



Enduring Value

Nation First: Sab Saath Badhein

ITC Limited
REPORT AND ACCOUNTS 2022

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The mnemonic represents ITC's vibrant businesses that are future-ready, with a focus on consumer centricity, agility and resilience. The flower symbolises ITC's inherent focus on sustainability, while the petals stand for the Company's 12 future-ready businesses. At the centre, the power button reflects the digital transformation that is at the core of every business, while the human figures circling the mnemonic represent our universe of stakeholders, including shareholders, consumers, communities, farmers and employees, and depict ITC's philosophy of inclusive growth.



ITC: Winning the Future

**Consumer Centricity, Innovation,
Digital Transformation and Sustainability**

As we step into the third year of the pandemic, it is abundantly clear that we are at the crossroads of a redefined future. While economies started rebounding, new challenges emerged including geopolitical tensions, inflationary headwinds as well as extended supply chain disruptions. Our journey into the future will be shaped by our ability to adapt to the new normal and address emerging challenges with agility, innovative capabilities, inclusivity and resilience. While the COVID-19 crisis has caused unprecedented disruptions to human life and economic activity, it has also provided multi-dimensional learnings which will power transformational change going forward. We witnessed the constant breakthroughs in science, technology and innovation, the extraordinary fortitude displayed by humanity in serving people in distress, the unprecedented scale of collaboration and rapid forging of partnerships, all of which tell a story of hope and resilience and of humankind's ability to rise as one and overcome every adversity. The Black Swan event also accentuated the undercurrents of Digital and Sustainability as predominant megatrends and these will continue to be the two most defining trends of the future.

Recognising the need to scale new horizons of competitiveness, ITC pivoted with agility and resilience

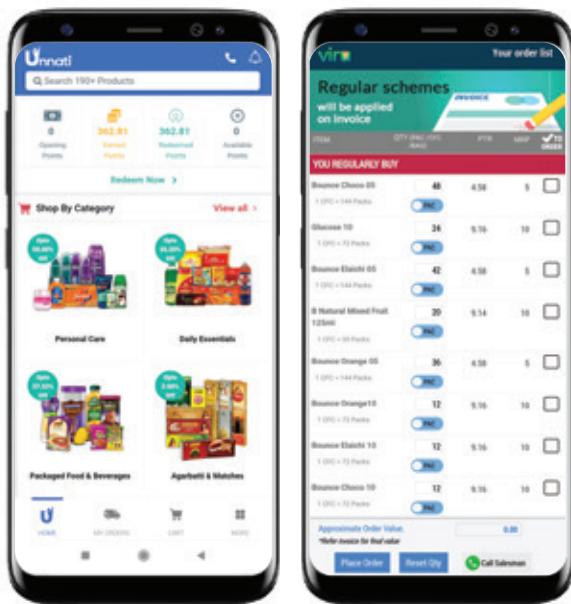
to navigate through the dynamic environment with consumer-centricity, demonstrating speed in seizing market opportunities, relentless focus on execution excellence and pro-active strategic interventions.

An extensive strategy reset across all businesses to define the contours of 'ITC Next' helped putting in place structural drivers to ensure that the enterprise would remain future-ready, nimble and inclusive.

As a core element of the ITC Next strategy, ITC has been exploring opportunities to craft disruptive business models anchored at the intersection of Digital and Sustainability, the two defining trends that are redefining the 'new normal', while leveraging the Company's institutional strengths.

ITC has always believed that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. This paradigm of 'Responsible Capitalism' focuses on extreme competitiveness but in a manner that builds environmental capital and supports sustainable livelihoods.

Accelerated Digital Adoption



The pandemic has accelerated adoption of digital across every sphere of economic activity from supply chains to production to consumer engagement and commerce to remote working. It has opened up new opportunities, enabling huge productivity gains in processes and systems, besides creating new 'digital-first' business models. As the ecosystem evolves rapidly, technologies like Artificial Intelligence, Machine and Reinforcement Learning, IoT, Robotics, are redefining the way business is conducted.

It is clear that enterprises need to develop deep and distinctive digital capabilities to win the future. At ITC, our aspiration is to create a 'FutureTech' enterprise by powering cutting-edge digital technologies, investing in processes, systems and people to enable competitive business transformation. While the Company had already created a large enterprise-wide digital footprint, the pandemic paved the way for accelerated digital transformation across every node of the value chain.

The 'Digital at ITC: Building a FutureTech Enterprise' section of this feature provides a snapshot of ITC's digital interventions across businesses and operations.

Reimagining Sustainability



Extreme and frequent weather events have emerged as existential threats necessitating enhanced action on

climate change, bringing sustainability back on centrestage. The pandemic has also accelerated the need for livelihood creation. Given such imperatives, the need of the hour is to look at completely new models of economic growth which integrate environmental stewardship and livelihood generation into business models.

Anchored on the innovative and inclusive business models that the Company has implemented over the last two decades, ITC has now embarked on an even more ambitious Sustainability 2.0 agenda to strengthen and scale up its large gamut of interventions to enable the transition to a net zero economy, work towards ensuring water security for all, restore biodiversity, create an effective circular economy for post-consumer packaging waste and scale up programmes that support sustainable livelihoods. ITC is setting the bar higher, while retaining its status as a sustainability exemplar. Further details are provided in the 'Sustainability 2.0 - Promoting Responsible Capitalism' section of this feature.

