with long-term demand forecast. Currently, over 15 projects are underway and in various stages of development – from land acquisition/site development to construction of buildings and other infrastructure. The Businesses are focussing on deploying 'Industry 4.0' technologies including advanced analytics, big data and industrial Internet of Things (IoT) in areas such as overall equipment efficiency, energy management, maintenance, downtime analysis, quality and traceability.

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.



Today, your Company's vibrant portfolio of brands represents an annual consumer spend of nearly ₹ 16000 crores in aggregate. These brands have been built organically by your Company over a relatively short period of time - a feat unparalleled in the Indian FMCG industry. In terms of annual consumer spend, 'Aashirvaad' is today over ₹ 4000 crores; 'Sunfeast' over ₹ 3500 crores; 'Bingo!' over ₹ 2000 crores;

Today, your Company's vibrant portfolio of brands represents an annual consumer spend of nearly ₹ 16000 crores in aggregate. These brands have been built organically by your Company over a relatively short period of time.

'Classmate' and 'YiPPee!' over ₹ 1000 crores each and 'Vivel', 'Mangaldeep' and 'Candyman' 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 Premium 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).

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 bespoke experiences; growth in demand for 'on-the-go' consumption formats and rising influence of social media and digitalisation on consumer preferences and shopping behaviour. Similarly, 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 such as Modern Trade and e-commerce.

The Indian FMCG market is at an inflection point and your Company seeks to rapidly 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 distribution network and packaging know-how. In addition, your Company continues to make significant investments in Research & Development, focus on consumer insight discovery and harness digital technology to develop and launch disruptive and breakthrough products in the market place.

Highlights of progress in each category are set out below.

Branded Packaged Foods

Demand conditions in the Branded Packaged Foods industry remained sluggish during the year due to slowdown in private consumption expenditure growth and supply chain disruptions during the transition to GST. The year was marked by heightened competitive intensity with industry players resorting to aggressive consumer promotions and trade schemes in a bid to garner volumes.

Against the backdrop of a challenging operating environment as aforestated, 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 range of distinctive products customised to address regional tastes and preferences along with an efficient supply chain and distribution network that ensures benchmark levels of visibility, availability and freshness of products in the market. The Business implemented several initiatives encompassing cost management, supply chain optimisation, smart procurement and recipe optimisation which helped in mitigating the escalation in input costs and enhancing profitability.

Your Company's Branded Packaged Foods Businesses continued to make significant investments towards brand building and supporting the launch of new variants apart

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from absorbing the gestation costs of new categories viz. Dairy, Juices, Chocolates and Coffee.

Your Company's vibrant and successful 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.

Relentless focus on delivering superior quality products to consumers remains a key source of competitive advantage for the Branded Packaged Foods Businesses. In this context, 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.

Several manufacturing units of your Company's Branded Packaged Foods Businesses, competing with both the best within and outside the industry, received several awards and accolades during the year bearing testimony to your Company's focus on manufacturing excellence, safety and quality.

Your Company continues to make investments towards augmenting the manufacturing and sourcing footprint across categories with a view to improving market responsiveness and reducing the cost of servicing proximal markets. During the year, two new owned manufacturing facilities – Kapurthala in Punjab and Panchla in West Bengal – were commissioned while capacity utilisation was progressively scaled up at the Uluberia, Mysuru and Guwahati units that commenced operations in the second half of FY17. Plans are on the anvil to commission new lines at the Kapurthala, Panchla and Guwahati facilities in the ensuing year. The manufacturing unit at Pudukkottai, Tamil Nadu is at an advanced stage of completion and is expected to be commissioned shortly.

– The Staples Business posted robust performance during the year, growing well ahead of the industry. In the Staples category, Aashirvaad atta posted healthy growth and fortified its leadership position while maintaining its pricing premium in the market. The value-added product portfolio, comprising Multigrains, Select and Sugar Release Control atta, continued to record robust growth.

  This was achieved despite increasing competitive pressures triggered by the imposition of 5% GST on branded atta (compared to nil VAT in most States under the erstwhile tax regime) while non-branded atta (incl. branded atta on which actionable claim or enforceable right has been foregone voluntarily) remained at nil duty. During the year, the Business also had to contend with a concerted attack on Aashirvaad atta on social media with rumour mongers circulating malicious videos and falsely alleging that Aashirvaad atta contains plastic. The Business launched a 360 degree campaign to reassure consumers and dispel the baseless rumours surrounding Aashirvaad atta.

Your Company's vibrant and successful 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.

The communication clearly highlighted that as per FSSAI standards, atta must contain not less than 6% of wheat protein on a dry weight basis and that elasticity is a natural property of the protein without which it is not possible to bind the atta. Simultaneously, complaints were filed with the police authorities and injunction orders restraining circulation of such videos on social media were also obtained from the civil court. These interventions helped in effectively mitigating the short-term impact of the malicious videos on sales momentum, with the brand staging progressive recovery subsequently.

Your Company takes utmost care in manufacturing of 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, 'Created by Sun and Sea - pure just like nature intended it to be' and new pack design, Aashirvaad Salt posted robust performance during the year. In the branded Spices category, the Aashirvaad range of spices registered steady volume growth. In line with its commitment to deliver products with the highest quality and safety standards to Indian consumers, the Business continued to reinforce the value proposition of the recently launched ITC Master Chef 'Super Safe Spices', which are tested for over 470 pesticide residues in accordance with European standards as compared to only nine required under Indian regulations.

– In the Snacks and Meals Business, the Bingo! range of snacks recorded robust growth during the year driven by Tedhe Medhe and potato chips. The Business achieved market leadership on an All-India basis in the Bridges segment driven by a robust portfolio of products under the Tedhe Medhe, Mad Angles and Tangles sub-brands. The potato chips portfolio recorded impressive market share gains and emerged as the leader in the South markets leveraging an optimised portfolio, revamped pack and fresh communication. During the year, the Business forayed into the extruded snacks segment with the launch of 'No Rulz' - a-first-of-its-kind offer comprising four different shapes of the product in a single pack. The product has received excellent response and continues to gain traction with consumers. The Bingo! range was augmented during the year with the launch of several variants customised for regional taste palates, viz. Mad Angles Kolkata Kasundi, Tedhe Medhe Lime Chatpata, Tomato Masti and Pudina Twist.

  In the Instant Noodles category, YiPPee! noodles sustained its robust growth momentum during the year despite increasing competitive intensity including from several regional discount players. The year also saw the launch of 'Mood Masala' – an innovative variant comprising two masala mix sachets in a pack providing the consumer the option to add masala to 'match his mood'. Mood Masala received encouraging consumer response, further strengthening the brand imagery of YiPPee! amongst tweens and young adults.

– The Confections Business scaled up operations and improved its market standing during the year. In the Biscuits category, the Business continued to

This year, your Company achieved market leadership on an All-India basis in the Bridges segment driven by a robust portfolio of products under the Tedhe Medhe, Mad Angles and Tangles sub-brands.

focus on premiumising its product portfolio, 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 sustained its clear market leadership position in the Super-Premium Creams segment across the country. Brand architecture in the biscuits category was optimised with the migration of Delishus & Yumfills under the Mom's Magic and Dark Fantasy brands respectively. The Business augmented its product portfolio in the health segment with the launch of Protein Power, a unique variant based on roasted Bengal gram flour and Digestive five grains biscuits under the Farmlite brand. The Mom's Magic range was expanded with the addition of 'Fruit & Milk' variant. Your Company continues to leverage the biscuits manufacturing unit owned by North East Nutrients Private Limited, a joint venture company, to record impressive gains in market standing in the North East markets.

In the Confectionery category, in line with its strategy of premiumising the portfolio, the Business launched several unique offers in the 'Re. 1 & above' price points including Cola Josh, Crunchy and Clear Candy under the Candyman brand, Jelimals Sour Slides and two exciting variants under the 'mint-o' brand. These products have received encouraging consumer response.

– In the Dairy & Beverages Business, the 'B Natural' range of juices continues to gain traction amongst its target consumers aided by a clutter-breaking media campaign, on-ground trial generation initiatives and visibility & availability enhancement drives.

The journey towards making juices concentrate-free, which commenced last year with the launch of 'B Natural 100% Pomegranate Juice', continued during the year with the entire range of B Natural juices being migrated to the 'not from concentrate' platform. This first-of-its-kind initiative in India, was anchored on the twin resolve to provide consumers a more nutritive and natural tasting experience and promote the use of fruit pulp procured from Indian farmers, thereby supporting the Indian farm and food processing sector. The Business also introduced 'Bael' and 'Phalsa' variants during the year catering to regional tastes and preferences which were well received by consumers. In the Dairy segment, 'Aashirvaad Svasti' Ghee was extended to Delhi NCR markets during the year, gaining healthy consumer traction. During the year, the Business also forayed into the Pouch Milk segment with the launch of 'Aashirvaad Svasti' milk in select markets in Bihar in the vicinity of your Company's Munger dairy plant.

– In the Chocolates category, the 'Fabelle' range of luxury chocolates was scaled up during the year with a view to redefining the luxury chocolate segment in India. The range is available in eight Fabelle Chocolate Boutiques located within ITC hotels and several outlets in premium malls and food stores. Product portfolio was augmented with the launch of two delectable variants of centre-filled chocolate bars - 'Hazelnut Mousse', & 'Dark Choco Mousse' which have received excellent response from discerning consumers. Towards deepening engagement with consumers, the Business launched a unique experience platform during the year christened – 'Fabelle Société de Chocolat' - across

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Fabelle boutiques with Ms. Billie McKay, winner of MasterChef Australia 2015, as the mentor. 'Sunbean' gourmet coffee, launched across all ITC Hotels last year, continues to receive excellent response from discerning consumers and plans are on the anvil to scale up presence in the ensuing years.

Your Company 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. 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 robust performance and enhanced its market standing during the year against a backdrop of significant disruption to trade and supply chain following the roll out of GST. This was driven largely by sustained focus on innovation, product mix enrichment, expansion of distribution reach, proactive cost management and enhancing supply chain responsiveness.

The Business continued to focus on innovation and to delight consumers by launching a range of exciting offerings during the year. In the Fragrance category, the recently launched innovative perfume variants under the brand 'Engage ON' and 'Engage ON+', designed to drive on-the-go consumption, garnered robust consumer traction. The Business also launched a Sport range of deodorants with long lasting fragrance and a selection of premium Eau de Parfums for both men and women. In the Personal Wash category, the Business introduced a unique Gel Crème range under the 'Fiama' brand combining the best of gel and cream for both soap and liquid bathing products, and Vivel Lotus Oil - a unique offering enriched with Lotus Oil and Vitamin E for soft glowing skin. 'Savlon' handwash continued to gain ground, with the launch of a new small pack at an attractive price point. These new innovations received excellent response from consumers during the year and were supported with refreshing communication and engaging consumer activations.

Your Company's key brands, namely Vivel, Engage and Savlon continue to gain salience with target consumers and win industry recognition.

The Business continued to leverage innovative brand campaigns and social media platforms towards deepening consumer engagement. The recent interventions of restaging key brands anchored on Women Empowerment in the case of Vivel and Healthier Kids, Stronger India in the case of Savlon have received positive response from consumers resulting in a pick-up in sales momentum. Savlon won seven Cannes Lions Awards at the coveted Cannes Lions 2017. Considered to be the highest global accolade that recognises creative excellence in advertising and communications, Savlon won the prestigious awards for its unique and innovative 'Healthy Hands Chalk Sticks' initiative.

The 'Healthy Hands' initiative also received the Global PR SABRE as one of the Top 10 Best PR campaigns in the world. Vivel's proposition of empowerment of women through its 'Ab Samjhauta Nahin' message, won

In the Fragrance category, the recently launched innovative perfume variants under the brand 'Engage ON' and 'Engage ON+', designed to drive on-the-go consumption, garnered robust consumer traction.

certificates of excellence at the South Asia PR SABRE awards for its integrated campaign thought and initiatives. 'Engage' won a Gold at Abby (India's biggest advertising and creative award) for its social and digital campaign christened 'Pocketful O' Stories'. The 'Engage' campaign designed to introduce the Engage ON pocket perfume on social media also won two Golds at the Content Marketing Awards, South Asia for Best Use of contextual content and Best Use of Digital (Content).

'Engage' recorded impressive gains in the Fragrance category, consolidating its leadership position in the women's segment and No. 2 position overall. The roll out of innovative pocket perfumes, Sport range of deodorants and the Eau de Parfums range have helped the brand grow its consumer equity significantly among both men and women besides premiumising the portfolio. 'Savlon' handwash recorded significant gains during the year across brand health metrics and emerged as the fastest growing brand in the market. In the bodywash segment, the 'Fiama' range of shower gels continued to garner increasing consumer franchise and is the fastest growing and the second largest brand nationally. The Business also launched moisturising skin creams under the recently acquired 'Charmis' brand and plans are afoot to strengthen your Company's skincare portfolio in the near to medium term.

During the year, your Company's manufacturing facility in the North East, which was commissioned in March last year, achieved 90% capacity utilisation within a short period of time. This has led to strengthening the supply chain and has enabled efficient servicing of proximal markets in the North East.

Input prices remained stable in the first half of the year, with an uptick in the latter half. The Business continued to pursue strategic cost management initiatives including product cost optimisation through innovation, proactive sourcing, alternative vendor development and value capture through supply chain efficiencies which resulted not only in containing inflation but also in enhancing profitability.

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

The Stationery industry was impacted during the year with the roll out of GST coinciding with the school opening season and trade operating with lower inventory levels due to uncertainties around the new tax regime. Despite these challenging conditions, the Business sustained its leadership position in the Indian Education and Stationery Products industry anchored on a portfolio of world-class products and brands.

The Business continued to leverage its dedicated product development cell and your Company's Life Sciences & Technology Centre to develop & launch innovative and superior products in the market. During the year, the product portfolio was augmented with the launch of several new products including a spiral range of notebooks under Classmate, Classmate All Purpose Paper, 'Archimedes' premium geometry boxes with 'spur gear' divider and compass for higher precision and

Savlon won seven Cannes Lions Awards at the coveted Cannes Lions 2017. Considered to be the highest global accolade that recognises creative excellence in advertising and communications, Savlon won the prestigious awards for its unique and innovative 'Healthy Hands Chalk Sticks' initiative.

several offerings in the pens, mechanical pencils and scholastics categories. The Business also scaled up presence in the value segment of the notebook industry through its brand 'Saathi' with a view to consolidating its leadership position.

During the year, the Business launched 'Classmateshop.com' – a first-to-market initiative that offers consumers the option to personalise the images to be printed on notebook covers. The Business continued to focus on enhancing brand affinity by leveraging the 'Classmate Spellbee' and 'Classmate Handwriting Competition' platforms. These competitions collectively reach out to nearly a million children across 1000 schools in 30 cities.

The 'Be Better Than Yourself' campaign launched during the year under the Classmate brand across television, out-of-home, digital and social media platforms hit the right note with consumers, receiving positive reviews. The campaign seeks to drive tangible changes in society by encouraging children to realise their full potential by pursuing their personal goals and ambitions rather than comparing them with peers in terms of their marks and other achievements. The campaign has helped generate conversations amongst parents on this critical topic and garnered over seven million views across social media platforms.

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 strengthened further through technology interventions such as sales force automation and Customer Relationship Management system for the institutional channel.

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 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.

Lifestyle Retailing Business

2017-18 was another challenging year for the Branded Apparel industry. Transition to GST regime triggered a premature end to the Spring Summer 2017 season with most players announcing an early 'end-of-season' sale period which was extended in a bid to liquidate pre-GST merchandise. On the other hand, e-commerce players continued with their aggressive push to capture market share amongst value seeking consumers by offering heavy discounts and launching exclusive labels and brands. The performance of your Company's Lifestyle Retailing Business was adversely impacted

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against the backdrop of the challenging environment as aforestated.

The Business continued to execute the structural interventions initiated in the previous year across channels and processes including restructuring the retail foot print, rationalisation of stores, modifying the design language of its offerings, restructuring of terms of trade with business partners and sharpening working capital management. The Business refreshed the offers under Wills Lifestyle and John Players adopting a unique 'Story-based Looks creation' approach. This initiative entailed re-crafting the merchandise range architecture, channel specific offerings and special focus on enhancing the portfolio of core merchandise. Distinct and time bound colour stories were introduced aimed at providing freshness to consumers in the retail stores on a continual basis.

The 'Wills Lifestyle' range was augmented during the year with the launch of pure superfine linens and flat knits. The brand is available in 350 outlets across multiple channels including national and regional large format stores, exclusive and multi-brand outlets including six exclusive boutique stores across ITC Hotels.

The John Players brand is available at around 750 points-of-sale across leading national and regional department stores, exclusive stores and multi-brand outlets. During the year, the range was made more vibrant and distinct with the launch of outdoor smart casual products made of innovative fabrics. The John Players Jeans range was strengthened by using unique knitted structure fabrics in denims with differentiated washes, laser printing, travel jeans with mobile charger pockets, trendy joggers in camouflage prints, Indigo shirts in checks, prints & dobbies and youthful trendy polo range in indigo, engineered designs & stretch fabrics.

During the year, the Business enhanced its core portfolio, augmented marketing activities including windows and visual merchandising, improved manufacturing productivity and efficacy of replenishment mechanisms. Analytics based on ERP and point-of-sale systems enabled enhancing consumer experience besides further strengthening inventory and receivables management.

The Business will continue to sharpen its design focus, market representation and supply chain responsiveness with a view to improving operating efficiency going forward.

Incense Sticks (Agarbattis) and Safety Matches

The Agarbatti category witnessed increase in competitive intensity during the year with industry players resorting to aggressive media and promotion spends in a bid to garner market share. The continued presence of counterfeit products and supply chain disruptions due to transition to GST also weighed on industry performance. Against the backdrop of these challenging conditions, Mangaldeep sustained its position as the leader in the Dhoop segment and the second largest brand in the Agarbatti segment. During the year, the Business augmented its product portfolio with the launch of new variants and enhanced its distribution reach. Investments in media coupled with on-ground activation activities were made during the year towards enhancing Mangaldeep's salience as the most preferred brand in the devotional space. Product mix enrichment and cost optimisation initiatives continued to be the other key focus areas for the Business.

During the year, the Business upgraded its unique and highly innovative Mangaldeep App in partnership with

[Mangaldeep sustained its position as the leader in the Dhoop segment and the second largest brand in the Agarbatti segment. During the year, the Business augmented its product portfolio with the launch of new variants and enhanced its distribution reach.]

several subject matter experts with the introduction of new features which were carefully curated to cater to regional nuances. Currently available in nine languages on both the Android & iOS platforms, the App's content caters to the everyday devotional needs of consumers by providing detailed information and steps to perform various pujas and has innovative features such as a collection of popular devotional songs, a panchang (Hindu calendar and almanac), an innovative chant counter and temple locator amongst others. The App has received excellent response with over 3,00,000 downloads and an average rating of 4.6 out of 5.0.

The Agarbatti industry continues to import raw battis primarily from Vietnam and China, 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 recently announced restructured National Bamboo Mission which seeks to bring more than 1,00,000 hectares under plantation and amendment in the Indian Forests Act excluding bamboo grown in non-forest areas from the definition of a 'tree', will inter alia encourage manufacture of raw battis from indigenous bamboo and facilitate creation of sustainable livelihood opportunities amongst small and marginal farmers.

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 vendor locations.

While demand conditions remained sluggish during the year in the Safety Matches category, the Business sustained its leadership position by leveraging a robust portfolio of offerings across market segments. The Business focused on enriching its product mix by enhancing the share of value-added products in the portfolio. 'AIM' continues to be the largest selling brand in the industry.

Introduction of GST has led to the harmonisation of tax rates in the Safety Matches industry by eliminating the tax differential that existed under the erstwhile indirect tax regime between semi-mechanised and mechanised operations. This, coupled with the effective implementation of the recently introduced E-way bill, is expected to facilitate levelling the playing field and in triggering the required investments towards modernising and enhancing the long-term sustainability and competitiveness of the industry.

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.

During the year, the TM&D vertical strengthened its formidable distribution network covering over one lakh markets and over six million retail outlets (directly and indirectly) across various trade channels. This further enhanced the reach and availability of your Company's large and diverse FMCG product portfolio comprising several world-class brands and hundreds of SKUs. In urban markets, your Company continued its customised servicing / engagement programmes for the top outlets through dedicated infrastructure. This resulted in enhancing trade relationships and

During the year, the Trade Marketing & Distribution vertical strengthened its formidable distribution network covering over one lakh markets and over six million retail outlets (directly and indirectly) across various trade channels.

improving the market standing of your Company's FMCG products. In rural markets, your Company continued to roll out market specific interventions including augmentation of supervision structure and increase in direct coverage, to achieve growth rates higher than industry and support enhanced scale of operations going forward.

During the year, your Company sustained its leadership position in the convenience channel while consolidating its market standing in premium grocery outlets. TM&D's trade loyalty programmes – 'First Club' for retail outlets and 'Shubh Laabh' for the wholesale channel – continued to gain traction during the year. Sales of your Company's FMCG products in the Modern Trade channel continued to grow on the strength of extensive deployment of in-store merchandisers, consumer connect programmes coupled with joint business planning during large-scale customer activation drives, channel specific SKUs, extensive sampling initiatives etc. Your Company continued to make progress during the year in scaling up presence of your Company's FMCG portfolio in the chemist channel. Your Company worked closely with leading e-commerce companies towards enhancing the availability of its products on their online platforms, aiding sell-out through enhanced visibility and strengthening operational capabilities to service customer requirements. As a result of these initiatives, your Company's business in the e-commerce segment witnessed robust growth during the year.

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 and facilitate seamless execution of new product/category launches. During the year, TM&D executed more than 60 new launches across geographies apart from extending distribution reach of several existing products in the portfolio. Technology enablement in the form of customised mobility solutions, data analytics comprising insightful visualisation tools & predictive analysis are being leveraged increasingly towards enabling quick and accurate data capture, informed decision making and scientifically designing trade promotion schemes.

TM&D's supply chain and logistics function continues 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. In addition, innovative distribution models were implemented to optimise inventory holding and improve distribution efficiency of trade channel partners, 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. These modern warehouses are expected to provide long-term benefits by improving operating efficiency and enhancing product freshness in the market.

During the year, the TM&D vertical proactively engaged with its trade partners to help them re-engineer their business processes to be compliant with GST requirements besides continuing to collaborate with them to improve the frequency of servicing, reduce inventory holding and the incidence of out-of-stock situations.

TM&D continues to invest in augmenting the depth and width of your Company's distribution network while adopting a differentiated approach to address the unique

[Your Company's Trade Marketing & Distribution vertical executed more than 60 new launches across geographies apart from extending distribution reach of several existing products in the portfolio.]

needs of your Company's diverse FMCG product portfolio, market segments and trade channels. With its best-in-class systems and processes, agile and responsive supply chain and synergistic relationship with trade, TM&D's distribution highway is a source of sustainable competitive advantage for your Company's FMCG Businesses and is well poised to support the rapid scale up of operations in the ensuing years.

HOTELS

The operating environment in the hospitality sector showed signs of improvement with foreign tourist arrivals crossing the ten million mark in 2017. While growth in Segment Revenue during the year was subdued at 5.6% reflecting inter alia the overhang of excess room inventory and the impact of highway liquor ban, performance during the second half was significantly better driven by increase in ARR and robust growth in Food & Beverage revenue. Improvement in room rates and operating leverage aided faster growth of 26% in Segment Results, notwithstanding the gestation costs of ITC Grand Bharat and the recently commissioned WelcomHotel Coimbatore.

Your Company's Hotels business remains amongst the fastest growing hospitality chains in the country with over 104 properties under four distinct brands – 'ITC Hotel' in the Luxury segment, 'WelcomHotel' in the Upper-Upscale segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment. The Business continues to focus on strengthening the equity and differentiation 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 Wills Lifestyle. The programme continues to leverage its strategic partnership with Starwood Preferred Guest (SPG) – the global loyalty programme of Marriott International. The dining loyalty programme, 'Club ITC Culinaire', has grown rapidly in popularity registering robust growth in membership base during the year.

During the year, the Business further strengthened its digital presence through targeted e-commerce activations for direct conversions, leading to increased reach and engagement with customers in both domestic and international markets. The Business also focused on social media marketing and online reputation management towards enhancing brand salience and market standing. During the year, the Business rolled out a chain-wide #soulofcity campaign, amplifying its brand proposition of 'Hotels that define the destination', generating appx. 4.4 million impressions. The Business received global accolades and recognition at The Global Social Hotel Awards for 'Best Use Of A Visual Network' and '2nd Best Online Reputation Management' for 2017.

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 premium packaged chocolates from the Branded Packaged Foods Business, the Fabelle chocolate boutiques offer a range of exquisitely crafted desserts and cocoa beverages, created live by Fabelle Master Chocolatiers. The initiative has received encouraging response and will go a long way in establishing the Fabelle brand at the luxury end of the market. The Fabelle Société de Chocolat, an exclusive

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chocolate-making programme designed by the master chocolatiers of Fabelle chocolates at ITC luxury hotels, provides chocolate lovers and budding chocolatiers an opportunity to foster the love for chocolate and appreciate the fine nuances of chocolate making. The initiative has received excellent response from discerning chocolate consumers and is planned to be scaled up in the ensuing year.

'Sunbean' gourmet coffee, launched last year, established itself as the beverage of choice in your Company's luxury hotels. The bespoke brand experience was brought alive for the guests through 'Sunbean Ambassadors' - specially trained master baristas who demonstrated 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 recognitions during the year. ITC Hotels featured as the 'Sectoral Leader', for the fourth time in the Business World 'Most Respected Companies' listing. The Travel+Leisure magazine acknowledged the chain as the 'Best Luxury Hotel Chain' at the 'India's Best Awards'. The U.S. Green Building Council presented ITC Hotels with a 'Leadership Award' for its commitment to Green Building Design. The Responsible Luxury Fellowship enumerating ITC Hotels' guiding principles through video blogs won the brand the 'Best Digital Video' award by HOTELS magazine USA. Your Company's world-class properties continued to receive international and domestic accolades - ITC Grand Bharat was ranked amongst the Top 10 resorts in Asia by Conde Nast Traveler USA and the 'Best Luxury Hotel' by Travel+Leisure India & South Asia, while ITC Maurya was adjudged the 'Most Eco Friendly Hotel' by the Ministry of Tourism at the National Tourism Awards.

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 retained their leadership position with 'Bukhara', 'Dum Pukht', 'Royal Vega', 'Dakshin', 'Avartana', 'K&K', 'Ottimo', 'EDO', 'Pan Asian' and 'West View' receiving the coveted Times Food Awards. 'Avartana', a Southern Indian mosaic brand at the ITC Grand Chola was recognised as the 'Best Restaurant' in Chennai at the Times Food Awards, within the first year of its opening. 'Fabelle' swept the Times Food Awards as the 'Best Confectionery Destination in the Fine Dining category' in Mumbai, New Delhi, Bengaluru and Chennai & the 'Best Chocolatier' in Kolkata. Your Company's internationally acclaimed spa brand, 'Kaya Kalp' was recognised at the GEOSPA Asia Spa India Awards with the 'Most Luxurious Spa Resort' award for ITC Grand Bharat and 'Best Hotel Spa' award for ITC Grand Chola.

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. Over 60% of the total electrical energy consumption of the Business is currently met through renewable 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. The Business made steady progress during the year in the construction of luxury hotels at Hyderabad, Kolkata and Ahmedabad. Construction of ITC Kohenur

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in Hyderabad is nearing completion and is expected to be commissioned in the first quarter of 2018-19. In addition, your Company's wholly-owned subsidiary in Sri Lanka made steady progress towards setting up a luxury hotel christened 'ITC One' and a super-premium residential apartment complex, 'Sapphire Residences – Colombo 1', situated at a strategic location in Colombo.

In the Upper-Upscale segment, the 'WelcomHotel' brand continues to build on its 'asset-right' strategy with its distinctive 'charmingly local' positioning. During the year, the Business commissioned the 103-room WelcomHotel Coimbatore and expanded presence in business and leisure destinations adding managed properties in Chennai, Bengaluru, Pahalgam and Mussoorie. The Business seeks to scale up the brand going forward with the addition of new 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 45 hotels across 37 cities. The 'WelcomHeritage' brand remains the country's most successful and largest chain of heritage hotels with 34 operational hotels.

As reported earlier, your Company was declared the successful bidder for a 250-room luxury beach resort located in South Goa operating under the name Park Hyatt Goa Resort and Spa, following an auction held by IFCI Limited in February 2015 in terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Subsequent to your Company making full payment of the bid amount, IFCI issued the requisite Sale Certificates in favour of your Company on 25th February, 2015. However, based on an appeal by the erstwhile owners, the sale had been struck down by the Honourable Bombay High Court. Your Company and IFCI had contested the said order before the Honourable Supreme Court. On 19th March, 2018, the Honourable Supreme Court upheld the sale of the property by IFCI Limited to your Company and directed that the hotel property be handed over within six months. Accordingly, the property is expected to be handed over to your Company in the coming months.

Your Company's Hotels Business, with its world-class properties, iconic cuisine brands, globally benchmarked levels of service excellence and customer centricity, is well positioned to sustain its leadership status in the Indian Hospitality industry.

PAPERBOARDS, PAPER AND PACKAGING

The domestic Paperboards, Paper and Packaging industry remained impacted by sluggish demand conditions prevailing in the FMCG, liquor and legal Cigarette industry. The transition to GST also caused short-term disruptions especially during the first half of the year. This, coupled with zero duty imports under ASEAN Free Trade Agreement, cheap imports from China and unabsorbed capacity in the industry weighed on the performance of the Business. On the positive side, relatively benign input costs, higher substitution of imported pulp with in-house pulp and continued focus on product mix enrichment resulted in margin expansion. Consequently, while Segment Revenue de-grew by 2.1%, Segment Results grew at a faster pace of 7.9% during the year.

Paperboards & Specialty Papers

Global demand for Paper & Paperboard in 2017 grew by 1% appx. to 410 million tonnes, with the paperboard segment growing by 2%. Going forward, global demand

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

for Paper & Paperboard is projected to grow at 0.5% to 1.0% CAGR driven by Asia, Africa and North America. 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 Paperboard remained subdued due to sluggish offtake by end-user industries besides being temporarily impacted in the first half of the year due to the transition to GST. Writing & Printing paper demand remained firm due to steady offtake from the education segment, while prices witnessed an uptrend largely on account of supply disruptions due to operational discontinuities at certain mills.

Over the next five years, the domestic industry is projected to grow at 6% to 7% CAGR to reach 20 million tonnes by 2022 with the Paperboard (48% of the market) and Writing & Printing paper (30% of the market) segments estimated to grow at around 7.5% CAGR and 6.0% 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 demand from the FMCG, Pharma, Publishing, and Food & Beverage industries. In the Writing & Printing paper segment, cut-size paper is projected to register the fastest growth at 9.5% CAGR, driven by the education and office stationery segments.

During the year, import of paper and paperboard from China, ASEAN and South Korea grew by 57% while overall paper imports increased by 38%. As highlighted in previous years' reports, imports from ASEAN countries have been growing at a rapid pace since the implementation of zero duty on such imports with effect from 1st January, 2014, under various trade agreements. The trade agreement with South Korea also allows import at zero duty from January 2017. Disruption in domestic supplies during the year due to operational discontinuities at certain mills owned by competitors provided further impetus to imports.

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. The economic viability of domestic manufacturers has been severely impacted leading to the closure of several paper mills in the recent past. 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 encourage 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 remains the clear leader in the VAP segment and continues to consolidate its preferred supplier status amongst leading end-use customers and brands. Further, your Company's expansion project in the VAP segment at Bhadrachalam unit is nearing completion. The Specialty Papers portfolio was also expanded with the launch of new grades to service the needs of customers. The Business sustained its leadership position in the sale of eco-labelled products, volumes of which grew by appx. 12% during the year. Your Company has been recognised for its environmental transparency and improvement across parameters such as responsible fibre sourcing, clean manufacturing etc. in the WWF Environmental Paper Company Index 2017, which is considered to be the benchmark in the area of responsible pulp and paper manufacturing.

The Business continues to be a leading quality player in the Writing & Printing paper segment, leveraging strong forward linkages with your Company's Education

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and Stationery Products Business. In the Specialty Papers segment, your Company sustained its leadership position in the pharma leaflets and thin printing segments. In order to meet the growing demand of quality decor papers, the decor machine at the Tribeni unit has been completely refurbished incorporating latest technology features including superior profile control and smoothness for high print resolution along with capacity expansion. The Business has recently launched an exciting range of decor papers, becoming a one-stop solution for all decor paper needs.

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

The Ministry of Road Transport and Highways, Government of India has promulgated the Green Highways (Plantation, Transplantation, Beautification and Maintenance) Policy, 2015, to develop green corridors along national highways through plantation and allied activity on medians, avenues and other available nearby land patches. During the year, your Company worked closely as the knowledge and technical partner of National Green Highways Mission under National Highway Authority of India (NHAI) to develop new models of plantations to expand this commendable initiative which would go a long way in enhancing the green cover of the nation and generate employment opportunities for rural communities.

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 33,500 hectares of plantations involving over 30,000 farmers. During the year, nearly 60,000 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 1,31,000 tonnes of waste paper during the year, thereby sustaining your Company's overall positive solid waste recycling footprint.

The manufacturing facilities at Bhadrachalam and Kovai 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 award for being the best performer in the 'Pulp & Paper Sector' under PAT Cycle 1 of the Perform Achieve and Trade (PAT) Scheme, a component of the National Mission for Enhanced Energy Efficiency (NMEEE). Organised by the Bureau of Energy Efficiency (BEE), the award was presented by the Director General of BEE for the outstanding efforts made by the unit under PAT Cycle 1. The plant has been identified as the highest achiever in energy savings above the stipulated target as set by BEE in the Pulp & Paper sector. The Kovai unit received

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.

the National Award for Excellence in Energy Management 2017 from CII GBC (Green Business Centre) and the 1st prize in State level safety from Director of Industrial Safety, Government of Tamil Nadu. The Bollaram unit received 4 Star rating in EHS Excellence by CII Southern region.

The Business had commissioned a 46 MW wind energy project in Andhra Pradesh in July 2014, which has been generating wind power since then. As reported in previous years, permission for inter-state wheeling of power was not granted by the authorities post bifurcation of the State of Andhra Pradesh. After several representations and discussions with the concerned authorities on the matter, your Company received permission last year for wheeling of power from Andhra Pradesh to Telangana, thereby enabling the Bhadrachalam mill to utilise wind energy to meet its energy requirements. During the year, inter-state wheeling was extended to the Bollaram unit in Telangana and also your Company's units in Karnataka. Usage of wind energy has led to a reduction of carbon foot print by lowering consumption of coal by 33000 tonnes during the year. While considerable progress has been made in streamlining the deviation settlement process for multiple inter-state transactions, the regulatory framework for levy of charges and banking of power is still evolving. Consequently, your Company continues to bear charges/levies at multiple points which have adversely impacted the expected returns on this large investment. Your Company continues to engage with State and Central regulatory authorities towards seeking relief from such additional levies/charges and remains hopeful of a favourable resolution of the matter.

In line with the objective of enhancing the share of renewable energy in its operations, the Business has implemented 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 nearly 45% of total energy consumed at the Bhadrachalam, Bollaram, Tribeni and Kovai units.

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. Operations of the Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at the Bhadrachalam unit stabilised during the year with progressive improvement in capacity utilisation leading to reduced dependence on imported pulp and cost savings. During the year, technology interventions made in the pulp mill resulted in higher pulp production, improvement in pulp quality and reduction in chemical consumption.

Your Company has been practising principles of TPM, Lean and Six Sigma for almost a decade now and has reaped substantial benefits through its Business Excellence initiative. During the year, the Business embarked on an 'Industry 4.0' journey, focusing on areas such as Internet of Things (IoT), Advanced Analytics and Artificial Intelligence. Interventions planned in this area have significant potential to enhance product quality and deliver structural cost savings going forward.

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 and a robust forward linkage with the Education and Stationery Products Business strategically positions your Company

Operations of the Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at the Bhadrachalam unit stabilised during the year with progressive improvement in capacity utilisation leading to reduced dependence on imported pulp and cost savings.

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. With recent investments in rigid boxes and flexo corrugated packaging, the Business has consolidated its position as a 'one-stop shop for packaging solutions'.

As in previous years, the Business won several awards for operational excellence and creative packaging solutions. The Business continues to be acknowledged as a key associate by several large FMCG companies in the country for providing superior packaging solutions. The 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 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and have also received Social Accountability Certification (SA 8000:2008). Both the Tiruvottiyur and Haridwar units received the highest 'Grade A' BRC/IOP certification (British Retail Consortium/ Institute of Packaging), for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. During the year, Haridwar Unit was adjudged first runners up in National Safety Competition organised by CII IQ (Institute of Quality). 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 and a distributed manufacturing footprint, the Business is well positioned to rapidly grow its external business while continuing to service the requirements of your Company's FMCG Businesses.

AGRI BUSINESS

Leaf Tobacco

Global production (excluding China) of Flue Cured Virginia (FCV) tobacco increased by 195 Million kgs. in 2017 representing an increase of 12.3% over the previous year, primarily led by recovery in Brazil crop output which was impacted by adverse weather conditions in 2016. However, the Indian crop output was lower at 212 million kgs., mainly on account of the Tobacco Board's decision to reduce the authorised crop size and unprecedented drought in Andhra Pradesh in 2016. This marks the third successive year of

[The Packaging and Printing Business has established itself as a one-stop shop offering a wide range of superior and innovative packaging solutions.]

decline representing a cumulative drop of 19% over 2015. Crop output in Andhra Pradesh reduced to 106 million kgs. – the lowest level in a decade, while quality was also adversely impacted.

Reduction in crop size over the years, shortage & poor quality of Andhra 2017 crop, lower export incentives and availability of Chinese inventory at discounted prices led to significant pressure on Indian tobacco exports. Global tobacco demand remained subdued with the global legal cigarette (excluding China) sales estimated to have de-grown by 2% during 2017, with significant declines witnessed by the international majors. Sustained pressure on cigarette sales volumes, both in India and globally, coupled with relative strength of the Indian Rupee compared to competing global currencies also resulted in reduced demand for Indian tobaccos. The combination of the factors as aforestated led to the fourth successive year of decline in Indian tobacco exports to 178 million kgs. – a ten-year low.

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

Your Company's leadership in sustainability was reinforced with the Business securing the status of 'carbon positive' in the tobacco farm value chain – as independently assured by DNV GL Business Assurance India Private Limited as per ISO 14064-1. Your Company is the first in India and amongst a select few in the world to have secured this status. The Business also inaugurated a state-of-the-art office and residential campus, designed with green features, at the Agri Business headquarters in Guntur.

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 to adopt a low-carbon growth path, all three units at Chirala, Anaparti and Mysuru are meeting a significant portion of their energy needs 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 while the Mysuru GLT received the 'Excellent Energy Efficient Unit' award from CII, Hyderabad.

A secular decline in crop output and exports as aforestated along with sustained pressure on domestic

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

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 ₹ 3450 crores over the last three years. 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 on 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 2017 crop year stood at 275 million tonnes, representing a growth of 9% over the previous year. Production of wheat grew by 6.5% to 98.5 million tonnes, rice production increased by 5% to 109.7 million tonnes and coarse cereals production increased by 13% to 43.7 million tonnes. Oilseed production decreased by 4.5% to 29.9 million tonnes mainly due to lower soybean output, which decreased by 13.4% to 11.4 million tonnes due to prolonged dry spell at the time of flowering. Based on current expectations of a normal monsoon in 2018 crop year, food grain production is estimated at around 277 million tonnes.

During 2017-18, world wheat output increased by eight million tonnes to about 758 million tonnes mainly due to higher production in Russia. Exports from India were negligible due to uncompetitive prices compared to competing origins such as Russia and Ukraine. India also witnessed higher production by six million tonnes which led to increase in government procurement by eight million tonnes thereby reducing the surplus available for domestic trade. These circumstances resulted in lack of trading opportunities in wheat during the year both in the export and domestic 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 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.

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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.

The Business continues to collaborate with reputed research organisations such as Indian Agricultural Research Institute, Directorate of Wheat Research, Punjab Agricultural University and Agharkar Research Institute towards scaling up wheat sourcing from areas that are in close proximity of atta manufacturing plants and increasing crop production in non-traditional areas. 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 over 1,14,000 acres across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Madhya Pradesh, Maharashtra and Karnataka. With a view to supporting the future requirements of your Company, the Business continues to focus on deepening capabilities in proprietary crop intelligence, scaling up the sourcing & 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' brand. The key interventions in this area include strategic plantation development for key fruits, varietal segregation at source for improved colour and taste, customised fruit collection systems for identified fruits, establishing suitable processing protocols and product standardisation. The Business tailored its sourcing and supply chain network to align with the requirements of the packaged juices business and enabling migration of the entire B Natural juices portfolio to the 'Not from Concentrate' proposition – a first in the industry, benefitting both consumers through higher retention of natural nutrients as well as the Indian farmers. In the processed fruits category, the Business sustained its leadership position in 'Fairtrade' mango pulp exports from India anchored on a comprehensive portfolio of organic and certified mango products. The Business is working closely with small and marginal farmers across four states in building scale and sourcing options.

During the year, the Business also strengthened its milk procurement network for 'Aashirvaad Svasti' ghee with significant increase in daily milk collection. In this regard, the Business provided farmers with the required infrastructure such as milking machines, automatic milk testing equipment and chilling units to improve operational efficiency and 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. Export of spices grew at a healthy pace, well ahead of industry trends, driven by the addition of new customers and foray into new markets such as Australia, Germany, Turkey and Ukraine. During the year, the Business scaled up its Integrated Crop Management (ICM) programme for chilli and cumin, thereby enhancing its ability to produce food safe spices in a sustainable manner. The Business continues to partner with the Governments of Andhra Pradesh and Karnataka for food safe chilli production and has also developed backward integration programme for food safe celery and fennel in Punjab and Rajasthan. Your Company's

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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.

In the domestic market, the Business continued to provide strategic sourcing support to the Branded Packaged Foods Business for the ITC Master Chef range of blended and 'Super Safe' Spices. Your Company's range of 'Super Safe' Spices adhere to stringent EU standards, which require the products to be tested for over 470 pesticide residues as compared to nine under Indian regulations.

In the Aqua business, the Business remains focused on enhancing its presence in the high value-added segment and expanding its processing base. During the year, the Business launched the 'ITC Master Chef' range of 'Super Safe' frozen prawns which adhere to stringent international 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 potatoes and apples under the 'Farmland' brand in select cities for the retail segment. The product portfolio comprises a range of differentiated offerings such as low sugar, antioxidant, french fry and baby potatoes, and apples sourced from Jammu & Kashmir and Himachal Pradesh. The Business also launched 'ITC Master Chef - Smart Onions', a dehydrated onion product, in select markets for the domestic food service segment. The product is anchored on delivering the benefits of convenient and faster cooking with less oil and adheres to global standards in safety. The aforestated initiatives have met with encouraging response and are planned to be scaled up going forward.

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 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.

More than a decade ago, your Company conceptualised and rolled out the e-Choupal network as a platform towards empowering the farming community by dis-intermediating the value chain, making available accurate weather related information, enabling price discovery in a transparent manner and disseminating best practices relating to farming. Your Company continues to focus on providing 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

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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 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 rapidly 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 will also be available under the 'Shareholder Value' section of your Company's website, www.itcportal.com, in a downloadable format.

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

ITC Global Holdings Pte. Limited, Singapore ('Global'), a subsidiary of your Company, is under winding up in terms of the Order of the High Court of the Republic of Singapore dated 30th November, 2007. Consequently, your Company is not in a position to consolidate the accounts of Global for the financial year ended 31st December, 2017.

The Policy for determining Material Subsidiaries, adopted by your Board, in conformity with Regulation 16, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, can be accessed on your Company's corporate website at http://www.itcportal.com/aboutitc/policies/policy-on-material-subsidiaries.aspx. Presently, your Company does not have any material subsidiary.

Surya Nepal Private Limited

The fiscal year ended July 2017 witnessed normalisation of economic activity with GDP growth of 6.9% (previous year 0.01%) aided by low base effect, good monsoons and improved energy output leading to higher industrial activity. However, severe floods in August 2017 have since impacted the agriculture sector and growth estimates for the fiscal year ending July 2018 remain subdued at appx. 6%. On the external front, widening trade deficit, muted growth in remittances from overseas and weak balance of payments position continue to weigh on macroeconomic stability.

During the year under review, Nepal completed its transition to a federal structure with successful completion of elections for all three levels of government i.e. local level, provincial assemblies and federal parliament. Significant reforms such as legislation of the new Labour Act and Social Security Act were implemented during the year. These measures, in conjunction with other enabling policies across all the three levels of government, are expected to enhance the ease of doing business in the country and provide a fillip to economic growth in the near term.

The legal cigarette industry contributes 84% of Government's revenue from the tobacco sector and 10% of the total excise revenue collected by the Government. Further, the industry provides livelihoods, directly and indirectly, to more than four lakh farmers, farm workers and others engaged in the cultivation of tobacco and the tobacco trade. However, the legal cigarette industry in Nepal continues to be adversely impacted by a harsh regulatory regime and discriminatory tobacco taxation policy which is fueling the growth of illegal cigarettes and smokeless tobacco products. This in turn is not only adversely impacting Government revenues but also compromising the tobacco related health objectives of the Government.

During the year, the company's Revenue from Operations at Nepalese Rupees (NRs.) 3181 crores (previous year NRs. 2873 crores) and Profit After Tax at NRs. 857 crores (previous year NRs. 741 crores) recorded a growth of

11% and 16% 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.

The company's Cigarette business continued to consolidate its leadership position by leveraging a portfolio of world-class products anchored on innovation and benchmarked quality backed by a robust distribution network. Adoption of best-in-class manufacturing technologies and benchmarked practices ensured delivery of products of international quality. The manufacturing systems of the company continued to maintain the targeted benchmarks in the areas of quality, productivity and sustainability. During the year, the company strengthened its quality processes, protocols and hygiene standards and introduced new metrics to facilitate ongoing monitoring in these areas.

In the Branded Apparel business, 'John Players' has established itself as a leading brand at the premium end of the branded menswear segment in Nepal, with a significant presence across markets through exclusive branded outlets, departmental chains and multi-brand outlets. In the Safety Matches business, the company strengthened its market leadership by leveraging its superior trade marketing & distribution reach. The company is now the largest player in both wax and wooden matches segments. In the Agarbatti business, the company scaled up operations and enhanced its market standing by offering a wide portfolio across consumer segments and improving product availability and visibility across markets.

With the objective of creating new drivers of growth, the company commenced import of confectionery products under the 'Toffichoo' and 'mint-o' brands on a test basis with the approval of the Department of Industry, Nepal. Launched in June 2017, the products have received encouraging consumer response. The company is in the process of setting up a manufacturing facility towards scaling up the business.

The company continues to support and invest in initiatives aimed at enhancing the social and economic capital of the nation. All the initiatives are woven around and are in alignment with the sustainable development goals of the Government of Nepal. Accordingly, the company continues to:

- assist farmers, proximate to the Simara factory, in agro forestry through (a) high quality Poplar plantation promoting 'Grow Wood Grow Food' concept through inter cropping and (b) providing vegetable seeds and constructing vermi-compost pits to increase productivity and provide alternative sources of income generation;
- support animal husbandry extension services covering animal breeding, health and nutrition towards driving milk yield improvement and generating higher returns for underprivileged farmers;
- focus on providing community health services through various 'Suswasthya' programmes such as periodic health camps and awareness programmes in the vicinity of the manufacturing units.

The company declared a dividend of NRs. 351.50/- per equity share of NRs. 100/- each for the year ended 15th July, 2017 (31st Ashadh, 2074) amounting to NRs. 708.62 crores.

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 Indian IT Services and Business Process Management (BPM) industry remained under significant pressure in 2017-18 which was marked by increasing headwinds in the form of continued rhetoric on protectionism, labour mobility issues, Brexit related uncertainty and subdued traction in the US Banking and Financial Services Industry. The challenging operating environment for the Indian IT industry is manifest in the continued deceleration in growth rates reported during the year by most of the Indian IT majors, with margins coming under increasing pressure.

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, ITC Infotech remains focused on providing specialised services led by business and technology consulting. During the year, revenue from emergent technologies (Data & Digital) saw robust growth. The company has sharply defined its Digital strategy and is on course to consolidate and drive the Digital line of business.

During the year, the company's strategic collaboration with PTC Inc. was strengthened with the launch of the 'Digital Solutions Innoruption Center' and 'ThingWorx® Co-Innovation Lab'. This intervention will facilitate the creation of Augmented Reality solutions across industries such as manufacturing, automotive, industrial, retail, consumer goods, healthcare and hospitality.

During the year, the company's consolidated Total Income was ₹ 1652.10 crores (previous year ₹ 1554.38 crores), with Profit Before Tax of ₹ 81.69 crores (previous year ₹ 62.44 crores). Net Profit stood at ₹ 40.42 crores (previous year ₹ 37.95 crores). Revenue growth was driven by new client additions and increasing traction with existing customers especially in Europe, Asia-Pacific, Africa, Middle East and India markets. However, INR appreciation vis-à-vis the US Dollar and a subdued demand environment in the USA impacted overall revenue. Consolidation of sales focus in the Asia-Pacific, India, Middle East and Africa markets enabled synergies and led to strong growth in these regions. For the year under review:

a) ITC Infotech India Limited recorded Revenue from Operations of ₹ 1002.93 crores (previous year ₹ 911.99 crores) and Net Profit of ₹ 27.68 crores (previous year ₹ 17.89 crores). For the year under review, the company paid a dividend of ₹ 6/- per Equity Share of ₹ 10/- each aggregating ₹ 51.12 crores (previous year: Nil).

b) ITC Infotech Limited, UK, (ITC Infotech UK), a wholly-owned subsidiary of the company, recorded Revenue of GBP 42.44 million (previous year GBP 37.00 million) and Net Profit of GBP 1.27 million (previous year GBP 1.17 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$ 88.11 million (previous year US$ 91.44 million) and Net Profit of US$ 1.97 million (previous year US$ 1.21 million). For the year under review, ITC Infotech USA paid a maiden dividend of US$ 8 per share on 1,82,000 Common Shares (without par value) aggregating US$ 1.46 million.

The company's superior service delivery capability continues to earn global recognition. During the year, the company was featured in the leader's category of '2018 Global Outsourcing 100' by the International Association of Outsourcing Professionals (IAOP) for the twelfth consecutive year. The company was also recognised by Information Service Group (ISG) in its Provider Lens: ADM Quadrant Report US 2017 and Provider Lens: Managed Digital Workplace Services Quadrant Report US 2017 as a 'Product Challenger' in the categories of End-to-End Application Development & Maintenance, Application Support & Maintenance, Application Testing and Managed Digital Workplace Services.

During the year, the company successfully organised i-Tech 2017, the third edition of its annual technology event with 'Experience Intelligence' as the theme, focusing on emerging technologies around Artificial Intelligence. The event generated strong interest among students, start-ups as well as professional developers to create solutions for complex business applications as part of a programming 'Codeathon'.

The outlook for the Indian IT Industry in the near term continues to remain subdued with NASSCOM projecting a growth rate between 7% and 9% for 2018-19. This is mainly attributable to global protectionist measures in major markets on the one hand and increasing complexities in rebuilding new age skill sets required to cater to the fast changing technology landscape on

the other. The company remains committed to its transformation journey with a sharper focus on 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 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. The Canadian subsidiary of the company is also engaged in field multiplication of seeds.

For the year under review:

a. Technico Pty Limited, Australia registered a turnover of Australian Dollar (A$) 2.52 million (previous year A$ 2.46 million) and a Net Profit of A$ 1.45 million (previous year A$ 1.36 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 these 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 was an extremely challenging one for potato farmers and the seed potato industry. Potato production for the year stood at about 50 million tonnes representing a significant growth of 11% over the previous year. This excess production resulted in a sharp fall in potato prices compelling most farmers/producers to sell their inventory below cost, especially in November/December 2017 as the fresh potato crop reached markets. The situation was exacerbated by farmers not buying new seeds and using leftover potatoes / cheap seeds mainly due to tight liquidity conditions in the market. Consequently, the seed potato industry came under significant pressure during the year.

The company's Revenue from Operations for the year stood at ₹ 76.89 crores (previous year ₹ 108.35 crores) with a Net Loss of ₹ 14.07 crores (previous year Net Profit ₹ 14.52 crores). Total Comprehensive Income for the year stood at (-) ₹ 14.02 crores (previous year ₹ 14.48 crores).

During the year, the company declared a dividend of ₹ 41.12 crores (including Dividend Distribution Tax of ₹ 6.95 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. Construction work is in full swing in both the hotel and residential towers. The Experience Centre, showcasing the features of the super-premium residential apartments, is nearing completion. The company also appointed internationally renowned interior designers and consultants for marketing the super-premium residential apartments internationally.

Your Company's investment in WLPL stood at US$ 147 million as at 31st March, 2018.

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 Retreat was ranked # 10 amongst the 'Top 50 Resorts in Asia' by Conde Nast Traveler, USA, and also adjudged the best Luxury Hotel at the 'India's Best' Awards by Travel + Leisure India & South Asia.

During the year, the Classic Golf & Country Club hosted 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 2018, the company recorded Total Income of ₹ 30.54 crores (previous year ₹ 21.75 crores) and Net Profit of ₹ 9.84 crores (previous year ₹ 2.10 crores). Total Comprehensive Income for the year stood at ₹ 9.89 crores (previous year ₹ 2.10 crores).

Srinivasa Resorts Limited

The company's hotel 'ITC Kakatiya' in Hyderabad improved its performance during the year on the back of higher room occupancy rates and robust growth in Food and Beverages revenue. However, overall room rates remained under pressure.

The company recorded Total Income of ₹ 58.37 crores (previous year ₹ 54.43 crores) for the year ended 31st March, 2018 with Net Profit of ₹ 0.48 crore (previous year Net Loss of ₹ 1.52 crores). Total Comprehensive Income for the year stood at ₹ 0.40 crore (previous year (-) ₹ 1.50 crores).

During the year, ITC Kakatiya received the Times Food Guide awards for 'Dakshin' (Best South Indian Fine Dining) and 'Marco Polo' (Best Resto Bar). Trip Advisor, a renowned hotel review website, rated 'Kebabs & Kurries' and 'Dakshin' as the best restaurants in Hyderabad, ranking them No.1 and No.3 respectively.

The company's 101-key full service hotel in Amritsar, located on a land parcel assigned to the company by ITC Limited, is under development. Civil works are nearing completion and interior work is underway.

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 4,200 rooms spread over 54 properties of which 45 are operating hotels. Of the balance nine properties, five are slated to be commissioned in the ensuing year while four are in various stages of development. Three hotels were migrated to the WelcomHotel brand during the year.

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 2017' as well as the 'Hospitality India & Explore The World Annual International Travel Award 2017' in the 'Best First 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, 2018, the company recorded Total Income of ₹ 27.59 crores (previous year ₹ 29.53 crores) and Net Profit of ₹ 1.93 crores (previous year ₹ 2.44 crores). Total Comprehensive Income for the year stood at ₹ 2.05 crores (previous year ₹ 2.39 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, 2018.

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) expected to be commissioned shortly.

During the year ended 31st March, 2018, the company recorded Total Income of ₹ 1.33 crores (previous year ₹ 1.98 crores) and Net Profit of ₹ 0.97 crore (previous year ₹ 0.76 crore). Total Comprehensive Income for the year stood at ₹ 0.97 crore (previous year ₹ 0.76 crore).

The Board of Directors of the company has recommended a dividend of ₹ 70/- per Equity Share of ₹ 100/- each for the year ended 31st March, 2018.

Wimco Limited

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

The company's order book was impacted during the year due to sluggish demand conditions prevailing in the FMCG and Pharmaceutical industries. Consequently, the company's Revenue from Operations for the year declined to ₹ 8.77 crores (previous year ₹ 16.15 crores) with a Net Loss of ₹ 3.03 crores (previous year ₹ 0.07 crore). Total Comprehensive Income for the year stood at (-) ₹ 3.01 crores (previous year (-) ₹ 0.09 crore).

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

North East Nutrients Private Limited

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

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, processing yield and productivity.
The company was awarded the 'Trophy for Outstanding performance in Food Safety Excellence' by the Confederation of Indian Industry.

Revenue from Operations for the year stood at ₹ 150.30 crores (previous year ₹ 138.05 crores). The company recorded a Net Profit of ₹ 3.15 crores (previous year Net Loss ₹ 1.81 crores) while Total Comprehensive Income for the year stood at ₹ 3.30 crores (previous year (-) ₹ 1.83 crores).

Russell Credit Limited

During the year, the company registered Total Revenue of ₹ 82.48 crores (previous year ₹ 59.67 crores) and Net Profit of ₹ 63.82 crores (previous year ₹ 34.22 crores). Total Revenue and Net Profit during the year includes ₹ 33.78 crores and ₹ 18.28 crores respectively attributable to the sale of Non-Convertible Preference Shares of ICICI Bank. Temporary surplus liquidity of the company is mainly deployed in bonds, debt mutual funds and bank fixed deposits. The company continues to explore opportunities to make strategic investments for the ITC Group.

Gold Flake Corporation Limited

During the year, the company registered Total Income of ₹ 3.44 crores (previous year ₹ 3.46 crores) and Net Profit of ₹ 2.37 crores (previous year ₹ 2.55 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 ₹ 5.45 crores (previous year ₹ 6.34 crores) and Net Profit of ₹ 1.87 crores (previous year ₹ 2.25 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, 2011, recorded Total Revenue of ₹ 0.06 crore during the year (previous year ₹ 0.07 crore) and Net Profit of ₹ 0.03 crore (previous year ₹ 0.05 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 aforestated 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 ₹ 0.16 crore (previous year ₹ 0.20 crore) and Net Loss of ₹ 0.29 crore (previous year ₹ 0.32 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 aforestated Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Revenue of ₹ 0.07 crore (previous year ₹ 0.05 crore) and Net Loss of ₹ 0.004 crore (previous year ₹ 0.06 crore).

ITC Global Holdings Pte. Limited

ITC Global Holdings Pte. Ltd (under Judicial Management, hereinafter “Global”) has withdrawn its suit filed in 2002 claiming US$ 18.10 million from the Company.

After protracted litigation of over 15 years, the Company was approached by the Liquidator of Global with an offer to settle the said suit upon payment of US$ 2 million.

Subsequently, the Liquidator agreed to receive a sum of US$ 200,000, discontinue the suit, unconditionally withdraw all claims and take all steps to complete dissolution of Global expeditiously. Your Company, without admission of any liability, remitted the sum of US$ 200,000 to Global after receiving RBI’s approval for the same.

NOTES ON JOINT VENTURES

ITC Essentra Limited

The relentless pressure on volumes of the legal cigarette industry on account of the steep increase in taxes and intense regulatory burden continues to adversely impact the demand for cigarette filters. Despite such adverse business conditions, 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, 2018, on a comparable basis, the company’s Gross Sales Value (net of rebates/discounts) stood at ₹ 272.16 crores (previous year ₹ 277.79 crores). Net Profit during the year stood at ₹ 16.45 crores (previous year ₹ 9.94 crores).

During the year, in line with its philosophy of developing internal capabilities on an ongoing basis, the company established capability for manufacturing capsule filters to cater to the anticipated 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. The company continues to focus on scaling up exports by leveraging a portfolio of high quality products. The Board of Directors of the company has recommended a dividend of ₹ 12.00 per Ordinary Share of ₹10/- each for the year ended 31st March, 2018.

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, 2018, the company recorded Total Income of ₹ 4.06 crores (previous year ₹ 3.49 crores) and Net Loss of ₹ 0.33 crore (previous year Net Loss ₹ 0.77 crore). Total Comprehensive Income for the year was a Loss of ₹ 0.33 crore (previous year Loss at Total Comprehensive Income level was ₹ 0.78 crore).

The 'WelcomHeritage Hotels' brand was awarded the 'Best Heritage Hotel Chain' by Today's Traveller Awards 2017.

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 Hyderabad.

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, 2018.

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 acquired 26% 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 Company Law Board (CLB) 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) which replaced the erstwhile CLB. 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 during the year by the Honourable Delhi High Court. The matters were heard before the NCLT on several occasions during the year and hearing for final arguments for both the matters have been scheduled on 23rd May, 2018.

During the year ended 31st March, 2018, the company recorded a Net Loss of ₹ 24.87 crores (previous year ₹ 22.75 crores). The Net Worth of the company stood at (-) ₹ 1.89 crores as at 31st March, 2018 (previous year ₹ 22.98 crores). Your Company's total investment in LDPL was ₹ 41.95 crores and it currently owns

27.90% of the equity capital of the company. During the year, in view of the aforestated developments, your Company made a provision of ₹ 23.45 crores towards diminution in the carrying value of investment in LDPL.

The financial statements of LDPL for the year ended 31st March, 2018 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, 2018 have been prepared based on 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, 2018, the company recorded Total Income of ₹ 207.69 crores (previous year ₹ 205.74 crores) and Net Profit of ₹ 6.95 crores (previous year ₹ 11.17 crores). Total Comprehensive Income for the year stood at ₹ 6.02 crores (previous year ₹ 10.46 crores).

The Board of Directors of the company has recommended a dividend of ₹ 4.25 per Equity Share of ₹ 10/- each for the year ended 31st March, 2018.

Gujarat Hotels Limited

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

During the financial year ended 31st March, 2018, the company recorded Total Income of ₹ 5.02 crores (previous year ₹ 5.12 crores), Net Profit and Total Comprehensive Income of ₹ 3.37 crores (previous year ₹ 3.86 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, 2018.

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 ₹ 23.13 crores (previous year ₹ 21.03 crores) and Net Profit of ₹ 0.66 crore (previous year ₹ 0.22 crore).

The company continued to maintain high levels of operational responsiveness, benchmark quality and cost efficiency during the year. The company was conferred the 'Suraksha Puraskar' by the National Safety Council of India and the 'Long Term Nil Lost Time Accident Award' by the Tamil Nadu State Government.

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Revenue of ₹ 7.59 crores (previous year ₹ 3.72 crores) and Net Profit of ₹ 6.75 crores (previous year ₹ 2.78 crores). The company continues to explore opportunities to make investments.

Divya Management Limited

During the year, the company recorded Total Revenue of ₹ 0.49 crore (previous year ₹ 0.52 crore) and Net Profit of ₹ 0.21 crore (previous year ₹ 0.20 crore). The company continues to explore opportunities to make investments.

Antrang Finance Limited

During the year, the company recorded Total Revenue of ₹ 0.28 crore (previous year ₹ 0.30 crore) and Net Profit of ₹ 0.10 crore (previous year ₹ 0.09 crore). The company continues to explore opportunities to make investments.

INTERNAL FINANCIAL CONTROLS

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

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

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

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

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

RISK MANAGEMENT

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

– The Corporate Governance Policy 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 the Company as a whole and provides necessary directions on the same.

– The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.

– A combination of centrally issued policies and divisionally-evolved procedures brings robustness

to the process of ensuring that business risks are effectively addressed.

– Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique / relatively high risk profiles.

– A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be strengthened. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. The Audit Compliance Review Committee closely monitors the internal control environment within your Company including implementation of the action plans emerging out of internal audit findings.

– At the Business level, Divisional Auditors continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures for new areas of operation.

– A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The annual planning exercise requires all businesses to clearly identify their top risks and set out a mitigation plan with agreed timelines and 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 intervention provides further assurance on the robust nature of risk management practices prevalent in your Company.

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

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

AUDIT AND SYSTEMS

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

Your Company remains committed to ensuring an effective internal control environment that inter alia provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds / errors, accuracy and completeness of

accounting records and the timely preparation of reliable financial information.

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

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 are recommendatory in nature, such validation evidences the contemporariness of the Internal Audit function.

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

Processes in the Internal Audit function have been continuously 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

Your Company firmly believes that it is its people who energise and make the organisation exceptional, both in driving world-class performance as well as in fostering and enhancing its reputational capital. Your Company's unique talent brand – 'Building Winning Businesses. Building Business Leaders. Creating Value for India.' – backed by its strong corporate equity has been crucial in attracting and retaining high quality talent. This talent pool and its strong alignment with your Company's Vision has contributed substantially to enhancing your Company's standing as one of India's most valuable corporations.

Integral to your Company's approach to human resource development is its distinctive Strategy of Organisation. This strategy ensures that while each business is equipped to focus on its own product market, it can also fully leverage your Company's institutional strengths and the synergies arising out of its multi-business portfolio. At the same time, it focuses on developing and nurturing distributed leadership so that each of your Company's businesses is managed by a team of competent, passionate and inspiring leaders, capable of building a future-ready organisation through continuous learning, innovation and world-class execution.

Your Company's innovative engagement initiatives with premier campuses across India and use of social media have effectively showcased the career and leadership opportunities thereby attracting high quality talent at both the entry level as well as for middle and senior level positions. Management students across leading institutes in India ranked your Company amongst the Top 5 most preferred employers in 'Campustrack', a survey carried out by Nielsen in 2017. Your Company also featured among India's most attractive employers in Universum's 2017 survey of Indian B-schools. Over the years, your Company's

unique 'Assistants Under Training' programme has played a vital role in developing a robust talent and leadership pipeline that has fuelled both growth in existing businesses as well as entry into new ones.

Your Company's human resource management systems and processes aim to enhance organisational capability and vitality, so that each business operates to world-class standards and is equipped to seize market opportunities. At the same time, its steadfast commitment to investing in talent management practices ensures that these are relevant, effective and drive performance and achievement of the highest order. Given the intensely competitive business landscape and your Company's ambitious growth agenda, your Company's human resources team has further strengthened the Talent Acquisition process by sharpening the understanding and assessment of 'organisation fit'. As a recognition of its unique employee-centric policies and practices, the latest Randstad Brand Research Survey findings have ranked your Company amongst the Top 10 employers in India.

Your Company believes that the achievement of its growth objectives will depend largely on the ability to innovate continuously, connect closely with the customer, as well as create and deliver superior and unmatched customer value. Towards this end, your Company has assiduously built a culture of continuous learning, innovation and collaboration across the organisation by providing cutting-edge learning and development inputs to employees which focus on the five capability platforms that have been identified as relevant to making businesses future-ready – Strategic, Value Chain, Leadership, Innovation and Human Resources Development, along with a judicious blend of coaching, mentoring and on-the-job training.

It is a matter of pride that during the year your Company won global recognition at the 2017 ATD Excellence in Practice Awards in the Learning and Development category, for entries titled 'Integrated Talent Management: Talent Development from Internal Resources Opportunity for Career Growth – ITC Gurukul' and 'Learning and Development: Integrated Technical Talent Development Process – Munger Unit'.

During the year, your Company completed the second edition of its Employee Engagement Survey - iEngage 2018, which captures the perceptions and views of employees, on various workplace dimensions such as Employee Engagement, Performance Enablement, Managerial Effectiveness, Trust, Growth and Development, Compensation and Benefits and Work Life Balance. The employee participation rate in the survey was over 95% which is amongst the highest for organisations of comparable size. Based on aggregated scores, it is reported that 'Pride of Association' remains extremely high and there is progressive improvement on key indices of overall Employee Engagement, Performance Enablement and Managerial Effectiveness.

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. This aspect of human resources has never been more relevant or important than today when, driven by an ambitious growth agenda, your Company is in the process of commissioning several world-class Integrated Consumer Goods Manufacturing and Logistics facilities across the country. Your Company's best-in-class 'Good' ER practices have fostered a collaborative spirit across all sections of employees. Bolstered by continuous investment in contemporary management practices and manufacturing systems, this has supported significant enhancement in quality and productivity. During the year under review, your Company successfully concluded long-term agreements at several of its manufacturing units and hotel properties and also ensured smooth commencement of operations at greenfield locations. Your Company was also conferred the coveted 'National Award for Excellence in Employee Relations 2017 – Significant Achievement in Employee Relations' in the pan-India category by the Employers Federation of India (EFI).

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 26,000 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 physical terms and also as a great institution – so that it continues to grow and succeed in its relentless pursuit of creating enduring value.

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 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 the bedrock of its corporate strategy. This superordinate Vision spurred innovative strategies to address some of the most challenging societal issues including widespread poverty, unemployment and environmental degradation. Your Company's sustainability strategy aims at creating significant value for the nation through superior 'Triple Bottom Line' performance that builds and enriches the country's economic, environmental and social capital. The sustainability strategy is premised on the belief that the transformational capacity of business can be very effectively leveraged to create significant societal value through a spirit of innovation and enterprise.

Your Company is today a global exemplar in sustainability. It is a matter of immense satisfaction that your Company's models of sustainable development have led to the creation of sustainable livelihoods for around 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 13 consecutive years), water positive (for 16 years in a row) and solid waste recycling positive (for 11 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 and achievement of international benchmarks in energy and water consumption. During the year, over 43% of your Company's total energy requirements were met from renewable energy sources - a creditable performance given its expanding manufacturing base. In addition, the practice of ensuring that premium luxury hotels, office complexes and factories of your Company are certified at the highest level by the US Green Building Council / Indian Green Building Council and the Bureau of Energy Efficiency (BEE) continues.

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 14th Sustainability Report, published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for the year 2016-17. This report is in conformance with the Global Reporting Initiative (GRI) Guidelines - G4 under 'In Accordance – Comprehensive' category and is third-party assured at the highest criteria of 'reasonable assurance' as per International Standard on Assurance Engagements (ISAE) 3000. The 15th Sustainability Report, covering the sustainability performance of your Company for the year 2017-18, 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 & Exchange Board of India (SEBI), was brought out as an annexure to the Report and Accounts 2017, mapping the sustainability performance of your Company against the reporting framework suggested by SEBI. The BRR for the year under review is annexed to this Report and Accounts.

Corporate Social Responsibility (CSR)

Your Company's overarching 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 of the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

- Deepen engagement in identified core operational geographies to promote holistic development, 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).
- Ensuring 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.

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 25 States/Union Territories covering 188 districts.

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme is currently spread across 17 districts in six States covering 2.95 lakh acres in 4,900 villages, impacting over 1,09,000 poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 6.83 lakh acres till date, and generated about 124 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 currently extends to over 101,900 acres and ensures food, fodder and wood security.

Besides enhancing farm level employment, generating incomes and increasing green cover, this large scale initiative is also contributing meaningfully towards the nation's endeavour in creating 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 and Telangana. This initiative is also contributing meaningfully towards the nation's endeavour in creating additional carbon sinks for tackling climate change.

During the year, your Company's Social Forestry programme was scaled up in West Tripura district,

Malkangiri district (Odisha) and Sukma district (Chhattisgarh). In Tripura, your Company plans to promote bamboo plantations covering an area of 5,000 acres over the next five years. In addition, your Company aims to promote 20,000 acres under Agro-Forestry in Malkangiri and Sukma districts in order to provide livelihood opportunities to small and marginal farmers.

Soil and Moisture Conservation

The Soil and Moisture Conservation programme promotes the development and management of local water resources in moisture-stressed areas by facilitating village-based participation in planning and implementing such measures as well as building, reviving and maintaining water harvesting structures. The coverage of this programme currently extends to 42 districts across 14 States. During the year, the area under watershed increased by 98,180 acres taking the cumulative coverage area till 2017-18 to over 8.74 lakh acres. 2,341 water harvesting structures were built during the year, taking the total number of water harvesting structures to 12,440.

Biodiversity

The focus of the programme is on reviving ecosystem services provided to agriculture by nature, comprising natural regulation of pests, pollination, nutrient cycling, soil retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered 4,290 acres, in seven States and 14 districts, taking the cumulative area under biodiversity conservation to 16,093 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, 4.15 lakh acres are covered under the Sustainable Agriculture programme which has a significant multiplier effect in terms of adoption by the farming community. Of this, 1.14 lakh acres, were covered through Choupal Pradarshan Khets, demonstration farms to disseminate scientific and technological best practices, directly benefitting more than 64,000 farmers. 2,084 Farmer Field Schools disseminated advanced agri-practices to farmers and 381 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 2,731 compost units were constructed during the year taking the total number till date to over 37,500 units.

The 'Village Adoption Programme' pioneered by your Company's Agri Business presently covers 190 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. An assessment of the impact created by this programme by an independent agency showed that it has generated significant economic surplus for the farming community including creating sustainable rural livelihoods and improved standards of living.

Livestock Development

The programme provides an opportunity for farmers to convert an existing asset into a source of additional income with the potential of developing into a sustainable source of livelihood. The programme provided extension services, including breeding, fodder propagation and training of farmers in order to increase their incomes through enhanced productivity of milch animals in seven States and 25 districts. During the year, 2.02 lakh Artificial Inseminations (AIs) were carried out which led to the birth of 0.79 lakh cross-bred progeny. Cumulatively, the figures for AIs and calving stand at 22.21 lakh and 7.51 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.

Women Empowerment

This initiative has provided a range of gainful employment opportunities to over 61,000 poor women so far, who have been supported with capacity building and financial assistance by way of loans and grants. To date, 20,100 ultra-poor women in the core catchments had access to sustainable sources of income through non-farm livelihood opportunities. In addition, the programme provided a source of livelihood to 325 women in Uttar Pradesh engaged in making agarbattis using pedal machines. This is a home based activity for most women, providing supplementary income to them.

Education

The Primary Education Programme aims to provide children from weaker sections of society in your Company's factory catchment areas, access to education with focus on learning outcomes and retention. Operational in 22 districts of 12 States, the programme covered 46,891 children during the year, thus taking the total coverage to nearly 5.60 lakh children. In addition, 162 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 1,644. To ensure sustainable operations and maintenance of infrastructure provided, 351 School Management Committees were strengthened and 397 Child Cabinets and Water and Sanitation (WATSAN) Committees were formed in various schools with the active involvement of students and teachers.

Skilling & Vocational Training

The Skilling & Vocational Training programme provides training in market linked skills to youth to enable them to compete in the job market. 11,619 youth were enrolled under different courses during the year of which 40% were female and 37% belonged to the SC/ST communities. The programme is operational in 28 districts of 17 States and has so far covered over 55,000 youth. In addition, the programme covered 1,500 youth who 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 ever growing need for professionally trained human resources in the hospitality industry. WGSHA has been recently rated by CEO World Magazine amongst the Top 50 hospitality schools in the world. In addition, since the inception of ITC Culinary Skills Training Centre, Chhindwara in 2014, 77 trainee chefs in seven batches have successfully completed the six months 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 reduce incidence of water-borne diseases, 7,494 Individual Household Toilets (IHHT) were constructed in 24 districts of 16 States in collaboration with the respective State Governments/District sanitation departments. With this, a total of 31,473 IHHTs have been constructed so far in your Company's catchment areas. In addition, 23 community toilets were constructed/renovated in Bihar, West Bengal and New Delhi. 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 four districts of Andhra Pradesh and Telangana, Reverse Osmosis (RO) water purification plants were set up in villages with poor quality water. 15 new RO plants were established in 2017-18 taking the total to 101, which provided safe drinking water to over 120,000 rural people.

The Company continued to enhance awareness on various health related issues through a network of 348 women Village Health Champions (VHCs) who

covered nearly three 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 'Savlon Swasth India Mission', a combination of audio-visual aids, games and practical training was leveraged to encourage healthy hygiene habits. Nearly 14 lakh children from around 3,300 schools in 18 towns were covered during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to over 3.5 lakh children in 1,000 schools. Nearly 1.36 lakh beneficiaries were covered under Mother and Child Health initiative aimed at improving the health-nutrition status of women, adolescents and children. 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. During the year, the programme continued to be executed in Hyderabad, Coimbatore, Chennai, Bengaluru, Delhi, Muzaffarpur and major districts of Andhra Pradesh. The quantum of dry waste collected during the year was 50,196 tonnes from 562 wards. The programme has covered 77 lakh citizens, 33 lakh school children and 2000 corporates since its inception. The Programme creates sustainable livelihoods for 14,500 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. Besides, the intervention has also created over 80 social entrepreneurs who are involved in maximising value capture from dry waste collected.

In addition, another programme on solid waste management under the Mission Sunehra Kal initiative has spread to 13 districts of eight States covering 98,000 households and collected 7,603 tonnes of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by 2,516 households. Under this programme, in 2017-18, 5,711 tonnes wet waste was composted and 616 tonnes of dry waste recycled, and only 17% 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 propagating classical music on the age-old principle of the 'Guru-Shishya Parampara'. The Academy through its eminent Gurus imparts quality education in Hindustani Classical Music to its Scholars. Padma Shri Pt.Ulhas Kashalkar, Padma Shri Pt.Ajoy Chakrabarty, Pt.Arun Bhaduri, Pt.Partha Chatterjee, Pt.Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar are the present Gurus of the Academy. The focus of the Academy remains on nurturing exceptionally gifted students, carefully hand-picked from across India, who receive full scholarship to reside and pursue music education in the Academy's campus under the tutelage of the country's most distinguished stalwarts. The objective is to create the next generation of masters of Hindustani Classical Music for the continued propagation of a precious legacy.

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, DB Tech, DSC, FES, 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 and practices which are 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 India – specific energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. All the factories, hotels and offices recently commissioned by your Company have been designed with green features to minimise their carbon footprint. Despite the addition of several ICMLs, Hotels and a BCTMP pulp mill and lower generation of black liquor due to health restoration of one of the Soda Recovery Boilers at the Bhadrachalam unit during the year, more than 43% of your Company's total energy requirements were met from carbon neutral fuels such as biomass, wind and solar.

Your Company has drawn up action plans based on a mix of energy conservation and renewable energy investments to progressively scale up the share of renewable energy in the total energy consumption to 50% notwithstanding the significant enhancement in its scale of operations planned 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 spearheaded 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 enhanced 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 2017-18 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. During the year, your Company achieved the 'Leadership' position in the Climate Change and Water disclosures of CDP.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all 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 upcoming ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate your Company's commitment to green buildings. To date, 23 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 90% 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 over 1,12,000 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Safety

Your Company's commitment to provide a safe and healthy workplace to all has been reaffirmed by several national and international awards and certifications received by various units. Your Company's approach 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 behavioural-based safety initiatives and customised risk assessment 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 continued 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 12th edition of the Centre's flagship event, the Sustainability Summit, was held on

6th-7th September 2017 in New Delhi with focus on achieving Sustainable Development Goals by the year 2030. Key dignitaries included Dr Mahesh Sharma, Minister of State for Culture (I/C) and Minister of State for Environment, Forest & Climate Change, Shri Nitin Jairam Gadkari, Union Minister of Road Transport and Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation, Mr. Sanjiv Puri, Managing Director, ITC Limited, and H.E. Mr Tomasz Kozlowski, Ambassador of European Union to India and Bhutan.

- The 12th CII-ITC Sustainability Awards 2017 took place in December 2017. Since 2006, 696 businesses have applied for the Awards, of which 212 have been recognised so far. In 2017, out of 105 applicants, 24 companies were declared winners in various categories.
- The CII-NITI Aayog 'Cleaner Air Better Life' initiative was launched in November 2017 to address the concerns of air pollution in Delhi NCR.
- The Centre promoted capacity building in sustainability through a range of training and consulting assignments. In 2017, 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.
- In November 2017, the Centre participated in the 23rd Conference of Parties under United Nations Framework Convention on Climate Change held at Bonn, Germany. The Centre organised the first session from the India Pavilion, which was inaugurated by Dr. Harsh Vardhan, Minister of Environment, Forests and Climate Change (MoEFCC) along with a keynote address by Mr. A.K. Mehta, Additional Secretary, MoEFCC.

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 and leveraging cross-business synergies. This challenging task of driving science-led product innovation is being carefully addressed by identifying the required set of core competency areas of science. LSTC has evolved over the years and is presently resourced with nearly 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 has created a Biosciences R&D team to design and develop several long-term research platforms evolving multi-generation product concepts and associated claims that are fully backed by scientific evidence for the Branded Packaged Foods and Personal Care Products Businesses. Multiple value propositions have been identified in the area of functional foods which are being progressed to products of the future with strong scientifically validated claims via clinical trials. 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. Intellectual property arising from these efforts have also been secured as appropriate and as of 31st March, 2018, your Company has filed 756 patents.

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 Ratings Systems' (PQRS).

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.

Your Company, in respect of some of the remaining memoranda, has filed writ petitions, challenging their validity, before the Honourable Calcutta High Court. These petitions are pending. 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.

Market interest rates during the first half of the year were stable on the back of declining inflation, low credit offtake and a 25 bps reduction in policy rates by RBI. However, market interest rates witnessed a steep and unanticipated rise from November 2017 mainly due to shrinking liquidity in the banking system, deterioration of macro-economic variables such as inflation, fiscal and current account deficit, lower debt market investments by domestic as well as Foreign Portfolio Investors, and higher Government borrowing.

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. Further, allocation to debentures, bank fixed deposits and money market instruments was increased taking advantage of the year-end seasonal spike in interest rates.

Your Company's risk management processes ensured that all deployments were made with proper evaluation of underlying risk while remaining focused on capturing market opportunities.

During the year, the Indian Rupee (INR) traded largely within a band of ₹ 64 to ₹ 65 per US$. The stability of INR against the US$ was aided mainly by robust foreign investment inflows and depreciation of US$ against Euro and Yen. However, bouts of INR depreciation were witnessed on account of rise in crude oil prices, geo-political tensions and in the run-up to US Federal Reserve meetings. Likewise, INR appreciation was seen on the back of positive macro-economic developments such as upgrade of India's Sovereign rating by Moody's, roll out of GST and implementation of Insolvency and Bankruptcy Code. 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 large 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, 2018, 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. Ashok Malik (representing the Specified Undertaking of the Unit Trust of India) resigned from the Board of Directors of your Company ('the Board') with effect from close of work on 31st July, 2017 and Mr. Zafir Alam [representing General Insurers' (Public Sector) Association of India ('GIPSA')] resigned from the Board with effect from 20th March, 2018. Your Directors would like to record their appreciation for the services rendered by Messrs. Malik and Alam.

Mr. Pillappakkam Bahukutumbi Ramanujam, who resigned as an Independent Director of your Company with effect from 1st August, 2017, expired on 11th February, 2018. Your Directors deeply mourn the demise of Mr. Ramanujam and place on record their appreciation for the valuable contribution made by Mr. Ramanujam during his tenure.

The Board at the meeting held on 16th May, 2018, on the recommendation of the Nomination & Compensation Committee ('the Committee'), appointed Mr. John Pulinthanam as Additional Non-Executive Director of the Company with effect from the said date, representing GIPSA. 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'), Mr. Pulinthanam will vacate office at the ensuing Annual General Meeting ('AGM') of your Company.

On the recommendation of the Committee, the Board also recommended for the approval of the Members, the appointment of Mr. Pulinthanam 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.

The Board at the meeting held on 16th May, 2018, on the recommendation of the Committee, re-designated Mr. Sanjiv Puri as Managing Director of the Company with effect from the said date, subject to the approval of the Members. At the said meeting, on the recommendation of the Committee, the Board also recommended for the approval of the Members, the re-appointment of Mr. Puri as a Director, not liable to retire by rotation, and also as Managing Director of the Company for a period of five years with effect from 22nd July, 2019.

Messrs. Nakul Anand and Rajiv Tandon will complete their present term as Wholetime Directors on 2nd January, 2019 and 21st July, 2019, respectively. The Board at the meeting held on 16th May, 2018, on the recommendation of the Committee, recommended for the approval of the Members, the re-appointment of Messrs. Anand and Tandon as Directors, and also as Wholetime Directors of the Company for a period of two years with effect from 3rd January, 2019 and 22nd July, 2019, respectively.

Mr. Shilabhadra Banerjee will complete his present term as an Independent Director on 29th July, 2019. The Board at the meeting held on 16th May, 2018, on the recommendation of the Committee, recommended for the approval of the Members, the re-appointment of Mr. Banerjee as an Independent Director of the Company for a period of five years with effect from 30th July, 2019. Mr. Sahibzada Syed Habib-ur-Rehman who will complete his present term as an Independent Director on 14th September, 2019, will attain the age of seventy five years on 20th March, 2019. The Board at the aforesaid meeting, on the recommendation of the Committee, recommended for the approval of the Members, continuation of Mr. Rehman as an Independent Director of the Company from the day he attains the age of seventy five years i.e. 20th March, 2019, till the remaining period of his current term i.e. up to 14th September, 2019, in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

It may be recalled that the Members at the 105th AGM held on 22nd July, 2016 appointed Mr. Yogesh Chander Deveshwar as Chairman and Non-Executive Director of the Company for a period of three years with effect from 5th February, 2017. Given the increasing size and complexity of the organisation, the Committee and the Board are of the view that it would be in the best interest of the Company for Mr. Deveshwar to continue in his capacity as Chairman for some more time. Accordingly, the Board at the meeting held on 16th May, 2018, on the recommendation of the Committee, recommended for the approval of the Members, the re-appointment of Mr. Deveshwar as Non-Executive Director, not liable to retire by rotation, and Chairman of the Company for the period from 5th February, 2020 to 3rd February, 2022.

Requisite Notices under Section 160 of the Act have been received in respect of Messrs. Pulinthanam, Puri, Anand, Tandon, Banerjee and Deveshwar, 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 107th AGM of your Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Article 91 of the Articles of Association of the Company, Messrs. Nakul Anand and Sanjiv Puri 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

Six meetings of the Board were held during the year ended 31st March, 2018.

Attributes, Qualifications & Independence of Directors and their Appointment

As reported in earlier years, criteria for determining qualifications, positive attributes and independence of Directors were approved by the Nomination & Compensation Committee pursuant to the Act and the

Rules thereunder, in respect of Directors, including Independent Directors. 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 the Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. The Articles of Association of the Company provide that the strength of the Board shall not be fewer than five nor more than eighteen.

Directors are appointed / re-appointed with the approval of the Members for a period of three to five years or a shorter duration, in accordance with retirement guidelines 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 they meet the criteria of Independence as prescribed under Section 149 of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015').

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

Board Evaluation

As reported in earlier years, the Nomination & Compensation Committee, pursuant to the Act and the Rules thereunder and the Listing Regulations 2015, formulated the Policy on Board evaluation, evaluation of Board Committees' functioning and individual Director evaluation. In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed against the role and responsibilities of the Board as provided in the Act and the Listing 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 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, including the Chairman of the Company, pursuant to Schedule IV to the Act and Regulation 25 of the Listing Regulations 2015.

KEY MANAGERIAL PERSONNEL

Mr. Rajendra Kumar Singhi was appointed by the Board as the Company Secretary of the Company with effect from 4th February, 2018. Mr. Biswa Behari Chatterjee retired from the services of the Company with effect from close of work on 3rd February, 2018 and consequently ceased to be the Company Secretary with effect from the said date.

AUDIT COMMITTEE & AUDITORS

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

Statutory Auditors

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants ('DHS'), were appointed with your approval at the 103rd AGM to hold such office till

the conclusion of the 108th AGM. On the recommendation of the Audit Committee, the Board recommended for the ratification of the Members, the appointment of DHS from the conclusion of the ensuing AGM till the conclusion of the 108th AGM. On the recommendation of the Audit Committee, the Board also recommended for the approval of the Members, the remuneration of DHS for the financial year 2018-19. Appropriate resolution for the purpose is appearing in the Notice convening the 107th AGM of the Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed for the financial year 2018-19:

(i) Mr. P. Raju Iyer, Cost Accountant, for audit of Cost Records maintained by the Company in respect of 'Paper and Paperboard' and 'Nicotine Gum' products.

(ii) Messrs. Shome & Banerjee, Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of the Company, other than '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 said Cost Auditors are appearing in the Notice convening the 107th AGM of the Company.

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, 2018. 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, 5,69,11,840 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 56,91,184 Options under the Company's Employee Stock Option Schemes.

Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2018, stands increased to ₹ 1220,42,94,911/- divided into 1220,42,94,911 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.

INVESTOR SERVICE CENTRE

The Investor Service Centre of your Company ('ISC'), registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services, continues to provide best-in-class services to the shareholders and investors. During the year, the ISO Quality Management System Certification for investor servicing by ISC was upgraded to ISO 9001:2015 from ISO 9001:2008 by Messrs. Det Norske Veritas ('DNV'), accredited agency for this purpose. DNV also accorded to ISC's systems and processes a 'Level 5' rating, the highest rating level, for the ninth year in succession. These accreditations stand testimony to the robust and effective systems your Company has in place for providing quality investor services.

During the year, a Shareholder Satisfaction Survey was conducted by your Company to assess the performance standards of ISC. Amongst the shareholders who participated in the Survey, 97% expressed that they were satisfied with the services provided by ISC.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;

b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d) prepared the Annual Accounts on a going concern basis;

e) laid down internal financial controls to be followed by your Company and that such internal financial controls were adequate and operating effectively; and

f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

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

OTHER INFORMATION

Compliance with the conditions of Corporate Governance

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.

Compliance with requirements relating to downstream investments

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, have certified that the Company and its subsidiaries are in compliance with the requirements relating to

downstream investment as laid down in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 and other applicable FEMA Regulations.

Integrated Report

The Company has voluntarily prepared its first Integrated Report for the financial year 2017-18. As a green initiative, the Report has been hosted on the Company's corporate website at http://www.itcportal.com/about-itc/shareholder-value/ .

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, 2018 stood at 26,147.

There were 72 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, 2018. 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.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to the Company and/or its Businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

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 22 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 22 years, your Company's Value Addition aggregated ₹ 4.1 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 18.6% respectively. Total Shareholder Returns, measured in terms of increase in market capitalisation and dividends, have grown at a compound rate of 22.4% 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 19-fold since 1996 and presently constitute appx. 59% 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, around 15 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 ₹ 25,000 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.

On behalf of the Board

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

16th May, 2018
Gurugram
India

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2018

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

1. CSR Policy - Brief Outline and Overview

a. Brief outline of CSR Policy:

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

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is, inter alia, to 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 in terms of the Companies Act, 2013. The Committee also reviews the Business Responsibility Report of the Company.

c. Programmes/Projects:

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

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

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

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

- Sanitation: Promote a hygienic environment through prevention of open defecation and reduce incidence of water-borne diseases. Focus on interventions to enhance awareness and impact behaviour change on Water, Sanitation & Hygiene (WASH).
- 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 ragpickers and waste collectors.
- Poverty Alleviation: These programmes are targeted at the needy and poor who are provided with garments 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.

Enduring Value

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, 2018:

Mr. Y. C. Deveshwar	Chairman
Mr. S. B. Mainak	Member
Ms. N. Rao	Member
Ms. M. Shankar	Member
Mr. D. R. Simpson	Member
Mr. R. K. Singhi	Secretary to the Committee

3. Average Net Profit of the company for last three financial years: ₹ 14523.40 crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 290.47 crores for FY 2017-18

5. Details of CSR Spent during the financial year:

The total CSR expenditure for the financial year 2017-18 stood at ₹ 290.98 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:

i. Eminent NGOs / Trusts such as BAIF Development Research Foundation, Pratham Education Foundation, Ramakrishna Mission, Bandhan Konnagar, SEWA Bharat, Foundation for Ecological Security, etc.;

ii. ITC Sangeet Research Academy (ITC SRA), a true embodiment of your Company's sustained commitment to a priceless national heritage;

iii. ITC Rural Development Trust, a Public Charitable Trust, involved in undertaking various programmes of rural development;

iv. 'CII–ITC Centre of Excellence for Sustainable Development', established by 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

Y. C. DEVESHWAR	*Chairman – CSR Committee*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*

Gurugram
16th May, 2018

Statement of details of CSR spends during the financial year 2017-18

₹ in Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local area or other (2) State and district where projects or programmes was undertaken	Amount outlay (budget) project or 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, Haryana, Tripura	10783	9773	443	10216	**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	Local *Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, West Bengal, Bihar, Uttar Pradesh, Uttarakhand, Rajasthan, Himachal Pradesh, Madhya Pradesh, Maharashtra, Assam, Odisha, Punjab, Delhi, Chhattisgarh, Jammu & Kashmir	4899	2044 1488 603 131	113 117 53 0	2157 1605 656 131	**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, Delhi, Maharashtra, Odisha, Punjab, Uttarakhand, Himachal Pradesh	1712	1476	109	1585	**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, Gujarat, Punjab, Uttar Pradesh,Tripura, Chhattisgarh, Odisha, Uttarakhand	7171	5928 924	370 82	6298 1006	**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	257	243	0	243	**Through Project Implementing Agencies & Direct
6	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.	Sports	–	4	0	0	0	–
7	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	4990	5045	156	5201	**Through Project Implementing Agencies & Direct
	Total			**29816**	**27655**	**1443**	**29098**	

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

Bihar – Araria, Begusarai, Buxar, Chhapra, Gaya, Katihar, Lakhisarai, Munger, Muzaffarpur, Nalanda, Patna, Samastipur, Supaul

West Bengal – Asansol, Bankura, Birbhum, Cooch Behar, Darjeeling, Hooghly, Howrah, Jalpaiguri, Jhargram, Kolkata, Malda, Murshidabad, North 24 Parganas, Paschim Medinipur, Purba Bardhaman, Purba Medinipur, Purulia, South 24 Parganas

Odisha – Bhadrak, Bhubaneswar, Ganjam, Malkangiri, Puri, Sundergarh

Assam – Cachar, Darrang, Dhemaji, Kamrup, Karimganj, Lakhimpur, Majuli

Jharkhand – Deoghar, Dumka, Hazaribag, Jamshedpur, Jamtara, East Singhbhum, Ranchi

Tripura – West Tripura, Unakoti

Meghalaya – East Khasi Hills

Uttar Pradesh – Agra, Allahabad, Badaun, Bahraich, Chandauli, Faizabad, Gautam Buddh Nagar, Ghaziabad, Ghazipur, Gonda, Gorakhpur, Hardoi, Hathras, Jhansi, Kanpur, Kaushambi, Lucknow, Mathura, Pilibhit, Saharanpur, Varanasi

Madhya Pradesh – Agar, Bhopal, Chhindwara, Dhar, Guna, Gwalior, Hoshangabad, Indore, Jabalpur, Mandsaur, Ratlam, Sehore, Shivpuri, Ujjain, Vidisha, Mhow

Uttarakhand – Haridwar, Champawat, Nainital

Delhi – East Delhi, New Delhi, North Delhi, South Delhi, West Delhi

Himachal Pradesh – Mandi, Shimla, Solan

Maharashtra – Ahmednagar, Amravati, Chandrapur, Mumbai, Nagpur, Nashik, Parbhani, Pune, Ratnagiri, Satara, Solapur, Thane, Wardha, Washim, Yavatmal

Rajasthan – Baran, Barmer, Bhilwara, Bundi, Chittorgarh, Jalore, Jhalawar, Jhunjhunu, Kota, Pali, Pratapgarh

Andhra Pradesh – Anantapur, Chittoor, East Godavari, Guntur, Hyderabad, Krishna, Kurnool, Nellore, Prakasam, Srikakulam, Visakhapatnam, Vizianagaram, West Godavari, YSR Kadapa

Telangana – Bhadradri Kothagudem, Mahabubabad, Mahbubnagar, Medak, Siddipet, Suryapet, Warangal

Karnataka – Bellary, Bengaluru Urban, Bengaluru Rural, Chamarajanagar, Chikballapura, Hassan, Kodagu, Kolar, Mandya, Mangaluru, Mysuru, Udupi

Tamil Nadu – Chennai, Coimbatore, Krishnagiri, Madurai, Ootacamund, Salem, Sivagangai, Theni, Thiruvallur, Tiruchirapalli, Tuticorin, Vellore, Virudhunagar

Jammu & Kashmir – Jammu, Srinagar

Kerala – Ernakulam

Punjab – Kapurthala

Arunachal Pradesh – Tirap, West Siang

Gujarat – Navsari, Rajkot, Ahmedabad, Gandhinagar

Haryana - Gurugram (Gurgaon)

Chhattisgarh – Raipur, Narayanpur, Sukma

** The CSR programmes are carried out both directly and through the project implementing agencies the details of which are stated in the Report

Enduring Value

Enduring Value

Annexure to the Report of the Board of Directors

Form No. MR-3
Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018
[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, 2017 to March 31, 2018 (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, 2018, 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;
   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 5,69,11,840 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

Vinod Kothari
Managing Partner
Membership No.: A4718
CP No.: 1391

Kolkata
07-05-2018
Encl: Annexure 'A' forming an integral part of this Report

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

Vinod Kothari
Managing Partner
Membership No.: A4718
CP No.: 1391

Kolkata
07-05-2018

Enduring Value

Annexure to the Report of the Board of Directors

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the Financial Year ended on 31st March, 2018
[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	52.08%	46.52%
	- Branded Packaged Food Products	10501, 10502, 10504, 10611, 10795, 10798, 10712, 10733, 10735, 10740, 10750, 10308, 10304, 10732	19.72%	22.07%
	- Others (Personal Care Products, Apparel, Education and Stationery Products, Safety Matches, Agarbattis etc.)	46496, 46909, 47711, 20231, 20236, 20237, 20234, 46497	6.02%	6.71%
2	**Hotels**			
	- Hotels Sales / Income from Hotel Services	55101, 56101, 56210, 56301, 74909	3.19%	3.58%
3	**Agri Business**			
	- Wheat, Soya, Spices, Coffee, Unmanufactured Tobacco, Aqua etc.	10795, 10209, 10304, 10309, 10406, 10611, 10792, 46201, 46207, 46209, 46301, 46305, 47300, 47737, 12001, 20213	10.36%	11.60%
4	**Paperboards, Paper & Packaging**			
	- Paperboards and Paper	17016	7.33%	8.08%
	- Printed Material	17022, 17029, 22203	1.30%	1.44%

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	NA	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	NA	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	NA	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	NA	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 Norfolk House 118 Saxon Gate West Milton Keynes, MK9 2 DN United Kingdom	NA	Wholly owned subsidiary of ITC Infotech India Limited, referred to in Sl. No. 11	–	2(87)

Enduring Value

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	NA	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	NA	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	NA	Subsidiary	59%	2(87)
23	WelcomHotels Lanka (Private) Limited 216, De Saram Place, Colombo 10 Sri Lanka	NA	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. 29 & 30, Doddajala Post Yarthiganahalli Bettahalasur Post Bengaluru North 562 157	U85110KA1993PLC014278	Joint Venture of Gold Flake Corporation Limited, referred to in Sl. No. 15	–	2(6)

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

Enduring Value

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

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) **Indian**									
(a) Individual / HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt.(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	0	0	0	0	0	0	0	0	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) **Foreign**									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Public Shareholding									
(1) **Institutions**									
(a) Mutual Funds	48,28,26,241	1,36,085	48,29,62,326	3.98	77,13,95,288	1,04,490	77,14,99,778	6.32	2.34
(b) Banks / FI	1,11,17,28,420	14,49,139	1,11,31,77,559	9.16	1,04,16,58,047	11,76,365	1,04,28,34,412	8.55	(0.61)
(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	2,74,28,62,379	95,227	2,74,29,57,606	22.58	2,70,32,03,708	83,227	2,70,32,86,935	22.15	(0.43)
(g) FPIs / FIIs	2,43,33,50,115	3,88,366	2,43,37,38,481	20.03	2,19,19,58,865	3,46,005	2,19,23,04,870	17.96	(2.07)
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others:									
Alternative Investment Funds	51,311	0	51,311	...	11,08,632	0	11,08,632	0.01	0.01
Sub-total (B)(1):-	**6,77,08,18,466**	**20,68,817**	**6,77,28,87,283**	**55.75**	**6,70,93,24,540**	**17,10,087**	**6,71,10,34,627**	**54.99**	**(0.76)**
(2) **Non-Institutions**									
(a) Bodies Corp.									
(i) Indian	45,84,10,270	13,84,283	45,97,94,553	3.78	49,63,79,635	12,30,462	49,76,10,097	4.08	0.30
(ii) Overseas	10,59,477	3,61,96,14,150	3,62,06,73,627	29.81	6,78,312	3,61,96,14,150	3,62,02,92,462	29.66	(0.15)
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	73,77,42,884	14,53,12,963	88,30,55,847	7.27	79,47,16,543	12,48,30,078	91,95,46,621	7.54	0.27
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	23,86,58,062	2,84,86,635	26,71,44,697	2.20	25,04,07,077	2,41,23,660	27,45,30,737	2.25	0.05
(c) Others:									
(i) NRIs / OCIs	5,36,75,816	1,29,24,197	6,66,00,013	0.55	6,04,25,731	1,22,40,087	7,26,65,818	0.60	0.05
(ii) Foreign Nationals	0	6,66,360	6,66,360	0.01	0	4,44,240	4,44,240	...	(0.01)
(iii) Trusts	3,99,49,891	0	3,99,49,891	0.33	6,93,54,630	0	6,93,54,630	0.57	0.24
(iv) Clearing Members / Clearing House	1,15,66,671	0	1,15,66,671	0.09	64,43,926	0	64,43,926	0.05	(0.04)
(v) Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	0	0	0	0	76,79,834	0	76,79,834	0.06	0.06
Sub-total (B)(2):-	**1,54,10,63,071**	**3,80,83,88,588**	**5,34,94,51,659**	**44.04**	**1,68,60,85,688**	**3,78,24,82,677**	**5,46,85,68,365**	**44.81**	**0.77**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**8,31,18,81,537**	**3,81,04,57,405**	**12,12,23,38,942**	**99.79**	**8,39,54,10,228**	**3,78,41,92,764**	**12,17,96,02,992**	**99.80**	**0.01**
C. Shares held by Custodian for GDRs & ADRs	**2,50,03,629**	**40,500**	**2,50,44,129**	**0.21**	**2,46,51,419**	**40,500**	**2,46,91,919**	**0.20**	**(0.01)**
Grand Total (A+B+C)	**8,33,68,85,166**	**3,81,04,97,905**	**12,14,73,83,071**	**100.00**	**8,42,00,61,647**	**3,78,42,33,264**	**12,20,42,94,911**	**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**	**24.52**		
	Increase / Decrease in Shareholding during the year:	0	NA	0	NA
	At the end of the year			**2,97,83,47,320**	**24.40** @
2	**Life Insurance Corporation of India**				
	At the beginning of the year	**1,97,50,75,980**	**16.26**		
	Increase / Decrease in Shareholding during the year:	0	NA	0	NA
	At the end of the year			**1,97,50,75,980**	**16.18** @
3	**Specified Undertaking of the Unit Trust of India**				
	At the beginning of the year	**1,10,25,91,521**	**9.08**		
	Increase / Decrease in Shareholding during the year:				
	21/04/2017	2,17,800	0.00	1,10,28,09,321	9.08
	17/11/2017	(7,27,50,122)	0.60	1,03,00,59,199	8.45
	24/11/2017	(47,69,394)	0.04	1,02,52,89,805	8.41
	At the end of the year			**1,02,52,89,805**	**8.40** @
4	**Myddleton Investment Company Limited**				
	At the beginning of the year	**48,63,11,940**	**4.00**		
	Increase / Decrease in Shareholding during the year:	0	NA	0	NA
	At the end of the year			**48,63,11,940**	**3.99** @
5	**General Insurance Corporation of India**				
	At the beginning of the year	**21,31,00,828**	**1.75**		
	Increase / Decrease in Shareholding during the year:				
	07/04/2017	(2,25,000)	0.00	21,28,75,828	1.75
	09/02/2018	(3,00,000)	0.00	21,25,75,828	1.74
	23/02/2018	(2,75,000)	0.00	21,23,00,828	1.74
	02/03/2018	(3,00,000)	0.00	21,20,00,828	1.74
	09/03/2018	(5,00,000)	0.00	21,15,00,828	1.73
	16/03/2018	(3,25,000)	0.00	21,11,75,828	1.73
	23/03/2018	(3,00,000)	0.00	21,08,75,828	1.73
	At the end of the year			**21,08,75,828**	**1.73**
6	**The New India Assurance Company Limited**				
	At the beginning of the year	**20,54,76,725**	**1.69**		
	Increase / Decrease in Shareholding during the year:				
	07/04/2017	(1,73,711)	0.00	20,53,03,014	1.69
	14/04/2017	(1,76,289)	0.00	20,51,26,725	1.69
	21/04/2017	(2,39,596)	0.00	20,48,87,129	1.69
	28/04/2017	(6,14,777)	0.01	20,42,72,352	1.68
	05/05/2017	(7,23,632)	0.01	20,35,48,720	1.68
	12/05/2017	(1,71,995)	0.00	20,33,76,725	1.67
	19/05/2017	(1,06,044)	0.00	20,32,70,681	1.67
	26/05/2017	(3,93,956)	0.00	20,28,76,725	1.67
	02/06/2017	(4,00,000)	0.00	20,24,76,725	1.67
	09/06/2017	(1,20,000)	0.00	20,23,56,725	1.67
	16/06/2017	(1,60,000)	0.00	20,21,96,725	1.66
	23/06/2017	(2,80,294)	0.00	20,19,16,431	1.66
	30/06/2017	(3,19,706)	0.00	20,15,96,725	1.66
	07/07/2017	(4,43,310)	0.00	20,11,53,415	1.66
	14/07/2017	(2,96,690)	0.00	20,08,56,725	1.65
	21/07/2017	(1,20,000)	0.00	20,07,36,725	1.65
	25/08/2017	(2,46,689)	0.00	20,04,90,036	1.65

Enduring Value

(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
	01/09/2017	(3,53,311)	0.00	20,01,36,725	1.64
	08/09/2017	(1,70,000)	0.00	19,99,66,725	1.64
	15/09/2017	(2,00,000)	0.00	19,97,66,725	1.64
	22/09/2017	(80,000)	0.00	19,96,86,725	1.64
	30/09/2017	(987)	0.00	19,96,85,738	1.64
	20/10/2017	(75,000)	0.00	19,96,10,738	1.64
	27/10/2017	(3,45,000)	0.00	19,92,65,738	1.64
	03/11/2017	(80,000)	0.00	19,91,85,738	1.63
	08/12/2017	(1,40,000)	0.00	19,90,45,738	1.63
	15/12/2017	(2,46,520)	0.00	19,87,99,218	1.63
	22/12/2017	(1,13,480)	0.00	19,86,85,738	1.63
	31/12/2017	(2,49,432)	0.00	19,84,36,306	1.63
	05/01/2018	(4,93,980)	0.00	19,79,42,326	1.62
	12/01/2018	(4,41,428)	0.00	19,75,00,898	1.62
	19/01/2018	(65,160)	0.00	19,74,35,738	1.62
	26/01/2018	(2,50,000)	0.00	19,71,85,738	1.62
	02/02/2018	(2,50,000)	0.00	19,69,35,738	1.62
	09/02/2018	(8,50,000)	0.01	19,60,85,738	1.61
	09/03/2018	(1,00,000)	0.00	19,59,85,738	1.61
	16/03/2018	(6,00,000)	0.00	19,53,85,738	1.60
	23/03/2018	(75,000)	0.00	19,53,10,738	1.60
	At the end of the year			**19,53,10,738**	**1.60**
7	**Government of Singapore**				
	At the beginning of the year	**15,48,70,795**	**1.27**		
	Increase / Decrease in Shareholding during the year:				
	07/04/2017	1,42,798	0.00	15,50,13,593	1.28
	14/04/2017	6,98,653	0.01	15,57,12,246	1.28
	05/05/2017	(8,44,896)	0.01	15,48,67,350	1.27
	12/05/2017	1,327	0.00	15,48,68,677	1.27
	19/05/2017	4,14,800	0.00	15,52,83,477	1.28
	26/05/2017	37,88,850	0.03	15,90,72,327	1.31
	02/06/2017	1,23,618	0.00	15,91,95,945	1.31
	09/06/2017	1,62,909	0.00	15,93,58,854	1.31
	23/06/2017	(37,923)	0.00	15,93,20,931	1.31
	07/07/2017	4,14,598	0.00	15,97,35,529	1.31
	14/07/2017	4,14,417	0.00	16,01,49,946	1.32
	21/07/2017	(4,38,754)	0.00	15,97,11,192	1.31
	28/07/2017	3,53,339	0.00	16,00,64,531	1.31
	04/08/2017	38,02,271	0.03	16,38,66,802	1.35
	18/08/2017	5,09,450	0.00	16,43,76,252	1.35
	25/08/2017	6,85,190	0.01	16,50,61,442	1.36
	01/09/2017	(7,27,684)	0.01	16,43,33,758	1.35
	08/09/2017	(12,26,171)	0.01	16,31,07,587	1.34
	15/09/2017	2,45,853	0.00	16,33,53,440	1.34
	22/09/2017	2,77,220	0.00	16,36,30,660	1.34
	30/09/2017	1,61,500	0.00	16,37,92,160	1.34
	06/10/2017	5,60,464	0.00	16,43,52,624	1.35
	13/10/2017	6,60,760	0.01	16,50,13,384	1.35
	20/10/2017	(89,069)	0.00	16,49,24,315	1.35
	27/10/2017	3,96,012	0.00	16,53,20,327	1.36
	03/11/2017	4,07,994	0.00	16,57,28,321	1.36

(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
	10/11/2017	(1,61,966)	0.00	16,55,66,355	1.36
	17/11/2017	3,44,724	0.00	16,59,11,079	1.36
	01/12/2017	(28,97,366)	0.02	16,30,13,713	1.34
	08/12/2017	(18,95,899)	0.02	16,11,17,814	1.32
	15/12/2017	(5,30,140)	0.00	16,05,87,674	1.32
	22/12/2017	(8,21,083)	0.01	15,97,66,591	1.31
	05/01/2018	11,83,449	0.01	16,09,50,040	1.32
	12/01/2018	(1,11,080)	0.00	16,08,38,960	1.32
	19/01/2018	9,81,194	0.01	16,18,20,154	1.33
	26/01/2018	6,30,510	0.01	16,24,50,664	1.33
	02/02/2018	6,67,412	0.01	16,31,18,076	1.34
	09/02/2018	23,56,239	0.02	16,54,74,315	1.36
	23/02/2018	7,74,381	0.01	16,62,48,696	1.36
	02/03/2018	4,45,140	0.00	16,66,93,836	1.37
	09/03/2018	(8,81,778)	0.01	16,58,12,058	1.36
	16/03/2018	9,19,297	0.01	16,67,31,355	1.37
	31/03/2018	3,85,023	0.00	16,71,16,378	1.37
	At the end of the year			**16,71,16,378**	**1.37**
8	**Rothmans International Enterprises Limited**				
	At the beginning of the year	**15,49,54,890**	**1.28**		
	Increase / Decrease in Shareholding during the year:	0	NA	0	NA
	At the end of the year			**15,49,54,890**	**1.27** @
9	**The Oriental Insurance Company Limited**				
	At the beginning of the year	**16,93,91,366**	**1.39**		
	Increase / Decrease in Shareholding during the year:				
	07/04/2017	(1,00,000)	0.00	16,92,91,366	1.39
	14/04/2017	(2,25,000)	0.00	16,90,66,366	1.39
	21/04/2017	(4,75,000)	0.00	16,85,91,366	1.39
	28/04/2017	(90,806)	0.00	16,85,00,560	1.39
	05/05/2017	(6,00,000)	0.00	16,79,00,560	1.38
	12/05/2017	(8,00,000)	0.01	16,71,00,560	1.38
	19/05/2017	(9,85,900)	0.01	16,61,14,660	1.37
	26/05/2017	(8,14,100)	0.01	16,53,00,560	1.36
	02/06/2017	(4,30,000)	0.00	16,48,70,560	1.36
	09/06/2017	(6,50,000)	0.01	16,42,20,560	1.35
	16/06/2017	(7,88,298)	0.01	16,34,32,262	1.35
	23/06/2017	(11,04,767)	0.01	16,23,27,495	1.34
	30/06/2017	(5,31,149)	0.00	16,17,96,346	1.33
	07/07/2017	(6,85,029)	0.01	16,11,11,317	1.33
	14/07/2017	(8,97,000)	0.01	16,02,14,317	1.32
	21/07/2017	(4,32,500)	0.00	15,97,81,817	1.31
	03/11/2017	(25,000)	0.00	15,97,56,817	1.31
	05/01/2018	(1,30,170)	0.00	15,96,26,647	1.31
	12/01/2018	(7,88,529)	0.01	15,88,38,118	1.30
	19/01/2018	(5,30,000)	0.00	15,83,08,118	1.30
	26/01/2018	(1,50,000)	0.00	15,81,58,118	1.30
	02/02/2018	(2,15,000)	0.00	15,79,43,118	1.30
	09/02/2018	(1,41,705)	0.00	15,78,01,413	1.29
	16/02/2018	(1,50,000)	0.00	15,76,51,413	1.29
	23/02/2018	(7,90,000)	0.01	15,68,61,413	1.29

Enduring Value

(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
	02/03/2018	(9,40,000)	0.01	15,59,21,413	1.28
	09/03/2018	(12,27,898)	0.01	15,46,93,515	1.27
	16/03/2018	(14,09,037)	0.01	15,32,84,478	1.26
	23/03/2018	(11,18,986)	0.01	15,21,65,492	1.25
	At the end of the year			**15,21,65,492**	**1.25**
10	**ICICI Prudential Life Insurance Company Limited**				
	At the beginning of the year	**NA**	**NA**		
	Became part of the top ten Shareholders of the Company with effect from 09/03/2018	**12,36,91,133**	**1.01**		
	Increase / Decrease in Shareholding during the year i.e. w.e.f. 09/03/2018:				
	16/03/2018	8,87,610	0.01	12,45,78,743	1.02
	23/03/2018	7,01,178	0.01	12,52,79,921	1.03
	31/03/2018	15,19,857	0.01	12,67,99,778	1.04
	At the end of the year			**12,67,99,778**	**1.04**
11	**National Insurance Company Limited**				
	At the beginning of the year	**11,32,33,330**	**0.93**		
	Increase / Decrease in Shareholding during the year:				
	19/05/2017	(6,35,000)	0.01	11,25,98,330	0.93
	26/05/2017	(15,65,000)	0.01	11,10,33,330	0.91
	02/06/2017	(9,00,000)	0.01	11,01,33,330	0.91
	09/06/2017	(7,00,000)	0.01	10,94,33,330	0.90
	16/06/2017	(3,40,000)	0.00	10,90,93,330	0.90
	23/06/2017	(2,60,000)	0.00	10,88,33,330	0.90
	30/06/2017	(1,00,000)	0.00	10,87,33,330	0.89
	07/07/2017	(3,00,000)	0.00	10,84,33,330	0.89
	14/07/2017	(1,00,000)	0.00	10,83,33,330	0.89
	21/07/2017	4,45,000	0.00	10,87,78,330	0.89
	28/07/2017	7,00,000	0.01	10,94,78,330	0.90
	04/08/2017	15,00,000	0.01	11,09,78,330	0.91
	11/08/2017	30,00,000	0.02	11,39,78,330	0.94
	18/08/2017	14,25,000	0.01	11,54,03,330	0.95
	01/09/2017	5,00,000	0.00	11,59,03,330	0.95
	30/09/2017	5,00,000	0.00	11,64,03,330	0.96
	06/10/2017	4,00,000	0.00	11,68,03,330	0.96
	13/10/2017	3,00,000	0.00	11,71,03,330	0.96
	20/10/2017	2,00,000	0.00	11,73,03,330	0.96
	10/11/2017	17,42,870	0.01	11,90,46,200	0.98
	17/11/2017	7,57,130	0.01	11,98,03,330	0.98
	24/11/2017	(30,000)	0.00	11,97,73,330	0.98
	15/12/2017	18,00,000	0.01	12,15,73,330	1.00
	22/12/2017	9,00,000	0.01	12,24,73,330	1.00
	12/01/2018	6,00,000	0.00	12,30,73,330	1.01
	19/01/2018	2,40,000	0.00	12,33,13,330	1.01
	23/02/2018	1,60,000	0.00	12,34,73,330	1.01
	Ceased to be part of the top ten Shareholders of the Company with effect from 09/03/2018			**12,34,73,330**	**1.01**
	At the end of the year			**NA**	**NA**

@ 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	**0**	**NA**		
	Increase / Decrease in Shareholding during the year:				
	08/08/2017*	12,15,000	0.01	12,15,000	0.01
	11/09/2017**	(1,00,000)	0.00	11,15,000	0.01
	12/09/2017**	(1,00,000)	0.00	10,15,000	0.01
	At the end of the year			**10,15,000**	**0.01**
2	**S. Puri, Chief Executive Officer & Executive Director#**				
	At the beginning of the year	**75,000**	**0.00**		
	Increase / Decrease in Shareholding during the year:				
	29/05/2017**	(50,000)	0.00	25,000	0.00
	01/06/2017**	(4,984)	0.00	20,016	0.00
	02/06/2017**	(20,016)	0.00	0	NA
	08/07/2017*	1,00,000	0.00	1,00,000	0.00
	At the end of the year			**1,00,000**	**0.00**
3	**N. Anand, Executive Director**				
	At the beginning of the year	**2,32,475**	**0.00**		
	Increase / Decrease in Shareholding during the year:				
	29/05/2017**	(1,10,000)	0.00	1,22,475	0.00
	15/06/2017**	(60,000)	0.00	62,475	0.00
	29/06/2017*	23,45,000	0.02	24,07,475	0.02
	31/07/2017**	(12,00,000)	0.01	12,07,475	0.01
	08/08/2017**	(2,00,000)	0.00	10,07,475	0.01
	11/08/2017**	(2,00,000)	0.00	8,07,475	0.01
	16/08/2017**	(1,00,000)	0.00	7,07,475	0.01
	24/08/2017**	(50,000)	0.00	6,57,475	0.01
	31/08/2017**	(45,000)	0.00	6,12,475	0.01
	01/09/2017**	(50,000)	0.00	5,62,475	0.00
	21/09/2017**	(1,00,000)	0.00	4,62,475	0.00
	27/09/2017**	(75,000)	0.00	3,87,475	0.00
	28/09/2017**	(75,000)	0.00	3,12,475	0.00
	31/10/2017**	(1,55,000)	0.00	1,57,475	0.00
	29/11/2017**	(78,000)	0.00	79,475	0.00
	18/12/2017**	(50,000)	0.00	29,475	0.00
	At the end of the year			**29,475**	**0.00**
4	**R. Tandon, Executive Director & Chief Financial Officer**				
	At the beginning of the year	**2,10,000**	**0.00**		
	Increase / Decrease in Shareholding during the year:				
	29/05/2017**	(60,000)	0.00	1,50,000	0.00
	31/05/2017**	(20,000)	0.00	1,30,000	0.00
	19/06/2017**	(25,000)	0.00	1,05,000	0.00
	22/06/2017**	(25,000)	0.00	80,000	0.00
	27/06/2017**	(14,000)	0.00	66,000	0.00
	29/06/2017*	1,23,750	0.00	1,89,750	0.00
	21/08/2017*	50,000	0.00	2,39,750	0.00
	14/12/2017*	50,000	0.00	2,89,750	0.00
	24/01/2018**	(50,000)	0.00	2,39,750	0.00
	16/02/2018*	50,000	0.00	2,89,750	0.00
	At the end of the year			**2,89,750**	**0.00**

Enduring Value

(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
5	**S. B. Mathur, Non-Executive Independent Director**				
	At the beginning of the year	**1,81,500**	**0.00**		
	Increase / Decrease in Shareholding during the year:				
	02/06/2017**	(11,000)	0.00	1,70,500	0.00
	At the end of the year			**1,70,500**	**0.00**
6	**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:	0	NA	0	NA
	At the end of the year			**17,732**	**0.00**
7	**R. K. Singhi, Executive Vice President & Company Secretary**				
	At the beginning of the year	**NA**	**NA**		
	Appointed KMP with effect from 04/02/2018	**1,32,900**	**0.00**		
	Increase / Decrease in Shareholding during the year i.e. w.e.f. 04/02/2018:				
	07/03/2018**	(20,000)	0.00	1,12,900	0.00
	13/03/2018**	(1,000)	0.00	1,11,900	0.00
	17/03/2018*	24,000	0.00	1,35,900	0.00
	At the end of the year			**1,35,900**	**0.00**

Mr. S. Banerjee, Mr. A. Duggal, Mr. S. B. Mainak, 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.

@ *Shares held singly / jointly.*

* *Allotment of Shares under ITC ESOS.*

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

\# *Re-designated as Managing Director w.e.f. 16th May, 2018, subject to the approval of the Shareholders.*

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	0.99	2,582.75	0.20	2,583.94
(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)	**0.99**	**2,582.75**	**0.20**	**2,583.94**
Change in Indebtedness during the financial year				
– Addition	0.00	0.00	0.00	0.00
– Reduction	0.99	783.63	0.00	784.62
Net Change	**(0.99)**	**(783.63)**	**0.00**	**(784.62)**
Indebtedness at the end 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**

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of WTD			Total Amount
		S. Puri, Chief Executive Officer & Executive Director #	N. Anand, 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	374.64	289.50	289.50	953.64
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961[1]	71.33	52.32	53.85	177.50
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option [2]	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission				
	- as % of profit	0.00	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00
	Total (A)	**445.97**	**341.82**	**343.35**	**1,131.14**
	Ceiling as per the Act	**1,64,341** (Being 10% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)			

Re-designated as Managing Director w.e.f. 16th May, 2018, subject to the approval of the Shareholders.

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	9.50	40.00	0.00	49.50
	A. Duggal	10.00	40.00	0.00	50.00
	S. B. Mathur	10.50	40.00	0.00	50.50
	N. Rao	6.00	39.23	0.00	45.23
	S. S. H. Rehman	14.10	40.00	0.00	54.10
	M. Shankar	11.00	40.00	0.00	51.00
	Total (B)(1)	**61.10**	**239.23**	**0.00**	**300.33**
2	**Other Non-Executive Directors**				
	Y. C. Deveshwar	10.50	6.03	1,929.36	1,945.89
	S. B. Mainak	13.00	40.00*	0.00	53.00
	D. R. Simpson	7.50	7.01	0.00	14.51
	Total (B)(2)	**31.00**	**53.04**	**1,929.36**	**2,013.40**
	Total (B) = (B)(1) + (B)(2)				**2,313.73**
	Total Managerial Remuneration (A+B)				**3,444.87**
	Overall Ceiling as per the Act	**1,80,775** (Being 11% of the Net Profits of the Company as calculated under Section 198 of the Companies Act, 2013)			

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

Enduring Value

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	12.31
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 [1]	1.02
	(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	**13.33**

$ *Executive Vice President & Company Secretary since 4th February, 2018.*

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. The Company grants Stock Options to the Directors, KMP and other employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon 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

Y. C. DEVESHWAR — *Chairman*
S. PURI — *Managing Director*
R. TANDON — *Director & Chief Financial Officer*

Gurugram
16th May, 2018

Annexure to the Report of the Board of Directors

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

CONSERVATION OF ENERGY:

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

a) Steps taken or impact on conservation of energy:

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

I. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes.

II. Installation of heat pumps and heat pipes for improving the efficiency of Heating, Ventilation and Air Conditioning (HVAC) system.

III. Automation of tube cleaning system in HVAC chiller resulting in improved efficiency.

IV. Installation of energy efficient gas burners at ITC Hotels.

V. Installation of recuperators and thermo-compressors to utilise waste heat.

VI. Installation of Variable Frequency Drives for various belt conveyors, Air Handling Units, Effluent Treatment Plant (ETP) blowers, pumps etc.

VII. Retrofitting and replacement of motors, pumps and agitators to improve energy efficiency.

VIII. 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 (1.9 MWp) and wind (2 MW) power plant.

II. Generation of biogas from food waste and using it in the kitchen to partially displace fossil fuel.

III. Increased use of biomass-based fuels for thermal generation to reduce dependency on fossil fuels.

c) Capital investment on energy conservation equipment:

₹ 2,850 lakhs

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

I. Automation in branded packaged food manufacturing lines including full process automation using Supervisory Control and Data Acquisition (SCADA) systems.

II. New process and product technologies on personal wash, skin care and fragrances developed through in-house Research & Development.

III. Automatic viscosity controller to enhance the printing quality and increase the shades of colours offered.

IV. Automatic thickness controller to regulate the thickness variation in cast polypropylene film manufacturing.

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, 2018
Expenditure on R&D :	**(₹ in Lakhs)**
i) Capital	1,591.28
ii) Revenue	13,043.84
Total	**14,635.12**
Total R&D Expenditure as a % of Gross Revenue	**0.33%**

On behalf of the Board

Y. C. DEVESHWAR — *Chairman*

S. PURI — *Managing Director*

R. TANDON — *Director & Chief Financial Officer*

Gurugram

16th May, 2018

Enduring Value

Annexure to the Report of the Board of Directors
For the Financial Year Ended 31st March, 2018

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	453 : 1	46	
S Puri	Chief Executive Officer & Executive Director	108 : 1	71	*
N Anand	Executive Director	83 : 1	1	
R Tandon	Executive Director & Chief Financial Officer	83 : 1	0	
Z Alam	Non-Executive Director (Till 19th March, 2018)	6 : 1	36	#
S Banerjee	Independent Director	12 : 1	20	#
A Duggal	Independent Director	12 : 1	25	#
A Malik	Non-Executive Director (From 11th April, 2017 Till 31st July, 2017)	1 : 1	–	
S B Mainak	Non-Executive Director	12 : 1	30	#
S B Mathur	Independent Director	12 : 1	20	#
P B Ramanujam	Independent Director (Till 31st July, 2017)	9 : 1	7	#
N Rao	Independent Director	11 : 1	26	#
S S H Rehman	Independent Director	13 : 1	28	#
M Shankar	Independent Director	12 : 1	20	#
D R Simpson	Non-Executive Director	3 : 1	44	#
B B Chatterjee	Executive V.P. & Company Secretary (Till 3rd February, 2018)	50 : 1	38	
R K Singhi	Executive V.P. & Company Secretary (From 4th February, 2018)	3 : 1	–	

* Reflects last revision effective 5th February 2017 on appointment as Chief Executive Officer

\# Reflects increase in commission

\## Based on annualised remuneration

Notes

1) The number of permanent employees as on 31st March, 2018 was 26,147

2) Compared to 2016-17, the figures for 2017-18 reflect that:
   (i) Median remuneration of employees - Increased by 9%
   (ii) Average remuneration of employees - Increased by 8%
   (iii) Average remuneration of employees excluding Key Managerial Personnel (KMP) - Increased by 9%
   (iv) Remuneration of KMP - Decreased by 51% due to reduction in number of KMP.

3) Remuneration of Directors, KMP 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	55	Chief Executive Officer & Executive Director	4,63,39,880	2,00,93,537	B.Tech.	33	20.01.1986	TELCO Ltd., Trainee
Anand N	61	Executive Director	3,56,20,909	1,56,82,404	B.A. (Hons.)	38	01.12.1979	@
Tandon R	64	Executive Director & Chief Financial Officer	3,55,02,095	1,57,46,144	B.Sc., F.C.A.	40	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Sivakumar S	57	Group Head - Agri Business	2,28,84,766	1,20,62,824	B.Sc., P.G. Dip. in Rural Mgmt.	35	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Chatterjee B B	65	Executive V.P. & Company Secretary (Upto 3rd February 2018)	2,13,75,516	1,21,97,372	B.Com. (Hons.), F.C.A., F.C.S., LL.B.	40	16.05.1983	Wacsgen, Deputy Mgr.
Suresh K S	58	General Counsel	2,07,50,153	85,83,208	B.A., B.L., P.G.D.P.M., I.R. & L.W.	36	01.09.1990	Chambers of Sri C.S. Venkata Subramaniam, Advocate
Sumant B	54	President - FMCG Businesses	1,97,76,923	83,67,380	B.E.	32	20.01.1986	Nil
Rajput A K	62	Senior V.P. - Corporate Affairs	1,97,22,922	86,36,132	B.Com., M.B.A.	41	10.04.1976	Nil
Dar C	62	Group Head - LS & T, Central Projects, EHS & Quality Assurance	1,89,05,325	81,69,262	B.Tech. (Hons.), P.G.D.M.	39	01.05.1981	Tata Engg. & Loco. Co., Shift Supvr.
Satpathy S	45	SBU Chief Executive (PCPB)	1,69,44,571	76,70,452	B.Com., P.G.D.M.	22	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	64	On deputation	1,34,76,671	58,50,421	B.A., M.A.	41	06.03.1980	ANZ Grindlays Bank Plc., Mgmt. Trainee
Ambasta A (Dr.)	59	Executive V.P. & Head - Social Investments	1,09,54,304	50,64,317	M.A., M. Phil., Ph.D. (I.S.S., The Hague)	31	01.04.2002	Action Aid (India), Sr. Programme Analyst
Arif N	56	Executive V.P. & Head - Corporate Communications	1,44,03,539	63,75,625	B.A. (Hons.), M.A.	32	01.09.2006	Indian Chamber of Commerce, Secretary General
Ashok D	54	General Manager - Strategic Planning	1,04,55,776	47,41,169	B.Com., A.C.S., F.C.M.A.	33	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Bezbaroa S K	55	Executive V.P. - Corporate EHS	1,02,27,503	47,31,138	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	35	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Chandrasekharan L C (Dr.)	63	Chief Scientist - Research & Technology Innovation (LS & T)	1,44,98,753	85,26,006	Ph.D.	36	01.10.2005	G.E. India, Director, Mfg.
Dixit P K	57	General Manager - T & RA (ITD)	1,04,20,847	47,69,807	B.Sc. (Hons.)	34	17.10.1983	Nil
Dutta Saradindu	58	Head - Corporate Accounts	1,26,00,697	54,17,975	B.Com. (Hons.), M.Com., A.C.A.	36	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Dutta Supratim	51	Executive V.P. - Corporate Finance	1,26,34,347	56,74,831	B.Com. (Hons.), C.W.A., A.C.A.	27	01.11.1990	Nil
Ganesan M	55	Executive V.P. - Finance, Procurement & IT (FD)	1,31,32,751	59,09,014	B.Com., A.C.A., A.C.S.	32	01.03.1986	Nil
Ganesh Kumar S	50	Chief Operating Officer - Staples, Snacks & Meals (FD)	1,24,69,997	56,91,749	B.E.	26	14.12.1991	Nil
Guha S	56	Executive V.P. - Technical (ITD)	1,16,70,878	54,76,037	B.Tech.	34	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Gupta P	61	Head - Corporate Taxation	1,04,02,767	57,81,250	B.Com. (Hons.), A.C.A., D.M.A. (I.C.A.)	38	15.02.1989	Hindustan Lever Ltd., Group Audit Manager
Gupta V	53	Divisional Chief Executive (LRBD)	1,19,93,953	66,40,367	B.E., P.G.D.M.	27	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Haksar D	60	Chief Executive - ITC Hotels/WelcomHotels (HD)	1,13,36,058	52,70,511	B.Com. (Hons.)	40	01.09.1977	@
Kaul S	51	Divisional Chief Executive (ITD)	1,50,37,444	68,63,461	B.E., P.G.D.M.	27	01.06.1990	Nil
Kulkarni V	43	Chief Operating Officer (PSPD)	1,07,39,088	53,14,846	B.Tech.	21	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Malik H	52	Divisional Chief Executive (FD)	1,68,56,908	74,81,449	B.A., M.B.A.	28	01.06.1989	Nil
Mukerji A K	59	Corporate Financial Controller	1,50,10,179	82,82,145	B.Com. (Hons.), A.C.A.	36	01.11.1982	Gupta Chowdhury & Ghose, Jr. Officer
Noronha A R	64	Executive V.P. - Projects (HD)	1,03,05,286	46,29,166	B.E. (Elec.)	40	01.05.1978	@
Parasuram R	59	Head - Corporate Internal Audit	1,40,52,649	62,16,545	B.Com. (Hons.), A.C.A.	35	15.09.1982	Nil
Rai R K	55	SBU Chief Executive - Agri Business SBU	1,27,64,180	65,59,720	B.A. (Mktg.), P.G.D. in Exports & Imports	35	16.08.1990	Britannia Industries Ltd., Commercial Officer
Rajasekharan V M	59	SBU Chief Executive - Matches & Agarbatti	1,11,36,823	56,98,880	B.E.	38	01.06.1986	M.M. Rubber Co. Ltd., Sales Mgr.
Rangrass S	57	Divisional Chief Executive (ABD)	1,51,40,868	75,65,088	B.Tech.	35	01.07.1982	Nil
Roy A	52	Executive V.P. - Finance, MIS and T&RA (ITD)	1,17,71,634	53,49,343	B.Com. (Hons.), A.C.A.	29	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Sarma C V	56	Executive V.P. - Finance & MIS (PSPD)	1,12,81,880	48,08,899	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	24	03.05.1993	Nil
Senguttuvan R	56	SBU Chief Executive (PPB)	1,53,05,710	69,53,501	B.E., P.G.D.M.	32	27.05.1991	Asian Paints, Purchase Executive
Shanmuga Sundaram A	51	Deputy General Counsel	1,25,46,290	60,40,075	B.L., M.L.	29	20.10.1997	Maxworth Home Ltd., Manager, Legal
Singal S	47	Chief Operating Officer - Dairy & Beverages Cluster (FD)	1,40,99,689	65,44,930	B.Sc., P.G.D.M.	22	01.07.2016	Dabur India Ltd., Head of Marketing
Singh J	52	Executive V.P. - Finance, IT & Procurement (HD)	1,07,51,089	53,44,762	B.Com. (Hons.), A.C.A.	30	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh S K	61	Group Head - Paper & Packaging and Divisional Chief Executive (PSPD)	1,50,68,724	75,66,804	B.Tech. (Chem.)	41	21.06.1977	#
Sridhar R	59	Head - Corporate Human Resources	1,53,92,467	65,77,928	B.Sc., P.G. Dip. in P.M. & I.R., Fellow in Mgmt.	35	01.06.1982	Nil
Sule S	52	Chief Executive Officer (TM & D)	1,26,21,938	58,48,668	B.Com., M.I.B.	28	16.07.1990	Bayer India Ltd., Management Trainee
Tyagi S	59	SBU Chief Executive (ESPB)	1,21,60,615	55,38,404	M.Sc., P.G.D.	36	01.02.1982	Nil
Venkateswaran K (Dr.)	58	Chief Scientist & Head - Product Development and R&D (PCPB)	1,07,06,250	63,37,294	B.Sc., M.Sc., Ph.D.	33	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care

Enduring Value

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
Viswanathan K I	57	Executive V.P. - Marketing & Commercial (PSPD)	1,04,48,126	56,69,378	M.B.A.	35	06.09.1982	Nil
Wanchoo S	57	Executive V.P. - Marketing (ITD)	1,18,00,018	53,90,647	B.Com. (Hons.)	36	19.10.1981	Nil
Yadav S M	48	V.P. - Technology & Manufacturing (FD)	1,13,98,674	58,87,973	B.E., Dip. in International Business	27	24.08.2016	Mondelez International, Associate Director - Asia Pacific (Engineering)
Zachariah A	59	Executive V.P. & Head - Central Projects Organisation	1,11,19,629	50,62,627	B.Sc. (Engg.)	35	01.09.2012	Lanco Infratech Ltd., Senior Vice President
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month.								
Anand G	60	Executive V.P. - Pre-Opening Services (HD)	57,26,094	28,16,239	B.A. (Hons.)	23	16.03.1994	@
Bhandari R	56	Executive V.P. - Growth & Development (HD)	21,49,274	10,15,943	B.Com. (Hons.), Dip. in Hotel Mgmt.	27	01.09.2012	Max Ventures Pvt. Ltd., Vice Chairman
Bose S	49	V.P. - Human Resources (HD)	77,76,141	41,61,828	B.A., P.G. Dip. in Personnel Mgmt.	23	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations
Chand A	53	Executive V.P. - Special Projects	69,45,639	39,63,599	B.A., M.B.A.	30	01.06.1988	Godfrey Philips (I) Ltd., Mktg. Exec.
Gill M S	67	Corporate Executive Chef (HD)	58,65,379	32,23,134	Dip. in Hotel Mgmt.	24	24.12.1993	@
Gullakota S	45	Manager Supply Chain (TM & D)	29,44,562	15,86,512	B.Com.	23	01.03.1998	Usha International Ltd., Area Sales Exec.
Gupta R V	42	Head - Human Resources (PPB)	39,72,130	17,69,145	A.I.S.S.E., A.I.S.S.C.E., B.Sc., M.A.	18	01.06.1999	Nil
Kaushal A C	60	Unit Financial Controller - WelcomHotel Dwarka (HD)	25,71,776	13,36,411	B.Sc.	40	16.02.1977	Nil
Krishan R	60	Unit Financial Controller - ITC Maurya (HD)	25,20,134	14,92,723	B.Com. (Hons.), A.C.A.	16	01.01.2001	Nil
Krishnan S V R	54	General Manager - Technical (PSPD)	9,63,503	8,17,286	B.Sc., P.G.D.M.	33	03.07.2000	Balkrishna Industries Ltd., Production Mgr.
Mehta S S	48	Creative Head (LRBD)	8,52,778	7,21,639	B.A., P.G.D. Knitwear Design Tech.	19	01.09.2012	Robemall Apparel Pvt. Ltd., V.P. Design & Sourcing
Murthy A S R A	59	Production Manager (ABD)	17,30,257	11,41,948	L.M.E.	36	06.07.1981	Standard Organic Ltd., Maint. Supvr.
Nandakumar E	55	Head - Operations (ESPB)	17,88,073	13,54,240	B.Tech., M.B.A.	31	01.06.1988	Union Carbide Ltd., Pool Engineer
Narasimhacharyulu N	60	Asst. Manager - Admin (ABD)	10,66,218	9,89,588	B.Com.	37	04.10.1990	Gateway Hotel, Personnel Supvr.
Pramanick B K	60	Head of Finance (PPB)	69,98,868	45,55,868	B.Com. (Hons.), C.W.A.	35	21.04.1997	Kitti Steels, D.G.M.
Rakshit A	60	Divisional Manager - Finance & Planning (ITD)	28,95,637	17,90,819	B.Sc.	36	15.12.1980	Nil
Rustagi A K	43	Chief Operating Officer - Chocolates, Coffee & New Category Development (FD)	1,01,48,759	55,34,660	B.Tech., P.G.P.M.	21	01.10.2017	Unilever Inc. (London), Global Brand Director
Sengupta P	60	General Manager - Risk Management	83,64,216	40,14,974	B.Sc. (Hons.), A.C.A.	36	01.07.1987	Indian Aluminium Co. Ltd., Finance Officer
Seth A	60	Executive V.P. - Finance & MIS (ITD)	90,24,799	45,47,982	B.A. (Hons.), A.C.A., P.G.D.B.M.	35	01.11.1982	Nil
Sethi S	53	Chief Operating Officer (HD)	64,88,211	32,90,008	B.H.M.	29	01.10.2017	Chalet Hotels Pvt. Ltd., M.D. & C.E.O.
Subramanya P	60	Senior Principal Technologist - Design & Development (ITD)	33,14,499	23,74,535	B.E., M.B.A., M.Tech.	37	06.01.1996	H.M.T. Ltd., Dy. Chief Engineer
Suresh G K	47	V.P. - New Category Development (FD)	24,34,485	14,48,769	B.E., P.G.D.B.M.	23	01.06.1995	Tata Elxsi Ltd., Customer Support Exec.
Vijayakrishnan V (Dr.)	51	Senior Principal Scientist (PCPB)	1,08,05,253	53,23,686	B.Sc., M.Sc., Ph.D.	22	02.05.2017	Unilever Inc., Global R & D - Design Director

Abbreviations denote :

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

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

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

Notes :

1. 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.
2. The Company grants Stock Options to the Directors, KMP and other employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration.
3. Net remuneration comprises cash income less : a) income tax, surcharge (as applicable) & education cess deducted at source.
   b) employees' own contribution to Provident Fund.
4. All appointments are/were contractual in accordance with terms and conditions as per Company rules.
5. None of the above employees is a relative of any Director of the Company.
6. 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

Y. C. DEVESHWAR — *Chairman*
S. PURI — *Managing Director*
R. TANDON — *Director & Chief Financial Officer*

Gurugram
16th May, 2018

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.

Enduring Value

Annexure to the Report of the Board of Directors

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
ITC Limited

1. This certificate is issued in accordance with the terms of our engagement letter reference no. KGV/2017-18/066 dated 28th August, 2017.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of ITC Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

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

Gurugram, 16th May, 2018

CEO and CFO Compliance Certificate

We, S. Puri, Managing Director and R. Tandon, Director & Chief Financial Officer certify that:

a) We have reviewed the financial statements including the cash flow statement for the year ended 31st March, 2018 and to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with Indian Accounting Standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2018 are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d) i) There has not been any significant change in internal control over financial reporting during the year under reference;

   ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

   iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

S. PURI — *Managing Director*

Gurugram

16th May, 2018

R. TANDON — *Director & Chief Financial Officer*

Enduring Value

Balance Sheet as at 31st March, 2018

	Note	As at 31st March, 2018 (₹ in Crores)			As at 31st March, 2017 (₹ in Crores)		
ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	3A		15120.00			14469.32	
(b) Capital work-in-progress	3B		5016.85			3491.33	
(c) Intangible assets	3C		445.99			410.92	
(d) Intangible assets under development	3D		8.73			45.69	
(e) Financial Assets							
(i) Investments	4	13493.77			8485.51		
(ii) Loans	5	7.40			5.84		
(iii) Others	6	1741.28	15242.45		99.83	8591.18	
(f) Income Tax Assets (Net)	20A		18.66			–	
(g) Other non-current assets	7		2025.63	37878.31		2670.12	29678.56
Current assets							
(a) Inventories	8		7237.15			7863.99	
(b) Financial Assets							
(i) Investments	9	9903.45			10099.78		
(ii) Trade receivables	10	2357.01			2207.50		
(iii) Cash and cash equivalents	11	96.03			156.15		
(iv) Other Bank Balances	12	2498.85			2591.12		
(v) Loans	5	4.15			3.37		
(vi) Others	6	1147.95	16007.44		1004.91	16062.83	
(c) Other current assets	7		1258.41	24503.00		610.57	24537.39
TOTAL ASSETS				**62381.31**			**54215.95**
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital	13		1220.43			1214.74	
(b) Other Equity			50179.64	51400.07		44126.22	45340.96
Liabilities							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings	14	11.13			17.99		
(ii) Other financial liabilities	15	35.36	46.49		9.21	27.20	
(b) Provisions	16		121.91			131.37	
(c) Deferred tax liabilities (Net)	17		1917.94			1871.70	
(d) Other non-current liabilities	18		38.30	2124.64		14.65	2044.92
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings	19	–			0.01		
(ii) Trade payables		3382.28			2551.22		
(iii) Other financial liabilities	15	778.30	4160.58		784.78	3336.01	
(b) Other current liabilities	18		4656.78			3351.15	
(c) Provisions	16		39.24			41.83	
(d) Current Tax Liabilities (Net)	20B		–	8856.60		101.08	6830.07
TOTAL EQUITY AND LIABILITIES				**62381.31**			**54215.95**

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

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

		Note	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
I	Revenue From Operations*	21A, 21B	44329.77	55448.46
II	Other Income	22	2129.84	1985.91
III	**Total Income (I+II)**		**46459.61**	**57434.37**
IV	**EXPENSES**			
	Cost of materials consumed		11756.21	11765.56
	Purchases of Stock-in-Trade		2991.98	3566.57
	Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		1041.85	644.17
	Excise duty		3702.23	15359.78
	Employee benefits expense	23	2487.46	2444.31
	Finance costs	24	86.65	22.95
	Depreciation and amortization expense		1145.37	1038.04
	Other expenses	25	6809.06	7090.03
	Total expenses (IV)		**30020.81**	**41931.41**
V	**Profit before exceptional items and tax (III-IV)**		**16438.80**	**15502.96**
VI	Exceptional Items	27(i)	412.90	–
VII	**Profit before tax (V+VI)**		**16851.70**	**15502.96**
VIII	**Tax expense:**			
	Current Tax	26	5599.83	5285.65
	Deferred Tax	26	28.62	16.41
IX	**Profit for the year (VII-VIII)**		**11223.25**	**10200.90**
	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss:			
	– Remeasurements of the defined benefit plans	27(vii)(a)	80.83	(27.96)
	– Equity instruments through other comprehensive income		335.10	129.95
	– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		10.29	(61.19)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	26	(31.61)	24.22
	B (i) Items that will be reclassified to profit or loss:			
	– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(18.69)	18.29
	(ii) Income tax relating to items that will be reclassified to profit or loss	26	6.42	(6.31)
X	**Other Comprehensive Income [A (i-ii)+B (i-ii)]**		**382.34**	**77.00**
XI	**Total Comprehensive Income for the year (IX+X)**		**11605.59**	**10277.90**
XII	Earnings per equity share (Face Value ₹ 1.00 each):	27(ii)		
	(1) Basic (in ₹)		9.22	8.43
	(2) Diluted (in ₹)		9.16	8.38

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

Gross Sales Value (net of rebates and discounts) (A)	67081.92	64174.17
Taxes other than Excise Duty/NCCD (B)@	23125.02	9172.48
Gross Revenue from sale of products and services [C = (A-B)]	**43956.90**	**55001.69**
Other Operating Revenues (D)	372.87	446.77
Revenue From Operations [E = (C+D)]	**44329.77**	**55448.46**

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

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

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

A. Equity Share Capital **(₹ in Crores)**

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

B. Other Equity **(₹ in Crores)**

	Reserves and Surplus							Items of other comprehensive income			Total
	Capital Reserve	Securities Premium Account	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Balance as at 31st March, 2016	**2.48**	**5685.86**	**1201.30**	**0.30**	**363.05**	**16555.31**	**16589.89**	**406.55**	**6.42**	**40.55**	**40851.71**
Profit for the year	–	–	–	–	–	–	10200.90	–	–	–	10200.90
Other Comprehensive Income (net of tax)	–	–	–	–	–	–	(24.92)	129.95	(28.03)	–	77.00
Total Comprehensive Income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**10175.98**	**129.95**	**(28.03)**	**–**	**10277.90**
Issue of equity shares under ITC Employee Stock Option Scheme	–	1059.61	–	–	–	–	–	–	–	–	1059.61
Issue of Bonus Shares	–	(402.67)	–	–	–	–	–	–	–	–	(402.67)
Dividends – Ordinary Dividend (2015-16 – ₹ 6.50 per share)	–	–	–	–	–	–	(5230.68)	–	–	–	(5230.68)
– Special Dividend (2015-16 – ₹ 2.00 per share)	–	–	–	–	–	–	(1609.44)	–	–	–	(1609.44)
Income tax on Dividend paid	–	–	–	–	–	–	(1333.52)	–	–	–	(1333.52)
Transfer from retained earnings	–	–	–	–	–	1030.00	(1030.00)	–	–	–	–
Transfer from share option reserve on exercise and lapse	–	89.44	(104.44)	–	–	–	14.58	–	–	–	(0.42)
Transferred to initial carrying amount of hedged items (net of tax)	–	–	–	–	–	–	–	–	10.88	–	10.88
Recognition of share based payment	–	–	502.85	–	–	–	–	–	–	–	502.85
Balance as at 31st March, 2017	**2.48**	**6432.24**	**1599.71**	**0.30**	**363.05**	**17585.31**	**17576.81**	**536.50**	**(10.73)**	**40.55**	**44126.22**
Profit for the year	–	–	–	–	–	–	11223.25	–	–	–	11223.25
Other Comprehensive Income (net of tax)	–	–	–	–	–	–	52.78	335.10	(5.54)	–	382.34
Total Comprehensive Income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**11276.03**	**335.10**	**(5.54)**	**–**	**11605.59**

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

B. Other Equity (Contd.) **(₹ in Crores)**

	Reserves and Surplus							Items of other comprehensive income			Total
	Capital Reserve	Securities Premium Account	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Issue of equity shares under ITC Employee Stock Option Scheme	–	907.10	–	–	–	–	–	–	–	–	907.10
Dividend											–
– Ordinary Dividend (2016-17 – ₹ 4.75 per share)	–	–	–	–	–	–	(5770.01)	–	–	–	(5770.01)
Income tax on Dividend paid	–	–	–	–	–	–	(1110.24)	–	–	–	(1110.24)
Transfer from retained earnings	–	–	–	–	–	–	–	–	–	–	–
Transfer from share option reserve on exercise and lapse	–	105.07	(124.50)	–	–	–	18.65	–	–	–	(0.78)
Transferred to initial carrying amount of hedged items (net of tax)	–	–	–	–	–	–	–	–	23.00	–	23.00
Recognition of share based payment	–	–	398.76	–	–	–	–	–	–	–	398.76
Balance as at 31st March, 2018	**2.48**	**7444.41**	**1873.97**	**0.30**	**363.05**	**17585.31**	**21991.24**	**871.60**	**6.73**	**40.55**	**50179.64**

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

Capital Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

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

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

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

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

General Reserve: This Reserve is created by an appropriation from one component of equity (generally Retained Earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.

Foreign Currency Translation Reserve: This Reserve contains the accumulated balance of foreign exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation whose functional currency is other than Indian Rupees. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

Enduring Value

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

	For the year ended 31st March, 2018 (₹ in Crores)		For the year ended 31st March, 2017 (₹ in Crores)	
A. Cash Flow from Operating Activities				
PROFIT BEFORE TAX		**16851.70**		**15502.96**
ADJUSTMENTS FOR:				
Depreciation and amortization expense	1145.37		1038.04	
Share based payments to employees	349.28		450.32	
Finance costs	86.65		22.95	
Interest Income	(917.80)		(864.58)	
Dividend Income	(409.79)		(248.85)	
Loss on sale of property, plant and equipment - Net	14.48		5.00	
Doubtful and bad debts	25.14		30.74	
Doubtful and bad advances, loans and deposits	3.74		1.25	
Impairment of investment in joint venture/subsidiary company	23.45		16.29	
Net (gain)/loss recognised on disposal of subsidiary and return of capital by subsidiary	(9.61)		(203.95)	
Net (gain)/loss arising on investments mandatorily measured at fair value through profit and loss	(716.81)		(605.20)	
Foreign currency translations and transactions - Net	4.46	(401.44)	6.90	(351.09)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		16450.26		15151.87
ADJUSTMENTS FOR:				
Trade receivables, loans, advances and other assets	(784.11)		(859.05)	
Inventories	626.84		655.83	
Trade payables, other liabilities and provisions	2077.43	1920.16	266.33	63.11
CASH GENERATED FROM OPERATIONS		18370.42		15214.98
Income tax paid		(5719.57)		(5212.96)
NET CASH FROM OPERATING ACTIVITIES		**12650.85**		**10002.02**
B. Cash Flow from Investing Activities				
Purchase of property, plant and equipment, Intangibles etc.	(2619.04)		(2944.49)	
Sale of property, plant and equipment	71.23		47.38	
Purchase of current investments	(89843.68)		(76998.70)	
Sale/redemption of current investments	91080.09		74903.71	
Investment in subsidiaries	(224.19)		(139.80)	
Purchase of non-current investments	(4713.31)		(2280.65)	
Proceeds on disposal of subsidiary	17.53		132.88	
Return of capital by subsidiary	–		126.57	
Dividend Income	409.79		248.85	
Interest received	691.40		720.43	
Investment in bank deposits (original maturity more than 3 months)	(3920.32)		(1714.79)	
Redemption/maturity of bank deposits (original maturity more than 3 months)	2997.48		5615.52	
Investment in deposit with housing finance company	(1135.88)		(500.00)	
Redemption/maturity of deposit with housing finance company	500.00		–	
Loans given	(7.52)		–	
Loans realised	5.18		2.76	
NET CASH USED IN INVESTING ACTIVITIES		**(6691.24)**		**(2780.33)**

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

	For the year ended 31st March, 2018 (₹ in Crores)		For the year ended 31st March, 2017 (₹ in Crores)	
C. Cash Flow from Financing Activities				
Proceeds from issue of share capital	912.79		1066.96	
Repayment of non-current borrowings	(7.84)		(12.86)	
Interest paid	(45.32)		(21.77)	
Net increase in statutory restricted accounts balances	0.77		3.69	
Dividend paid	(5770.01)		(6840.12)	
Income tax on dividend paid	(1110.24)		(1333.52)	
NET CASH USED IN FINANCING ACTIVITIES		**(6019.85)**		**(7137.62)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(60.24)**		**84.07**
OPENING CASH AND CASH EQUIVALENTS		**156.26**		**72.19**
CLOSING CASH AND CASH EQUIVALENTS		**96.02**		**156.26**

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS-7 "Statement of Cash Flows"

2. **CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents as above	96.02	156.26
Unrealised gain/(loss) on foreign currency cash and cash equivalents	0.01	(0.12)
Cash credit facilities (Note 19)	–	0.01
Cash and cash equivalents (Note 11)	96.03	156.15

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

Notes to the Financial Statements

1. Significant Accounting Policies

Statement of Compliance

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

Basis of Preparation

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

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

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

Operating Cycle

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

Property, Plant and Equipment – Tangible Assets

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

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

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

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

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

Intangible Assets

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

a. for assets acquired in a business combination or by way of a government grant, at fair value on the date of acquisition/grant

b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

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

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

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

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

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

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

Impairment of Assets

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

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

1. Significant Accounting Policies (Contd.)

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

Inventories

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

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

Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupees.

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

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupees) are accumulated in Foreign Currency Translation Reserve.

Derivatives and Hedge Accounting

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

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

(i) Fair value hedges

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

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

(ii) Cash flow hedges

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any

1. Significant Accounting Policies (Contd.)

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

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

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

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

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

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

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

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

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

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

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include Excise Duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

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

Government Grant

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

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

(a) related to or used for assets are included in the balance sheet as deferred income and recognised as income over the useful life of the assets.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

Dividend Distribution

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

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Employee Benefits

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

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

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

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

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

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

Employee Share Based Compensation

Stock Options are granted to eligible employees in accordance with the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee. Eligible employees for this purpose include (a) such employees of the Company including Directors and those on deputation and (b) such employees of the Company's subsidiary companies including Managing Director / Wholetime Director of a subsidiary.

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

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

The Company generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements from:

(a) Wholly owned subsidiaries who need to conserve financial capacity to sustain their business and growth plans and to address contingencies that may arise, taking into account the economic and market conditions then prevailing and opportunities and threats in the competitive context.

(b) Other companies not covered under (a) above, who need to conserve financial capacity to sustain their business and growth plans and where the quantum of reimbursement is not material - the materiality threshold being ₹ 5 Crores for each entity for a financial year.

Leases

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

Company as a Lessee

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

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

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease unless the payments to the

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a Lessor

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

Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

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

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

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

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

Claims

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

Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

Operating Segments

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

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

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

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

Financial and Management Information Systems

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

2. Use of estimates and judgements

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

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

A. Judgements in applying accounting policies

The judgements, apart from those involving estimations (see note below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognised in these financial statements pertain to useful life of intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortized over their useful economic life. Refer notes to the financial statements.

B. Key sources of estimation uncertainty

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

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

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

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

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

3. **Actuarial Valuation:**

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

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

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

Enduring Value

Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block						
	As at 31st March, 2016	Additions	Withdrawals and adjustments	As at 31st March, 2017	Additions	Withdrawals and adjustments	As at 31st March, 2018
3A. Property, plant and equipment							
Land[1]	1538.34	59.19	1.05	1596.48	8.41	0.51	1604.38
Buildings	3844.80	494.65	5.42	4334.03	624.18	8.40	4949.81
Leasehold Improvements	26.08	3.39	1.78	27.69	1.32	3.57	25.44
Plant and Equipment	8646.02	1294.91	40.48	9900.45	1111.65	65.90	10946.20
Furniture and Fixtures	391.71	53.76	7.61	437.86	67.09	30.06	474.89
Vehicles	94.37	29.30	10.66	113.01	23.49	10.41	126.09
Office Equipment	17.66	5.57	1.73	21.50	2.49	3.52	20.47
Railway Sidings	1.73	–	–	1.73	–	–	1.73
TOTAL	**14560.71**	**1940.77**	**68.73**	**16432.75**	**1838.63**	**122.37**	**18149.01**
3B. Capital work-in-progress[5]	**2388.42**	**2969.67**	**1866.76**	**3491.33**	**3325.16**	**1799.64**	**5016.85**
3C. Intangible Assets (acquired)							
Trademarks[2]	333.26	–	–	333.26	7.04	–	340.30
Computer Software	83.99	18.92	0.01	102.90	71.19	–	174.09
Know How, Business and Commercial Rights	27.36	–	0.68	26.68	–	–	26.68
TOTAL	**444.61**	**18.92**	**0.69**	**462.84**	**78.23**	**–**	**541.07**
3D. Intangible Assets under Development	**30.75**	**32.94**	**18.00**	**45.69**	**35.77**	**72.73**	**8.73**

The above includes following assets given on operating lease:

Particulars	As at 31st March, 2018			2018	As at 31st March, 2017			2017
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the Year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the Year
Buildings	3.36	0.60	2.76	0.15	3.24	0.45	2.79	0.23
Plant and Equipment	180.36	55.72	124.64	18.93	176.88	37.17	139.71	18.60
TOTAL	**183.72**	**56.32**	**127.40**	**19.08**	**180.12**	**37.62**	**142.50**	**18.83**

Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization							Net Book Value	
	Upto 31st March, 2016	For the year	On Withdrawals and adjustments	Upto 31st March, 2017	For the year	On Withdrawals and adjustments	Upto 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
3A. Property, plant and equipment									
Land[1]	–	–	–	–	–	–	–	1604.38	1596.48
Buildings	109.96	115.73	0.40	225.29	131.87	1.00	356.16	4593.65	4108.74
Leasehold Improvements	5.85	4.85	0.99	9.71	3.83	2.02	11.52	13.92	17.98
Plant and Equipment	768.67	805.42	7.59	1566.50	875.32	16.59	2425.23	8520.97	8333.95
Furniture and Fixtures	66.04	65.89	2.67	129.26	70.50	11.60	188.16	286.73	308.60
Vehicles	13.53	15.13	3.57	25.09	16.24	4.46	36.87	89.22	87.92
Office Equipment	4.57	4.48	1.73	7.32	4.32	0.96	10.68	9.79	14.18
Railway Sidings	0.13	0.13	–	0.26	0.13	–	0.39	1.34	1.47
TOTAL	**968.75**	**1011.63**	**16.95**	**1963.43**	**1102.21**	**36.63**	**3029.01**	**15120.00**	**14469.32**
3B. Capital work-in-progress[5]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5016.85**	**3491.33**
3C. Intangible Assets (acquired)									
Trademarks[2]	2.45	2.43	–	4.88	2.99	–	7.87	332.43	328.38
Computer Software	20.53	20.84	0.01	41.36	37.36	–	78.72	95.37	61.54
Know How, Business and Commercial Rights	2.62	3.14	0.08	5.68	2.81	–	8.49	18.19	21.00
TOTAL	**25.60**	**26.41**	**0.09**	**51.92**	**43.16**	**–**	**95.08**	**445.99**	**410.92**
3D. Intangible Assets under Development	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8.73**	**45.69**

1. Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2017 - ₹ 1.16 Crores) which stood vested with the State of Bihar under the Bihar Land Reforms Act, 1950 for which compensation has not yet been determined.
2. Certain trademarks with a carrying value of ₹ 309.73 Crores (2017 - ₹ 309.73 Crores) have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortized over 10 years.
3. The amortization expense of intangible assets have been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
4. The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 127.92 Crores (2017 - ₹ 73.91 Crores).
5. Includes ₹ 541.21 Crores as at 31st March, 2018 towards payment to IFCI Limited (IFCI) and applicable stamp duty for purchase of a five star hotel resort in Goa operating under the name Park Hyatt Goa Resort & Spa and IFCI issued required sale certificate in favour of the Company. The erstwhile owners of the property thereafter challenged the sale. By its judgement dated 23.03.2016, the Bombay High Court set aside the sale and directed IFCI to refund the sale consideration to the Company. The Company and IFCI had approached the Hon'ble Supreme Court against the High Court judgement. The Hon'ble Supreme Court, by its judgement and order dated 19.03.2018 has set aside the impugned judgement and order of the Hon'ble Bombay High Court, thereby upholding the sale of Park Hyatt Goa Resort & Spa to the Company and directed the erstwhile owners to handover possession to the Company within a period of six months along with relevant accounts. Pursuant to the said order, the amount of ₹ 541.21 Crores has been adjusted from Capital Advances (Refer Note 7) and reflected in Capital Work-in-Progress.

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries (at cost unless stated otherwise)				
Gold Flake Corporation Limited 1,59,98,385 Equity Shares of ₹ 10.00 each, fully paid		16.00		16.00
Russell Credit Limited 59,74,54,177 Equity Shares of ₹ 10.00 each, fully paid 7,54,22,400 Equity Shares of ₹ 10.00 each, ₹ 6.50 per share paid		619.29 39.22		619.29 39.22
ITC Infotech India Limited 8,52,00,000 Equity Shares of ₹ 10.00 each, fully paid		186.61		153.93
Landbase India Limited 31,70,00,000 Equity Shares of ₹ 10.00 each, fully paid		325.57		325.57
ITC Global Holdings Pte. Limited (in liquidation) 89,99,645 Ordinary Shares of US $ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully impaired)		–		–
Surya Nepal Private Limited 1,18,94,400 Ordinary Shares of Nepalese Rupees 100.00 each, fully paid		10.15		10.15
Srinivasa Resorts Limited 1,63,20,477 Equity Shares of ₹ 10.00 each, fully paid		18.53		18.53
Fortune Park Hotels Limited 4,50,008 Equity Shares of ₹ 10.00 each, fully paid		0.45		0.45
Bay Islands Hotels Limited 11,875 Equity Shares of ₹ 100.00 each, fully paid		0.12		0.12
WelcomHotels Lanka (Private) Limited 13,96,42,260 Shares with no par value		641.85		641.85
Wimco Limited 18,50,81,193 Equity Shares of ₹ 1.00 each, fully paid		3.46		3.26
Technico Pty Limited 1,00,15,502 Ordinary Shares with no par value (₹ 16.29 Crores impaired)		31.88		31.88
Technico Agri Sciences Limited 3,79,62,800 Equity Shares of ₹ 10.00 each, fully paid		121.00		121.00
ITC Investments & Holdings Limited 45,00,000 Equity Shares of ₹ 10.00 each, fully paid		4.50		4.50
North East Nutrients Private Limited 5,54,80,000 Equity Shares of ₹ 10.00 each, fully paid		55.48		55.48
Pavan Poplar Limited 55,10,004 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 5.99 Crores, fully impaired)		–		–
Prag Agro Farm Limited 1,28,00,020 Equity Shares of ₹ 1.00 each, fully paid (cost ₹ 12.82 Crores, fully impaired)		–		–
In Associates (at cost unless stated otherwise)				
International Travel House Limited 2,87,600 Equity Shares of ₹ 10.00 each, fully paid	0.65		0.65	
Gujarat Hotels Limited 17,33,907 Equity Shares of ₹ 10.00 each, fully paid	1.94		1.94	
In Joint Ventures (at cost unless stated otherwise)				
Espirit Hotels Private Limited 4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid		46.51		46.51
Carried over	2.59	2120.62	2.59	2087.74

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	2.59	2120.62	2.59	2087.74
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)				
Maharaja Heritage Resorts Limited 90,000 Equity Shares of ₹ 100.00 each, fully paid		0.90		0.90
Logix Developers Private Limited 77,66,913 Equity Shares of ₹ 10.00 each, fully paid (₹ 23.45 Crores impaired)		18.50		41.95
In Others (at fair value through other comprehensive income)				
VST Industries Limited 476 Equity Shares of ₹ 10.00 each, fully paid	0.14		0.14	
Hotel Leelaventure Limited 4,99,53,055 Equity Shares of ₹ 2.00 each, fully paid	85.42		81.42	
EIH Limited 8,56,21,473 Equity Shares of ₹ 2.00 each, fully paid	1362.24		1031.31	
Punjab Anand Batteries Limited (in liquidation) 11,86,157 Equity Shares of ₹ 10.00 each, fully paid - under Board for Industrial and Financial Reconstruction's Order of 20.04.1989		–		–
Bihar Hotels Limited 8,00,000 Equity Shares of ₹ 2.00 each, fully paid		0.04		0.04
Tourism Finance Corporation of India Limited 25,000 Equity Shares of ₹ 10.00 each, fully paid	0.38		0.21	
Andhra Pradesh Gas Power Corporation Limited 8,04,000 Equity Shares of ₹ 10.00 each, fully paid		2.32		2.32
Woodlands Multispeciality Hospital Limited 13,072 Equity Shares of ₹ 10.00 each, fully paid		0.01		0.01
Mirage Advertising and Marketing Limited 12,488 Equity Shares of ₹ 10.00 each, fully paid		–		–
Bilaspur Cane Development Corporation Limited 100 Equity Shares of ₹ 10.00 each, fully paid (cost ₹ 1000.00)		…		…
INVESTMENT IN PREFERENCE SHARES				
In Subsidiaries (at cost unless stated otherwise)				
North East Nutrients Private Limited (at amortised cost) 18,00,000 (2017 - Nil) Redeemable Preference Shares of ₹ 100.00 each, fully paid		18.00		–
WelcomHotels Lanka (Private) Limited 6,26,41,900 (2017 - 1,36,57,500) Redeemable Preference Shares of Sri Lankan Rupee 100.00 each, fully paid		264.74		58.55
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)				
Government Securities (cost ₹ 74000.00)		0.01		0.01
National savings certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)		…		…
INVESTMENT IN BONDS/DEBENTURES				
In Others (at amortised cost)				
Housing Development Finance Corporation Limited 30 7.95% Secured Redeemable Non-Convertible Debentures Series Q - 002 (23 September 2019) of ₹ 10000000.00 each, fully paid	30.09		30.15	
170 (2017 - 50) 8.38% Secured Redeemable Non-Convertible Debentures Series P - 021 (15 July 2019) of ₹ 10000000.00 each, fully paid	171.48		50.72	
Carried over	1652.34	2425.14	1196.54	2191.52

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	1652.34	2425.14	1196.54	2191.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
255 (2017 - 160) 8.45% Secured Redeemable Non-Convertible Debentures Series P - 013 (24 July 2019) of ₹ 10000000.00 each, fully paid	257.31		162.27	
Nil (2017 - 30) 8.45% Secured Redeemable Non-Convertible Debentures Series O - 009 (08 February 2019) of ₹ 10000000.00 each, fully paid	–		30.36	
90 8.50% Secured Redeemable Non-Convertible Debentures Series O - 001 (31 August 2020) of ₹ 10000000.00 each, fully paid	91.52		92.07	
800 8.70% Secured Redeemable Non-Convertible Debentures Series N - 017 (18 May 2020) of ₹ 500000.00 each, fully paid	40.71		41.01	
1,700 8.75% Secured Redeemable Non-Convertible Debentures Series N - 002 (13 January 2020) of ₹ 500000.00 each, fully paid	86.55		87.33	
600 9.40% Secured Redeemable Non-Convertible Debentures Series M - 016 (26 August 2019) of ₹ 1000000.00 each, fully paid	61.55		62.59	
2,100 9.45% Secured Redeemable Non-Convertible Debentures Series M - 015 (21 August 2019) of ₹ 1000000.00 each, fully paid	214.85		218.10	
Housing and Urban Development Corporation Limited				
4,300 7.07% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series B (01 October 2025) of ₹ 1000000.00 each, fully paid	440.11		441.20	
150 (2017 - Nil) 7.19% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series A (31 July 2025) of ₹ 1000000.00 each, fully paid	15.85		–	
3,29,870 (2017 - 1,79,870) 7.34% (Tranche I Series 1 Bonds) For Category I, II, III Tax Free Tranche I Series 1 Bonds in the nature of Secured Redeemable Non-Convertible Debentures (16 February 2023) of ₹ 1000.00 each, fully paid	34.42		18.82	
7,00,696 7.39% (For category I, II & III) Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (08 February 2031) of ₹ 1000.00 each, fully paid	70.07		70.07	
1,000 (2017 - Nil) 7.70% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series F (19 March 2020) of ₹ 1000000.00 each, fully paid	100.00		–	
3,50,000 8.10% For Category I & II Tax Free Bonds Tranche 1 Series - 1 in the nature of Secured Non-Convertible Debentures (05 March 2022) of ₹ 1000.00 each, fully paid	37.02		37.47	
5,00,000 (2017 - Nil) 8.20% for Category I & II, Tax Free Bonds in the nature of Secured Non-Convertible Debentures Tranche1 Series - 2 (05/03/2027) of ₹ 1000.00 each, fully paid	56.75		–	
ICICI Bank Limited				
2,647 (2017 - Nil) 9.15% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 18AT (with first Call Option on 20 June 2023) of ₹ 1000000.00 each, fully paid	264.70		–	
2,000 (2017 - Nil) 9.20% Unsecured Subordinated Non-Convertible Basel III Compliant Perpetual Bonds in the nature of Debentures Series DMR 17AT (with first Call Option on 17 March 2022) of ₹ 1000000.00 each, fully paid	200.24		–	
Carried over	3623.99	2425.14	2457.83	2191.52

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	3623.99	2425.14	2457.83	2191.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
ICICI Home Finance Company Limited Nil (2017 - 1,900) 7.65% Unsecured Rated Listed Redeemable Senior Non-Convertible Bonds in the nature of Debentures Series HDBFB171 (23 October 2018) of ₹ 500000.00 each, fully paid	–		95.00	
India Infrastructure Finance Company Limited 5,00,000 (2017 - 2,50,000) 7.19% For Category I,II,III & IV Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series I) (22 January 2023) of ₹ 1000.00 each, fully paid	51.86		25.98	
3,00,000 (2017 - Nil) 7.36% For Category I,II,III & IV Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds 2012-13 (Tranche I Series II) (22 January 2028) of ₹ 1000.00 each, fully paid	33.03		–	
50,000 (2017 - Nil) 8.01% Secured Redeemable Non-Convertible Tax Free Bonds 2013-14 Tranche I Series 1A (12 November 2023) of ₹ 1000.00 each, fully paid	5.42		–	
1,175 (2017 - 1,000) 8.26% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series V B (23 August 2028) of ₹ 1000000.00 each, fully paid	126.31		106.47	
1,300 (2017 - 800) 8.46% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VI B (30 August 2028) of ₹ 1000000.00 each, fully paid	144.38		86.52	
1,780 (2017 - 1,630) 8.48% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series VII B (05 September 2028) of ₹ 1000000.00 each, fully paid	193.35		176.49	
Indian Railway Finance Corporation Limited 70,498 7.07% (For Category I,II & III) Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 102 (21 December 2025) of ₹ 1000.00 each, fully paid	7.37		7.40	
250 7.15% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 100 (21 August 2025) of ₹ 1000000.00 each, fully paid	26.19		26.35	
5,00,000 7.18% (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures Series 86 (19 February 2023) of ₹ 1000.00 each, fully paid	51.84		52.15	
2,250 7.19% Tax Free Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 99 (31 July 2025) of ₹ 1000000.00 each, fully paid	226.23		226.40	
1,00,000 7.34% (2017 - Nil) (For Categories I,II & III) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th "A" Series (19 February 2028) of ₹ 1000.00 each, fully paid	11.12		–	
3,31,819 (2017 - 2,50,000) 8.00% (For Categories I & II) Tax Free Non-Cumulative Non-Convertible Redeemable Bonds Series 80 (23 February 2022) of ₹ 1000.00 each, fully paid	35.17		26.69	
8,00,000 8.23% (For Category I,II & III) Tax Free Secured Non-Convertible Redeemable Bonds Series 91 (18 February 2024) of ₹ 1000.00 each, fully paid	87.75		88.82	
Carried over	4624.01	2425.14	3376.10	2191.52

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	4624.01	2425.14	3376.10	2191.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
100 8.35% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds Series 89 (21 November 2023) of ₹ 1000000.00 each, fully paid	10.92		11.05	
1,250 8.48% Tax Free Secured Non-Cumulative Non-Convertible Redeemable Bonds 89th A Series (21 November 2028) of ₹ 1000000.00 each, fully paid	134.71		135.30	
130 8.55% Tax Free Secured Non-Convertible Redeemable Bonds Series 94th A (12 February 2029) of ₹ 1000000.00 each, fully paid	14.09		14.15	
LIC Housing Finance Limited				
400 (2017 - Nil) 7.67% Secured Redeemable Non-Convertible Debentures Tranche 339 Option 1 (29 July 2021) of ₹ 1000000.00 each, fully paid	40.41		–	
750 7.79% Secured Redeemable Non-Convertible Debentures Tranche 328 (10 May 2019) of ₹ 1000000.00 each, fully paid	75.00		75.00	
100 8.30% Secured Redeemable Non-Convertible Debentures Tranche 304 Option 2 (15 July 2021) of ₹ 1000000.00 each, fully paid	10.25		10.32	
750 8.35% Secured Redeemable Non-Convertible Debentures Tranche 272 (18 October 2019) of ₹ 1000000.00 each, fully paid	75.62		76.00	
800 8.35% Secured Redeemable Non-Convertible Debentures Tranche 273 Option 1 (23 October 2020) of ₹ 1000000.00 each, fully paid	81.04		81.40	
250 8.37% Secured Redeemable Non-Convertible Debentures Tranche 293 (03 October 2019) of ₹ 1000000.00 each, fully paid	25.22		25.35	
550 (2017 - Nil) 8.37% Secured Redeemable Non-Convertible Debentures Tranche 294 (10 May 2021) of ₹ 1000000.00 each, fully paid	56.53		–	
750 (2017 - Nil) 8.47% Secured Redeemable Non-Convertible Debentures Tranche 302 (07 July 2020) of ₹ 1000000.00 each, fully paid	76.47		–	
250 8.49% Secured Redeemable Non-Convertible Debentures Tranche 249 (28 April 2020) of ₹ 1000000.00 each, fully paid	24.90		24.85	
350 (2017 - Nil) 8.525% Secured Redeemable Non-Convertible Debentures Tranche 266 (24 September 2020) of ₹ 1000000.00 each, fully paid	35.92		–	
850 (2017 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 262 (22 July 2020) of ₹ 1000000.00 each, fully paid	87.04		–	
50 (2017 - Nil) 8.60% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 1 (29 July 2020) of ₹ 1000000.00 each, fully paid	5.12		–	
100 (2017 - Nil) 8.65% Secured Redeemable Non-Convertible Debentures Tranche 270 (29 September 2020) of ₹ 1000000.00 each, fully paid	10.27		–	
700 8.67% Secured Redeemable Non-Convertible Debentures Tranche 263 Option 2 (26 August 2020) of ₹ 1000000.00 each, fully paid	71.03		71.75	
3,000 8.69% Secured Redeemable Non-Convertible Debentures Tranche 257 (26 June 2019) of ₹ 1000000.00 each, fully paid	300.00		300.00	
100 (2017 - Nil) 8.73% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 2 (14 January 2020) of ₹ 1000000.00 each, fully paid	10.23		–	
Carried over	5768.78	2425.14	4201.27	2191.52

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	5768.78	2425.14	4201.27	2191.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
1,250 (2017 - 350) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 290 Option 1 (21 December 2020) of ₹ 1000000.00 each, fully paid	128.53		36.47	
250 (2017 - Nil) 8.75% Secured Redeemable Non-Convertible Debentures Tranche 239 Option 1 (14 January 2020) of ₹ 1000000.00 each, fully paid	25.57		–	
239 8.95% Unsecured Non-Convertible Redeemable Tier II Subordinated Bonds Series III (15 September 2020) of ₹ 1000000.00 each, fully paid	23.97		24.01	
450 8.97% Secured Redeemable Non-Convertible Debentures Tranche 231 Option 2 (29 October 2019) of ₹ 1000000.00 each, fully paid	45.76		46.20	
700 9.3532% Secured Redeemable Non-Convertible Debentures Tranche 224 (19 August 2019) of ₹ 1000000.00 each, fully paid	71.40		72.36	
350 (2017 - Nil) 9.44% Secured Redeemable Non-Convertible Debentures Tranche 228 (30 August 2019) of ₹ 1000000.00 each, fully paid	35.88		–	
National Bank for Agriculture and Rural Development				
3,200 (2017 - Nil) 6.98% Unsecured Redeemable Non-Convertible Bonds Series 18 G (30 September 2020) of ₹ 1000000.00 each, fully paid	313.90		–	
2,000 (2017 - Nil) 7.07% Secured Redeemable Non-Convertible Bonds in the nature of Debentures Series 1A (25 February 2026) of ₹ 1000000.00 each, fully paid	211.43		–	
National Highways Authority of India				
2,600 7.11% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIA (18 September 2025) of ₹ 1000000.00 each, fully paid	260.46		260.50	
8,06,381 7.14% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IA (11 January 2026) of ₹ 1000.00 each, fully paid	82.54		82.72	
2,500 7.28% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series NHAI-IIB (18 September 2030) of ₹ 1000000.00 each, fully paid	250.00		250.00	
17,49,943 (2017 - 9,99,943) 7.35% Secured Redeemable Tax Free Non-Convertible Bonds in the nature of Debentures Series IIA (11 January 2031) of ₹ 1000.00 each, fully paid	185.16		99.99	
5,00,000 (2017 - Nil) 8.50% (For Category I, II & III) Secured Non-Convertible Tranche I Series IIA Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	58.96		–	
2,50,000 (2017 - Nil) 8.75% (For Category IV) Secured Non-Convertible Tranche I Series IIB Bonds (05 February 2029) of ₹ 1000.00 each, fully paid	30.28		–	
National Housing Bank				
800 8.46% NHB Tax Free Bonds 2028, Series V (30 August 2028) of ₹ 1000000.00 each, fully paid	86.01		86.38	
Power Finance Corporation Limited				
250 (2017 - Nil) 7.05% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 159 (15 May 2020) of ₹ 1000000.00 each, fully paid	24.58		–	
Carried over	7603.21	2425.14	5159.90	2191.52

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores) Quoted	Unquoted	As at 31st March, 2017 (₹ in Crores) Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	7603.21	2425.14	5159.90	2191.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
600 7.16% Secured Redeemable Non-Convertible Tax Free Bonds Series 136 (17 July 2025) of ₹ 1000000.00 each, fully paid	63.09		63.42	
250 (2017 - Nil) 7.42% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 165 (26 June 2020) of ₹ 1000000.00 each, fully paid	24.85		–	
250 (2017 - Nil) 7.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 163 (17 September 2020) of ₹ 1000000.00 each, fully paid	24.76		–	
Nil (2017 - 170) 8.29% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 129-B (13 June 2018) of ₹ 1000000.00 each, fully paid	–		17.03	
500 8.38% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 131-B (27 April 2020) of ₹ 1000000.00 each, fully paid	50.07		50.10	
500 8.46% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-B (30 August 2028) of ₹ 1000000.00 each, fully paid	53.75		53.99	
250 (2017 - Nil) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	25.22		–	
250 (2017 - Nil) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	25.30		–	
2,800 (2017 - Nil) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	284.61		–	
3,50,000 (2017 - Nil) 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	42.32		–	
200 (2017 - Nil) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	20.24		–	
50 (2017 - Nil) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	5.07		–	
750 (2017 - Nil) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	76.27		–	
400 (2017 - Nil) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92 - C (21 August 2022 with Call / Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	41.27		–	
850 (2017 - Nil) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid	86.72		–	
200 (2017 - Nil) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	20.38		–	
Carried over	8447.13	2425.14	5344.44	2191.52

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	8447.13	2425.14	5344.44	2191.52
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
PNB Housing Finance Limited				
1,000 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	100.20		100.32	
100 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	10.05		10.11	
600 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid	60.08		60.14	
400 (2017 - Nil) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	40.44		–	
Rural Electrification Corporation Limited				
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	89.19		89.64	
1,190 (2017 - 800) 8.46% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3B (29 August 2028) of ₹ 1000000.00 each, fully paid	132.82		86.39	
3,50,000 (2017 - Nil) 8.46% Secured Redeemable Non-Convertible Tax Free Bonds Tranche I Series 2A (24 September 2028) of ₹ 1000.00 each, fully paid	42.04		–	
50 8.54% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 4B (11 October 2028) of ₹ 1000000.00 each, fully paid	5.41		5.43	
250 8.87% Unsecured 7 Year Non-Convertible Non-Cumulative Redeemable Taxable Bonds - 2020 113th Series (08 March 2020) of ₹ 1000000.00 each, fully paid	25.23		25.34	
2,250 (2017 - Nil) 9.04% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds in the nature of Debentures Series 125th (12 October 2019) of ₹ 1000000.00 each, fully paid	228.83		–	
Small Industries Development Bank Of India				
500 (2017 - Nil) 7% Unsecured Listed Redeemable Non-Convertible Bonds Series IV of 2017-18 (21 December 2020) of ₹ 1000000.00 each, fully paid	49.52		–	
Nil (2017 - 1,000) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2015-16 (26 February 2019) of ₹ 1000000.00 each, fully paid	–		100.00	
State Bank Of India Limited				
3,250 (2017 - Nil) 9.00% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series I (with first Call Option 06 September 2021) of ₹ 1000000.00 each, fully paid	325.89		–	
1,550 (2017 - Nil) 8.39% Unsecured Non-Convertible Perpetual Subordinated Basel III Compliant Tier 1 Bonds in the nature of Debentures Series III (with first Call Option 25 October 2021) of ₹ 1000000.00 each, fully paid	152.98		–	
INVESTMENT IN MUTUAL FUNDS (at fair value through profit or loss)				
Aditya Birla Sun Life Fixed Term Plan - Series OY (1218 Days)				
4,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	40.72		–	
Carried over	9750.53	2425.14	5821.81	2191.52

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	9750.53	2425.14	5821.81	2191.52
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Aditya Birla Sun Life Fixed Term Plan - Series OX (1234 Days) 1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	10.18		–	
Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 Days) 2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	20.31		–	
Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 Days) 1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	15.26		–	
DSP BlackRock Fixed Maturity Plan - Series 217 - 40 M 1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	10.18		–	
DSP BlackRock Fixed Maturity Plan - Series 220 - 40 M 1,90,00,000 (2017 - Nil) Units of ₹ 10.00 each	19.22		–	
DSP BlackRock Fixed Maturity Plan - Series 221 - 40 M 2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	20.26		–	
Franklin India Fixed Maturity Plans - Series 2-Plan A 1,40,00,000 (2017 - Nil) Units of ₹ 10.00 each	14.22		–	
HDFC Fixed Maturity Plan 1107D March 2016 (1) - Series-36 4,00,00,000 Units of ₹ 10.00 each	47.08		43.97	
HDFC Fixed Maturity Plan 1114D March 2016 (1) - Series-35 12,80,00,000 Units of ₹ 10.00 each	150.73		140.79	
HDFC Fixed Maturity Plan 1132D February 2016 (1) - Series-35 4,30,00,000 Units of ₹ 10.00 each	50.75		47.43	
HDFC Fixed Maturity Plan - 1158D - February 2018 (1) - Series-39 6,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	65.83		–	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan I - 1170 Days 1,50,00,000 Units of ₹ 10.00 each	17.84		16.64	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan J - 1168 Days 1,00,00,000 Units of ₹ 10.00 each	11.86		11.06	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan N - 1150 Days 1,50,00,000 Units of ₹ 10.00 each	17.75		16.56	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan T - 1130 Days 1,00,00,000 Units of ₹ 10.00 each	11.75		10.96	
ICICI Prudential Fixed Maturity Plan - Series 78 - Plan W - 1135 Days 1,20,00,000 Units of ₹ 10.00 each	14.09		13.15	
ICICI Prudential Fixed Maturity Plan - Series 79 - Plan P - 1104 Days 40,00,000 Units of ₹ 10.00 each	4.46		4.17	
ICICI Prudential Fixed Maturity Plan - Series 81 - 1154 Days - Plan J 50,00,000 (2017 - Nil) Units of ₹ 10.00 each	5.24		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days - Plan E 1,30,00,000 (2017 - Nil) Units of ₹ 10.00 each	13.20		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan M 3,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	35.35		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1219 Days - Plan D 1,90,00,000 (2017 - Nil) Units of ₹ 10.00 each	19.33		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1215 Days - Plan H 4,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	45.65		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days - Plan C 1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	10.17		–	
Carried over	10381.24	2425.14	6126.54	2191.52

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10381.24	2425.14	6126.54	2191.52
INVESTMENT IN MUTUAL FUNDS (Contd.)				
ICICI Prudential Fixed Maturity Plan - Series 82 - 1185 Days - Plan I 5,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	50.66		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1199 Days - Plan L 5,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	50.61		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days - Plan K 4,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	45.58		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days - Plan B 3,70,00,000 (2017 - Nil) Units of ₹ 10.00 each	37.68		–	
ICICI Prudential Fixed Maturity Plan - Series 82 - 1236 Days - Plan A 70,00,000 (2017 - Nil) Units of ₹ 10.00 each	7.13		–	
Kotak Fixed Maturity Plan - Series 190 50,00,000 Units of ₹ 10.00 each	5.95		5.55	
Kotak Fixed Maturity Plan - Series 191 1,50,00,000 Units of ₹ 10.00 each	17.65		16.47	
Kotak Fixed Maturity Plan - Series 210 1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	10.25		–	
Kotak Fixed Maturity Plan - Series 212 60,00,000 (2017 - Nil) Units of ₹ 10.00 each	6.10		–	
Kotak Fixed Maturity Plan - Series 213 1,10,00,000 (2017 - Nil) Units of ₹ 10.00 each	11.19		–	
Kotak Fixed Maturity Plan - Series 214 1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	10.17		–	
Kotak Fixed Maturity Plan - Series 215 1,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	10.16		–	
Kotak Fixed Maturity Plan - Series 224 3,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	35.00		–	
Reliance Fixed Horizon Fund - XXX - Series 5 1,50,00,000 Units of ₹ 10.00 each	17.72		16.54	
Reliance Fixed Horizon Fund - XXX - Series 12 1,00,00,000 Units of ₹ 10.00 each	11.80		11.03	
Reliance Fixed Horizon Fund - XXX - Series 13 2,00,00,000 Units of ₹ 10.00 each	23.62		22.06	
Reliance Fixed Horizon Fund - XXX - Series 17 3,50,00,000 Units of ₹ 10.00 each	41.16		38.41	
Reliance Fixed Horizon Fund - XXX - Series 6 1,00,00,000 Units of ₹ 10.00 each	11.85		11.07	
Reliance Fixed Horizon Fund - XXXI - Series 9 1,80,00,000 Units of ₹ 10.00 each	20.22		18.92	
Reliance Fixed Horizon Fund - XXXV - Series 6 50,00,000 (2017 - Nil) Units of ₹ 10.00 each	5.10		–	
Reliance Fixed Horizon Fund - XXXVI - Series 1 1,20,00,000 (2017 - Nil) Units of ₹ 10.00 each	12.15		–	
Reliance Fixed Horizon Fund - XXXVI - Series 9 2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	20.03		–	
Reliance Fixed Horizon Fund - XXXV - Series 13 80,00,000 (2017 - Nil) Units of ₹ 10.00 each	8.13		–	
Carried over	10851.15	2425.14	6266.59	2191.52

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	10851.15	2425.14	6266.59	2191.52
INVESTMENT IN MUTUAL FUNDS (Contd.)				
Reliance Fixed Horizon Fund - XXXV - Series 14 1,20,00,000 (2017 - Nil) Units of ₹ 10.00 each	12.19		–	
Reliance Fixed Horizon Fund - XXXV - Series 15 1,70,00,000 (2017 - Nil) Units of ₹ 10.00 each	17.26		–	
Reliance Fixed Horizon Fund - XXXVI - Series 3 50,00,000 (2017 - Nil) Units of ₹ 10.00 each	5.06		–	
Reliance Fixed Horizon Fund - XXXV - Series 11 50,00,000 (2017 - Nil) Units of ₹ 10.00 each	5.09		–	
Reliance Fixed Horizon Fund - XXXV - Series 12 1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	15.27		–	
SBI Debt Fund Series C-7 (1190 Days) 2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	20.33		–	
SBI Debt Fund Series C-8 (1175 Days) 2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	20.30		–	
SBI Debt Fund Series C-9 (1150 Days) 1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	15.19		–	
UTI Fixed Term Income Fund Series XXIV - VI - 1181 Days 1,20,00,000 Units of ₹ 10.00 each	14.25		13.32	
UTI Fixed Term Income Fund Series XXIV - VIII - 1184 Days 80,00,000 Units of ₹ 10.00 each	9.44		8.83	
UTI Fixed Term Income Fund Series XXV - V - 1100 Days 50,00,000 Units of ₹ 10.00 each	5.61		5.25	
UTI Fixed Term Income Fund - Series XXVIII - IV (1204 Days) 1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	15.24		–	
UTI Fixed Term Income Fund - Series XXVIII - VI (1190 Days) 1,90,00,000 (2017 - Nil) Units of ₹ 10.00 each	19.27		–	
UTI Fixed Term Income Fund - Series XXVIII - VIII (1171Days) 1,50,00,000 (2017 - Nil) Units of ₹ 10.00 each	15.22		–	
UTI Fixed Term Income Fund Series XXVIII - IX (1168 Days) 2,00,00,000 (2017 - Nil) Units of ₹ 10.00 each	20.26		–	
INVESTMENT IN ALTERNATIVE INVESTMENT FUND (at fair value through profit or loss)				
Fireside Ventures Investments Fund I 750 (2017 - Nil) Units of ₹ 100000.00 each		7.50		–
Aggregate amount of quoted and unquoted Investments	**11061.13**	**2432.64**	**6293.99**	**2191.52**
TOTAL		**13493.77**		**8485.51**

Aggregate market value of quoted investments ₹ 11096.58 Crores (2017 - ₹ 6344.59 Crores).

Aggregate amount of impairment in value of investments ₹ 84.13 Crores (2017 - ₹ 60.68 Crores).

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Other Loans				
Others (Employees, suppliers, etc.)				
– Unsecured, considered good*	4.15	7.40	3.37	5.84
TOTAL	**4.15**	**7.40**	**3.37**	**5.84**

* Includes interest bearing loan to a supplier, M/s MD Fresh Vegetable Private Limited ₹ 1.50 Crores (2017 - ₹ 2.00 Crores) carrying interest @ 12% p.a. for upgrading its infrastructure and enhancement of its factory capacity. Out of the above, current portion of the loan being ₹ 0.50 Crore (2017 - ₹ 0.50 Crore).

6. Other Financial assets				
Bank deposits with more than 12 months maturity	–	1015.88	–	–
Other Financial assets				
Advances	2.42	–	3.96	–
Deposits*	533.99	725.40	530.35	99.83
Interest accrued on Loans, Deposits, Investments, etc.	491.72	–	314.82	–
Other Receivables**	119.82	–	155.78	–
TOTAL	**1147.95**	**1741.28**	**1004.91**	**99.83**

* Deposits include deposits to directors ₹ 0.08 Crore (2017 - ₹ 0.07 Crore) (Refer Note 29).

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

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
7. Other Assets				
Capital Advances (Refer Note 3B)	–	412.99	–	1056.48
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	8.36	886.71	10.85	861.67
– Others	4.29	104.26	6.91	103.57
Advances to related parties (Refer Note 29)	68.45	19.51	–	–
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	1109.67	602.16	530.76	648.40
Other Receivables*	67.64	–	62.05	–
TOTAL	**1258.41**	**2025.63**	**610.57**	**2670.12**

* Includes receivables on account of export incentives.

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
8. Inventories*		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	5288.47	4873.78
Work-in-progress	191.35	172.80
Finished goods (manufactured)	988.22	2022.75
Stock-in-trade (goods purchased for resale)	406.84	435.08
Stores and Spares	296.01	295.69
Intermediates - Tissue paper and Paperboards	66.26	63.89
TOTAL	**7237.15**	**7863.99**
The above includes goods in transit as under:		
Raw materials (including packing materials)	128.27	89.65
Stock-in-trade (goods purchased for resale)	3.14	2.86
Stores and spares	5.14	1.65
TOTAL	**136.55**	**94.16**

The cost of inventories recognised as an expense includes ₹ 28.08 Crores (2017 - ₹ 15.06 Crores) in respect of write-downs of inventory to net realisable value. Further, a sum of ₹ 0.55 Crore (2017 - ₹ 0.65 Crore) is in respect of reversal of such write-downs. Previous write-downs have been reversed as a result of increased sales prices in certain markets.

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

* Also Refer Note 19.

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores) Quoted	Unquoted	As at 31st March, 2017 (₹ in Crores) Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise)				
INVESTMENT IN PREFERENCE SHARES				
ICICI Bank Limited 310 Non-Cumulative Redeemable Non-Convertible Non-Participative Preference Shares (20 April 2018) of ₹ 10000000.00 each, fully paid		308.56		277.65
INVESTMENT IN BONDS/DEBENTURES				
Export Import Bank of India 300 9.15% Unsecured Non-Convertible Bonds Series P-16 (05 September 2022) of ₹ 1000000.00 each, fully paid	31.11		30.92	
Indian Railway Finance Corporation Limited 10,00,000 7.18% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds in the nature of Debentures 86th Series (19 February 2023) of ₹ 1000.00 each, fully paid	101.68		101.98	
20,00,000 8.23% Tax Free Secured Non-Convertible Redeemable Bonds Series 91st (18 February 2024) of ₹ 1000.00 each, fully paid	202.95		200.00	
4,35,012 8.00% Tax Free Non-Cumulative Non-Convertible Redeemable Bonds 80th Series (23 February 2022) of ₹ 1000.00 each, fully paid	45.29		43.50	
National Bank For Agriculture and Rural Development Nil (2017 - 4,100) Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 August 2017) 2D of ₹ 20000.00 each, fully paid	–		7.96	
1,41,270 Zero Coupon Unsecured Non-Convertible Bonds in the form of Promissory Notes Series BNB (01 January 2019) of ₹ 20000.00 each, fully paid	267.66		243.86	
National Highways Authority of India 4,94,476 8.20% Tax Free Secured Redeemable Non-Convertible Bonds (25 January 2022) of ₹ 1000.00 each, fully paid	50.54		49.45	
National Housing Bank 1,03,785 Zero Coupon Unsecured Non-Convertible Taxable Bonds in the form of Promissory Notes (24 December 2018) of ₹ 10000.00 each, fully paid	98.51		89.67	
Power Finance Corporation Limited 450 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid	45.94		45.83	
1,500 8.09% Secured Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 80-A (25 November 2021) of ₹ 100000.00 each, fully paid	15.26		15.48	
1,000 8.01% Secured Redeemable Non-Convertible Non-Cumulative Tax Free Bonds in the nature of Debentures Series 107-A (30 August 2023) of ₹ 1000000.00 each, fully paid	100.89		100.00	
1,00,000 8.20% Secured Non-Convertible Tax Free Bonds Series - I (01 February 2022) of ₹ 1000.00 each, fully paid	10.22		10.35	
12,95,560 8.18% Secured Tax Free Redeemable Non-Convertible Bonds Series 1A (16 November 2023) of ₹ 1000.00 each, fully paid	131.73		129.56	
Rural Electrification Corporation Limited 30,00,000 7.22% Secured Tax Free Redeemable Non-Convertible Bonds Tranche 1 Series 1 (19 December 2022) of ₹ 1000.00 each, fully paid	296.60		300.00	
1,000 8.01% Secured Redeemable Non-Convertible Tax Free Bonds in the nature of Debentures Series 3A (29 August 2023) of ₹ 1000000.00 each, fully paid	100.89		100.00	
Carried over	1499.27	308.56	1468.56	277.65

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1499.27	308.56	1468.56	277.65
INVESTMENT IN CERTIFICATE OF DEPOSITS				
Axis Bank Limited 20,000 (2017 - Nil) Certificate of Deposit (31 January 2019) of ₹ 100000.00 each, fully paid		188.82		–
ICICI Bank Limited 10,000 (2017 - Nil) Certificate of Deposit (29 January 2019) of ₹ 100000.00 each, fully paid		94.42		–
IDFC Bank Limited Nil (2017 - 15,000) Certificate of Deposit (06 October 2017) of ₹ 100000.00 each, fully paid		–		145.10
IndusInd Bank Limited Nil (2017 - 10,000) Certificate of Deposit (31 August 2017) of ₹ 100000.00 each, fully paid		–		97.34
Kotak Mahindra Bank Limited 50,000 (2017 - Nil) Certificate of Deposit (19 September 2018) of ₹ 100000.00 each, fully paid		484.50		–
National Bank For Agriculture and Rural Development 25,000 (2017 - Nil) Certificate of Deposit (14 February 2019) of ₹ 100000.00 each, fully paid		235.40		–
Small Industries Development Bank Of India 20,000 (2017 - Nil) Certificate of Deposit (18 January 2019) of ₹ 100000.00 each, fully paid		189.21		–
20,000 (2017 - Nil) Certificate of Deposit (22 January 2019) of ₹ 100000.00 each, fully paid		189.14		–
25,000 (2017 - Nil) Certificate of Deposit (08 February 2019) of ₹ 100000.00 each, fully paid		235.67		–
25,000 (2017 - Nil) Certificate of Deposit (14 February 2019) of ₹ 100000.00 each, fully paid		235.40		–
INVESTMENT IN MUTUAL FUNDS				
Aditya Birla Sun Life Floating Rate Fund - Long Term 3,52,34,101 (2017 - 1,71,61,769) Units of ₹ 100.00 each		758.68		344.35
Aditya Birla Sun Life Savings Fund 1,72,75,965 (2017 - 1,50,00,045) Units of ₹ 100.00 each		593.23		479.83
Aditya Birla Sun Life Short Term Fund 2,68,28,196 Units of ₹ 10.00 each		179.27		167.79
Aditya Birla Sun Life Treasury Optimizer Plan Nil (2017 - 15,45,665) Units of ₹ 100.00 each		–		32.51
Axis Short Term Fund 8,89,51,089 (2017 - 22,61,88,081) Units of ₹ 10.00 each		174.71		416.22
Axis Treasury Advantage Fund 5,46,967 Units of ₹ 1000.00 each		108.35		100.98
DHFL Pramerica Ultra Short Term Fund 3,91,50,224 (2017 - 5,09,80,716) Units of ₹ 10.00 each		49.74		60.40
DSP BlackRock Low Duration Fund (Formerly known as DSP BlackRock Ultra Short Term Fund) 26,30,57,340 Units of ₹ 10.00 each		333.10		311.78
DSP BlackRock Short Term Fund Nil (2017 - 8,80,67,259) Units of ₹ 10.00 each		–		252.18
Carried over	1499.27	4358.20	1468.56	2686.13

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
9. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)				
Brought forward	1499.27	4358.20	1468.56	2686.13
INVESTMENT IN MUTUAL FUNDS (Contd.)				
HDFC Floating Rate Income Fund - Short Term Plan 10,23,22,267 Units of ₹ 10.00 each		310.88		290.18
HDFC High Interest Fund - Dynamic Plan Nil (2017 - 1,06,18,432) Units of ₹ 10.00 each		–		62.22
HDFC Medium Term Opportunities Fund 13,70,31,285 Units of ₹ 10.00 each		265.95		249.09
HDFC Short Term Opportunities Fund 14,47,53,251 Units of ₹ 10.00 each		277.56		260.38
ICICI Prudential - Flexible Income Plan 53,44,324 Units of ₹ 100.00 each		179.08		167.05
ICICI Prudential Banking & PSU Debt Fund 4,92,90,221 Units of ₹ 10.00 each		59.96		56.14
ICICI Prudential Income Opportunities Fund 2,11,18,618 (2017 - 7,98,55,052) Units of ₹ 10.00 each		52.29		186.27
ICICI Prudential Short Term 2,70,17,352 (2017 - 7,64,50,849) Units of ₹ 10.00 each		101.33		267.81
ICICI Ultra-Short Term Plan 22,03,55,476 Units of ₹ 10.00 each		374.16		350.02
IDFC Corporate Bond Fund Nil (2017 - 20,53,11,314) Units of ₹ 10.00 each		–		230.28
IDFC Money Manager Fund - Investment Plan 1,22,42,641 (2017 - 7,43,04,224) Units of ₹ 10.00 each		128.63		172.89
IDFC Money Manager Fund - Treasury Plan 4,22,87,680 (2017 - 5,21,99,899) Units of ₹ 10.00 each		118.02		136.69
IDFC Super Saver Income Fund - Short Term 4,72,99,811 (2017 - 7,02,30,210) Units of ₹ 10.00 each		172.91		241.02
Kotak Bond Short Term 7,68,78,681 (2017 - 16,24,19,814) Units of ₹ 10.00 each		204.71		463.19
Kotak Treasury Advantage Fund 17,04,16,740 Units of ₹ 10.00 each		481.10		449.20
Reliance Floating Rate Fund - Short Term Plan 38,18,89,185 (2017 - 40,11,92,118) Units of ₹ 10.00 each		478.59		498.44
Reliance Medium Term Fund 10,42,77,348 Units of ₹ 10.00 each		246.09		229.47
Reliance Money Manager Fund 6,71,878 Units of ₹ 1000.00 each		163.85		152.95
Reliance Short Term Fund 2,07,06,236 Units of ₹ 10.00 each		69.75		65.43
SBI Premier Liquid Fund Nil (2017 - 7,74,070) Units of ₹ 1000.00 each		–		197.05
Tata Ultra Short Term Nil (2017 - 12,53,751) Units of ₹ 1000.00 each		–		311.12
UTI Money Market Fund - Institutional 3,53,612 (2017 - Nil) Units of ₹ 1000.00 each		68.59		–
Current Portion of Non-Current Investment (at amortised cost)				
INVESTMENT IN BONDS/DEBENTURES				
Housing Development Finance Corporation Limited 30 (2017 - Nil) 8.45% Secured Redeemable Non-Convertible Debentures Series O 009 (08 February 2019) of ₹ 10000000.00 each, fully paid	30.17		–	
Carried over	1529.44	8111.65	1468.56	7723.02

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores) Quoted	Unquoted	As at 31st March, 2017 (₹ in Crores) Quoted	Unquoted
9. Current investments (Contd.)				
Brought forward	1529.44	8111.65	1468.56	7723.02
INVESTMENT IN BONDS / DEBENTURES (Contd.)				
ICICI Home Finance Company Limited 1,900 (2017 - Nil) 7.65% Unsecured Rated Listed Redeemable Senior Non-Convertible Bonds in the nature of Debentures Series HDBFB171 (23 October 2018) of ₹ 500000.00 each, fully paid	95.00		–	
IDFC Bank Limited Nil (2017 - 3,000) Zero Coupon Unsecured Redeemable Non-Convertible Debentures Series IDFC Bank OBB 20/2015 (27 November 2017) of ₹ 1000000.00 each, fully paid	–		354.25	
LIC Housing Finance Limited Nil (2017 - 30) 8.50% Secured Redeemable Non-Convertible Debentures Tranche 187 (13 April 2017) of ₹ 1000000.00 each, fully paid	–		3.00	
Nil (2017 - 1,000) 9.18% Secured Redeemable Non-Convertible Debentures Tranche 219 (03 July 2017) of ₹ 1000000.00 each, fully paid	–		100.11	
Nil (2017 - 300) 9.29% Secured Redeemable Non-Convertible Debentures Tranche 230 Option 1 (16 October 2017) of ₹ 1000000.00 each, fully paid	–		30.12	
Nil (2017 - 170) 9.80% Secured Redeemable Non-Convertible Debentures Tranche XXVI (22 October 2017) of ₹ 1000000.00 each, fully paid	–		17.10	
500 (2017 - Nil) 8.38% Secured Redeemable Non-Convertible Debentures Tranche 277 Option 1 (27 February 2019) of ₹ 1000000.00 each, fully paid	50.35		–	
Power Finance Corporation Limited Nil (2017 - 1,000) 8.12% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 139-B (22 May 2017) of ₹ 1000000.00 each, fully paid	–		99.99	
Nil (2017 - 1,500) 9.11% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 115 I (07 July 2017) of ₹ 1000000.00 each, fully paid	–		150.22	
Nil (2017 - 379) 9.27% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series 92-B (21 August 2017) of ₹ 1000000.00 each, fully paid	–		38.04	
Nil (2017 - 150) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 117A (19 August 2017) of ₹ 1000000.00 each, fully paid	–		15.06	
170 (2017 - Nil) 8.29% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 129-B (13 June 2018) of ₹ 1000000.00 each, fully paid	17.01		–	
Rural Electrification Corporation Limited Nil (2017 - 1,000) 9.40% Unsecured Non-Convertible, Non-Cumulative Redeemable Taxable Bonds - 2017 Series - 108 (Option I) (20 July 2017) of ₹ 1000000.00 each, fully paid	–		100.31	
Small Industries Development Bank Of India 1,000 (2017 - Nil) 8.28% Unsecured Redeemable Non-Convertible Bonds in the nature of Promissory Notes Series 7 of 2015 -16 (26 February 2019) of ₹ 1000000.00 each, fully paid	100.00		–	
Aggregate amount of quoted and unquoted Investments	**1791.80**	**8111.65**	**2376.76**	**7723.02**
TOTAL		**9903.45**		**10099.78**

Aggregate market value of quoted investments ₹ 1792.59 Crores (2017 - ₹ 2380.97 Crores).

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
10. Trade Receivables (Current)		
Secured, considered good	29.06	28.89
Unsecured, considered good	2327.95	2178.61
Doubtful	116.27	96.74
Less: Allowance for doubtful receivables	116.27	96.74
TOTAL	**2357.01**	**2207.50**

11. Cash and cash equivalents@		
Balances with Banks		
Current accounts	91.47	150.70
Cheques, drafts on hand	1.88	3.28
Cash on hand	2.68	2.17
TOTAL	**96.03**	**156.15**

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

12. Other bank balances		
Earmarked balances	158.45	157.68
In deposit accounts*	2340.40	2433.44
TOTAL	**2498.85**	**2591.12**

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

Notes to the Financial Statements

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (No. of Shares)	As at 31st March, 2017 (₹ in Crores)
13. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	12,20,42,94,911	1220.43	12,14,73,83,071	1214.74
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,14,73,83,071	1214.74	8,04,72,06,991	804.72
Add: Issue of Bonus Shares	–	–	4,02,66,57,100	402.67
Add: Issue of Shares on exercise of Options	5,69,11,840	5.69	7,35,18,980	7.35
As at end of the year	**12,20,42,94,911**	**1220.43**	**12,14,73,83,071**	**1214.74**

B) Shareholders holding more than 5% of the Ordinary Shares in the Company

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %	As at 31st March, 2017 (No. of Shares)	As at 31st March, 2017 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.40	2,97,83,47,320	24.52
Life Insurance Corporation of India	1,97,50,75,980	16.18	1,97,50,75,980	16.26
Specified Undertaking of the Unit Trust of India	1,02,52,89,805	8.40	1,10,25,91,521	9.08

C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March

	2018 (No. of Shares)	2017 (No. of Shares)
Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited	87,761	87,761

D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March

	2018 (No. of Shares)	2017 (No. of Shares)
Bonus Shares issued in 2016-17	4,02,66,57,100	4,02,66,57,100

E) Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

F) Shares reserved for issue under Options

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2017 (No. of Shares)
Ordinary Shares of ₹ 1.00 each	43,30,60,920	43,15,59,080

Terms and Conditions of Options Granted

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

The vesting period for conversion of Options is as follows:

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

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

Further details of ITC Employee Stock Option Schemes are provided in Note 27(xii).

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
14. Non-current borrowings		
Unsecured		
Deferred payment liabilities		
Sales tax deferment loans	11.13	17.99
TOTAL	**11.13**	**17.99**

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

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

	Deferred Payment Liabilities	Deferred Payment Liabilities
Borrowings repayable		
In the first year (Refer Note 15)	6.86	7.84
Current maturities of long-term debt	**6.86**	**7.84**
In the second year	3.24	6.86
In the third to fifth year	3.35	5.85
After five years	4.54	5.28
Non-current borrowings	**11.13**	**17.99**

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
15. Other financial liabilities		
Non-current		
Others (Includes retention money payable towards property, plant and equipment)	35.36	9.21
TOTAL	**35.36**	**9.21**
Current		
Current maturities of long-term debt (Refer Note 14)	6.86	7.84
Interest accrued	1.75	1.65
Unpaid dividend *	158.23	157.42
Unpaid matured deposits and interest accrued thereon	...	...
Unpaid matured debentures / bonds and interest accrued thereon **	0.30	0.30
Others (Includes payable for property, plant and equipment, derivatives designated as hedging instruments etc.)	611.16	617.57
TOTAL	**778.30**	**784.78**

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

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

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
16. Provisions				
Provision for employee benefits [Refer Note 27 (vii)]				
Retirement benefits	13.18	84.87	21.43	85.41
Other benefits	26.06	37.04	20.40	45.96
TOTAL	**39.24**	**121.91**	**41.83**	**131.37**

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
17. Deferred tax liabilities (Net)		
Deferred tax liabilities	2329.70	2416.95
Less: Deferred tax assets	411.76	545.25
TOTAL	**1917.94**	**1871.70**

(₹ in Crores)

Movement in deferred tax liabilities/assets balances	Opening Balance	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to profit or loss	Closing Balance
2017-18						
Deferred Tax liabilities/assets in relation to:						
On fiscal allowances on property, plant and equipment, etc.	1866.58	145.88	–	–	–	2012.46
On excise duty/National Calamity Contingent Duty on closing stock	372.24	(347.67)	–	–	–	24.57
On cash flow hedges	(5.70)	–	12.10	12.17	(14.96)	3.61
Other timing differences	183.83	105.23	–	–	–	289.06
Total deferred tax liabilities	**2416.95**	**(96.56)**	**12.10**	**12.17**	**(14.96)**	**2329.70**
On employees' separation and retirement etc.	86.53	(9.02)	(8.31)	–	–	69.20
On provision for doubtful debts/advances	35.00	8.97	–	–	–	43.97
On State and Central taxes etc.	335.83	(146.94)	–	–	–	188.89
Other timing differences	87.89	21.81	–	–	–	109.70
Total deferred tax assets	**545.25**	**(125.18)**	**(8.31)**	**–**	**–**	**411.76**
Deferred tax liabilities (Net)	**1871.70**	**28.62**	**20.41**	**12.17**	**(14.96)**	**1917.94**
2016-17						
Deferred Tax liabilities/assets in relation to:						
On fiscal allowances on property, plant and equipment, etc.	1744.15	122.43	–	–	–	1866.58
On excise duty/National Calamity Contingent Duty on closing stock	600.92	(228.68)	–	–	–	372.24
On cash flow hedges	3.40	–	(7.18)	5.77	(7.69)	(5.70)
Other timing differences	40.68	143.15	–	–	–	183.83
Total deferred tax liabilities	**2389.15**	**36.90**	**(7.18)**	**5.77**	**(7.69)**	**2416.95**
On employees' separation and retirement etc.	80.10	3.39	3.04	–	–	86.53
On provision for doubtful debts/advances	26.05	8.95	–	–	–	35.00
On State and Central taxes etc.	322.60	13.23	–	–	–	335.83
Other timing differences	92.97	(5.08)	–	–	–	87.89
Total deferred tax assets	**521.72**	**20.49**	**3.04**	**–**	**–**	**545.25**
Deferred tax liabilities (Net)	**1867.43**	**16.41**	**(10.22)**	**5.77**	**(7.69)**	**1871.70**

The Company has long term capital losses of ₹ Nil (2017 - ₹ 74.12 Crores) for which no deferred tax assets have been recognised.

Notes to the Financial Statements

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
18. Other liabilities		
Non-current		
Deferred revenue arising from Government grant	38.30	14.65
TOTAL	**38.30**	**14.65**
Current		
Statutory Liabilities	3988.60	2682.76
Advances received from customers	570.73	580.26
Others		
– Deferred revenue arising from Government grant	1.27	0.79
– Others (includes deferred revenue, accruals, customer deposits etc.)	96.18	87.34
TOTAL	**4656.78**	**3351.15**
19. Current Borrowings		
Secured		
Loans from Banks		
Cash Credit Facilities	–	0.01
TOTAL	**–**	**0.01**

Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future (Refer Note 8).

20A. Income Tax Assets (Net)		
Income Tax Assets (net of provision)	18.66	–
TOTAL	**18.66**	**–**
20B. Current Tax Liabilities (Net)		
Current taxation (net of advance payment)	–	101.08
TOTAL	**–**	**101.08**

Notes to the Financial Statements

	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
21A. Revenue from operations		
Sale of Products	42552.80	53672.44
Sale of Services	1404.10	1329.25
Gross Revenue from sale of products and services* [including excise duty/National Calamity Contingent Duty of ₹ 4701.64 Crores (2017 - ₹ 16022.49 Crores)][@]	43956.90	55001.69
Other Operating Revenues[#]	372.87	446.77
TOTAL	**44329.77**	**55448.46**

* Net of sales returns and damaged stocks.

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

Includes Government grants received of ₹ 86.95 Crores (2017 - ₹ 127.01 Crores) on account of Export Promotion Capital Goods, Served from India Scheme, Service Export from India Scheme, Merchandise Export from India Scheme etc.

21B. Gross Revenue from sale of products and services*[@]		
FMCG		
– Cigarettes etc.	22894.01	34001.98
– Branded Packaged Food Products	8668.72	8036.41
– Others (Apparel, Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis etc.)	2645.66	2462.16
Hotels		
– Hotels Sales/Income from Hotel Services	1404.10	1329.25
Agri Business		
– Unmanufactured Tobacco	1696.13	1817.93
– Other Agri Products and Commodities (Wheat, Soya, Spices, Coffee, Aqua etc.)	2855.85	3534.95
Paperboards, Paper and Packaging		
– Paperboards and Paper	3221.11	3219.57
– Printed Materials	571.32	599.44
TOTAL	**43956.90**	**55001.69**

* Net of sales returns and damaged stocks.

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

Notes to the Financial Statements

	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
22. Other income		
Interest income	917.80	864.58
Dividend income	409.79	248.85
Other non-operating income	24.25	37.62
Other gains and losses	778.00	834.86
TOTAL	**2129.84**	**1985.91**
Interest income comprises interest from:		
a) Deposits with banks etc. - carried at amortised cost	242.63	320.96
b) Financial assets mandatorily measured at FVTPL	156.34	154.27
c) Other financial assets measured at amortised cost	480.87	388.97
d) Others (from statutory authorities etc.)	37.96	0.38
TOTAL	**917.80**	**864.58**
Dividend income comprises dividend from:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	7.73	0.02
b) Other investments	402.06	248.83
TOTAL	**409.79**	**248.85**
Other gains and losses:		
Net foreign exchange gain/(loss)	42.90	0.49
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL*	748.94	646.71
Net gain recognised on disposal of subsidiary and return of capital by subsidiary	9.61	203.95
Impairment of investment in joint venture/subsidiary company	(23.45)	(16.29)
TOTAL	**778.00**	**834.86**

* Includes ₹ 258.09 Crores (2017 - ₹ 143.53 Crores) being net gain/(loss) on sale of investments.

23. Employee benefits expense		
Salaries and wages	1805.05	1687.15
Contribution to Provident and other funds	165.09	147.28
Share based payments to employees	349.28	450.32
Staff welfare expenses	199.57	189.06
	2518.99	2473.81
Less: Recoveries made/reimbursements received	31.53	29.50
TOTAL	**2487.46**	**2444.31**
24. Finance costs		
Interest expense:		
– On financial liabilities measured at amortised cost	33.38	7.42
– Others	53.27	15.53
TOTAL	**86.65**	**22.95**

Notes to the Financial Statements

	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
25. Other Expenses		
Power and fuel	620.92	550.32
Consumption of stores and spare parts	260.69	262.23
Contract processing charges	823.28	821.62
Rent [Refer Note 27(ix)]	314.80	308.68
Rates and taxes	209.60	556.89
Insurance	54.30	55.25
Repairs		
– Buildings	57.80	63.00
– Machinery	206.52	209.01
– Others	59.58	62.71
Maintenance and upkeep	209.09	184.20
Outward freight and handling charges	886.72	836.95
Warehousing charges	134.87	116.90
Advertising/Sales promotion	886.23	792.44
Market research	131.42	113.44
Design and product development	45.22	49.58
Hotel reservation/Marketing expenses	33.42	31.40
Retail accessories	133.44	202.95
Brokerage and discount - sales	7.89	9.01
Commission to selling agents	26.76	38.69
Doubtful and bad debts	25.14	30.74
Doubtful and bad advances, loans and deposits	3.74	1.25
Bank and credit card charges	22.95	22.38
Information technology services	243.16	227.08
Travelling and conveyance	248.24	229.90
Training and development	24.27	20.66
Legal expenses	39.84	44.85
Consultancy/Professional fees	102.84	103.06
Postage, telephone etc.	23.70	27.74
Printing and stationery	17.30	17.19
Loss on sale of property, plant and equipment - Net	14.48	5.00
Loss on sale of stores and spare parts - Net	3.72	4.54
Miscellaneous expenses	937.13	1090.37
TOTAL	**6809.06**	**7090.03**
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses*		
Audit fees	2.95	2.65
Tax audit fees	0.60	0.55
Fees for limited review	1.02	0.93
Fees for other services#	1.99	1.99
Reimbursement of expenses	0.42	0.45
(2) Cost auditors' fees	0.09	0.10

* Excluding taxes.

\# Includes remuneration for professional services rendered by firms of auditors in which some of the partners of the statutory auditors firm are partners ₹ 0.83 Crore (2017 - ₹ 0.91 Crore).

Notes to the Financial Statements

	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
26. Income Tax Expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year		
Current tax	5863.36	5339.68
Adjustments/(credits) related to previous years - Net		
Current tax	(263.53)	(54.03)
Total current tax	**5599.83**	**5285.65**
Deferred tax		
Deferred tax for the year	(65.70)	(37.62)
Adjustments/(credits) related to previous years - Net	94.32	54.03
Total deferred tax	**28.62**	**16.41**
TOTAL	**5628.45**	**5302.06**
B. Amount Recognised in other comprehensive income		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurement gains/(losses) on defined benefit plans	(28.05)	3.04
Related to designated portion of hedging instruments in cash flow hedges	(3.56)	21.18
	(31.61)	**24.22**
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	6.42	(6.31)
TOTAL	**(25.19)**	**17.91**
C. Amount Recognised directly in equity		
The income tax (charged)/credited directly to equity during the year is as follows:		
Deferred tax		
Arising on gains/(losses) of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	12.17	5.77
TOTAL	**12.17**	**5.77**
D. Reconciliation of effective tax rate		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	16851.70	15502.96
Income tax expense calculated @ 34.608% (2017- 34.608%)	5832.04	5365.26
Effect of tax relating to uncertain tax positions	78.12	93.90
Effect of different tax rate on certain items	(99.68)	(101.54)
Effect of income not taxable	(151.06)	(89.75)
Other differences	157.02	85.66
Benefit of previously unrecognised tax loss to reduce current tax expense	(18.78)	(41.38)
Benefit of previously unrecognised tax loss to reduce deferred tax expense	–	(10.09)
Total	**5797.66**	**5302.06**
Adjustments recognised in the current year in relation to the current tax of prior years	(169.21)	–
Income tax recognised in profit or loss	**5628.45**	**5302.06**

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

27. Additional Notes to the Financial Statements

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

(ii) Earnings per share:

		2018	2017
Earnings per share has been computed as under:			
(a)	Profit for the year (₹ in Crores)	11223.25	10200.90
(b)	Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,17,58,14,877	12,10,38,51,999
(c)	Effect of potential Ordinary shares on Employee Stock Options outstanding	7,09,84,629	7,54,20,442
(d)	Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,24,67,99,506	12,17,92,72,441
(e)	Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
	– Basic [(a)/(b)]	9.22	8.43
	– Diluted [(a)/(d)]	9.16	8.38

(iii) Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities - ₹ 290.98 Crores (2017 - ₹ 275.96 Crores) comprising employee benefits expense of ₹ 7.84 Crores (2017 - ₹ 6.75 Crores) and other expenses of ₹ 283.14 Crores (2017 - ₹ 269.21 Crores) of which ₹ 14.42 Crores (2017 - ₹ 16.80 Crores) is accrued for payment as on 31st March, 2018. Such CSR expenditure of ₹ 290.98 Crores (2017 - ₹ 275.96 Crores) excludes ₹ 10.29 Crores (2017 - ₹ 11.80 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit imposed of 5% of total CSR expenditure laid down under Rule 4(6) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for such expenses.

(iv) Research and Development expenses for the year amount to ₹ 130.44 Crores (2017 - ₹ 134.83 Crores).

(v) Cost of inventory recognised as expense during the year amount to ₹ 22969.81 Crores (2017 - ₹ 34655.68 Crores).

(vi) Contingent liabilities and commitments:

(a) Contingent liabilities

(i) Claims against the Company not acknowledged as debts ₹ 777.25 Crores (2017 - ₹ 688.53 Crores), including interest on claims, where applicable, estimated to be ₹ 225.17 Crores (2017 - ₹ 195.17 Crores). These comprise:

- Excise duty, VAT / sales taxes, GST and other indirect taxes claims disputed by the Company relating to issues of applicability and classification aggregating ₹ 626.71 Crores (2017 - ₹ 582.60 Crores), including interest on claims, where applicable, estimated to be ₹ 215.72 Crores (2017 - ₹ 185.88 Crores).
- Local Authority taxes / cess / royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 104.21 Crores (2017 - ₹ 59.42 Crores), including interest on claims, where applicable, estimated to be ₹ 5.03 Crores (2017 - ₹ 4.99 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 39.17 Crores (2017- ₹ 39.04 Crores), including interest on claims, where applicable, estimated to be ₹ 0.48 Crore (2017 - ₹ 0.36 Crore).
- Other matters ₹ 7.16 Crores (2017 - ₹ 7.47 Crores), including interest on other matters, where applicable, estimated to be ₹ 3.94 Crores (2017 - ₹ 3.94 Crores).

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

27. Additional Notes to the Financial Statements (Contd.)

(ii) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding - ₹ 1.30 Crores (2017 - ₹ 1.30 Crores).

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 1445.07 Crores (2017 - ₹ 1990.24 Crores).
- Uncalled liability on investments partly paid is ₹ 33.90 Crores (2017 - ₹ 26.40 Crores).

(vii) (a) **Defined Benefit Plans / Long Term Compensated Absences:-**

Description of Plans

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

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

The liabilities arising in the Defined Benefit Schemes are determined in accordance with the advice of independent, professionally qualified actuaries, using the projected unit credit method. The Company makes regular contributions to these Employee Benefit Plans. Additional contributions are made to these plans as and when required based on actuarial valuation. Some Group companies also participate in these Plans. These participating Group companies make contributions to the Plans for their respective employees on a uniform basis and each entity ascertains their obligation through actuarial valuation. The net Defined benefit cost is recognised by these companies in their respective Financial Statements.

Risk Management

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

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

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

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

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

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

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

			For the year ended 31st March, 2018 (₹ in Crores)			For the year ended 31st March, 2017 (₹ in Crores)		
			Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
			Funded		Unfunded	Funded		Unfunded
I	**Components of Employer Expense**							
	–	**Recognised in Profit or Loss**						
	1	Current Service Cost	44.47	26.13	7.76	44.66	28.04	5.57
	2	Past Service Cost	–	6.56	–	–	–	–
	3	Net Interest Cost	(3.48)	(0.07)	6.28	(5.13)	(1.18)	6.36
	4	**Total expense recognised in the Statement of Profit and Loss**	**40.99**	**32.62**	**14.04**	**39.53**	**26.86**	**11.93**
	–	**Re-measurements recognised in Other Comprehensive Income**						
	5	Return on plan assets (excluding amounts included in Net interest cost)	(1.74)	(4.78)	–	(20.58)	(4.44)	–
	6	Effect of changes in demographic assumptions	(0.48)	(0.37)	(0.39)	–	–	–
	7	Effect of changes in financial assumptions	(33.73)	(11.78)	(5.59)	32.35	15.66	4.86
	8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
	9	Effect of experience adjustments	(21.08)	(3.67)	2.78	7.41	(10.59)	3.29
	10	**Total re-measurements included in Other Comprehensive Income**	**(57.03)**	**(20.60)**	**(3.20)**	**19.18**	**0.63**	**8.15**
	11	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (4+10)**	**(16.04)**	**12.02**	**10.84**	**58.71**	**27.49**	**20.08**

The current service cost, past service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 23. The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.

			Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	**Actual Returns**		52.09	24.80	–	71.46	26.37	–
III	**Net Asset/(Liability) recognised in Balance Sheet**							
	1	Present Value of Defined Benefit Obligation	702.21	314.68	98.05	722.69	313.11	98.84
	2	Fair Value of Plan Assets	775.53	329.09	–	716.25	311.55	–
	3	Status [Surplus/(Deficit)]	73.32	14.41	(98.05)	(6.44)	(1.56)	(98.84)
	4	Restrictions on Asset Recognised	–	–	–	–	–	–

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(₹ in Crores)

	5	Net Asset/(Liability) recognised in Balance Sheet	As at 31st March, 2018		As at 31st March, 2017	
			Current	Non-current	Current	Non-current
		– Pension	53.81	19.51	(6.44)	–
		– Gratuity	14.41	–	(1.56)	–
		– Leave Encashment	(13.18)	(84.87)	(13.43)	(85.41)

			For the year ended 31st March, 2018 (₹ in Crores)			For the year ended 31st March, 2017 (₹ in Crores)		
			Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
IV		**Change in Defined Benefit Obligation (DBO)**						
	1	Present Value of DBO at the beginning of the year	722.69	313.11	98.84	627.53	293.99	90.82
	2	Current Service Cost	44.47	26.13	7.76	44.66	28.04	5.57
	3	Past Service Cost	–	6.56	–	–	–	–
	4	Interest Cost	46.87	19.95	6.28	45.75	20.75	6.36
	5	Remeasurement gains/(losses):						
	a.	Effect of changes in demographic assumptions	(0.48)	(0.37)	(0.39)	–	–	–
	b.	Effect of changes in financial assumptions	(33.73)	(11.78)	(5.59)	32.35	15.66	4.86
	c.	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
	d.	Effect of experience adjustments	(21.08)	(3.67)	2.78	7.41	(10.59)	3.29
	6	Curtailment Cost/(Credits)	–	–	–	–	–	–
	7	Settlement Cost/(Credits)	–	–	–	–	–	–
	8	Liabilities assumed in business combination	–	–	–	–	–	–
	9	Exchange difference on foreign plans	–	–	–	–	–	–
	10	Benefits Paid	(56.53)	(35.25)	(11.63)	(35.01)	(34.74)	(12.06)
	11	**Present Value of DBO at the end of the year**	**702.21**	**314.68**	**98.05**	**722.69**	**313.11**	**98.84**

(₹ in Crores)

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2018	As at 31st March, 2017
	– Pension	53.81	107.46
	– Gratuity	17.59	18.41

27. Additional Notes to the Financial Statements (Contd.)

			For the year ended 31st March, 2018 (₹ in Crores)			For the year ended 31st March, 2017 (₹ in Crores)		
			Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
VI	**Change in Fair Value of Assets**							
	1	Plan Assets at the beginning of the year	716.25	311.55	–	640.50	273.12	–
	2	Asset acquired in Business Combination	–	–	–	–	–	–
	3	Interest Income	50.35	20.02	–	50.88	21.93	–
	4	Remeasurement Gains/(Losses) on plan assets	1.74	4.78	–	20.58	4.44	–
	5	Actual Company Contributions	63.72	27.99	–	39.30	46.80	–
	6	Benefits Paid	(56.53)	(35.25)	–	(35.01)	(34.74)	–
	7	**Plan Assets at the end of the year**	**775.53**	**329.09**	**–**	**716.25**	**311.55**	**–**

VII	**Actuarial Assumptions**	**As at 31st March, 2018**	As at 31st March, 2017
		Discount Rate (%)	Discount Rate (%)
1	Pension	7.50	6.75
2	Gratuity	7.50	6.75
3	Leave Encashment	7.50	6.75

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

VIII	**Major Category of Plan Assets as a % of the Total Plan Assets**	**As at 31st March, 2018**	As at 31st March, 2017
1	Government Securities/Special Deposit with RBI	24.09%	27.68%
2	High Quality Corporate Bonds	16.01%	19.80%
3	Insurer Managed Funds*	48.67%	41.93%
4	Mutual Funds	2.34%	2.36%
5	Cash and Cash Equivalents	6.25%	5.39%
6	Term Deposits	2.64%	2.84%

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The fair value of Government securities, corporate bonds, mutual funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

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

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

		For the year ended 31st March, 2018 (₹ in Crores)			For the year ended 31st March, 2017 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
X	**Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**						
1	Present Value of Defined Benefit Obligation	702.21	314.68	98.05	722.69	313.11	98.84
2	Fair Value of Plan Assets	775.53	329.09	–	716.25	311.55	–
3	Status [Surplus/(Deficit)]	73.32	14.41	(98.05)	(6.44)	(1.56)	(98.84)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	1.74	4.78	–	20.58	4.44	–
5	Experience Adjustment of obligation [(Gain)/Loss]	(21.08)	(3.67)	2.78	7.41	(10.59)	3.29

XI Sensitivity Analysis

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

(₹ in Crores)

		DBO as at 31st March, 2018	DBO as at 31st March, 2017
1	Discount Rate + 100 basis points	1055.58	1074.55
2	Discount Rate - 100 basis points	1177.68	1210.20
3	Salary Increase Rate + 1%	1177.75	1196.49
4	Salary Increase Rate – 1%	1066.85	1076.22

Maturity Analysis Of The Benefit Payments

1	Year 1	182.31	159.35
2	Year 2	127.57	143.80
3	Year 3	118.87	87.94
4	Year 4	98.82	111.05
5	Year 5	120.50	111.82
6	Next 5 Years	460.62	497.13

(b) Amounts towards Defined Contribution Plans have been recognised under “Contribution to Provident and other funds” in Note 23: ₹ 91.48 Crores (2017 - ₹ 80.89 Crores).

27. Additional Notes to the Financial Statements (Contd.)

(viii) Micro, Small and Medium scale business entities:

A sum of ₹ 45.43 Crores is payable to Micro and Small Enterprises as at 31st March, 2018 (2017 - ₹ 38.54 Crores). The above amount comprises ₹ 29.43 Crores (2017 - ₹ 28.98 Crores) on account of trade payable and ₹ 16.00 Crores (2017 - ₹ 9.56 Crores) on account of liabilities other than trade payables. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(ix) The Company's significant leasing arrangements are in respect of operating leases for premises (land, residential, office, stores, godowns etc.). These leasing arrangements which are not non-cancellable range between 11 months and 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as 'Rent' under Note 25.

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

(₹ in Crores)

	As at 31st March, 2018	As at 31st March, 2017
Not later than one year	11.52	15.88
Later than one year and not later than five years	22.62	34.97
Later than five years	–	–

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

(xi) Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) was to develop a luxury hotel-cum-service apartment complex. However, Logix Estates Private Limited, Noida, the JV partner communicated its intention to explore alternative development plans to which the Company reiterated that it was committed only to the project as envisaged in the JV agreement. The JV partner refused to progress the project and instead expressed its intent to exit the JV by selling its stake to the Company and subsequently proposed that both parties should find a third party to sell the entire shareholding in LDPL. The resultant deadlock has stalled the project. The Company's petition that the affairs of the JV are being conducted in a manner that is prejudicial to the interest of the Company and the JV entity is currently before the National Company Law Tribunal. The financial statements of LDPL for year ended 31st March, 2018 are yet to be approved by its Board of Directors.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

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

Sl. No.			ITC Employee Stock Option Scheme (introduced in 2001)	ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval	:	17-01-2001	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes	:	Options equivalent to 12,27,07,450 Ordinary Shares of ₹ 1/- each	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1/- each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1/- each
			Note: Adjusted for Bonus Shares issued in terms of Shareholders approval.		
3.	Vesting Schedule	:	The vesting period for conversion of Options is as follows: • On completion of 12 months from the date of grant of the Options: 30% vests • On completion of 24 months from the date of grant of the Options: 30% vests • On completion of 36 months from the date of grant of the Options: 40% vests		
4.	Pricing Formula	:	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Regulations.		
5.	Maximum term of Options granted	:	5 years from the date of grant	5 years from the date of vesting	
6.	Source of Shares	:	Primary		
7.	Variation in terms of Options	:	None		
8.	Method used for accounting of share-based payment plans	:	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Company's Employee Stock Option Schemes. The employee compensation cost as per fair value method for the financial year 2017-18 is ₹ 349.28 Crores (2017 - ₹ 450.32 Crores) and ₹ 49.48 Crores (2017 - ₹ 52.53 Crores) for group entities.		
9.	Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	:	Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from (i) the date of grant in respect of Options granted under the ITC Employee Stock Option Scheme (introduced in 2001) and (ii) the date of vesting in respect of Options granted under the ITC Employee Stock Option Scheme - 2006 & the ITC Employee Stock Option Scheme - 2010. The above is in addition to the other terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore.		
10.	Weighted average exercise prices and weighted average fair values of Options whose exercise price either equals or exceeds or is less than the market price of the stock	:	Weighted average exercise price per Option : ₹ 2884.88 Weighted average fair value per Option : ₹ 697.13		

27. Additional Notes to the Financial Statements (Contd.)

11.	Option movements during the year	:	**ITC Employee Stock Option Scheme (introduced in 2001)**	**ITC Employee Stock Option Scheme - 2006**	**ITC Employee Stock Option Scheme - 2010**
	a) Options outstanding at the beginning of the year	:	–	24,40,800	4,07,15,108
	b) Options granted during the year	:	–	1,04,090	63,99,770
	c) Options cancelled and lapsed during the year	:	–	62,118	6,00,374
	d) Options vested and exercisable during the year (net of Options lapsed and exercised)	:	–	46,564	76,16,833
	e) Options exercised during the year	:	–	13,85,250	43,05,934
	f) Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	:	–	1,38,52,500	4,30,59,340
	g) Options outstanding at the end of the year	:	–	10,97,522	4,22,08,570
	h) Options exercisable at the end of the year	:	–	9,17,359	2,78,62,976
	i) Money realised by exercise of the Options during the year (₹ in Crores)	:	–	134.51	778.28

12. Summary of the status of Options :

Particulars		**As at 31st March, 2018**		**As at 31st March, 2017**	
		No. of Options	**Weighted average Exercise Prices (₹)**	**No. of Options**	**Weighted average Exercise Prices (₹)**
Outstanding at the beginning of the year	:	4,31,55,908	2066.94	3,01,29,927	2835.55
Add: Granted during the year *(Includes Bonus Options allocated consequent to the Bonus Share issue in 2016-17)*	:	65,03,860	2884.88	2,12,65,611	2088.96 *
Less: Lapsed during the year	:	6,62,492	2238.58	8,87,732	2128.33 *
Less: Exercised during the year	:	56,91,184	1603.88	73,51,898	1451.27 *
Outstanding at the end of the year	:	4,33,06,092	2248.01	4,31,55,908	2066.94 *
Options exercisable at the end of the year	:	2,87,80,335	2082.54	2,61,58,809	1897.24 *
** Adjusted for Bonus Share Issue 1:2 in 2016-17*					

27. Additional Notes to the Financial Statements (Contd.)

13.	Weighted average share price of Shares arising upon exercise of Options	:	The Options were exercised during the periods permitted under the Schemes, and weighted average share price of Shares arising upon exercise of Options, based on the closing market price on NSE on the date of exercise of Options (i.e. the date of allotment of shares by the Securityholders Relationship Committee) for the year ended 31st March, 2018 was ₹ 286.71 (2017 - ₹ 265.38).

14. Summary of Options outstanding, scheme-wise:

Particulars		As at 31st March, 2018			As at 31st March, 2017		
		No. of Options Outstanding	Range of Exercise Prices* (₹)	Weighted average remaining contractual life	No. of Options Outstanding	Range of Exercise Prices* (₹)	Weighted average remaining contractual life
ITC Employee Stock Option Scheme - 2006	:	10,97,522	974.50 – 2885.50	1.90	24,40,800	726.67 - 2506.00	1.55
ITC Employee Stock Option Scheme - 2010	:	4,22,08,570	1349.00 – 2885.50	3.30	4,07,15,108	1349.00 - 2655.00	3.32

** Adjusted for Bonus Share Issue 1:2 in 2016-17*

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

27. Additional Notes to the Financial Statements (Contd.)

17.	Options granted to		As provided below:-		
	(a) Senior managerial personnel:		**Name**	**Designation**	**No. of Options granted during the financial year 2017-18**
		1	S. Puri	Chief Executive Officer & Executive Director	2,70,000
		2	N. Anand	Executive Director	1,35,000
		3	R. Tandon	Executive Director & Chief Financial Officer	1,35,000
		4	C. Dar	Group Head - LS&T, Central Projects, EHS & Quality Assurance	56,250
		5	S. K. Singh	Group Head - Paper & Packaging and Divisional Chief Executive (PSPD)	40,000
		6	S. Sivakumar	Group Head - Agri Business	56,250
		7	R. Sridhar	Head - Corporate Human Resources	40,000
		8	B. Sumant	President - FMCG Businesses	56,250
		9	K. S. Suresh	General Counsel	56,250
		10	S. M. Ahmad	On deputation	25,300
		11	A. Ambasta	Executive Vice President & Head - Social Investments Programme	25,300
		12	N. Arif	Executive Vice President & Head - Corporate Communications	38,000
		13	R. Batra	On deputation	25,300
		14	S. K. Bezbaroa	Executive Vice President - Corporate EHS	25,300
		15	L. C. Chandrasekharan	Chief Scientist - Research & Technology Innovation	31,720
		16	Saradindu Dutta	Head - Corporate Accounts	30,600
		17	Supratim Dutta	Executive Vice President - Corporate Finance	30,600
		18	M. Ganesan	Executive Vice President - Finance, Procurement & IT (FD)	30,600
		19	S. Ganesh Kumar	Chief Operating Officer - Staples, Snacks & Meals (FD)	30,600
		20	S. Guha	Executive Vice President - Technical (ITD)	20,700
		21	P. Gupta	Head - Corporate Taxation	20,700
		22	D. Haksar	Chief Executive - ITC Hotels / WelcomHotels (HD)	20,070
		23	S. Kaul	Divisional Chief Executive (ITD)	28,950
		24	V. Kulkarni	Chief Operating Officer (PSPD)	25,300
		25	H. Malik	Divisional Chief Executive (FD)	40,000
		26	A. K. Mukerji	Corporate Financial Controller	40,000
		27	A. Mukherji	Executive Vice President - Human Resources (FD)	21,280
		28	A. R. Noronha	Executive Vice President - Projects (HD)	17,550
		29	R. Parasuram	Head - Corporate Internal Audit	28,950
		30	A. Pathak	On deputation	20,700
		31	A. K. Poddar	On deputation	25,300
		32	R. Rai	SBU Chief Executive - ABD Agri Business SBU	30,600
		33	V. M. Rajasekharan	SBU Chief Executive - Matches & Agarbatti	20,700
		34	A. K. Rajput	Senior Vice President - Corporate Affairs	46,000

27. Additional Notes to the Financial Statements (Contd.)

	(a) Senior managerial personnel: (contd.)		**Name**	**Designation**	**No. of Options granted during the financial year 2017-18**
		35	S. Rangrass	Divisional Chief Executive (ABD)	28,950
		36	A. Roy	Executive Vice President - Finance, MIS & T&RA (ITD)	25,300
		37	C. V. Sarma	Executive Vice President - Finance & MIS (PSPD)	25,300
		38	S. Satpathy	SBU Chief Executive (PCPB)	30,600
		39	R. Senguttuvan	SBU Chief Executive (PPB)	28,950
		40	A. Sharma	Executive Vice President - Human Resources & Learning Services (HD)	17,550
		41	J. Singh	Executive Vice President - Finance, IT & Procurement (HD)	25,300
		42	R. K. Singhi	Executive Vice President & Company Secretary	17,600
		43	S. A. Sule	Chief Executive Officer (TM&D)	25,300
		44	S. Tyagi	SBU Chief Executive (ESPB)	25,300
		45	K. I. Viswanathan	Executive Vice President - Marketing & Commercial (PSPD)	30,600
		46	S. Wanchoo	Executive Vice President - Marketing (ITD)	20,700
		47	A. Zachariah	Executive Vice President & Head - Central Projects Organisation	20,700
	The Optionees were granted Options on 28th July, 2017 at the exercise price of ₹ 2885.50 per Option.				
	(b) Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year	:	None		
	(c) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	None		

Abbreviations denote:

ITD	India Tobacco Division	ESPB	Education & Stationery Products Business
PSPD	Paperboards & Specialty Papers Division	PCPB	Personal Care Products Business
ABD	Agri Business Division	PPB	Printing & Packaging Business
FD	Foods Division	LS&T	Life Sciences & Technology
HD	Hotels Division	TM&D	Trade Marketing & Distribution

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

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

Notes to the Financial Statements

28. Segment Reporting

(₹ in Crores)

	2018 External	2018 Inter Segment	2018 Total	2017 External	2017 Inter Segment	2017 Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	22894.01	–	22894.01	34001.98	–	34001.98
FMCG - Others	11314.38	14.22	11328.60	10498.57	13.26	10511.83
FMCG - Total	**34208.39**	**14.22**	**34222.61**	**44500.55**	**13.26**	**44513.81**
Hotels	1404.10	13.41	1417.51	1329.25	12.48	1341.73
Agri Business	4551.98	3515.69	8067.67	5352.88	2911.67	8264.55
Paperboards, Paper and Packaging	3792.43	1457.21	5249.64	3819.01	1543.85	5362.86
Segment Total	**43956.90**	**5000.53**	**48957.43**	**55001.69**	**4481.26**	**59482.95**
Eliminations			(5000.53)			(4481.26)
Gross Revenue from sale of products and services			**43956.90**			**55001.69**
2. Segment Results						
FMCG - Cigarettes			13340.82			12513.91
FMCG - Others			164.12			28.12
FMCG - Total			**13504.94**			**12542.03**
Hotels			139.79			110.95
Agri Business			848.62			905.80
Paperboards, Paper and Packaging			1042.16			965.84
Segment Total			**15535.51**			**14524.62**
Eliminations			(93.60)			41.46
Consolidated Total			**15441.91**			**14566.08**
Unallocated corporate expenses net of unallocated income			947.01			946.47
Profit before interest etc. and taxation			**14494.90**			**13619.61**
Finance Costs			86.65			22.95
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			2030.55			1906.30
Exceptional items [Refer Note 27(i)]			412.90			–
Profit before tax			**16851.70**			**15502.96**
Tax expense			5628.45			5302.06
Profit for the year			**11223.25**			**10200.90**

3. Other Information	2018 Segment Assets	2018 Segment Liabilities*	2017 Segment Assets	2017 Segment Liabilities*
FMCG - Cigarettes	7956.89	4624.83	7994.51	2447.84
FMCG - Others	7623.20	1906.52	7113.91	1407.21
FMCG - Total	**15580.09**	**6531.35**	**15108.42**	**3855.05**
Hotels (Refer Note 3B)	5520.54	521.45	5082.80	420.62
Agri Business	3407.41	900.18	2991.57	795.88
Paperboards, Paper and Packaging	6739.83	787.13	6322.79	623.85
Segment Total	**31247.87**	**8740.11**	**29505.58**	**5695.40**
Unallocated Corporate Assets/Liabilities	31133.44	2241.13	24710.37	3179.59
Total	**62381.31**	**10981.24**	**54215.95**	**8874.99**

* Segment Liabilities of FMCG - Cigarettes is before considering ₹ 233.02 Crores (2017 - ₹ 629.83 Crores) in respect of disputed taxes, the recovery of which has been stayed or where States' appeals are pending before Courts. These have been included under 'Unallocated Corporate Liabilities'. Also Refer Note 27(i).

Notes to the Financial Statements

28. Segment reporting (Contd.)

(₹ in Crores)

	2018		2017	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	90.09	249.23	253.49	248.34
FMCG - Others	833.64	291.46	1153.44	236.55
FMCG - Total	**923.73**	**540.69**	**1406.93**	**484.89**
Hotels	610.54	172.60	398.74	169.01
Agri Business	92.43	66.73	159.44	49.13
Paperboards, Paper and Packaging	910.01	274.60	560.63	254.14
Segment Total	**2536.71**	**1054.62**	**2525.74**	**957.17**
Unallocated	327.50	90.75	551.83	80.87
Total	**2864.21**	**1145.37**	**3077.57**	**1038.04**

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	2.44	3.13
FMCG - Others	48.55	40.14
FMCG - Total	**50.99**	**43.27**
Hotels	4.29	10.00
Agri Business	2.29	0.52
Paperboards, Paper and Packaging	44.32	22.97
Segment Total	**101.89**	**76.76**

GEOGRAPHICAL INFORMATION

	2018	2017
1. Revenue from external customers		
– Within India	40828.12	51700.52
– Outside India	3128.78	3301.17
Total	**43956.90**	**55001.69**
2. Non-Current Assets		
– Within India	22616.34	21087.37
– Outside India	0.01	0.01
Total	**22616.35**	**21087.38**

NOTES :

(1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

(2) The business groups comprise the following:

FMCG	: Cigarettes	–	Cigarettes, Cigars etc.
	: Others	–	Branded Packaged Foods Businesses (Staples; Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.
Hotels		–	Hoteliering.
Paperboards, Paper and Packaging		–	Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
Agri Business		–	Agri commodities such as soya, spices, coffee and leaf tobacco.

(3) The geographical information considered for disclosure are:
– Sales within India.
– Sales outside India.

(4) Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.

(5) As stock options are granted under ITC ESOS to align the interests of employees with those of shareholders and also to attract and retain talent for the enterprise as a whole, the option value of ITC ESOS do not form part of the segment performance reviewed by the Corporate Management Committee.

(6) The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

29. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:

Subsidiaries:

a) Srinivasa Resorts Limited
b) Fortune Park Hotels Limited
c) Bay Islands Hotels Limited
d) WelcomHotels Lanka (Private) Limited, Sri Lanka
e) Landbase India Limited
f) Russell Credit Limited and its subsidiary
    Greenacre Holdings Limited
g) Technico Pty Limited, Australia and its subsidiaries
    Technico Technologies Inc., Canada
    Technico Asia Holdings Pty Limited, Australia and its subsidiary
        Technico Horticultural (Kunming) Co. Limited, China
h) Technico Agri Sciences Limited
i) Wimco Limited
j) Pavan Poplar Limited
k) Prag Agro Farm Limited
l) ITC Infotech India Limited and its subsidiaries
    ITC Infotech Limited, UK
    ITC Infotech (USA), Inc. and its subsidiary
        Indivate Inc., USA
m) Gold Flake Corporation Limited
n) ITC Investments & Holdings Limited and its subsidiary
    MRR Trading & Investment Company Limited
o) Surya Nepal Private Limited
p) North East Nutrients Private Limited

The above list does not include ITC Global Holdings Pte. Limited, Singapore (in liquidation)

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

i) Associates & Joint Ventures:

Associates

a) Gujarat Hotels Limited
b) International Travel House Limited
    – being associates of the Company, and
c) Tobacco Manufacturers (India) Limited, UK
    – of which the Company is an associate

Associates of the Company's subsidiaries

a) Russell Investments Limited
b) Divya Management Limited
c) Antrang Finance Limited
    – being associates of Russell Credit Limited, and
d) ATC Limited
    – being associate of Gold Flake Corporation Limited

Joint Ventures

a) Maharaja Heritage Resorts Limited
b) Espirit Hotels Private Limited
c) Logix Developers Private Limited

Joint Venture of the Company's subsidiary

a) ITC Essentra Limited
    – being joint venture of Gold Flake Corporation Limited

29. Related Party Disclosures (Contd.)

ii) a) Key Management Personnel:

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

* Independent Directors

Members - Corporate Management Committee
S. Puri
N. Anand
R. Tandon
B. B. Chatterjee (upto 03.02.2018)
S. Sivakumar
K. S. Suresh
C. Dar
R. Sridhar
B. Sumant
S. K. Singh
Company Secretary
R. K. Singhi (w.e.f. 04.02.2018)

b) Relatives of Key Management Personnel:
Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
Mrs. R. Tandon (wife of Mr. R. Tandon)
Mrs. Neelam Singhi (wife of Mr. R. K. Singhi)

iii) Employee Trusts where there is significant influence:
a) IATC Provident Fund
b) ITC Defined Contribution Pension Fund
c) ITC Management Staff Gratuity Fund
d) ITC Employees Gratuity Fund
e) ITC Gratuity Fund 'C'
f) ITC Pension Fund
g) ILTD Seasonal Employees Pension Fund
h) ITC Platinum Jubilee Pension Fund
i) Tribeni Tissues Limited Gratuity Fund (merged with ITC Employees Gratuity Fund w.e.f. 01.04.2017)
j) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
l) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
m) ITC Hotels Limited Employees Superannuation Scheme

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

3. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS AT 31.03.2018

(₹ in Crores)

	RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists – Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
1.	Sale of Goods/Services	336.42	322.90	0.67	0.49	17.37	6.88							354.46	330.27
2.	Purchase of Goods/Services	337.45	299.28	76.12	74.88	223.23	252.92							636.80	627.08
3.	Acquisition cost of Property, Plant and Equipments	1.33	1.54											1.33	1.54
4.	Sale of Property, Plant and Equipments etc./Scraps			–	0.05									–	0.05
5.	Investment in Subsidiaries	224.19	139.80											224.19	139.80
6.	Value of share based payment														
6A.	Capital Contribution for Share Based Payments	32.88	35.06											32.88	35.06
6B.	Reimbursement for Share Based Payments for current year	13.11	13.20	1.94	2.89	0.77	0.96							15.82	17.05
6C.	Reimbursement for Capital Contribution for Share Based Payments for previous year	–	11.67	–	3.33	–	1.14							–	16.14
7.	Return of Capital by Subsidiary	–	60.55											–	60.55
8.	Rent Received	17.68	17.54	0.93	0.89									18.61	18.43
9.	Rent Paid	8.15	8.75	3.88	3.74			0.25	0.14	0.75	0.72			13.03	13.35
10.	Remuneration of Managers on Deputation reimbursed	3.65	3.87	5.25	5.32									8.90	9.19
11.	Remuneration of Managers on Deputation recovered	21.11	18.87	4.82	4.45	1.33	1.53							27.26	24.85
12.	Contribution to Employees' Benefit Plans											136.77	127.36	136.77	127.36
13.	Dividend Income	401.17	247.98	0.73	0.73									401.90	248.71
14.	Dividend Payments			1414.71	1687.73			1.10	3.77					1415.81	1691.50
15.	Expenses Recovered	18.34	15.13	0.33	0.39	0.28	0.32	…	–					18.95	15.84
16.	Expenses Reimbursed	14.87	13.27	0.35	0.72	0.92	0.09	0.03	0.03					16.17	14.11
17.	Advances Given during the year	0.24	0.17	0.35	–									0.59	0.17
18.	Adjustment/Receipt towards Refund of Advances	0.24	0.17	0.12	–									0.36	0.17
19.	Advance Received during the year	189.11	118.61											189.11	118.61
20.	Adjustment/Payment towards Refund of Advance	158.71	153.67											158.71	153.67
21.	Deposits Given during the year							0.04	–	0.08	–			0.12	–
22.	Adjustment/Receipt towards Refund of Deposit	–	0.10											–	0.10
23.	Adjustment/Payment towards Refund of Deposits			–	0.04									–	0.04
24.	Transactions with Key Management Personnel[1]														
24A.	– Short term benefits							45.05	37.83					45.05	37.83
24B.	– Other remuneration							6.34	5.05					6.34	5.05
24C.	– Stock options granted[2]														
25.	**Outstanding Balances**[#]														
	i) Receivables	44.31	57.36	2.66	7.54	14.81	4.54							61.78	69.44
	ii) Advances Given			0.23	–							87.73	–	87.96	–
	iii) Deposits Given[3]	0.60	0.60					0.08	0.07	0.40	0.30			1.08	0.97
	iv) Advance Taken	129.36	98.96											129.36	98.96
	v) Deposits Taken			0.06	0.06									0.06	0.06
	vi) Payables	10.11	6.07	4.76	5.81	9.88	0.87					–	8.00	24.75	20.75
26.	Impairment of investment in Subsidiaries/ Joint Venture	25.29	25.29			23.45	–							48.74	25.29
27.	Commitments	0.43	0.13											0.43	0.13

[#] The amounts outstanding are unsecured and will be settled in cash

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

[2] The Company grants Stock Options to the Directors, Key Management Personnel (KMP) and other employees under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant. However, the Company has recorded employee benefits expense by way of share based payments to employees, in accordance with Ind AS 102, at ₹ 349.28 Crores for the year ended 31st March, 2018 (2017 - ₹ 450.32 Crores), out of which ₹ 53.43 Crores (2017 - ₹ 74.05 Crores) is attributable to Directors and KMP;

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

29. Related Party Disclosures (Contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES

(Generally in excess of 10% of the total transaction value of the same type)

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	2018	2017
1. Sale of Goods/Services		
Surya Nepal Private Limited	323.09	297.76
2. Purchase of Goods/Services		
ITC Infotech India Limited	159.66	147.98
North East Nutrients Private Limited	166.88	138.21
ITC Essentra Limited	222.99	252.60
3. Acquisition cost of Property, Plant and Equipments		
ITC Infotech India Limited	1.33	1.52
4. Sale of Property, Plant and Equipments etc./Scraps		
ATC Limited	–	0.05
5. Investment in Subsidiaries		
WelcomHotels Lanka (Private) Limited	206.19	139.80
6. Value of share based payment		
6A. Capital Contribution for Share Based Payments		
ITC Infotech India Limited	32.68	34.34
6B. Reimbursement for Share Based Payments for current year		
Fortune Park Hotels Limited	2.65	3.50
International Travel House Limited	1.26	2.27
Surya Nepal Private Limited	3.47	3.24
Technico Agri Sciences Limited	2.11	1.66
WelcomHotels Lanka (Private) Limited	2.64	2.98
6C. Reimbursement for Capital Contribution for Share Based Payments for previous year		
Fortune Park Hotels Limited	–	4.27
International Travel House Limited	–	2.58
Surya Nepal Private Limited	–	3.24
Technico Agri Sciences Limited	–	1.84
WelcomHotels Lanka (Private) Limited	–	0.76
7. Return of Capital by Subsidiary		
Technico Pty Limited	–	60.55
8. Rent Received		
ITC Infotech India Limited	13.15	13.09
Surya Nepal Private Limited	4.26	4.19
9. Rent Paid		
Bay Islands Hotels Limited	0.91	1.69
Landbase India Limited	5.28	5.17
Gujarat Hotels Limited	3.88	3.74
10. Remuneration of Managers on Deputation reimbursed		
Fortune Park Hotels Limited	1.57	2.05
Bay Islands Hotels Limited	1.52	1.30
Gujarat Hotels Limited	5.15	5.05

RELATED PARTY TRANSACTIONS SUMMARY	2018	2017
11. Remuneration of Managers on Deputation recovered		
Srinivasa Resorts Limited	6.40	5.83
Fortune Park Hotels Limited	3.44	3.65
ITC Infotech India Limited	4.20	3.33
12. Contribution to Employees' Benefit Plans		
IATC Provident Fund	26.73	25.32
ITC Defined Contribution Pension Fund	19.54	17.81
ITC Management Staff Gratuity Fund	5.94	14.63
ITC Pension Fund	59.08	36.76
13. Dividend Income		
Russell Credit Limited	49.78	–
Technico Agri Sciences Limited	34.17	26.57
ITC Infotech India Limited	51.12	–
Surya Nepal Private Limited	261.06	221.33
14. Dividend Payments		
Tobacco Manufacturers (India) Limited, UK	1414.71	1687.73
15. Expenses Recovered		
Srinivasa Resorts Limited	2.41	1.68
Fortune Park Hotels Limited	3.46	1.79
ITC Infotech India Limited	7.75	7.45
Surya Nepal Private Limited	3.48	2.60
16. Expenses Reimbursed		
Landbase India Limited	4.07	4.82
Wimco Limited	2.00	1.73
ITC Infotech (USA), Inc.	5.99	5.55
17. Advances Given during the year		
North East Nutrients Private Limited	0.24	0.17
International Travel House Limited	0.35	–
18. Adjustment/Receipt towards Refund of Advances		
North East Nutrients Private Limited	0.24	0.17
International Travel House Limited	0.12	–
19. Advance Received during the year		
Surya Nepal Private Limited	189.10	118.61
20. Adjustment/Payment towards Refund of Advance		
Surya Nepal Private Limited	158.71	153.67
21. Deposits Given during the year		
Mr. B.B. Chatterjee	0.03	–
Mrs. B. Deveshwar	0.08	–
22. Adjustment/Receipt towards Refund of Deposit		
Greenacre Holdings Limited	–	0.10
23. Adjustment/Payment towards Refund of Deposits		
International Travel House Limited	–	0.04

RELATED PARTY TRANSACTIONS SUMMARY	2018	2017
24. Remuneration to Key Management Personnel #		
24A. Short term benefits		
Mr. Y.C. Deveshwar	19.29	18.82
Mr. S. Puri	6.09	3.57
24B. Other Remuneration		
Ms. M. Shankar	0.61	0.51
Mr. S. B. Mathur	0.61	0.51
Mr. S. S. H. Rehman	0.65	0.51
25. Outstanding Balances		
(i) Receivables		
Fortune Park Hotels Limited	0.78	8.32
Surya Nepal Private Limited	39.55	36.28
ITC Essentra Limited	11.38	1.22
(ii) Advances Given		
Employee Trust - Pension Funds	73.32	–
Employee Trust - Gratuity Funds	14.41	–
(iii) Deposits Given		
Russell Credit Limited[1]	0.36	0.36
Greenacre Holdings Limited[2]	0.24	0.24
Mrs. B. Deveshwar	0.38	0.30
(iv) Advance Taken		
Surya Nepal Private Limited	129.36	98.96
(v) Deposits Taken		
International Travel House Limited	0.06	0.06
(vi) Payables		
North East Nutrients Private Limited	7.78	4.85
ITC Essentra Limited	9.88	0.87
International Travel House Limited	1.36	2.67
Employee Trust - Pension Funds	–	6.44
26. Impairment of investment in Subsidiaries/Joint Venture		
Prag Agro Farm Limited - Equity Shares	9.00	9.00
Technico Pty Ltd	16.29	16.29
Logix Developers Private Limited	23.45	–
27. Commitments		
ITC Infotech India Limited	0.43	0.13

In accordance with Ind AS 102, the Company has recognised employee benefits expense by way of share based payments (refer Note 29.3), of which ₹ 53.43 Crores (2017 - ₹ 74.05 Crores) is attributable to key managerial personnel: Mr. Y.C. Deveshwar[3] ₹ 0.25 Crore (2017 - ₹ 33.34 Crores), Mr. S. Puri ₹ 10.69 Crores (2017 - ₹ 5.31 Crores), Mr. N. Anand ₹ 10.88 Crores (2017 - ₹ 7.24 Crores), Mr. R. Tandon ₹ 5.83 Crores (2017 - ₹ 7.54 Crores), Mr. B.B. Chatterjee ₹ 6.03 Crores (2017 - ₹ 2.82 Crores) and Mr. R.K. Singhi ₹ 0.18 Crore (2017 - Nil).

1 The maximum indebtedness during the year was ₹ 0.36 Crore (2017 - ₹ 0.36 Crore).

2 The maximum indebtedness during the year was ₹ 0.24 Crore (2017 - ₹ 0.34 Crores).

3 Chairman & Non-Executive Director since 05.02.2017, prior to which Mr. Deveshwar was Executive Chairman.

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures

1. Capital Management

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

During the year, the Company issued 5,69,11,840 equity shares of ₹ 1.00 each amounting to ₹ 5.69 Crores (2017 - ₹ 7.35 Crores) towards its equity-settled employee stock options. The securities premium stood at ₹ 7444.41 Crores as at 31st March, 2018 (2017 - ₹ 6432.24 Crores).

2. Categories of Financial Instruments

(₹ in Crores)

Particulars		Note	As at 31st March, 2018		As at 31st March, 2017	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A.	**Financial assets**					
a)	**Measured at amortised cost**					
i)	Cash and cash equivalents	11	96.03	96.03	156.15	156.15
ii)	Other bank balances	12	2498.85	2498.85	2591.12	2591.12
iii)	Investment in Bonds/ Debentures, Preference Shares & Government or Trust Securities	4, 9	8569.58	8582.42	5614.35	5643.93
iv)	Loans	5	11.55	9.59	9.21	8.73
v)	Trade receivables	10	2357.01	2357.01	2207.50	2207.50
vi)	Other financial assets	6	2877.35	2847.67	1073.29	1013.56
	Sub-total		**16410.37**	**16391.57**	**11651.62**	**11620.99**
b)	**Measured at Fair value through OCI**					
i)	Equity shares	4	1450.55	1450.55	1115.45	1115.45
	Sub-total		**1450.55**	**1450.55**	**1115.45**	**1115.45**
c)	**Measured at Fair value through Profit or Loss**					
i)	Investment In Mutual Funds	4, 9	7301.85	7301.85	7675.11	7675.11
ii)	Investment in Bonds/ Debentures, Certificate of Deposits, Preference Shares	9	3660.39	3660.39	1988.65	1988.65
iii)	Investment in Alternative Investments Fund	4	7.50	7.50	–	–
	Sub-total		**10969.74**	**10969.74**	**9663.76**	**9663.76**
d)	**Derivatives measured at fair value**					
i)	Derivative instruments not designated as hedging instruments	6	0.72	0.72	4.95	4.95
ii)	Derivative instruments designated as hedging instruments	6	11.16	11.16	26.50	26.50
	Sub-total		**11.88**	**11.88**	**31.45**	**31.45**
	Total financial assets		**28842.54**	**28823.74**	**22462.28**	**22431.65**

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars		Note	As at 31st March, 2018		As at 31st March, 2017	
			Carrying Value	Fair Value	Carrying Value	Fair Value
B.	**Financial liabilities**					
a)	**Measured at amortised cost**					
	i) Cash credit facilities	19	–	–	0.01	0.01
	ii) Sales tax deferment loans	14,15	17.99	14.25	25.83	20.23
	iii) Trade payables		3382.28	3382.28	2551.22	2551.22
	iv) Other financial liabilities	15	803.70	799.38	766.86	765.63
	Sub-total		**4203.97**	**4195.91**	**3343.92**	**3337.09**
b)	**Derivatives measured at fair value**					
	i) Derivative instruments not designated as hedging instruments	15	0.64	0.64	0.75	0.75
	ii) Derivative instruments designated as hedging instruments	15	2.46	2.46	18.54	18.54
	Sub-total		**3.10**	**3.10**	**19.29**	**19.29**
	Total financial liabilities		**4207.07**	**4199.01**	**3363.21**	**3356.38**

3. Financial risk management objectives

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

Liquidity Risk

The Company's Current assets aggregate to ₹ 24503.00 Crores (2017 - ₹ 24537.39 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 12498.33 Crores (2017 - ₹ 12847.05 Crores) against an aggregate Current liability of ₹ 8856.60 Crores (2017 - ₹ 6830.07 Crores); Non-current liabilities due between one year to three years amounting to ₹ 39.06 Crores (2017 - ₹ 18.31 Crores) and Non-current liabilities due after three years amounting to ₹ 7.43 Crores (2017 - ₹ 8.89 Crores) on the reporting date.

Further, while the Company's total equity stands at ₹ 51400.07 Crores (2017 - ₹ 45340.96 Crores), it has borrowings of ₹ 11.13 Crores (2017 - ₹ 18.00 Crores). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

Market Risks

The Company is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income. The value of investments in such equity instruments as at 31st March, 2018 is ₹ 1450.55 Crores (2017 - ₹ 1115.45 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Further, treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in bonds/debentures, fixed deposits and debt mutual funds. Mark to market movements in respect of the Company's investments in bonds/debentures that are held at amortised cost are temporary and get recouped through fixed coupon accruals. Other investments in bonds/debentures are fair valued through the Statement of

30. Financial Instruments and Related Disclosures (Contd.)

Profit and Loss to recognise market volatility, which is not considered to be significant. Fixed deposits are held with highly rated banks and companies and have a short tenure and are not subject to interest rate volatility.

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

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

Foreign currency risk

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

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

(₹ in Crores)

As at 31st March, 2018	USD	Euro	GBP	JPY	Others	Total
Financial Assets	334.04	12.67	13.62	1.32	13.27	374.92
Financial Liabilities	56.05	52.33	0.42	14.45	2.90	126.15

As at 31st March, 2017	USD	Euro	GBP	JPY	Others	Total
Financial Assets	329.86	6.96	12.14	0.46	4.63	354.05
Financial Liabilities	53.58	33.91	2.49	23.68	4.16	117.82

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

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

(in Million)

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

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

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(in Million)

Not designated under Hedge Accounting		As at 31st March, 2018		As at 31st March, 2017	
Currency	**Cross Currency**	**Buy**	**Sell**	Buy	Sell
US Dollar	Indian Rupee	–	25.84	2.20	35.12
Euro	US Dollar	5.21	–	6.04	–
CAD	US Dollar	–	1.08	–	0.94
CHF	US Dollar	0.53	–	0.28	–
GBP	US Dollar	–	1.35	–	1.68
SEK	US Dollar	2.11	–	4.25	–
JPY	US Dollar	634.74	–	272.65	–

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

Currency	**Cross Currency**	**Buy**	**Sell**	Buy	Sell
US Dollar	Indian Rupee	–	–	3.00	7.00

Hedges of foreign currency risk and derivative financial instruments

The Company has established risk management policies to hedge the volatility arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward and options contracts. The proportion of forecast transactions that are to be hedged is decided based on the size of the forecast transaction and market conditions. As the counterparty for such transactions are highly rated banks, the risk of their non-performance is considered to be insignificant.

The Company uses derivatives to hedge its exposure to changes in movement in foreign currency. Where such derivatives are not designated under hedge accounting, changes in the fair value of such hedges are recognised in the Statement of Profit and Loss.

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

30. Financial Instruments and Related Disclosures (Contd.)

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

(₹ in Crores)

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

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

(₹ in Crores)

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

Foreign Currency Sensitivity

For every percentage point change in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, including derivative contracts, holding all other variables constant, the profit before tax for the year ended 31st March, 2018 would change by ₹ 0.32 Crore [2017 - ₹ (0.24) Crore] and pre-tax total equity as at 31st March, 2018 would change by ₹ (1.62) Crores (2017 - ₹ 1.11 Crores).

Credit Risk

Company's deployment in debt instruments are primarily in fixed deposits with highly rated banks and companies; bonds issued by government institutions, public sector undertakings and certificate of deposits issued by highly rated banks and financial institutions. Of this, investments that are held at amortised cost stood at ₹ 13220.19 Crores (2017 - ₹ 8705.47 Crores). With respect to the Company's investing activities, counter parties are shortlisted and exposure limits determined on the basis of their credit rating (by independent agencies), financial statements and other relevant information. As these counter parties are Government institutions, public sector undertakings with investment grade credit ratings and taking into account the experience of the Company over time, the counter party risk attached to such assets is considered to be insignificant.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 2357.01 Crores (2017 - ₹ 2207.50 Crores).

30. Financial Instruments and Related Disclosures (Contd.)

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognised, where considered appropriate by responsible management.

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

(₹ in Crores)

Particular	Expected Loss Provision	
	As at 31st March, 2018	As at 31st March, 2017
Opening Balance	106.16	80.68
Add: Provisions made (net)	26.29	26.89
Less: Utilisation for impairment/de-recognition	5.56	1.41
Effects of foreign exchange fluctuation	–	–
Closing Balance	**126.89**	**106.16**

4. Fair value measurement

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

(₹ in Crores)

Particulars		Fair Value Hierarchy (Level)	Fair Value	
			As at 31st March, 2018	As at 31st March, 2017
A.	**Financial assets**			
a)	**Measured at amortised cost**			
	i) Investment in Bonds/Debentures, Preference Shares & Government or Trust Securities	2	8582.42	5643.93
	ii) Loans*	3	5.44	5.36
	iii) Other Financial assets*	3	1711.60	40.10
	Sub-total		**10299.46**	**5689.39**
b)	**Measured at Fair value through OCI**			
	i) Equity shares - Quoted	1	1448.18	1113.08
	Sub-total		**1448.18**	**1113.08**
c)	**Measured at Fair value through Profit or Loss**			
	i) Investment in Mutual Funds	1	7301.85	7675.11
	ii) Investment in Bonds/Debentures, Certificate of Deposits, Preference Shares	2	3660.39	1988.65
	iii) Investment in Alternative Investment Fund	2	7.50	–
	Sub-total		**10969.74**	**9663.76**
d)	**Derivatives measured at fair value**			
	i) Derivative instruments not designated as hedging instruments	2	0.72	4.95
	ii) Derivative instruments designated as hedging instruments	2	11.16	26.50
	Sub-total		**11.88**	**31.45**
	Total financial assets		**22729.26**	**16497.68**

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars		Fair Value Hierarchy (Level)	Fair Value As at 31st March, 2018	Fair Value As at 31st March, 2017
B.	**Financial liabilities**			
a)	**Measured at amortised cost**			
	i) Sales Tax deferment loans*	3	7.39	12.39
	ii) Other Financial liabilities*	3	31.04	7.98
	Sub-total		**38.43**	**20.37**
b)	**Derivatives measured at fair value**			
	i) Derivative instruments not designated as hedging instruments	2	0.64	0.75
	ii) Derivative instruments designated as hedging instruments	2	2.46	18.54
	Sub-total		**3.10**	**19.29**
	Total financial liabilities		**41.53**	**39.66**

*Represents Fair value of Non-current Financial Instruments

Fair value hierarchy

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

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

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

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

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

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

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

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

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

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

Independent Auditor's Report

to the Members of ITC Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **ITC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

   In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

   We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

5. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by section 143(3) of the Act, based on our audit we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   (e) on the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in accordance with the generally accepted accounting practice – also refer Note 27 (vi) (a) (i) to the standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

Gurugram,
16th May, 2018

Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 7 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of ITC Limited of even date)

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

We have audited the internal financial controls over financial reporting of **ITC Limited** ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Enduring Value

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria for internal control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Gurugram
16th May, 2018

Annexure - B to the Independent Auditor's Report

(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court orders approving schemes of arrangements/amalgamations and other documents provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories other than material lying with third parties (which have substantially been confirmed) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly the question of complying with Sections 73 and 76 of the Companies Act, 2013 does not arise. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 74 and 75 or any other

relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

(vi) The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Name of statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
			Various years covering the period	
Sales Tax and Value Added Tax Laws	**Sales tax and VAT**	71.97	1987-2017	Appellate Authority – upto Commissioners'/ Revisional authorities level
		13.14	1994-2015	Appellate Authority – Tribunal level
		259.99	2005-2015	High Court
Customs Act, 1962	**Customs duty**	0.15	2010-2016	Appellate Authority – upto Commissioners'/ Revisional authorities level
		0.56	2005-2007	Appellate Authority – Tribunal level
Central Excise Act, 1944	**Excise duty**	9.49	1996-2016	Appellate Authority – upto Commissioners'/ Revisional authorities level
		101.22	1973-2016	Appellate Authority – Tribunal level
		4.14	2005-2010	High Court
Finance Act, 1994	**Service tax**	6.43	2010-2016	Appellate Authority – upto Commissioners'/ Revisional authorities level
		60.95	2003-2015	Appellate Authority – Tribunal level

Out of the total disputed dues aggregating ₹ 528.04 Crores as above, ₹ 406.83 Crores pertain to matters which have been stayed for recovery by the relevant authorities.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable Indian accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Gurugram
16th May, 2018

Guide to Subsidiaries/Joint Ventures/Associates

Subsidiaries of ITC Limited

Russell Credit Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company. Its activities are primarily confined to making long term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards and Packaging, Agri Business and Information Technology.

Subsidiary

Greenacre Holdings Limited, a wholly owned subsidiary, is engaged in property infrastructure maintenance.

Gold Flake Corporation Limited

Shareholding

100% held by ITC Limited.

Nature of Business

General trading.

Joint Venture

ITC Essentra Limited, India, is a 50% joint venture of Gold Flake Corporation Limited with Essentra Filter Products International Limited, UK.

Nature of Business

Manufacture and sale of cigarette filter rods.

ITC Investments & Holdings Limited (IIHL)

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company.

Subsidiary

IIHL owns 100% of the shareholding of MRR Trading & Investment Company Limited, which provides estate maintenance services.

Landbase India Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Hospitality, management and operation of golf course and real estate development.

The Company owns the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course. It also owns a 104 key all suite luxury retreat "ITC Grand Bharat" which is licensed to and operated by ITC Limited.

ITC Infotech India Limited (I3L)

Shareholding

100% held by ITC Limited.

Nature of Business

Information technology services and solutions.

Subsidiaries

I3L owns 100% of the shareholding of:

ITC Infotech Limited, UK (I2B) and

ITC Infotech (USA), Inc. (I2A)

ITC Infotech (USA), Inc. owns 100% of the shareholding of Indivate Inc. incorporated as a New Jersey Corporation.

I3L, I2A and I2B are engaged in the information technology services business. Indivate Inc. is engaged in providing business consulting services.

Surya Nepal Private Limited, Nepal

Shareholding

59% held by ITC Limited.

Nature of Business

Manufacture and sale of cigarettes and in the business of garments, matches, agarbatti and branded packaged food products.

Srinivasa Resorts Limited

Shareholding

68% held by ITC Limited.

Nature of Business

The Company owns the hotel "ITC Kakatiya" at Hyderabad, for which operating services are rendered by ITC Limited.

Fortune Park Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is in the business of operating hotels in the mid-market to upscale segment under its hospitality brands for the same. It currently operates 45 properties.

Bay Islands Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company owns the hotel "Fortune Resort Bay Island" at Port Blair, which is licensed to ITC Limited and is operated by Fortune Park Hotels Limited under an Operating and Marketing Services Agreement.

WelcomHotels Lanka (Private) Limited, Sri Lanka

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is developing a plot of land in Colombo for a mixed use development project including a luxury hotel.

Wimco Limited

Shareholding

98.21% held by ITC Limited.

Nature of Business

Wimco Limited is engaged primarily in the manufacture of packaging machinery, viz. tubefillers, cartoners, conveyor systems etc.

Technico Pty Limited, Australia (Technico)

Shareholding

100% held by ITC Limited.

Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® technology.

Subsidiaries

Technico has two wholly owned subsidiaries, namely Technico Technologies Inc., Canada and Technico Asia Holdings Pty Limited, Australia.

Technico Asia Holdings Pty Limited, Australia, has a wholly owned subsidiary, Technico Horticultural (Kunming) Company Limited, China.

These companies support Technico in the production and commercialisation of seed potato technology in different geographies.

Technico Agri Sciences Limited

Shareholding

100% held by ITC Limited.

Nature of Business

An agri-biotechnology company primarily engaged in rapid multiplication of seed potatoes with TECHNITUBER® Technology & sourcing/supply of fruits and vegetables.

North East Nutrients Private Limited

Shareholding

76% held by ITC Limited.

Nature of Business

The Company is in the business of manufacture and sale of packaged food products from its food processing facility based in Assam.

Pavan Poplar Limited & Prag Agro Farm Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company is engaged in the business of agro-forestry and other related activities.

Joint Ventures of ITC Limited

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited, where ITC Limited has an ownership interest of 50% (25% held through Russell Credit Limited, a 100% subsidiary of the Company), is a joint venture with Jodhana Heritage Resorts Private Limited.

Nature of Business

The joint venture company currently provides Franchise & Marketing Services to 34 operational hotel properties spread across 13 states with its WelcomHeritage brand portfolio comprising of “Legend Hotels”, “Heritage Hotels” and “Nature Resorts”.

Espirit Hotels Private Limited

ITC Limited holds 26% in Espirit Hotels Private Limited.

Nature of Business

The joint venture company is in the process of developing a luxury hotel complex at Begumpet, Hyderabad.

Logix Developers Private Limited

ITC Limited holds 27.90% in Logix Developers Private Limited.

Nature of Business

The joint venture company is intended for the purpose of developing a luxury hotel-cum-serviced apartment complex at Noida, Uttar Pradesh.

Major Associates of the Group

Gujarat Hotels Limited

ITC Limited holds 45.78% in Gujarat Hotels Limited.

Nature of Business

The Company owns the "WelcomHotel Vadodara" at Vadodara which is operated by ITC Limited under an Operating Licence Agreement.

International Travel House Limited

ITC Limited holds 3.60% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

Nature of Business

Air ticketing, car rentals, inbound outbound tourism, domestic holidays, conferences, events & exhibition management and foreign exchange services for travellers.

Note: The full list of the Group's Associates appears on page 256.

Principles of Consolidation

The Group's interests in its subsidiaries, associates and joint ventures are reflected in the Consolidated Financial Statements (CFS) in accordance with the relevant Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013.

Subsidiaries (Ind AS 110)

Line by line consolidation of the Statement of Profit and Loss and Balance Sheet is done by aggregating like items of assets, liabilities, income and expenses.

The excess/deficit of the cost to ITC Limited of its investments in its subsidiaries over its share of net worth (residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries are treated as goodwill/capital reserve in the CFS. The goodwill is disclosed as an asset and capital reserve as a reserve in the Consolidated Balance Sheet.

Profit or loss and each component of other comprehensive income are attributed to the Group as owners and to the non-controlling interest; likewise the non-controlling interests in the net assets of the consolidated subsidiaries is identified and presented separately within Equity in the Consolidated Balance Sheet.

Inter-Company transactions within the Group (both Profit & Loss and Balance Sheet items) are eliminated for arriving at the Group CFS.

CFS is prepared applying uniform accounting policies of ITC Limited to the Group companies.

Associates and Joint Ventures (Ind AS 28)

An investment in associate and joint venture is initially recognised at cost on the date of the investment, and is inclusive of any goodwill/capital reserve embedded in the cost.

Only share of net profits/losses of associates/joint ventures is considered in Consolidated Statement of Profit and Loss. The carrying amount of the investment in associates/joint ventures is adjusted by the share of net profits/losses in the Consolidated Balance Sheet.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures

Part A: Subsidiaries

(₹ in Crores)

Sl. No.	1	2	3	4	5	6
Name of the Subsidiary Company	ITC Infotech India Limited	ITC Infotech (USA), Inc.	ITC Infotech Limited	Indivate Inc.	Surya Nepal Private Limited	Technico Pty Limited
The date since when subsidiary was acquired	21-Aug-2000	17-Jun-1993	26-Jan-1993	18-Nov-2016	20-Aug-2002	17-Aug-2007
Financial Year ending on	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	14-Mar-2018	31-Mar-2018
Reporting Currency	Indian Rupee	US Dollar	British Pound	US Dollar	Nepalese Rupee	Australian Dollar
Exchange Rate on the last day of the financial year	–	65.1750	92.2774	65.1750	0.6250	50.0450
Share Capital	85.20	118.63	6.33	0.65	126.00	97.53
Reserves & Surplus	355.09	13.72	27.49	(0.43)	577.74	(71.70)
Total Assets	530.25	233.38	108.63	1.54	813.82	29.44
Total Liabilities	530.25	233.38	108.63	1.54	813.82	29.44
Investments (excluding Investments made in subsidiaries)	36.05	–	–	–	1.60	–
Turnover	1020.28	571.29	391.65	3.10	2005.38	14.05
Profit/(Loss) before tax	55.14	25.97	12.42	0.18	772.20	7.65
Provision for tax	(27.46)	(13.33)	(0.68)	–	(234.10)	(0.42)
Profit/(Loss) after tax	27.68	12.64	11.74	0.18	538.10	7.23
Proposed Dividend[@]	51.12	9.49	–	–	442.89	–
% of shareholding	100.00	100.00	100.00	100.00	59.00	100.00

@ includes dividend paid during the year

Note: Turnover includes Other income and Other operating revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	7	8	9	10	11	12
Name of the Subsidiary Company	Technico Agri Sciences Limited	Technico Technologies Inc.	Technico Asia Holdings Pty Limited	Technico Horticultural (Kunming) Co. Limited	Srinivasa Resorts Limited	Fortune Park Hotels Limited
The date since when subsidiary was acquired	17-Aug-2007	17-Aug-2007	17-Aug-2007	17-Aug-2007	06-Feb-1995	06-Mar-1996
Financial Year ending on	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018
Reporting Currency	Indian Rupee	Canadian Dollar	Australian Dollar	Chinese Yuan Renminbi	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	50.6500	50.0450	10.3551	–	–
Share Capital	37.96	5.93	18.44	19.69	24.00	0.45
Reserves & Surplus	29.54	(4.29)	(13.59)	(5.24)	73.14	25.81
Total Assets	113.47	1.94	4.85	14.64	116.00	33.53
Total Liabilities	113.47	1.94	4.85	14.64	116.00	33.53
Investments (excluding Investments made in subsidiaries)	–	–	–	–	7.62	9.95
Turnover	81.97	1.14	–	4.22	58.37	27.59
Profit/(Loss) before tax	(16.47)	0.17	–	0.48	(0.49)	3.67
Provision for tax	2.40	–	–	–	0.97	(1.74)
Profit/(Loss) after tax	(14.07)	0.17	–	0.48	0.48	1.93
Proposed Dividend[@]	34.17	–	–	–	–	0.56
% of shareholding	100.00	100.00	100.00	100.00	68.00	100.00

@ includes dividend paid during the year

Note: Turnover includes Other income and Other operating revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Enduring Value

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	13	14	15	16	17	18
Name of the Subsidiary Company	Landbase India Limited	Bay Islands Hotels Limited	WelcomHotels Lanka (Private) Limited	Russell Credit Limited	Greenacre Holdings Limited	Wimco Limited
The date since when subsidiary was acquired	09-Sep-2000	08-Mar-1999	04-May-2012	26-Sep-1997	09-Nov-1994	01-Jul-2005
Financial Year ending on	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018
Reporting Currency	Indian Rupee	Indian Rupee	Sri Lankan Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	–	0.4185	–	–	–
Share Capital	317.00	0.12	844.12	646.48	42.06	18.85
Reserves & Surplus	(86.22)	15.97	(8.59)	166.89	2.05	(19.25)
Total Assets	272.95	16.54	915.95	815.40	45.31	7.96
Total Liabilities	272.95	16.54	915.95	815.40	45.31	7.96
Investments (excluding Investments made in subsidiaries)	…	1.38	–	127.55	25.17	–
Turnover	30.54	1.33	–	82.48	5.45	8.82
Profit/(Loss) before tax	9.84	1.26	(0.78)	76.26	2.59	(3.03)
Provision for tax	–	(0.29)	–	(12.44)	(0.73)	–
Profit/(Loss) after tax	9.84	0.97	(0.78)	63.82	1.86	(3.03)
Proposed Dividend@	–	0.08	–	49.78	7.36	–
% of shareholding	100.00	100.00	100.00	100.00	100.00	98.21

@ includes dividend paid during the year

Note: Turnover includes Other income and Other operating revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part A: Subsidiaries (Contd.)

(₹ in Crores)

Sl. No.	19	20	21	22	23	24
Name of the Subsidiary Company	Gold Flake Corporation Limited	ITC Investments & Holdings Limited	MRR Trading & Investment Company Limited	North East Nutrients Private Limited	Prag Agro Farm Limited	Pavan Poplar Limited
The date since when subsidiary was acquired	29-Jan-1982	17-May-2012	23-Dec-1998	06-Feb-2014	01-Jul-2005	01-Jul-2005
Financial Year ending on	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018
Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee
Exchange Rate on the last day of the financial year	–	–	–	–	–	–
Share Capital	16.00	4.50	0.05	73.00	1.28	5.51
Reserves & Surplus	6.65	0.92	(0.04)	(10.98)	(0.21)	(4.47)
Total Assets	22.66	5.42	0.01	135.48	1.08	1.41
Total Liabilities	22.66	5.42	0.01	135.48	1.08	1.41
Investments (excluding Investments made in subsidiaries)	6.01	–	–	–	–	–
Turnover	3.44	0.06	0.07	150.30	0.07	0.16
Profit/(Loss) before tax	2.54	0.04	...	3.15	...	(0.27)
Provision for tax	(0.17)	(0.01)	...	–	...	(0.02)
Profit/(Loss) after tax	2.37	0.03	...	3.15	...	(0.29)
Proposed Dividend[@]	4.40	–	–	–	–	–
% of shareholding	100.00	100.00	100.00	76.00	100.00	100.00

@ includes dividend paid during the year

Notes:

i) The above does not include details of salient features of the financial statement of ITC Global Holdings Pte. Limited, Singapore, (Global), which is under liquidation vide Singapore High Court's Order dated 30th November, 2007.

ii) WelcomHotels Lanka (Private) Limited is yet to commence commercial operations.

iii) There were no subsidiaries which have been liquidated or sold during the year.

iv) Turnover includes Other income and Other operating revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Enduring Value

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

Name of Associates/Joint Ventures	Espirit Hotels Private Limited	Logix Developers Private Limited#	ITC Essentra Limited	Maharaja Heritage Resorts Limited	International Travel House Limited	Russell Investments Limited	Gujarat Hotels Limited	Divya Management Limited	ATC Limited	Antrang Finance Limited
1. Latest audited Balance Sheet Date	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018	31-Mar-2018
2. Date on which the Associate or Joint Venture was associated or acquired	24-Sep-2010	27-Sep-2011	30-Jun-1994	02-Jul-1997	21-Mar-1982	14-May-1988	12-Sep-1986	23-Nov-2007	18-Jan-1995	21-Jan-2008
3. Shares of Associate/Joint Ventures held by the Company on the year end										
Number	4,65,09,200	77,66,913	22,50,000	90,000	39,14,233	42,75,435	17,33,907	41,82,915	1,94,775*	43,24,634
Amount of Investment in Associates/ Joint Ventures (₹ in Crores)	46.17	18.50&	52.47	...	92.86	34.04	14.03	7.29	6.72	4.85
Extent of Holding %	26.00	27.90	50.00	50.00	48.96	25.43	45.78	33.33	47.50	33.33
4. Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Associate	Associate	Associate	Associate	Associate	Associate
5. Reason why the Associate/Joint Venture is not consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	46.17	(0.53)	52.06	(0.91)	80.26	15.31	12.88	6.20	6.52	4.77
7. Profit/(Loss) for the year (₹ in Crores)	...	(24.87)	16.45	(0.33)	6.95	7.15	3.37	0.21	0.66	0.10
i. Considered in Consolidation (₹ in Crores)	...	(6.94)	8.22	–$	3.40	1.82	1.54	0.07	0.32	0.03
ii. Not considered in Consolidation (₹ in Crores)	...	(17.93)	8.23	(0.33)	3.55	5.33	1.83	0.14	0.34	0.07

* Comprise 55,650 shares fully paid up and 1,39,125 shares partly paid up (Refer Note 4 to the Consolidated Financial Statements).
\# Financial Statements are as certified by the management of Logix Developers Private Limited. [Refer Note 28(iii)(d) to the Consolidated Financial Statements].
& Investment amount is net of impairment.
$ Share of profit/(loss) has not been considered in accordance with Ind AS 28 - Investments in Associates and Joint Ventures.

Notes:

i) Espirit Hotels Private Limited and Logix Developers Private Limited are yet to commence commercial operations.

ii) There were no Associates or Joint Ventures which have been liquidated or sold during the year.

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

Gurugram, 16th May, 2018



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Enduring Value

Consolidated Balance Sheet as at 31st March, 2018

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

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

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

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

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

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

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

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

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

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

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

Enduring Value

A. Equity Share Capital

(₹ in Crores)

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

B. Other Equity

(₹ in Crores)

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

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

B. Other Equity (Contd.) **(₹ in Crores)**

	Reserves and Surplus											Items of other comprehensive income			Attributable to owners of the parent	Non-controlling interests	Total
	Capital Reserve	Securities Premium Account	Capital Reserve on Consolidation	Special Reserve under Section 45-IC of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Subsidy Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of foreign operations			
Issue of equity shares under ITC Employee Stock Option Scheme	–	907.10	–	–	–	–	–	–	–	–	–	–	–	–	907.10	–	907.10
Dividend																	
– Ordinary Dividend (2016-17 – ₹ 4.75 per share)	–	–	–	–	–	–	–	–	–	–	(5770.01)	–	–	–	(5770.01)	(181.58)	(5951.59)
Income tax on Dividend paid	–	–	–	–	–	–	–	–	–	–	(1136.83)	–	–	–	(1136.83)	–	(1136.83)
Transfer from retained earnings	–	–	–	12.76	7.82	–	–	–	–	–	(20.58)	–	–	–	–	–	–
Recognition of share based payment	–	–	–	–	–	–	398.76	–	–	–	–	–	–	–	398.76	–	398.76
Transfer from share option reserve on exercise and lapse	–	105.07	–	–	–	–	(124.50)	–	–	–	19.43	–	–	–	–	–	–
Transfer of capital reserve pursuant to disposal of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transferred to initial carrying amount of hedged items (net of tax)	–	–	–	–	–	–	–	–	–	–	–	–	23.00	–	23.00	–	23.00
Balance as at 31st March, 2018	**5.46**	**7415.58**	**72.67**	**127.68**	**110.68**	**0.23**	**1873.97**	**0.22**	**363.05**	**17672.57**	**22619.46**	**939.53**	**6.73**	**81.85**	**51289.68**	**334.47**	**51624.15**

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

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

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

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

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

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

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

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

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

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained Earnings: This Reserve represents the cumulative profits of the Group and effects of remeasurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Group's accounting policy.

Exchange differences on translating the financial statements of foreign operations: This Reserve contains (a) accumulated balance of foreign exchange differences from translation of the financial statements of the Group's foreign operations arising at the time of consolidation of such entities and (b) accumulated foreign exchange differences arising on monetary items that, in substance, form part of the Group's net investment in a foreign operation. Such foreign exchange differences are recognised in Other Comprehensive Income. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

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

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

Enduring Value

Enduring Value

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

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

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

	For the year ended 31st March, 2018 (₹ in Crores)		For the year ended 31st March, 2017 (₹ in Crores)	
C. Cash Flow from Financing Activities				
Proceeds from issue of share capital	912.79		1066.96	
Proceeds from borrowings	10.56		–	
Repayment of non-current borrowings	(8.21)		(13.17)	
Interest paid	(48.62)		(25.49)	
Net increase in statutory restricted accounts balances	0.77		3.69	
Dividend paid	(5951.59)		(6994.07)	
Income tax on dividend paid	(1136.83)		(1338.95)	
NET CASH USED IN FINANCING ACTIVITIES		**(6221.13)**		**(7301.03)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(165.62)**		**75.35**
OPENING CASH AND CASH EQUIVALENTS		**339.41**		**264.06**
CLOSING CASH AND CASH EQUIVALENTS		**173.79**		**339.41**

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".
2. **CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents as above	173.79	339.41
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(27.51)	(25.45)
Cash credit facilities (Note 20)	6.79	19.11
Cash and cash equivalents (Note 13)	153.07	333.07

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

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

P. R. RAMESH
Partner

Gurugram, 16th May, 2018

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

Enduring Value

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies

Statement of Compliance

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

Basis of Preparation

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

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

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

Basis of Consolidation

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

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

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

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

1. Significant Accounting Policies (Contd.)

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

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

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

Operating Cycle

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

Property, Plant and Equipment – Tangible Assets

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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

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

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

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

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

Goodwill on Consolidation

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

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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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

Intangible Assets

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

a. for assets acquired in a business combination or by way of a government grant, at fair value on the date of acquisition/grant

b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

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

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

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

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

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

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

Impairment of Assets

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

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

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

Inventories

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

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

1. Significant Accounting Policies (Contd.)

Foreign Currency Transactions

The presentation currency of the Group is Indian Rupee.

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

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

For the preparation of the consolidated financial statements:

(a) assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end;

(b) income and expense items are translated at the average exchange rates prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead.

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

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

Derivatives and Hedge Accounting

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

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

(i) Fair value hedges

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

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

(ii) Cash flow hedges

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

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

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

1. Significant Accounting Policies (Contd.)

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

Investment in Associate and Joint Venture

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

Financial Instrument, Financial Assets, Financial Liabilities and Equity Instruments

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

Financial Assets

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

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

Financial assets are classified as those measured at:

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

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

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

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

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

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

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

1. Significant Accounting Policies (Contd.)

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

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown to include excise duties and National Calamity Contingent Duty which are payable on manufacture of goods but excludes taxes such as VAT and Goods and Services Tax which are payable in respect of sale of goods and services.

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

Government Grant

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

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

(a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

Dividend Distribution

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

Employee Benefits

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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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

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

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

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

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

Employee Share Based Compensation

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

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

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

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

Leases

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

Group as a Lessee

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

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

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

Group as a Lessor

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

Taxes on Income

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

1. Significant Accounting Policies (Contd.)

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

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

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

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

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

Claims

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

Provisions

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

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

Operating Segments

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

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

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

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

Financial and Management Information Systems

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

Notes to the Consolidated Financial Statements

2. Use of estimates and judgements

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

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

A. Judgements in applying accounting policies

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

1. Control:

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

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

2. Significant influence:

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

3. Joint Control:

(i) The Group holds 50% of the equity share capital of Maharaja Heritage Resorts Limited, a company involved in operation of hotel properties. The Group do not consider that it is able to exercise control over the company as the decisions about relevant activities of the company are made jointly between the Group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

(ii) The Group holds 26% of the equity share capital of Espirit Hotels Private Limited, a company involved in development of a luxury hotel complex. The Group has considered that in view of the shareholder agreement, key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 74% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

(iii) The Group holds 27.90% of the equity share capital of Logix Developers Private Limited, a company intended for the purpose of developing a luxury hotel-cum-service apartment complex. The Group has concluded that the key decisions about relevant activities of such company are made jointly between the Group and the co-venturer (who holds 72.10% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

2. Use of estimates and judgements (Contd.)

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

4. Useful life of Intangible Assets:

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

B. Key sources of estimation uncertainty

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

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

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

2. Fair value measurements and valuation processes:

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

3. Actuarial Valuation:

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

4. Claims, Provisions and Contingent Liabilities:

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

Enduring Value

Notes to the Consolidated Financial Statements

(₹ in Crores)

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

The above includes following assets given on operating lease:

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

Notes to the Consolidated Financial Statements

(₹ in Crores)

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

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2018 (₹ in Crores) Quoted	Unquoted	As at 31st March, 2017 (₹ in Crores) Quoted	Unquoted
4. Non-current investments				
INVESTMENT IN EQUITY INSTRUMENTS				
In Subsidiaries (at cost unless stated otherwise)				
ITC Global Holdings Pte. Limited (in liquidation)				
89,99,645 Ordinary Shares of US $ 1.00 each, fully paid (cost ₹ 25.58 Crores, fully impaired)		–		–
In Associates (carrying amount determined using the equity method of accounting)				
International Travel House Limited				
39,14,233 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 11.89 Crores)	21.87		21.87	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018	70.99	92.86	70.04	91.91
Gujarat Hotels Limited				
17,33,907 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 1.16 Crores)	1.94		1.94	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018	12.09	14.03	11.30	13.24
ATC Limited				
55,650 Equity Shares of ₹ 100.00 each, fully paid				
Cost of acquisition (net of capital reserve of ₹ 0.16 Crore)		0.83		0.83
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		1.47	2.30	1.33	2.16
1,39,125 Equity Shares of ₹ 100.00 each, partly paid				
Cost of acquisition (including goodwill of ₹ 0.30 Crore)		2.92		2.92	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		1.50	4.42	1.42	4.34
Russell Investments Limited				
42,75,435 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (net of capital reserve of ₹ 0.30 Crore)		4.27		4.27	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		29.77	34.04	34.85	39.12
Divya Management Limited				
41,82,915 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 1.09 Crores)		6.93		6.93	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		0.36	7.29	0.29	7.22
Antrang Finance Limited				
43,24,634 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 0.10 Crore)		4.40		4.40	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		0.45	4.85	0.42	4.82
In Joint Ventures (carrying amount determined using the equity method of accounting)				
Espirit Hotels Private Limited				
4,65,09,200 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition		46.17		46.17	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		…	46.17	…	46.17
Maharaja Heritage Resorts Limited				
90,000 Equity Shares of ₹ 100.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 0.13 Crore)		…		…	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		–	…	–	…
Logix Developers Private Limited				
77,66,913 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition (including goodwill of ₹ 23.84 Crores)		42.07		42.07	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		(18.75)		(11.81)	
Add/(Less): Provision for Impairment		(4.82)	18.50	–	30.26
ITC Essentra Limited				
22,50,000 Equity Shares of ₹ 10.00 each, fully paid				
Cost of acquisition		38.85		38.85	
Add/(Less): Group Share of Profits/(Losses) upto 31.03.2018		13.62	52.47	7.82	46.67
Carried over	106.89	170.04	105.15	180.76

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Quoted	Unquoted	Quoted	Unquoted
4. Non-current investments (Contd.)				
Brought forward	8036.94	197.95	5534.17	210.27
INVESTMENT IN BONDS/DEBENTURES (Contd.)				
250 (2017 - Nil) 8.50% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 135-B (29 June 2019) of ₹ 1000000.00 each, fully paid	25.22		–	
250 (2017 - Nil) 8.52% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 124 Series A (09 December 2019) of ₹ 1000000.00 each, fully paid	25.30		–	
2,800 (2017 - Nil) 8.53% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 137 (24 July 2020) of ₹ 1000000.00 each, fully paid	284.61		–	
3,50,000 (2017 - Nil) 8.54% Secured Tax Free Redeemable Non-Convertible Bonds Series 2A (16 November 2028) of ₹ 1000.00 each, fully paid	42.32		–	
200 (2017 - Nil) 8.65% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 123 Series B (28 November 2019) of ₹ 1000000.00 each, fully paid	20.24		–	
50 (2017 - Nil) 8.76% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 122 (07 November 2019) of ₹ 1000000.00 each, fully paid	5.07		–	
750 (2017 - Nil) 8.96% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 121 B (21 October 2019) of ₹ 1000000.00 each, fully paid	76.27		–	
400 (2017 - Nil) 9.29% Unsecured Redeemable Non-Convertible Non-Cumulative Taxable Bonds Series - 92-C (21 August 2022 with Call / Put Option 21 August 2020) of ₹ 1000000.00 each, fully paid	41.27		–	
850 (2017 - Nil) 9.32% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series 119 B (17 September 2019) of ₹ 1000000.00 each, fully paid	86.72		–	
200 (2017 - Nil) 9.39% Unsecured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures Series118 B (I) (27 August 2019) of ₹ 1000000.00 each, fully paid	20.38		–	
PNB Housing Finance Limited				
1,000 7.95% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXIX (18 October 2019) of ₹ 1000000.00 each, fully paid	100.20		100.32	
100 8.23% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXII (09 April 2019) of ₹ 1000000.00 each, fully paid	10.05		10.11	
600 8.36% Secured Redeemable Non-Convertible Bonds in the nature of Promissory Note Series XXIV (12 July 2019) of ₹ 1000000.00 each, fully paid	60.08		60.14	
400 (2017 - Nil) 8.65% Secured Redeemable Non-Convertible Taxable Bonds in the nature of Promissory Note Series XXVIII Option B (28 June 2019) of ₹ 1000000.00 each, fully paid	40.44		–	
Rural Electrification Corporation Limited				
850 7.17% Secured Redeemable Non-Convertible Tax Free Bonds Series 5-A (23 July 2025) of ₹ 1000000.00 each, fully paid	89.19		89.64	
Carried over	8964.30	197.95	5794.38	210.27

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Aggregate market value of quoted investments ₹ 11276.13 Crores (2017 - ₹ 6502.72 Crores).
Aggregate amount of impairment in value of investments ₹ 30.40 Crores (2017 - ₹ 25.58 Crores).

Notes to the Consolidated Financial Statements

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

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

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

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
7. Deferred tax		
Deferred tax liabilities (Net)	1923.02	1878.77
Deferred tax assets (Net)	47.98	44.95
TOTAL	**1875.04**	**1833.82**

Movement in deferred tax liabilities/assets balances

(₹ in Crores)

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

Notes to the Consolidated Financial Statements

(₹ in Crores)

7. Deferred tax (Contd.)

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

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

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

* Includes receivables on account of export incentives.

Notes to the Consolidated Financial Statements

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
9. Inventories*		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	5407.07	4984.01
Work-in-progress	195.67	178.16
Finished goods (manufactured)	1097.02	2137.25
Stock-in-trade (goods purchased for resale)	412.54	439.34
Stores and spares	316.53	313.45
Intermediates - Tissue paper and Paperboards	66.26	63.89
TOTAL	**7495.09**	**8116.10**
The above includes goods in transit as under:		
Raw materials (including packing materials)	128.56	90.12
Stock-in-trade (goods purchased for resale)	0.72	2.55
Stores and spares	5.52	1.77
TOTAL	**134.80**	**94.44**

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

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

* Also Refer Note 20.

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

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

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

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

In October 2017 - 12572.85 MT (October 2016 - 12083.03 MT) of seed potatoes were planted and in February/March 2018 - 82557.73 MT (February/March 2017 - 74966.89 MT) of seed potatoes were harvested as a result of quantitative biological transformation.

Estimated amount of contracts remaining to be executed for acquisition/development of biological assets are ₹ 0.08 Crore (2017 - ₹ 0.09 Crore).

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

Notes to the Consolidated Financial Statements

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

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

Notes to the Consolidated Financial Statements

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

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

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

14. Other bank balances		
Earmarked balances	158.45	157.68
In deposit accounts*	2588.08	2476.65
TOTAL	**2746.53**	**2634.33**

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (No. of Shares)	As at 31st March, 2017 (₹ in Crores)
15. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	20,00,00,00,000	2000.00	20,00,00,00,000	2000.00
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	12,20,42,94,911	1220.43	12,14,73,83,071	1214.74
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,14,73,83,071	1214.74	8,04,72,06,991	804.72
Add: Issue of Bonus Shares	–	–	4,02,66,57,100	402.67
Add: Issue of Shares on exercise of Options	5,69,11,840	5.69	7,35,18,980	7.35
As at end of the year	**12,20,42,94,911**	**1220.43**	**12,14,73,83,071**	**1214.74**

B) Shareholders holding more than 5% of the Ordinary Shares in the Company

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2018 %	As at 31st March, 2017 (No. of Shares)	As at 31st March, 2017 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.40	2,97,83,47,320	24.52
Life Insurance Corporation of India	1,97,50,75,980	16.18	1,97,50,75,980	16.26
Specified Undertaking of the Unit Trust of India	1,02,52,89,805	8.40	1,10,25,91,521	9.08

C) Ordinary Shares allotted as fully paid pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March

	2018 (No. of Shares)	2017 (No. of Shares)
Shares issued in 2014-15 pursuant to the Scheme of Arrangement between Wimco Limited and ITC Limited	87,761	87,761

D) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March

	2018 (No. of Shares)	2017 (No. of Shares)
Bonus Shares issued in 2016-17	4,02,66,57,100	4,02,66,57,100

E) Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank *pari passu* in all respects including voting rights and entitlement to dividend.

F) Shares reserved for issue under Options

	As at 31st March, 2018 (No. of Shares)	As at 31st March, 2017 (No. of Shares)
Ordinary Shares of ₹ 1.00 each	43,30,60,920	43,15,59,080

Terms and Conditions of Options Granted

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

The vesting period for conversion of Options is as follows:

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

The Options have been granted at the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Further details of ITC Employee Stock Option Schemes are provided in Note 28(xiii).

Notes to the Consolidated Financial Statements

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

Terms of borrowings are as under:

Term Loans from Others:

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

Sales tax deferment loans:

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2018 (₹ in Crores)		As at 31st March, 2017 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
18. Provisions				
Provision for employee benefits [Refer Note 28(viii)]				
Retirement benefits	23.38	104.71	32.92	105.58
Other benefits	40.42	44.63	28.24	52.55
Provision for standard assets	–	0.29	–	0.29
TOTAL	**63.80**	**149.63**	**61.16**	**158.42**

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
19. Other liabilities		
Non-current		
Revenue received in advance	3.89	3.14
Deferred revenue arising from Government grant	38.30	14.65
TOTAL	**42.19**	**17.79**
Current		
Statutory liabilities	4038.46	2732.20
Advances received from customers	460.53	494.82
Revenue received in advance	11.02	9.79
Others		
– Deferred revenue arising from Government grant	1.27	0.79
– Others (includes deferred revenue, accruals, customer deposits, etc.)	99.11	89.86
TOTAL	**4610.39**	**3327.46**

20. Current borrowings		
Secured		
Loans from Banks		
Cash credit facilities*	6.79	1.11
Short term loan from Bank**	10.56	–
Unsecured		
Loans from related parties (Refer Note 30)	–	18.00
TOTAL	**17.35**	**19.11**

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

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2018 (₹ in Crores)	As at 31st March, 2017 (₹ in Crores)
21A. Income Tax Assets (Net)		
Income Tax Assets (net of provisions)	61.54	38.57
Fringe Benefit Tax (net of provisions)	0.02	0.02
TOTAL	**61.56**	**38.59**
21B. Current Tax liabilities (Net)		
Current taxation (net of advance payment)	68.56	150.70
TOTAL	**68.56**	**150.70**

	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
22A. Revenue from operations		
Sale of Products	44385.65	55486.62
Sale of Services	2976.86	2801.33
Gross Revenue from sale of products and services* [including excise duty/National Calamity Contingent Duty of ₹ 5238.80 Crores (2017 - ₹ 16564.98 Crores)]@	47362.51	58287.95
Other Operating Revenues#	326.04	416.57
TOTAL	**47688.55**	**58704.52**

* Net of sales returns and damaged stocks.

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

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

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

* Net of sales returns and damaged stocks.

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

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
23. Other income		
Interest income	964.74	903.16
Dividend income	8.48	0.14
Other non-operating income	19.22	41.27
Other gains and losses	839.42	816.96
TOTAL	**1831.86**	**1761.53**
Interest income comprises interest from:		
a) Deposits with Banks etc. - carried at amortised cost	261.27	341.71
b) Financial assets mandatorily measured at FVTPL	183.30	170.69
c) Other financial assets measured at amortised cost	481.86	389.90
d) Others (from statutory authorities etc.)	38.31	0.86
TOTAL	**964.74**	**903.16**
Dividend income comprises dividend from:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	8.32	0.02
b) Other investments	0.16	0.12
TOTAL	**8.48**	**0.14**
Other gains and losses:		
Net foreign exchange gain/(loss)	47.14	8.39
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL*	787.49	663.62
Gain recognised on disposal of subsidiary	9.61	144.95
Impairment of investment in joint venture company	(4.82)	–
TOTAL	**839.42**	**816.96**

* Includes ₹ 299.11 Crores (2017 - ₹ 153.69 Crores) being net gain/(loss) on sale of investments.

24. Employee benefits expense		
Salaries and wages	2943.95	2744.64
Contribution to Provident and other funds	232.18	212.40
Share based payments to employees	393.41	496.02
Staff welfare expenses	218.07	206.38
	3787.61	**3659.44**
Less: Recoveries made/reimbursements received	26.71	27.71
TOTAL	**3760.90**	**3631.73**

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2018 (₹ in Crores)	For the year ended 31st March, 2017 (₹ in Crores)
25. Finance costs		
Interest expense:		
– On financial liabilities measured at amortised cost	36.64	8.77
– Others	53.27	15.53
TOTAL	**89.91**	**24.30**

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

Notes to the Consolidated Financial Statements

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

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

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements

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

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

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

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

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

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

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

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

(b) Interests in Joint Ventures:

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

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

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

The Group's interests in jointly controlled operations:

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

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

(c) Investments in Associates:

The Group's Associates are:

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

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

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

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

(v) Contingent liabilities and commitments:

(a) Contingent liabilities:

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

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

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

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

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

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

  (i) Value Added Tax - ₹ 11.88 Crores [Nepalese Rupee (NRs.) 19.01 Crores] for the financial years 2001-02 and 2007-08.

  (ii) Income Tax - ₹ 3.07 Crores (NRs. 4.91 Crores) for the financial year 2005-06.

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

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

(i) Excise Demands and Show Cause Notices

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

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

(ii) Value Added Tax (VAT) Demands

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

(iii) Income Tax Demands

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

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

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

(b) Uncalled liability on investments partly paid is ₹ 8.75 Crores (2017 - ₹ 1.25 Crores).

(c) Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding ₹ 1.30 Crores (2017 - ₹ 1.30 Crores).

(d) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint ventures ₹ 10.28 Crores (2017 - ₹ 9.47 Crores), are ₹ 2330.67 Crores (2017 - ₹ 3026.69 Crores).

(vi) Research and Development expenses for the year amount to ₹ 130.60 Crores (2017 - ₹ 134.83 Crores).

(vii) Cost of inventory recognised as expense during the year amount to ₹ 23731.05 Crores (2017 - ₹ 35412.73 Crores).

Notes to the Consolidated Financial Statements

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

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

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

Description of Plans

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

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

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

Risk Management

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

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

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

The current service cost and net interest cost for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Leave Encashment in "Salaries and wages" under Note 24. The re-measurements of the net defined benefit liability are included in Other Comprehensive Income.

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

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

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

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

Notes to the Consolidated Financial Statements

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

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

			As at 31st March, 2018	As at 31st March, 2017
			Discount Rate (%)	Discount Rate (%)
VII	**Actuarial Assumptions**			
	1	Pension	7.50	6.75
	2	Gratuity	7.50	6.75
	3	Leave Encashment	7.50	6.75

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

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

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The fair value of Government Securities, Corporate Bonds, Mutual Funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the participating companies.

Notes to the Consolidated Financial Statements

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

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

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

X Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)

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

XI Sensitivity Analysis

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

(₹ in Crores)

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

Maturity Analysis of the Benefit Payments

1	Year 1	198.46	172.50
2	Year 2	139.86	154.02
3	Year 3	131.60	97.76
4	Year 4	112.61	121.02
5	Year 5	132.26	121.99
6	Next 5 Years	507.67	532.96

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

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

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

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

Notes to the Consolidated Financial Statements

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

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

Notes to the Consolidated Financial Statements

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

Notes:

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

(xi) **Changes in Group Structure:**

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

	2017 ₹ in Crores
Current assets	22.58
Non-current assets	8.28
Current liabilities	(19.37)
Net assets disposed of	**11.49**

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

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

Sl. No.			ITC Employee Stock Option Scheme (introduced in 2001)	ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval	:	17-01-2001	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes	:	Options equivalent to 12,27,07,450 Ordinary Shares of ₹ 1/- each	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1/- each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1/- each
			Note: Adjusted for Bonus Shares issued in terms of Shareholders approval.		
3.	Vesting Schedule	:	The vesting period for conversion of Options is as follows: • On completion of 12 months from the date of grant of the Options: 30% vests • On completion of 24 months from the date of grant of the Options: 30% vests • On completion of 36 months from the date of grant of the Options: 40% vests		
4.	Pricing Formula	:	The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Options have been granted at 'market price' as defined from time to time under the aforesaid Regulations.		

Notes to the Consolidated Financial Statements

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

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

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

29. Segment reporting

(₹ in Crores)

	2018 External	2018 Inter Segment	2018 Total	2017 External	2017 Inter Segment	2017 Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	24848.09	–	24848.09	35877.66	–	35877.66
FMCG - Others	11339.31	18.07	11357.38	10523.56	13.90	10537.46
FMCG - Total	**36187.40**	**18.07**	**36205.47**	**46401.22**	**13.90**	**46415.12**
Hotels	1480.02	14.65	1494.67	1400.35	14.04	1414.39
Agri Business	4474.22	3680.82	8155.04	5314.13	3070.73	8384.86
Paperboards, Paper and Packaging	3695.41	1554.23	5249.64	3732.63	1630.23	5362.86
Others	1525.46	76.97	1602.43	1439.62	74.06	1513.68
Segment Total	**47362.51**	**5344.74**	**52707.25**	**58287.95**	**4802.96**	**63090.91**
Eliminations			(5344.74)			(4802.96)
Gross Revenue from sale of products and services			**47362.51**			**58287.95**
2. Segment Results						
FMCG - Cigarettes			14128.12			13203.70
FMCG - Others			170.46			26.15
FMCG - Total			**14298.58**			**13229.85**
Hotels			145.00			117.12
Agri Business			841.49			926.32
Paperboards, Paper and Packaging			1042.16			965.84
Others			126.81			102.71
Segment Total			**16454.04**			**15341.84**
Eliminations			(93.60)			41.46
Consolidated Total			**16360.44**			**15383.30**
Unallocated corporate expenses net of unallocated income			1020.29			1007.60
Profit before interest etc. and taxation			**15340.15**			**14375.70**
Finance Costs			89.91			24.30
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			1738.39			1668.95
Share of net profit of associates & joint ventures			7.58			5.97
Exceptional items [Refer Note 28 (i)]			412.90			–
Profit before tax			**17409.11**			**16026.32**
Tax expense			5916.43			5549.09
Profit for the year			**11492.68**			**10477.23**

3. Other Information

	2018 Segment Assets	2018 Segment Liabilities*	2017 Segment Assets	2017 Segment Liabilities*
FMCG - Cigarettes	8508.42	4756.35	8573.92	2561.31
FMCG - Others	7760.11	1909.42	7257.61	1411.58
FMCG - Total	**16268.53**	**6665.77**	**15831.53**	**3972.89**
Hotels (Refer Note 3B)	6564.68	619.34	5849.59	446.94
Agri Business	3693.37	807.75	3255.76	723.60
Paperboards, Paper and Packaging	6730.78	786.73	6313.82	623.85
Others	900.81	229.54	771.74	209.52
Segment Total	**34158.17**	**9109.13**	**32022.44**	**5976.80**
Unallocated Corporate Assets/Liabilities	30130.69	2335.15	23920.83	3258.80
Total	**64288.86**	**11444.28**	**55943.27**	**9235.60**

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

Notes to the Consolidated Financial Statements

29. Segment reporting (Contd.)

(₹ in Crores)

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

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

GEOGRAPHICAL INFORMATION

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

NOTES:

(1) The Group's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Group is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper and Packaging and Agri Business. The Group's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

(2) The business groups comprise the following:

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

(3) The Group companies have been included in segment classification as follows:

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

(4) The geographical information considered for disclosure are:

– Sales within India
– Sales outside India

(5) Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of the Branded Packaged Foods businesses and Personal Care Products business.

(6) As stock options are granted under ITC ESOS to align the interests of employees with those of shareholders and also to attract and retain talent for the Group as a whole, the option value of ITC ESOS do not form part of the segment performance reviewed by the Corporate Management Committee.

(7) The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures

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

i) Associates & Joint Ventures:

Associates

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

Joint Ventures

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

ii) a) Key Management Personnel (KMP):

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

* Independent Directors

Members - Corporate Management Committee

S. Puri
N. Anand
R. Tandon
B. B. Chatterjee (upto 03.02.2018)
S. Sivakumar
K. S. Suresh
C. Dar
R. Sridhar
B. Sumant
S. K. Singh

Company Secretary

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

b) Relatives of Key Management Personnel:

Mrs. B. Deveshwar (wife of Mr. Y. C. Deveshwar)
Mrs. R. Tandon (wife of Mr. R. Tandon)
Mrs. Neelam Singhi (wife of Mr. R. K. Singhi)

iii) Employee Trusts where there is significant influence:

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

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

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

(₹ in Crores)

	RELATED PARTY TRANSACTIONS SUMMARY	Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total	
		2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
1.	Sale of Goods/Services	3.48	2.88	17.37	6.88							20.85	9.76
2.	Purchase of Goods/Services	104.43	105.56	223.28	252.97							327.71	358.53
3.	Sale of Property, Plant and Equipments/Scraps	–	0.05									–	0.05
4.	Value of share based payment												
4A.	Reimbursement for Share Based Payments for current year	1.94	2.89	0.77	0.96							2.71	3.85
4B.	Reimbursement for Capital Contribution for Share Based Payments for previous year	–	3.33	–	1.14							–	4.47
5.	Interest Income	0.07	0.24									0.07	0.24
6.	Interest Paid	0.12	0.43									0.12	0.43
7.	Rent Received	1.07	1.03									1.07	1.03
8.	Rent Paid	3.88	3.74			0.25	0.14	0.75	0.72			4.88	4.60
9.	Remuneration of Managers on Deputation reimbursed	5.25	5.32									5.25	5.32
10.	Remuneration of Managers on Deputation recovered	4.82	4.45	1.33	1.53							6.15	5.98
11.	Contribution to Employees' Benefit Plans									141.34	128.18	141.34	128.18
12.	Dividend Income	2.27	2.27	2.03	2.03							4.30	4.30
13.	Dividend Payments	1414.71	1687.73			1.10	3.77					1415.81	1691.50
14.	Expenses Recovered	0.33	0.39	0.28	0.33	...	–					0.61	0.72
15.	Expenses Reimbursed	0.36	0.73	0.92	0.09	0.03	0.03					1.31	0.85
16.	Receipt towards Loan Repayment	1.40	1.40									1.40	1.40
17.	Loans Taken	–	18.00									–	18.00
18.	Adjustment/Payment towards Loan Repayment	18.00	–									18.00	–
19.	Advances Given during the year	0.35	–									0.35	–
20.	Adjustment/Receipt towards Refund of Advances	0.12	–									0.12	–
21.	Deposits Given during the year					0.04	–	0.08	–			0.12	–
22.	Adjustment/Payment towards Refund of Deposits	–	0.04									–	0.04
23.	Transactions with Key Management Personnel[1]												
23A.	- Short term benefits					45.05	37.83					45.05	37.83
23B.	- Other remuneration					6.34	5.05					6.34	5.05
23C.	- Stock options granted[2]												
24.	**Outstanding Balances#**												
	i) Receivables	2.67	7.58	14.81	4.54							17.48	12.12
	ii) Advances Given	0.23	–							87.73	–	87.96	–
	iii) Loans Given	–	1.40									–	1.40
	iv) Deposits Given[3]					0.08	0.07	0.40	0.30			0.48	0.37
	v) Loans Taken	–	18.00									–	18.00
	vi) Deposits Taken	0.62	0.62									0.62	0.62
	vii) Payables	5.55	9.31	9.88	0.87					–	8.00	15.43	18.18
25.	Impairment of investment in Joint Venture			4.82	–							4.82	–

The amounts outstanding are unsecured and will be settled in cash.

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

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

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

30. Related Party Disclosures (Contd.)

3. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES (Generally in excess of 10% of the total transaction value of the same type)

(₹ in Crores)

RELATED PARTY TRANSACTIONS SUMMARY	2018	2017
1. Sale of Goods/Services		
International Travel House Limited	3.36	2.77
ITC Essentra Limited	17.36	6.88
2. Purchase of Goods/Services		
International Travel House Limited	79.06	85.02
ITC Essentra Limited	223.03	252.65
3. Sale of Property, Plant and Equipments/Scraps		
ATC Limited	–	0.05
4. Value of share based payment		
4A. Reimbursement for Share Based Payments for current year		
Maharaja Heritage Resorts Limited	0.38	0.44
International Travel House Limited	1.26	2.27
ITC Essentra Limited	0.39	0.52
ATC Limited	0.68	0.57
4B. Reimbursement for Capital Contribution for Share Based Payments for previous year		
Maharaja Heritage Resorts Limited	–	0.53
International Travel House Limited	–	2.58
ITC Essentra Limited	–	0.60
ATC Limited	–	0.63
5. Interest Income		
ATC Limited	0.07	0.24
6. Interest Paid		
Russell Investments Limited	0.12	0.43
7. Rent Received		
International Travel House Limited	1.07	1.02
8. Rent Paid		
Gujarat Hotels Limited	3.88	3.74
Mrs. B. Deveshwar	0.75	0.72
9. Remuneration of Managers on Deputation reimbursed		
Gujarat Hotels Limited	5.15	5.05
10. Remuneration of Managers on Deputation recovered		
International Travel House Limited	2.31	2.02
ATC Limited	1.98	1.81
Maharaja Heritage Resorts Limited	0.84	0.96
Gujarat Hotels Limited	0.52	0.62

RELATED PARTY TRANSACTIONS SUMMARY	2018	2017
11. Contribution to Employees' Benefit Plans		
IATC Provident Fund	26.73	25.32
ITC Defined Contribution Pension Fund	19.54	17.81
ITC Pension Fund	60.50	37.49
ITC Management Staff Gratuity Fund	8.98	14.63
12. Dividend Income		
Gujarat Hotels Limited	0.61	0.61
International Travel House Limited	1.66	1.66
ITC Essentra Limited	2.03	2.03
13. Dividend Payments		
Tobacco Manufacturers (India) Limited, UK	1414.71	1687.73
14. Expenses Recovered		
International Travel House Limited	0.33	0.36
Maharaja Heritage Resorts Limited	0.27	0.29
15. Expenses Reimbursed		
Gujarat Hotels Limited	0.24	0.09
ITC Essentra Limited	0.90	0.06
ATC Limited	0.11	0.62
16. Receipt towards Loan Repayment		
ATC Limited	1.40	1.40
17. Loans Taken		
Russell Investments Limited	–	18.00
18. Adjustment/Payment towards Loan Repayment		
Russell Investments Limited	18.00	–
19. Advances Given during the year		
International Travel House Limited	0.35	–
20. Adjustment/Receipt towards Refund of Advances		
International Travel House Limited	0.12	–
21. Deposits Given during the year		
Mr. B.B. Chatterjee	0.03	–
Mrs. B. Deveshwar	0.08	–
22. Adjustment/Payment towards Refund of Deposit		
International Travel House Limited	–	0.04
23. Remuneration to Key Management Personnel#		
23A. Short term benefits		
Mr. Y.C. Deveshwar	19.29	18.82
Mr. S. Puri	6.09	3.57

RELATED PARTY TRANSACTIONS SUMMARY	2018	2017
23B. Other Remuneration		
Ms. M. Shankar	0.61	0.51
Mr. S. B. Mathur	0.61	0.51
Mr. S. S. H. Rehman	0.65	0.51
24. Outstanding Balances		
i) *Receivables*		
ATC Limited	1.22	2.21
Maharaja Heritage Resorts Limited	3.43	3.32
International Travel House Limited	1.45	5.20
ITC Essentra Limited	11.38	1.22
ii) *Advances Given*		
Employee Trust - Pension Funds	73.32	–
Employee Trust - Gratuity Funds	14.41	–
iii) *Loans Given*		
ATC Limited	–	1.40
iv) *Deposits Given*		
Mr. Y. C. Deveshwar	0.05	0.05
Mrs. B. Deveshwar	0.38	0.30
v) *Loans Taken*		
Russell Investments Limited	–	18.00
vi) *Deposits Taken*		
International Travel House Limited	–	0.63
vii) *Payables*		
Employees Trust - Gratuity Funds	–	1.56
Employee Trust - Pension Funds	–	6.44
International Travel House Limited	2.15	6.16
ITC Essentra Limited	9.88	0.87
Gujarat Hotels Limited	1.83	1.81
ATC Limited	1.57	1.34
25. Impairment of investment in Joint Venture		
Logix Developers Private Limited	4.82	–

In accordance with Ind AS 102, the Group has recognised employee benefits expense by way of share based payments (refer Note 30.2), of which ₹ 53.43 Crores (2017 - ₹ 74.05 Crores) is attributable to key managerial personnel: Mr. Y.C. Deveshwar[1] ₹ 0.25 Crore (2017 - ₹ 33.34 Crores), Mr. S. Puri ₹ 10.69 Crores (2017 - ₹ 5.31 Crores), Mr. N. Anand ₹ 10.88 Crores (2017 - ₹ 7.24 Crores), Mr. R. Tandon ₹ 5.83 Crores (2017 - ₹ 7.54 Crores), Mr. B.B. Chatterjee ₹ 6.03 Crores (2017 - ₹ 2.82 Crores) and Mr. R.K. Singhi ₹ 0.18 Crore (2017 - Nil).

[1] Chairman & Non-Executive Director since 05.02.2017, prior to which Mr. Deveshwar was Executive Chairman.

Enduring Value

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures

A. Capital Management

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

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

B. Categories of Financial Instruments

(₹ in Crores)

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

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

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

C. Financial risk management objectives

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

Liquidity Risk

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

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

Market Risks

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

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

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

31. Financial Instruments and Related Disclosures (Contd.)

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

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

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

Foreign currency risk

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

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

(₹ in Crores)

As at 31st March, 2018	USD	Euro	GBP	JPY	Others	Total
Financial Assets	617.16	54.14	129.40	1.32	58.07	860.09
Financial Liabilities	96.86	56.60	37.69	14.45	85.12	290.72

As at 31st March, 2017	USD	EURO	GBP	JPY	Others	Total
Financial Assets	587.27	40.28	74.80	0.46	39.50	742.31
Financial Liabilities	90.73	34.56	21.12	23.68	17.69	187.78

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

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

(in Million)

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

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

31. Financial Instruments and Related Disclosures (Contd.)

(in Million)

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

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

(in Million)

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

Hedges of foreign currency risk and derivative financial instruments

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

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

31. Financial Instruments and Related Disclosures (Contd.)

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

(₹ in Crores)

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

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

(₹ in Crores)

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

Foreign Currency Sensitivity

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

Credit Risk

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

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

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

31. Financial Instruments and Related Disclosures (Contd.)

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

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

(₹ in Crores)

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

D. Fair value measurement

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

(₹ in Crores)

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

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

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

*Represents Fair value of Non-current Financial Instruments

Fair value hierarchy

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

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

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

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

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

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

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

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

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

On behalf of the Board

Y. C. DEVESHWAR	*Chairman*
S. PURI	*Managing Director*
R. TANDON	*Director & Chief Financial Officer*
R. K. SINGHI	*Company Secretary*

Independent Auditor's Report

to the Members of ITC Limited

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

2. The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 8 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Other Matters

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

   Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the Parent, subsidiary companies, associate companies and joint ventures, which are companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures in accordance with the generally accepted accounting practice – also refer Note 28(v)(a) to the consolidated financial statements.

ii) The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India.

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

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

Gurugram,
16th May, 2018

Enduring Value

Annexure - A to the Independent Auditor's Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

Other Matters

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

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

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

Gurugram
16th May, 2018

Enduring Value

Ten Years at a Glance

Standalone Operating Results 2009 - 2018

(₹ in Crores)

Year ending 31st March	2009	2010	2011	2012	2013	2014	2015	2016$	2017$	2018$
Gross Sales Value (net of rebates & discounts) #	25311	28866	33918	39353	47755	53889	57799	60196	64174	67082
Gross Revenue from sale of products & services #	23144	26260	30528	34872	41810	46713	49965	51582	55002	43957
Total Income #	23594	26814	31399	36046	43044	48176	51932	53714	57434	46460
PBDIT	5393	6689	7993	9674	11566	13562	15017	15484	16564	17671
Depreciation & amortization	549	609	656	699	795	900	962	1001	1038	1145
PBIT	4844	6080	7337	8975	10771	12662	14055	14483	15526	16525
PBT	4826	6015	7268	8898	10684	12659	13998	14434	15503	16439
Exceptional Items										413
PBT after Exceptional items	4826	6015	7268	8898	10684	12659	13998	14434	15503	16852
Tax	1562	1954	2280	2736	3266	3874	4390	5106	5302	5628
PAT	3264	4061	4988	6162	7418	8785	9608	9328	10201	11223
Proposed Dividends *	1634	4453	4002	4089	4853	5583	6030	8233	6945	7577
- Ordinary Dividend	1634	2004	2518	4089	4853	5583	6030	6296	6945	7577
- Special Dividend		2449	1484					1937		
Earnings Per Share **										
Actual (₹)	8.65	10.64	6.45	7.88	9.39	11.05	11.99	11.59	8.40	9.20
Adjusted (₹) @	2.88	3.55	4.30	5.25	6.26	7.36	7.99	7.73	8.40	9.20
Dividend Per Share **										
Actual - Ordinary (₹)	3.70	4.50	2.80	4.50	5.25	6.00	6.25	6.50	4.75	5.15
Actual - Special (₹)		5.50	1.65					2.00		
Adjusted - Ordinary (₹) @	1.23	1.50	1.87	3.00	3.50	4.00	4.17	4.33	4.75	5.15
Adjusted - Special (₹) @		1.83	1.10					1.33		

$ 2016 to 2018 as per Indian Accounting Standards (Ind AS); previous GAAP for earlier years

\# Gross Sales Value (net of rebates and discounts) has been provided to facilitate comparison as the figures of Gross Revenue from sale of products & services and Total Income are not comparable consequent to the introduction of Goods & Services Tax with effect from 1st July 2017, which replaced Central Excise (other than National Calamity Contingent Duty on cigarettes), Value Added Tax etc.

* Including Dividend Distribution Tax.

** Based on number of shares outstanding at the year end; reflects the impact of Corporate Actions.

@ To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011 and 1:2 Bonus Issue in 2017.

Standalone Equity, Liabilities and Assets 2009 - 2018

(₹ in Crores)

As at 31st March	2009	2010	2011	2012	2013	2014	2015	2016$	2017$	2018$
Equity										
Share capital	378	382	774	782	790	795	802	805	1215	1220
Other equity	13357	13682	15179	18010	21498	25467	29934	40851	44126	50180
Shareholders' funds (Net Worth)	13735	14064	15953	18792	22288	26262	30736	41656	45341	51400
Non-current liabilities										
Borrowings	91	92	87	77	66	51	39	26	18	11
Deferred tax liabilities (Net)	867	785	802	873	1204	1297	1632	1867	1872	1918
Non-current liabilities (others)	95	45	115	120	129	115	108	127	155	196
Current liabilities										
Borrowings	62		2	2		...	...	4	...	
Proposed dividend (including tax)	1634	4453	4002	4089	4853	5583	6030			
Current liabilities (others)	3000	3566	4473	5035	5477	5921	5651	6351	6830	8857
Total Equity and Liabilities	**19484**	**23005**	**25434**	**28988**	**34017**	**39229**	**44196**	**50031**	**54216**	**62381**
Non-current assets										
Property, plant and equipment and Intangible assets (including capital work-in-progress and intangible assets under development)	8486	9152	9678	11376	12697	14309	16293	16430	18417	20592
Non-current investments	892	1357	1563	1953	2001	2512	2442	6853	8486	13494
Non-current assets (others)	1117	882	1146	1196	1728	1480	1506	3515	2776	3793
Current assets										
Current investments	1945	4370	3991	4363	5059	6311	5964	6471	10100	9903
Cash and cash equivalents and Other bank balances	1031	1126	2243	2819	3615	3289	7589	5639	2747	2595
Current assets (others)	6013	6118	6813	7281	8917	11328	10402	11123	11690	12005
Total Assets	**19484**	**23005**	**25434**	**28988**	**34017**	**39229**	**44196**	**50031**	**54216**	**62381**
Net Worth Per Share (₹) *	12.13	12.28	13.74	16.02	18.80	22.01	25.56	34.51	37.33	42.12

$ 2016 to 2018 as per Ind AS; previous GAAP for earlier years

* To facilitate like to like comparison, adjusted for 1:1 Bonus Issue in 2011 and 1:2 Bonus Issue in 2017.

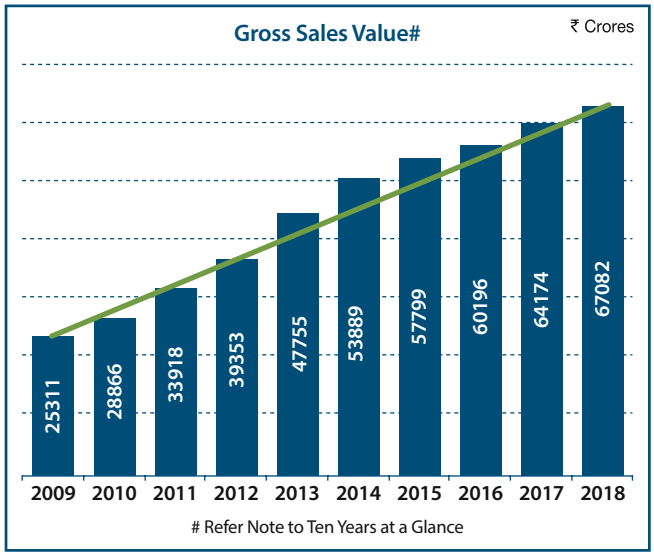
Equity includes impact of :

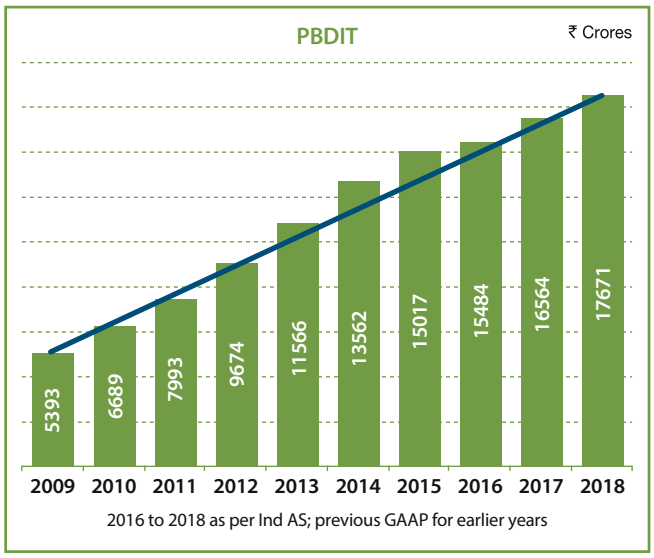
2011 - 1:1 Bonus Issue (₹ 383 Crores) and 2017 - 1:2 Bonus Issue (₹ 403 Crores).

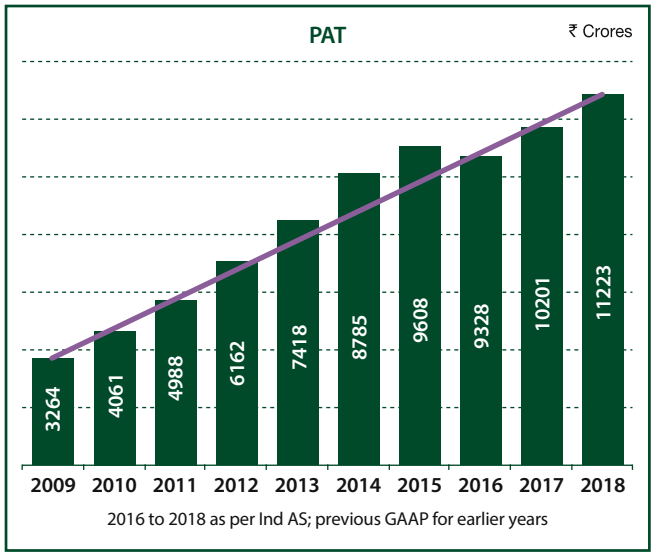
2015 - 87,761 Ordinary Shares of ₹ 1.00 each issued pursuant to Scheme of Amalgamation of Non-Engineering Business of WIMCO Limited with the Company

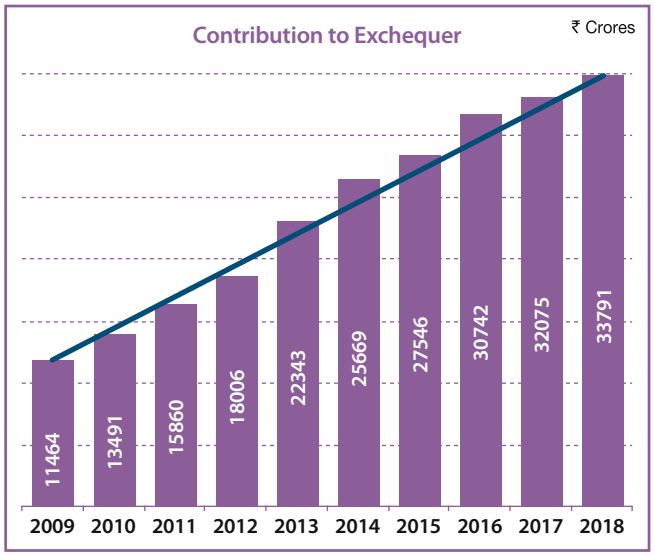
Note : Figures for the periods prior to 2011 have been broadly re-classified/re-arranged/re-grouped, wherever material, as per revised Schedule VI to the erstwhile Companies Act, 1956 in order to facilitate like to like comparison.

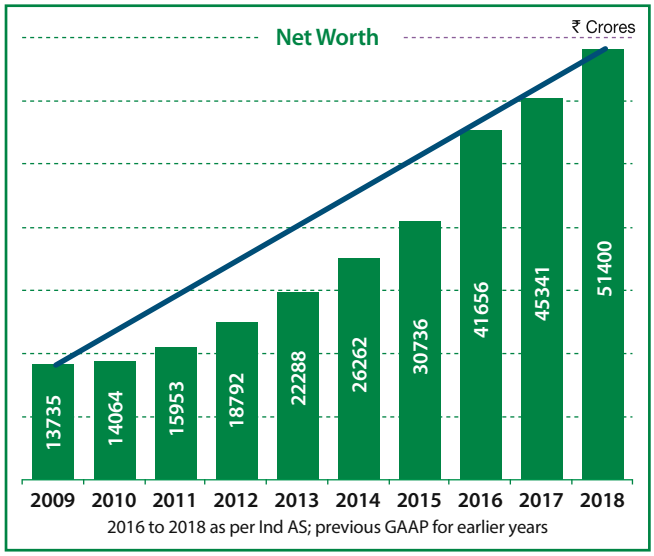
Financial Highlights

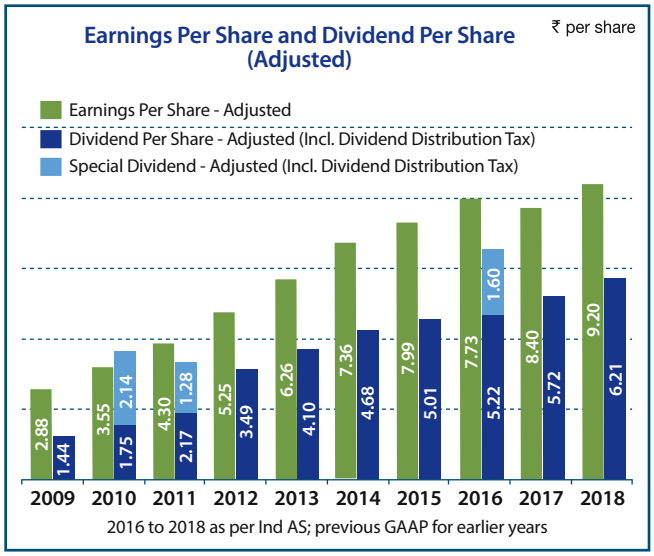












These graphs depict the standalone financial position.

Note 1 : EPS and DPS have been adjusted for impact of Corporate Actions to facilitate like to like comparison.

Business Responsibility Report

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2018, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
The Company also publishes annually, a comprehensive Sustainability Report, based on the Global Reporting Initiative (GRI) framework.

The details on the aspects discussed in this Report are available in the Company's Sustainability Report. The Company's Board approved Sustainability Policies, ITC Code of Conduct and the Sustainability Report are available on the Company's website — www.itcportal.com.

General Information

1.	Corporate Identity Number (CIN) of the Company:	L16005WB1910PLC001985
2.	Name of the Company:	ITC Limited
3.	Address of the Registered Office:	Virginia House, 37 Jawahar Lal Nehru Road, Kolkata 700 071
4.	Website:	www.itcportal.com
5.	E-mail ID:	enduringvalue@itc.in
6.	Financial Year reported:	2017-18
7.	Key products / services:	
	Businesses	**Products / Services**
	FMCG:	Branded Packaged Foods Businesses (Staples; Snacks and Meals; Dairy and Beverages; Confections); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Cigarettes, Cigars, etc.
	Hotels:	Hoteliering.
	Paperboards, Paper & Packaging:	Paperboards, Paper including Specialty Paper & Packaging including flexibles.
	Agri Business:	Agri-commodities such as soya, spices, coffee and leaf tobacco.
8.	Locations where business activities undertaken by the Company:	The Company's businesses and operations are spread across the country. Details of plant locations, hotels owned / operated by the Company, are provided in the section 'Shareholder Information', in the Report and Accounts.
9.	Markets served by the Company:	ITC's products and services have a national presence and several products are exported.
10.	Subsidiary companies and their BR initiatives:	The Company has 24 subsidiaries, including 9 subsidiaries outside India. The subsidiary companies define their own initiatives based on their specific context and have access to information and expertise residing with the parent company.

Financial Details

1.	Paid up Capital (As on 31.03.2018):	₹1,220.43 crores
2.	Total Turnover: (Refer Note to the Profit and Loss Account in the Financial Statements)	₹43, 956.90 crores
3.	Total profit after taxes:	₹11,223.25 crores
4.	Total Spending on Corporate Social Responsibility (CSR):	₹290.98 crores
	As percentage of Profit after taxes:	2.59 %

List of CSR activities in which expenditure has been incurred:

	Areas listed under Schedule VII to the Companies Act, 2013	ITC's interventions (including through Trusts established by the Company)
(i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Health & Sanitation, Drinking Water and Eradication of Poverty
(ii)	Promoting education, including special education and employment enhancing vocation skills specially among children, women, elderly, and the differently abled and livelihood enhancement projects.	Education, Vocational Training, Livestock Development and Livelihood Generation
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Women Empowerment
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of River Ganga.	Environment Sustainability, Soil & Moisture Conservation and Social Forestry
(v)	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.	Protection of national heritage, art and culture
(vi)	Rural Development Projects.	Agri Development

Commitment to Sustainable and Inclusive Growth

ITC's sustainability initiatives are driven by the belief that organisations needs to serve a larger societal purpose keeping national priorities in focus. The Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has spurred innovation to orchestrate a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. The Triple Bottom Line approach is driven by Company's deep conviction that businesses possess the transformative capacity to create far larger societal value by leveraging their entrepreneurial vitality, creativity and innovative capacity. Concerted efforts, over several years, have led to the creation of sustainable livelihoods for around 6 million people, many of whom represent the most disadvantaged in society. The broad based execution of this strategy has helped build an ever improving, responsible business ecosystem, which environmentally speaking, seeks to replenish more than what it consumes.

While the Company's pioneering work in empowering rural India is a global exemplar, it has also spearheaded several initiatives to achieve new benchmarks in environmental excellence. Recognising that climate change is a threat that particularly makes rural communities extremely vulnerable, the Company has adopted a low carbon growth strategy. This encompasses large scale afforestation, increasing use of renewable energy and a continuous quest to maximise natural resource efficiencies across all its operations. ITC is the only company of comparable dimensions in the world to be carbon positive for 13 years, water positive for 16 years and solid waste recycling positive for 11 years. Its environmental stewardship is also reflected in its premium luxury hotels being LEED® Platinum Certified. Despite the addition of several Integrated Consumer Goods Manufacturing and Logistics (ICMLs) facilities, Hotels and a Bleached Chemical Thermo Mechanical Pulp (BCTMP) mill at the Bhadrachalam Unit of our Paperboards and Specialty Papers Business during the year, about 43% of total energy requirements were met from carbon neutral fuels such as biomass, wind and solar.



Business Responsibility Policies and Guidelines

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework. The context of the BR principles is embodied in the Sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.

Reporting on Sustainability Initiatives

For the past 14 years, the Company has published Sustainability Reports encapsulating its performance across the three dimensions of the Triple Bottom Line. ITC Sustainability Report 2017 meeting the G4 Guidelines of the Global Reporting Initiative (GRI), 'In Accordance - Comprehensive' category was also third party assured at the highest criteria of 'reasonable assurance' as per the International Standard on Assurance Engagements (ISAE) 3000. The 15th Sustainability Report covering the sustainability performance for the financial year ended on 31st March 2018 and prepared in accordance with the GRI Standards, will be available shortly. In addition, the Report and Accounts 2018 of the Company provides a review of the Company's Triple Bottom Line performance.

Business Responsibility Report Index on Social, Environmental & Economic Issues

Sl. No.	BRR Principle	Section in BR Report	Page	Details in ITC Sustainability Report
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Corporate Governance for Ethics, Transparency and Accountability	V	√
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life-cycle	Sustainability of Products & Services across Life-cycle	VI	√
3	Businesses should promote the well-being of all employees	Employee Well-being	VIII	√
4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Stakeholder Engagement	XI	√
5	Businesses should respect and promote human rights	Human Rights	XI	√
6	Businesses should respect, protect, and make efforts to restore the environment	Protection and Restoration of the Environment	XII	√
7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Responsible Advocacy	XIII	√
8	Businesses should support inclusive growth and equitable development	Supporting Inclusive Growth and Equitable Development	XIV	√
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Providing Value to Customers and Consumers	XVI	√

Core Values and Policies & Guidelines

ITC's Core Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates value for all its stakeholders. ITC's Core Values encompass the principles of Trusteeship, Customer Focus, Respect for People, Excellence, Innovation and Nation Orientation. Please check the following link for details:
www.itcportal.com/about-itc/values/core-values.aspx

Corporate Governance at ITC

www.itcportal.com/about-itc/values/corporate-governance.aspx

ITC's Code of Conduct and Policies are available at the Company's corporate website www.itcportal.com. Please check the following links for details:

ITC's Code of Conduct

www.itcportal.com/about-itc/values/code-of-conduct.aspx

ITC's Sustainability Policies

www.itcportal.com/about-itc/policies/sustainability-policy.aspx

ITC's CSR Policy

www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx

ITC's Food Products Policy

www.itcportal.com/about-itc/policies/itc-food-product-policy.aspx

ITC's E-Waste Policy

www.itcportal.com/about-itc/policies/itc-it-e-waste-policy.aspx

Principle 1: Corporate Governance for Ethics, Transparency and Accountability

A Board approved policy provides the framework for ITC's corporate governance philosophy, which is anchored on the values of trusteeship, transparency, ethical corporate citizenship, empowerment, control and accountability. ITC believes that since large corporations employ societal and environmental resources, governance processes must ensure that they are utilised in a manner that meets stakeholders' aspirations and societal expectations. For superior Triple Bottom Line performance, ITC's Governance processes ensure that sustainability principles are embedded in business strategies and execution plans.

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

Strategic supervision	by the Board of Directors
Strategic management	by the Corporate Management Committee headed by the Managing Director of the Company
Executive management	by the Divisional Chief Executive assisted by the Divisional Management Committee

Reference to Division includes Strategic Business Unit, Business Vertical and Shared Services.

The three-tier governance structure ensures that:

(a) Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company, can be conducted by the Board of Directors (the Board) with objectivity, thereby sharpening accountability of management;

(b) Strategic management of the Company, uncluttered by the day-to-day tasks of executive management, remains focused and energised; and

(c) Executive management of the divisional business free from collective strategic responsibilities for ITC as a whole, remains focused on enhancing the quality, efficiency and effectiveness of the business to achieve best-in-class performance.

ITC's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

For more details on ITC's governance structure, please refer to the section, 'Report on Corporate Governance', in the Report and Accounts.

Strategic Supervision of Business Responsibility Practices

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

The CSR and Sustainability Committee presently comprises the Chairman of the Company and five other Non-Executive Directors, two of whom are Independent Directors. The Chairman of the Company is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee. The names of the members of this Committee and the number of meetings held during the year are provided in the Report and Accounts.

The Sustainability Compliance Review Committee (SCRC) constituted by the Corporate Management Committee presently comprises seven senior members of management, with its Chairman being a member of the Corporate Management Committee. The role of the Committee, inter alia, includes monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the Corporate Management Committee.

During the year, four meetings of the SCRC were held to review the sustainability performance of the Company.

Principle 2: Sustainability of Products & Services across Life-cycle

The Company's strategic intent to create enduring value by investing in new engines of growth is powered by its strong and competitive capabilities in R&D, innovation & technology and an array of institutional strengths including deep consumer insights, brand building capability, trade marketing and distribution infrastructure, focus on quality and world-class manufacturing practices, strong rural linkages and outstanding human resources.

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw material/service, manufacturing of product or delivery of service, transportation of raw materials and finished goods, and disposal by consumers. Policies on 'Life-cycle Sustainability' and 'Responsible Sourcing' detail the Company's approach in this respect. The company has embedded 'Distance to Market' as a key business matrix in order to encourage a sustainable manufacturing foot print.

Some of these elements are discussed briefly below:

Maximising Resource Efficiency

The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water and energy. Life-cycle Assessment studies have been carried out for some of the Company's products for identifying additional opportunities to continuously reduce environmental impacts across the value chain. Resource efficiency is integrated into product and process design and is a critical component in the creation of physical infrastructure, operations, logistics and waste management.

The Company's concerted efforts in optimising resource use efficiency, for instance, are evident across businesses including the Company's most resource-intensive business, the Paperboards and Specialty Papers Division, where continuous improvements in energy and water usage, have made it amongst the most efficient within the sector. Similarly, the Company's Hotels Division has also demonstrated high levels of resource efficiency by achieving the LEED® certification at the highest Platinum level for all its premium luxury hotels. Several of the Company's factories and office complexes have also received the Green Building certification from Indian Green Building Council (IGBC), the LEED® certification from US Green Building Council (USGBC) and Bureau of Energy Efficiency's (BEE) star ratings. In order to continually reduce the Company's environmental footprint, green attributes are integrated in all new constructions and are also being incorporated into existing hotels, manufacturing units, warehouses and office complexes during retrofits.



Sustainable Consumption

The Company has crafted extensive strategies to ensure sustainable consumption of energy, water and other resources in its businesses. The Company is an acknowledged leader in low-carbon operations as well as in resource usage efficiency which has been achieved by continuously reducing specific energy consumption, investing in additional renewable energy sources, afforestation and recycling internal and post-consumer waste. In 2017-18, the specific water intake (water withdrawn per unit of paper) at Bhadrachalam, which is the largest Unit of our Paperboard and Specialty Paper Business, was 33% below the standard proposed by the National Productivity Council for large-scale integrated pulp and paper mills.

The Hotels Division pioneered the concept of 'Responsible Luxury' and created design interventions, which have enabled optimisation in the usage of energy and water. The LEED® Platinum certification for the luxury hotels of the Company makes 'ITC Hotels' a trailblazer in green hoteliering.

The Company has laid down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring of performance for each unit, is carried out on a regular basis.

Beyond Boundaries

Vendors/service providers and large outsourced manufacturing facilities are encouraged to adopt management practices detailed under the international standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's Corporate Environment, Health and Safety (EHS) Guidelines. Contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. Most of the outsourced manufacturing units of the Foods Business are HACCP (Hazard Analysis and Critical Control Point) certified and are working towards improvement in energy efficiency. These interventions are some of the examples of the Company's sustainability practices being adopted by its supply chain network partners.

In order to strengthen sustainable procurement processes, Policies on 'Responsible Sourcing' and 'Human Rights Consideration of Stakeholders beyond the Workplace' have been adopted to address issues of labour practices, human rights, bribery, corruption, occupational health, safety and environment.

The Company works in close partnership with small-scale units in businesses such as Safety Matches and Education and Stationery Products. These partnerships have significantly enhanced the competitiveness of a number of units in these sectors.

Responsible Sourcing

The Company endeavours to integrate sustainability in the procurement process for its products and services across its diversified business portfolio. The Policy on 'Responsible Sourcing' encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers' provides guidance to supply chain members and partners to adopt sustainable practices.

Recognising that poverty in rural India also gets accentuated by inadequate access to knowledge, information, price discovery, quality agricultural inputs and markets, the Company has devised unique models for





farmer empowerment. These interventions not only support sustainable agriculture and enhance productivity, but also contribute to substantial livelihood creation.

The Company's globally acknowledged ITC e-Choupal initiative has transformed rural communities into vibrant economic organisations by leveraging information technology to provide real-time information on weather, market prices, agricultural best practices, etc. It also provides customised extension services and training through 'Choupal Pradarshan Khets' (demonstration farms). Farmers have been empowered through the establishment of integrated rural services hubs called 'Choupal Saagars'. The e-Choupal system has enabled efficient sourcing and raised rural incomes. The Company promotes environmentally sustainable farm practices such as zero tilling, micro-irrigation and watershed development. In response to the Prime Minister's call for 'Doubling Farmers Income', ITC is working in rural areas, demonstrating simple and sustainable changes in practices and cropping intensity which enable a significant growth in Farmer Incomes. This programme has so far covered five lakh farmers.

The Company promotes large-scale afforestation through its Social Forestry programmes. Customised extension services, knowledge of silvicultural practices, and bio-diversity enhancement enrich the farmers' capacity whilst augmenting natural capital. The farmers are free to transact at will and sell to whoever they choose, though the Company stands as a willing buyer.

Principle 3: Employee Well-being

Employee Well-being is a core component of our Company's philosophy and it reflects in our Management policy for approach to health and safety of employees at work place. Our systems and processes are designed to enhance employee capability, engagement, vitality and well-being so as to ensure that our employees add superior value – value which will help our Businesses to stay competitive and simultaneously work towards enabling the Company to achieve its ambitious growth plans.

We focus on creating a stimulating work environment supported by a caring and compassionate work ethos so as to enable our employees to thrive and deliver winning performances. Our efforts consistently aim to positively influence all aspects of an employee's life – physical, mental and emotional. The Company also enables an environment supportive to employee's personal lives and lifestyle choices while meeting the Business objectives. Specific elements of the Company's work practices and culture are directed by the management approach articulated in Board-approved Policies on 'Diversity and Equal Opportunity', 'Freedom of Association' and 'Environment, Health and Safety', among others.

As a result of our unique employee centric policies, ITC was ranked amongst the top 5 most preferred employers in 'Campustrack', an employer branding survey carried out by AC Nielsen amongst MBA students from leading Indian institutes, where we recruit Assistants Under Training (AUTs) from. The latest Randstad Brand Research Survey findings have recognised ITC Limited amongst the top 10 employers in India. ITC also featured among India's most attractive employers in Universum's 2017 survey of Indian B-schools.

Our full-time employees receive benefits such as periodic preventive health check-ups, medical assistance (including hospitalisation), group accident insurance, annual leave along with leave encashment, maternity leave for women employees and retirement benefits, among others. As part of our commitment to awareness and prevention of occupational diseases, we ensure good ergonomics and safety practices at all ITC workspaces. Most of our units have a wellness centre and resident doctor. Regular sports and recreational activities are organised at all units to promote physical wellness among employees and their families.



We have a proactive programme for promoting healthy lifestyles, which includes health/medical camps, yoga and other wellness sessions as well as various awareness-building events. These contribute to making the individual feeling relaxed and revitalised all day long. Our employees have, on identified occasions, invested time and engaged with ITC's Social Investments Programmes in the catchment of their Business Unit.

Diversity and Equal Opportunity

ITC believes that diversity at workplace creates an environment conducive to engagement, alignment, innovation, and high performance and this is reflected in the policy that ensures diversity and non-discrimination across the Company. The policy provides for diversity and equal opportunities to all employees across the Company, based on merit and ability. It also ensures a work environment that is free from any form of discrimination among employees based on caste, religion, disability, gender, sexual orientation, race, colour, ancestry, marital status or affiliation with a political, religious or union organisation or majority/minority group. The policy is communicated to all employees appropriately. In FY 2017-18, there were no cases of discriminatory employment. A Grievance Redressal Procedure which intends to facilitate open and structured discussions is instituted at all units and locations to ensure that grievances related to labour practices and human rights are addressed and resolved in a fair and just manner.

Enabling a Gender Friendly Workplace

As a good corporate citizen, ITC is committed to a gender friendly workplace. It seeks to enhance equal opportunities for men and women, prevent/stop/redress sexual harassment at the workplace and institute good employment practices. Processes and mechanisms are instituted to ensure that issues such as sexual harassment at work place, if any, are effectively addressed. ITC maintains an open door for reportees; encourages employees to report any harassment concerns and is responsive to employee complaints about harassment or other unwelcome and offensive conduct. Internal Complaints Committee have been constituted in all ITC units to enquire into complaints and to recommend appropriate action, wherever required. ITC demands, demonstrates and promotes professional behaviour and respectful treatment of all employees. To sensitise employees and enhance awareness, ITC has set up an e-learning portal on prevention of sexual harassment at work place which is accessible to all ITC employees and it is ensured that all employees undergo this training. During the year, 4 complaints of sexual harassment were received. Whilst 3 of them have been investigated and resolved, 1 of them is currently under resolution.

Good Labour Practices

ITC's 10 Board-approved Sustainability Policies continue to guide ITC's strong commitment to good labour practices. No person below the age of eighteen years is employed by ITC and forced or compulsory labour is prohibited in all units. ITC does not engage vendors and suppliers who resort to using child and/or forced labour. In 2017-18, approximately 22,500 employees from 1,451 service providers were engaged across ITC. All service providers have signed ITC's Code of Conduct for Vendors and Service Providers, which details labour practices expected of them. Non-compliance with the Code results in termination of contracts. The Company had no cases of child or forced labour in 2017-18.

ITC was conferred the coveted 'National Award for Excellence in Employee Relations 2017 - Significant Achievement in Employee Relations' in the pan India category by the Employers Federation of India (EFI). ITC was selected for the highest category of the award.

The Company believes in Freedom of Association and in its policy outlines the intent to respect the dignity of individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management. The policy ensures that employees are not discriminated against for exercising this freedom in a lawful manner and consistent with ITC's core values. In this year, 10,439 employees of the Company were members of unions. There were no cases of violation of freedom of association in this year.

Employee Engagement

All ITC Businesses conducted an employee engagement survey to assess the work place sentiment and views of the employees. At this survey, employees were encouraged to share their views about the workplace and ITC. Business Units conduct various engagement initiatives on a regular basis to promote alignment, involvement and belongingness, teamwork and work life balance. Re-creational events involving family members of managers, sports meets, scholarships to meritorious children of employees are actively conducted throughout the year.

In the 2018 employee engagement survey 'iEngage', 92% of ITC employees said that they were proud to work for ITC – a score that is amongst the highest globally.

Enabling Physical and Mental/ Spiritual Well-being

In our endeavour to create awareness and guide employees to a healthy lifestyle, several sessions on stress management, wellness plans, medical check-ups have been organised across Businesses and unit locations. During the year under report, ITC's businesses have introduced and strengthened specialised and specific interventions in various areas that concern well-being of employees such as provision of app based medical solutions, sessions on stress management, child care (for working parents), disease prevention, role of nutrition in healthcare, cardiac health amongst others.

Employee Assistance Programme: A voluntary programme was introduced by ITD that offers confidential assessments, self-help services, short-term counselling, referrals, and follow-up services to employees, on a confidential platform, with the help of an industry-leading expert to provide a safe and secure environment for coping with life challenges.

We have a proactive programme for promoting healthy lifestyles, which includes health/medical camps, yoga and other wellness sessions as well as various awareness-building events. These contribute to making the individual feeling relaxed and revitalised all day long. Our employees have, on identified occasions, invested time and engaged with ITC's Social Investments Programmes in the catchment of their Business Unit.

Enhancing Employability and Skills

We believe that the achievement of our growth objectives will depend largely on the ability to innovate continuously, connect closely with the customer, and create and deliver superior and unmatched customer value. Towards this end, we have assiduously built a culture of continuous learning, innovation and collaboration across the Organisation by providing cutting-edge learning and development inputs, across the five capability platforms relevant to making businesses future-ready that have been identified – Strategic, Value Chain, Leadership, Innovation and Human Resources Development, to its employees along with a judicious blend of coaching, mentoring and on the job training.

ITC won two international awards in the area of Learning and Development: the 2017 ATD Excellence in Practice Award in the Learning and Development category for entries titled "Integrated Talent Management: Talent Development from Internal Resources Opportunity for Career Growth – ITC Gurukul" and "Learning and Development: Integrated Technical Talent Development Process – Munger unit".

In FY 2017-18, there were 83,600 person-days of formal training for employees Organisation-wide. Our state-of-the-art technical training facility in Ranjangaon, Maharashtra – Gurukul – is our first integrated facility catering to our FMCG Businesses and an important milestone in our skilling journey for manufacturing excellence. During the year under report, ITC won two international awards in the area of Learning and Development, the 2017 ATD Excellence in Practice Award in the Learning and Development category, for entries titled "Integrated Talent Management: Talent Development from Internal Resources Opportunity for Career Growth – ITC Gurukul" and "Learning and Development: Integrated Technical Talent Development Process – Munger Unit. The ITC Hospitality Management Institute (HMI) continues to play a vital role in skill upgradation and enhancing employability of ITC employees by imparting them with contemporary skills in the hospitality sector.

Principle 4: Stakeholder Engagement

The Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, customers, employees, farmers, suppliers, communities, civil society, media and the government.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, it anchors its stakeholder engagement on the following principles:

a) **Materiality** – Prioritised consideration of the economic, environmental and social impacts identified to be important to the organisation as well as its stakeholders.

b) **Completeness** – Understanding key concerns of stakeholders and their expectations.

c) **Responsiveness** – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. Implemented



mechanisms to facilitate effective dialogues with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have withstood the test of time.

The Company's collaborative partnerships with communities are manifest in its programmes such as watershed development, social forestry, animal husbandry services and women empowerment. These initiatives augment the natural resource base of the nation and create sustainable rural livelihoods.

Principle 5: Human Rights

The Company has Policies on Human Rights applicable to its employees and its value chains. The Policies and their implementation are directed towards adherence to applicable laws and to uphold the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). The Company continued to work towards strengthening and introducing systems to ensure sound implementation of ITC's Sustainability Policies specifically with respect to Human Rights and decent work place.

The Company has in place a Code of Conduct for vendors and service providers across Businesses and a Grievance Redressal Procedure to address concerns, if any, pertaining to Human Rights and decent labour practices for its employees. Vendors and Service Providers across Businesses have voluntarily accepted and adopted the Company's 'Code of Conduct for Vendors and Service Providers', which requires compliance with applicable laws relating to, inter alia, human rights, environmental conservation, and quality of products and services. The Company facilitated training workshops for supply chain partners to educate and create awareness and build capacity on human rights and decent labour practices. Encouraged by the response received, more workshops will be facilitated in the future.

With a view to build awareness and educate employees on the Company's Sustainability Policies including Policies on Human Rights and ITC's Code of Conduct, IT enabled programmes continued to be rolled out across business divisions.

Principle 6: Protection and Restoration of the Environment

The Company is a global exemplar in environmental sustainability and takes pride in being carbon positive, water positive and solid waste recycling positive for many years. The Company has contributed to environmental stewardship by not only ensuring efficient use of resources but also by augmenting precious natural resources.

The Policies on 'Life-cycle Sustainability', 'Environment, Health and Safety' and 'Responsible Sourcing' provide the necessary direction towards climate change mitigation and adaptation efforts as well as natural resource replenishment initiatives. Such efforts include implementation of a low carbon growth strategy across its businesses, integrated soil and water conservation programmes and the creation of large-scale sustainable livelihoods amongst the marginalised sections of society.

The Company has sought to align with the NAPCC (National Action Plan on Climate Change) of the Government of India to respond to the challenges emerging from the threat of climate change. Some of the measures implemented include continual improvement in specific energy consumption (energy consumed per unit of product or service), enhanced use of renewable energy and expansion of forestry projects to improve the Company's positive carbon footprint.

The Company has also computed its Greenhouse Gas inventory in line with the ISO 14064 standard, which has been assured at the highest 'Reasonable Level' as per the ISAE 3410 standard, by a third-party assurance provider.

Sustainable Solid Waste Management

The Company has initiated measures across business units to ensure waste minimisation, segregation at source and recycling. For the past 11 years, the Company has been recycling over 98% of solid waste generated by its units and during the year, over 99% was recycled. In addition, over 1,12,000 MT of externally sourced post-consumer waste paper, was used as raw material, enabling the Company to achieve a positive solid waste recycling footprint.

Water Management Stewardship

The Company has undertaken several water conservation and harvesting initiatives to enhance its positive water footprint. These include continual improvement in specific water intake, adoption of benchmarked practices and rainwater harvesting both within the Company's premises and in the catchment areas of its operations.



These initiatives not only lower fresh water intake but also maximise groundwater recharge, reduce run-off and provide precious water to farmers. Most of the Company's units have achieved reduction in their specific water intake and maximised treated effluents reuse.

Carrying forward the Company's extensive work on integrated watershed management, programs are now underway to achieve water security for all stakeholders within defined catchment area for manufacturing units located in high water stress areas. Based on extensive studies that include water accounting and detailed hydro-geological studies, implementation of necessary initiatives to address both demand and supply side issues have already been rolled out. These include improvement of water usage efficiencies by all stakeholders including the farming community, augmenting groundwater recharge, enhancing surface storage through the rejuvenation and interlinking of existing water bodies, etc. The Company will progressively cover more units under this initiative.

Cleaner Production Methods, Use of Energy Efficient and Environment-friendly Technologies

The Company is a pioneer in the green buildings movement. In 2004, the ITC Green Centre at Gurugram was certified as the largest platinum rated building in the world by the US Green Building Council (USGBC-LEED).

ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, which is amongst the world's largest LEED® Platinum certified green hotels, has also received a 5-Star rating from the Green Rating for Integrated Habitat Assessment (GRIHA) Council. Other large infrastructure investments, such as the ITC Green Centre at Manesar (LEED® Platinum certified) and the upcoming ITC Green Centre at Bengaluru (pre-certified for LEED® Platinum) continue to demonstrate the Company's commitment to green buildings. The data centre at Bengaluru, ITC Sankhya is the first data centre in the World to receive the LEED® Platinum certification by USGBC. To date, 23 buildings of the Company have achieved Platinum certification by USGBC/IGBC.

The Company has also pioneered the manufacture of Elemental Chlorine Free (ECF) pulp & paper/ paperboards in India and taken further steps towards cleaner production by introducing 'Ozone bleaching' technology, another first in the country. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment, such as plasma filters, electrostatic precipitators, etc. Its Units monitor significant air emission parameters, such as Particulate Matter (PM), Nitrogen Oxides (NO_X) and Sulphur Dioxide (SO_2) to ensure compliance with applicable standards.

The Company has set up a task force to exploit digital technologies and Big Data to increase efficiencies and reduce material intensity of its manufacturing and supply chain processes. Pilots have commenced and early results seem promising. This effort is expected to gain significant momentum in the ensuing years.

During the year, over 43% of ITC's total energy requirements were met from renewable energy sources - a creditable performance given its expanding manufacturing base. Action plans have been formulated based on a mix of energy conservation and renewable energy investments to progressively scale up the share of renewable energy in total energy consumption to 50%, notwithstanding significant enhancement in scale of operations planned going forward.

Implementation of Environment, Health & Safety Management Systems

In pursuit of its EHS Policy commitments, the Company has established management systems, certified by accredited agencies in line with international standards like ISO 14001 and OHSAS 18001. Contingency plans are developed and implemented to prevent, mitigate and control environmental disasters.

An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. Standard operating procedures are in place to define, collate and support audits of data for ensuring accuracy and verifiability.

Furthermore, the Company has focused on institutionalising safety as a value-led concept by inculcating a sense of ownership at all levels and driving behavioural change towards creation of a safety culture. In line with this, behavioural based safety initiatives and custom-made risk based training programmes have been implemented at several units which has resulted in improved safety performance. In 2017-18, 20,877 person-days of training, was provided to employees on EHS related matters.

Principle 7: Responsible Advocacy

The Policy on Responsible Advocacy provides the framework for the necessary interface with Government/ Regulatory Authorities on matters concerning the various sectors in which the Company operates. The Company works with apex industry institutions that are engaged in policy advocacy, like the Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and Industry of India and various other forums including regional Chambers of Commerce. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance interests of diverse stakeholders.

The Company, for its social development projects, organises meetings with the local administration and State Governments to seek their participation and involvement. Their expert advice and counsel are also sought and approvals obtained, where required, for the planned interventions. The Company also engages in public-private-partnerships (PPP) with the State Governments for such projects.

Principle 8: Supporting Inclusive Growth and Equitable Development

ITC's Strategic Stakeholders

In the social sector, the two most important stakeholders of ITC are:

- Rural communities with whom the Company's agri-businesses have forged long and enduring partnerships through crop development and procurement activities; and
- Communities residing in close proximity to our manufacturing units, situated in urban and semi-rural locations.

The stakeholder communities primarily face the challenge of securing sustainable livelihoods, which is addressed through the Company's two-pronged approach:

Horizon 1: Making today's dominant source(s) of livelihoods sustainable; and

Horizon 2: Creating capabilities for wealth generation and employment for tomorrow.

The two horizon strategy has necessitated an integrated approach to development involving several interventions which are summarised below. All programmes are implemented through a mix of national and grass-root level Programme Implementation Agencies (PIAs).

Performance 2017-18

Coverage

The projects promoted under the Social Investments Programme were spread over 188 districts of 25 States/ Union Territories.

Interventions

Horizon 1 - Making Today's Livelihoods Sustainable

- **Social Forestry (SF):** Targeted at small and marginal farmers, the SF programme is designed to provide food, fuel and fodder security through plantations to small farmers. In 2017-18, the programme greened 39,504 (cumulative 2,95,065) acres in 17 districts and 6 States. Out of this, the area under agro-forestry was 19,683 acres. Including the Farm Foresty programme of the Paper Business, the total area greened is over 6,83,000 acres.

- **Water Stewardship:** The objective is to achieve (i) water security at watershed level in factory catchments by maintaining a positive water balance; and (ii) drought proofing the agri-catchments to minimise risks to livelihoods arising from unexpected weather episodes. Implemented in 42 districts covering 14 States, 98,180 (cumulative 8,74,496) acres of watershed area was achieved in 2017-18. 2,341 water harvesting structures were constructed during the year creating 29.29 lakh kilolitres of fresh Rain Water Harvesting (RWH) potential.

- **Animal Husbandry:** 211 Cattle development centres, spread over 25 districts in 7 States, were functional during the year for rendering animal husbandry services with the aim of increasing productivity of milch cattle and thereby household incomes. 2.02 lakh artificial inseminations were conducted leading to live births of over 0.79 lakh cross-bred progenies.

- **Improved Agricultural Practices:** This initiative attempts to de-risk farmers from erratic weather events through





the promotion of climate smart agriculture in order to stabilise farm incomes. During 2017-18, 4,14,930 acres area was covered under sustainable agricultural practices. 2,084 Farmer Field Schools (FFS) disseminated advanced agri-practices to farmers and 381 Agri Business Centres (ABCs) delivered extension services, arranged agri-credit linkages and established collective input procurement and agricultural equipment on hire.

Women's Economic Empowerment: This initiative provided a range of gainful employment opportunities to poor women supported with capacity building and financial assistance by way of loans and grants. To date, 20,100 ultra-poor women in the core catchments have access to sustainable sources of income through non-farm livelihood options. In addition, the programme provided livelihood opportunities to 325 women in Uttar Pradesh engaged in making agarbattis using pedal machines. This is a home based activity for most women, providing supplementary income.



Horizon 2- Creating Future Capabilities

Education: This programme provides children from weaker sections access to education with focus on improved learning outcomes. Operational in 22 districts of 12 States, during the year, the programme covered 46,891 children (cumulative 5,58,758), while 162 government primary schools were provided infrastructure support.

Vocational Training: This programme provides training in market linked skills to youth to enable them to compete in the job market. 11,619 (cumulative 55,324) youth were enrolled under different courses during the year of which 40% were female and 37% belonged to the SC/ST communities. The programme is operational in 28 districts of 17 States. Another programme trained 1,500 youth on



entrepreneurial development. In addition, 640 trainees have graduated from the WelcomLEAD Programme of the ITC Hospitality Management Institute, which is a comprehensive undergraduate programme on hospitality services.

Sanitation: To achieve the objective of zero open defecation, 7,494 (cumulative 31,473) Individual Household Toilets (IHHT) were constructed in 24 districts of 16 States in collaboration with the respective State Governments/ District Sanitation Departments. In addition, 23 community toilets were constructed/renovated in Bihar, West Bengal and New Delhi. Along with sanitation infrastructure development, equal focus was given to awareness campaigns to create demand and drive behavioural change. The Swasth India Mission covered nearly 14 lakh children from around 3,300 schools in 18 towns during the year. Additionally, access to handwashing was enabled through the unique 'ID Guard' initiative to over 3.5 lakh children in 1,000 schools.

Nearly 1.36 lakh beneficiaries were covered under Mother and Child Health initiative aimed to improve the health-



nutrition status of women, adolescents and children by strengthening institutional capacity, promoting greater convergence with existing government schemes and increased access to basic services on maternal, child, and adolescent health, nutrition and child protection.

To make hygienic and healthy water available to local communities, 15 Reverse Osmosis (RO) water purification plants were set up in 4 districts of Andhra Pradesh and Telangana in 2017-18.

Solid Waste Management (SWM): ITC's waste recycling programme, 'WOW – Well Being Out of Waste', helps in the creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Hyderabad, Coimbatore, Chennai, Bengaluru, Delhi, Muzaffarpur and major districts of Andhra Pradesh. The quantum of dry waste collected during the year was 50,196 MT from 562 wards including over 5000 tonnes of multi-layered laminates and thin films. The entire plastic waste collected was sent for recycling including to cement kilns as alternate fuel.

The programme covered 13 lakh additional citizens this year taking the total to 77 lakh citizens cumulatively. The Programme creates sustainable livelihoods for 14,500 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. In addition, another programme on solid waste management under the Mission Sunehra Kal initiative has spread to 13 districts of 8 States covering 98,000 households and collecting 7,603 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by 2,516 households. In 2017-18, 5,711 MT of waste was composted and 616 MT of waste recycled, and only 17% of the total waste was sent to landfills.

Principle 9: Providing Value to Customers and Consumers

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company's uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers/ consumers. The Company's overall approach on this vital aspect is guided by its Policy on 'Product Responsibility'.

Product Responsibility

The Company is committed to providing products and services that offer best-in-class quality and user experience. With a continually growing portfolio of businesses that use agri/farm products, the Company endeavours to use sustainably sourced ingredients. The Company adopts stringent hygiene standards, benchmarked manufacturing practices and robust quality assurance systems for its products and the declared product shelf-life is determined based on independently validated studies.

Marketing Communication

All businesses of the Company comply with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's communications are aimed at enabling customers to make informed purchase decisions. The Company also makes efforts to educate customers on responsible usage of its products and services.



In addition, the Company's businesses have a dedicated consumer response cell to respond to customer queries and feedback on products so as to be able to continuously improve upon its products and services.

Responsiveness to Customers

A well-established system is in place for dealing with customer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc.

ITC Infotech

A Specialised Global Full Service Technology Solutions Provider

ITC INFOTECH
Business-friendly Solutions



ITC Infotech is a specialised global full service technology solutions provider, led by Business and Technology Consulting. ITC Infotech's Digitaligence@work infuses technology with domain, data, design, and different delivery models, to significantly enhance experience and efficiency, enabling clients to differentiate and disrupt their business.

ITC Infotech's comprehensive solutions are being adopted by clients to address critical business challenges. The company has expanded its solutions portfolio, with home grown tools and platforms for Big Data Management, Cloud Migration and Devops Management; and has crafted comprehensive solutions around Integrated Loyalty Management, Trade Promotions Management, Shopper Insights, Airline Solutions, Healthcare Analytics, Capital Markets solutions, API Management, Next-gen Retail PLM, and Connected Services.

Specialised Domain Strengths across Select Industries

- Consumer Goods & Retail
- Manufacturing
- BFSI & Healthcare
- Hi-Tech
- Airlines & Hospitality

Embracing Future Readiness

Innovating with Speed

Emerging and converging technology trends continue to disrupt businesses across industries globally. Digital technologies are bringing in enormous transformation, creating new platforms of commerce and enabling hyperscale. This is impacting business models, processes and talent management.

Clients are engaging with ITC Infotech to help them in their Digital transformation journey. The company has collaborated with multiple world leading businesses in organising workshops to explore and identify areas across their value chains for disruptive technology-led interventions and innovations.

During the year FY17-18, ITC Infotech continued to make significant investments to further strengthen its Digital solutions & services portfolio, and enable clients drive transformation across their enterprise. ITC Infotech also consolidated its Data offerings and solutions into a single line of business, offering clients significantly differentiated end-to-end Data capabilities – from Infrastructure, to Insights to Interventions – covering the entire Data value chain.

Effective Alliances and Partnerships

Strong Partnerships with Alliances

ITC Infotech has strengthened its partnership with leading ISVs (Independent Software Vendors) including PTC, SAP, Oracle, Dassault Systems, Salesforce, Finastra, Adobe, SunTech, Siemens and UiPath to name a few – these global alliances will help ITC Infotech in accelerating market traction and in developing digital solutions.

ITC Infotech's annual technology innovation and co-creation platform iTech continues to gain traction. In 2017, ITC Infotech successfully concluded the third edition of iTech, which ran two parallel tracks – a Startup Showcase and a Codeathon. iTech 2017 received more than 3,500 entries for

Digital Solutions Innoruption Center and ThingWorx Co-Innovation Lab

- ITC Infotech has launched a Digital Solutions Innoruption Center and the ThingWorx® Co-Innovation Lab in collaboration with PTC, a global provider of technology platforms and solutions that helps transform the way companies create, operate, and service products.
- Through this launch, ITC Infotech and PTC will strengthen their longstanding collaboration to deliver advanced digital solutions designed to unlock business value across various industries, accelerated by rapid convergence of the physical and digital worlds.

its Codeathon and 36 teams were shortlisted to create code components for complex business applications. For the Start-up Showcase, 15 startups were shortlisted from over 180 entries, to demonstrate solutions leveraging Artificial Intelligence, Machine Learning, Cognitive Computing, Automation, Deep Learning, Natural Language Processing and Bots. The panel of judges comprised of business leaders from ITC Infotech's global clients, such as KONE, Sutter Health and Woolworths, along with senior leaders from various ITC businesses.

Highly Relevant to all Stakeholders

Clients, Employees and Alliance Partners

ITC Infotech remains committed to remain highly relevant for clients, alliances and industry and to its employees, in the Digital World.

The company's strategy for growth is supported by four distinct pillars – achieving Meaningful Scale, Future Readiness, Enhancing Profitability and building Institutional Capabilities. Initiatives are underway to achieve the next level of growth and position ITC Infotech as a leader in niche areas and as an effective challenger in the Industry.

ITC Infotech is expanding its diverse workforce across the globe to effectively meet the objective of becoming a future-ready domain solutions led company of scale. Creating a culture of innovation has been a key focus area for the company. To foster innovation, the organisation has devised multiple opportunities for employees to think laterally while also providing avenues for employees to pursue their passions. The company's innovation-friendly people culture and talent management practices have been recognised across leading industry platforms.

- ITC Infotech has been ranked a 'Leader' in the 2018 Global Outsourcing 100 report, for the 12th consecutive year by IAOP (International Association of Outsourcing Professionals).
  - ITC Infotech has also been identified as a 'Super Star of the Global Outsourcing 100' for its 'Sustained Excellence'.
- ITC Infotech featured in ISG Provider Lens: ADM Quadrant Report US 2017.
  - The Report positions ITC Infotech as a 'Product Challenger' in the following categories:
    - End-to-End Application Development & Maintenance
    - Application Support & Maintenance
    - Application Testing
- ITC Infotech featured as a Product Challenger in ISG Provider Lens: Managed Digital Workplace Services US Quadrant Report 2017.



CII–ITC Centre of Excellence for Sustainable Development

The CII–ITC Centre of Excellence for Sustainable Development (the Centre), established by ITC in 2006 in collaboration with the Confederation of Indian Industry (CII), continues with its value added intiatives to create awareness, provide thought leadership, build capacity and award exemplary performance in the area of sustainability. It is steered by its Advisory Council, led by Mr Y C Deveshwar, Chairman, ITC Limited, and comprises members from industry, civil society and institutions, which provides strategic direction to the organisation.

The 12th edition of the Centre's flagship programme, the Sustainability Summit, was held on September 6-7, 2016 in New Delhi with focus on achieving Sustainable Development Goals by the year 2030. Key dignitaries included Dr Mahesh Sharma, Minister of State for Culture (I/C) and Minister of State for Environment, Forest & Climate Change, Shri Nitin Jairam Gadkari, Union Minister of Road Transport and Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation, Mr. Sanjiv Puri, Managing Director, ITC Limited, and H.E. Mr Tomasz Kozlowski, Ambassador of European Union to India and Bhutan.

The CII-ITC Sustainability Awards recognise and reward outstanding contributions by corporates to sustainable development in the country. In the last 12 years, these Awards have set benchmarks for excellence in sustainable business in India. Since 2006, 696 businesses have applied of which 212 have been recognised so far. In 2017, the Centre received 105 applications for different Awards categories. 67 companies qualified for on-site verification that underwent rigorous evaluation by a team of CII-certified sustainability assessors, who spent approximately 1,000 man-hours per application over a period of six months. Of this, 24 companies were declared winners in various categories.

The Centre has been engaged in policy dialogue with the Ministry of Environment, Forest and Climate Change (MoEFCC) and the Central Pollution Control Board (CPCB) on plastic waste management, based on which an approach paper for implementation of Extended Producer Responsibility was prepared by the Centre and submitted to the Chairman–CPCB and the Joint Secretary, MoEFCC.

The Centre participated in the 23rd Conference of Parties under the United Nations Framework Convention on Climate Change held at Bonn, Germany in November, 2017. The Centre organised the first session of the India Pavilion, which was inaugurated by Dr Harsh Vardhan, Minister of Environment, Forests and Climate Change along with a keynote address by Mr A. K. Mehta, Additional Secretary, MoEFCC.

The Centre organised regular member meetings, produced periodic newsletters, and conducted webinars and workshops for knowledge sharing and capacity building on Integrated Reporting. It was also involved in policy advocacy on integrated reporting. This year, the Centre also took a delegation to Amsterdam for participation in the global IIRC conference and hosted a session on the growth of integrated reporting in India.

The Centre promoted capacity building in sustainability through a range of training and consulting assignments. In 2017, almost 2,000 participants were covered through 75 programmes, conducted both in India and abroad. Topics covered included Value Innovation, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, cluster platform for transformative solutions, Human Rights, and Biodiversity.

ITC Sangeet Research Academy

The ITC Sangeet Research Academy (ITC SRA) which was established in 1977, is an embodiment of ITC's sustained commitment to a priceless national heritage. The Company's pledge towards ensuring enduring excellence in Classical Music education continues to help ITC SRA in furthering its objective of propagating classical music on the age-old principle of 'Guru-Shishya Parampara'. The Academy through its eminent Gurus imparts quality education in Hindustani classical music to its scholars. Padma Shri Pt. Ulhas Kashalkar, Padma Shri Pt. Ajoy Chakrabarty, Pt. Arun Bhaduri, Pt. Partha Chatterjee, Pt. Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar are the present Gurus of the Academy. The focus of the Academy remains on nurturing exceptionally gifted students, carefully hand-picked from across India, who receive full scholarship to reside and pursue music education in the Academy's campus under the tutelage of the country's most distinguished musicians. The objective is to create the next generation of masters to propagate the legacy of Hindustani Classical Music.

Major Awards 2017-18

- Chairman Mr Y C Deveshwar was honoured with the CII President's Award for Lifetime Achievement.
- Chairman Mr Y C Deveshwar was conferred the Lifetime Achievement Award by Economic Times as well as Business Today. Together with the Lifetime Achievement Awards from Business Standard & CNBC, he is the only industry leader to be recognised by all major media institutions.
- ITC won the 'Best Practices Award' from United Nations Global Compact Network India for two major game-changing initiatives of the Company – Integrated Watershed Development and Social & Farm Forestry.
- ITC's leading hygiene brand Savlon bagged 7 awards at the coveted Cannes Lions 2017.
- ITC won the ASSOCHAM Award for Exemplary Contribution to Society & Environment in Water.
- ITC's Agri Business Division received the 'Krishi Pragati Award 2017' of the National Commodities and Derivatives Exchange Limited (NCDEX).
- ITC Hotels Division was conferred the '2017 Greenbuild Leadership Award' by the U.S. Green Building Council (USGBC).
- ITC was conferred the coveted National Award for Excellence in Employee Relations 2017 by the Employers' Federation of India (EFI).
- Best In-house Legal Team of the Year Award by Legal Era Magazine at the Indian Legal Awards 2017-18.
- First prize in 7 categories at the Public Relation Society of India (PRSI) National Awards 2017.
- ITC Hotels was awarded the Best Luxury Hotel Chain and ITC Grand Bharat, the Best Luxury Hotel by Travel + Leisure India & South Asia at the 'India's Best Awards'.



Major Awards Over The Years

- Chairman Mr Y C Deveshwar was conferred the Padma Bhushan by the Government of India (2011).
- Chairman Mr Y C Deveshwar was conferred the prestigious Banga Bibhushan award, the highest civilian honour instituted by the Government of West Bengal (2017).
- ITC has won the prestigious Porter Prize 2017 for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value' (2017).
- ITC Limited became the 1st company to win the India Today Safaigiri Corporate Trailblazor Award 2016.
- ITC's Sankhya Data Centre, Bengaluru became the first data centre in the world to get LEED® Platinum Certification from the US Green Building Council (2016).
- ITC was ranked as 'India's Most Admired Company' in a survey conducted by Fortune India magazine and Hay Group (2014).
- Harvard Business Review ranked ITC Chairman Mr Y C Deveshwar as the 7th Best Performing CEO in the World in its January-February 2013 edition. He was also ranked among the Most Valuable CEOs of India by Businessworld.
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry initiative (2012).
- ITC's Paperboards and Specialty Papers Units at Bhadrachalam, Bollaram, Kovai and Tribeni were FSC Chain of Custody certified (2011).
- ITC was conferred the National Award for Excellence in Corporate Governance by the Institute of Company Secretaries of India (2007).
- ITC was the 1st Indian Company and 2nd in the world to win the Development Gateway Award for its trail-blazing e-Choupal initiative (2005).

For more details on awards, please refer to www.itcportal.com

ITC: Transforming Lives and Landscapes

Enduring Value



ITC e-Choupal

- Empowering 4 million farmers



Afforestation Programme

- Greening more than 6,80,000 acres



Watershed Development Programme

- Providing Soil & Moisture conservation to nearly 8,75,000 acres of drylands



Livestock Development Initiative

- Providing animal husbandry services in seven States and 25 Districts



Women Empowerment Initiative

- Creating over 61,000 sustainable livelihoods for women



Primary Education Initiative

- Benefitting nearly 5,60,000 children



Skilling & Vocational Training Initiative

- More than 55,000 youth trained



Health & Sanitation Programme

- Over 31,000 low-cost sanitary units constructed



Renewable Energy

- Over 43% of energy consumption at ITC is from renewable sources



Responsible Luxury

- ITC Hotels: Trailblazer in Responsible Luxury
- All ITC's Premium Luxury Hotels are LEED® Platinum Certified



Promoting Sustainable Agricultural Practices

- Increasing farm productivity and farmer incomes
- Covering 4,15,000 acres



Solid Waste Management Initiative

- Well-being Out of Waste programme covers 77,00,000 citizens

ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive.

ITC's businesses and value chains support around 6 million sustainable livelihoods.