Focus on Consumer Centricity

STAY
SAFE
with ITCstayrain

ITC stayrain

STAY SAFE &
SHOP NOW ON
ITCstore.in

* T&C Apply
Offer on Limited Items

The pandemic has also led to a marked shift in consumer behaviour, increasing the demand for products focusing on health, wellness, safety and hygiene. Preference for trusted brands is on the rise. There is a significant demand for convenience, natural and organic.

It is therefore critical for organisations to not only deal with the immediate context, but also speedily spot evolving trends and leverage their institutional strengths to design, develop and deliver products and services to consumers ahead of time. The ITC Next strategy aims to achieve the next horizon of growth by revitalising its offerings to address the fast evolving trends and consumer preferences.

The pages that follow provide a glimpse into ITC's multi-dimensional growth drivers, which will power the Company to a new horizon of competitive and sustainable progress, creating even larger value for all its stakeholders.



ITC's Triple Bottom Line Contribution

Economic



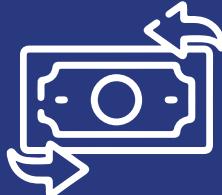
₹59,101 cr
Gross Revenue*



Amongst Top 3
Corporates in the Private Sector in terms of Contribution to Exchequer over the years



75%
of Value-added Accrues to the Exchequer



Free Cash Flow Generation of **₹13,000 cr**



12
Future-ready Businesses spanning all 3 Sectors of the Economy-
Agriculture, Manufacturing, Services



200+
Manufacturing Units



113
Hotel Properties



25+
World-class Indian Brands



Over 900
Patents Filed



Nearly 7 Million
Retail Outlets Serviced

Social



6 Million
Sustainable
Livelihoods Supported



e-Choupal:
4 Million
Farmers Empowered



Livestock Development:
Over 20,00,000
Milch Animals Covered



Women Empowerment:
Over 86,000
Poor Women Benefitted



Primary Education:
Over 8,64,000
Children Benefitted



Skilling and Vocational Training:
Over 1,00,000
Youth Enrolled

Environmental



Watershed Development:
Over 13,30,000
Acres Covered



Afforestation:
Over 9,50,000
Acres Greened



Biodiversity Conservation:
Over 1,30,000
Acres Covered



Climate Smart Agriculture:
4,50,000
Farmers Benefitted



Collecting and
Sustainably Managing
54,000 tonnes
of Plastic Waste



Well Being Out of Waste
Covers Over
1.8 Crore
Citizens



38
Platinum-rated
Green Buildings



Around **42%**
of ITC's Energy from
Renewable Sources

Recognition for ITC's Sustainability Initiatives



**First Prize in
'Best Industry for CSR
Activities' category by the
Ministry of Jal Shakti,
Government of India**



**CSR Excellence Award
in the 'Large' category
by the Institute of
Company Secretaries
of India (ICSI)**



**Achieved goal of
becoming plastic neutral,
collecting and sustainably
managing 54000+ MT
of plastic waste**



**Sustained 'AA' rating by
MSCI for the 4th
consecutive year**



**Achieved 'A-' Leadership
score under CDP ratings -
ahead of Asia & Global
average in Climate Change
(B-) & Water Security (B)**



**ITC included in the
Dow Jones Sustainability
Emerging Markets Index**



ITC's Winning Businesses



FMCG Businesses

- o India's Leading FMCG marketer
- o 25+ Mother Brands in Foods, Personal Care Products, Education & Stationery Products, Agarbattis & Matches
- o Annual consumer spend of over ₹24,000 crores
- o Exporting to over 60 countries
- o Products reach over 200 million households in India
- o Products available in nearly 7 million retail outlets in India
- o ITC e-Store: 45+ categories, over 700 products
- o Extensive digital adoption across manufacturing, distribution, consumer insighting



Agri Business

- o Powering NextGen Agriculture through value addition, digital adoption and climate smart agriculture
- o Extensive engagement with farmers for over 100 years
- o ITCMAARS*- bringing the power of digital technologies to farmers
- o ITC e-Choupal has empowered 4 million farmers
- o Sourcing over 4 mn tonnes of agri produce from 22 states
- o Supporting over 20 value chain clusters
- o Largest procurer of wheat after the Government's FCI
- o One of India's largest exporters of agri commodities



Paperboards & Packaging Businesses

- o One of India's largest, greenest and most technologically advanced
- o Clear leader in the Value-added Paperboards segment
- o Leading provider of superior value-added packaging solutions
- o Anchoring local forestry value chains, empowering farmers, enhancing green cover
- o First in India to obtain Forest Stewardship Council-Forest Management (FSC-FM)
- o Extensive use of Industry 4.0 technologies
- o Pioneer in sustainable packaging



*Metamarket for Advanced Agriculture & Rural Services



ITC Hotels

- o Trailblazer in 'Responsible Luxury' & Sustainability
- o One of India's pre-eminent hospitality chains
- o 113 hotel properties in over 70 locations
- o Iconic Cuisine Brands
- o All luxury collection hotels are LEED® Platinum certified
- o ITC Hotels and Welcomhotels have achieved the global 2030 Carbon emissions targets well ahead of time
- o ITC Windsor, ITC Grand Chola and ITC Gardenia - first three LEED® Zero Carbon Hotels in the world



ITC Infotech

- o Wholly owned subsidiary of ITC Limited
- o Leading global technology services and solutions provider with presence in 29 countries
- o Partner of choice for customers in their Digital Transformation and Software as a Service (SaaS) adoption journey
- o One of industry's largest organizations of Product Lifecycle Management services expertise
- o Focus on sharpening domain-led offerings in Digital Manufacturing Solutions, Digital Workplace Solutions, Core Hospitality Automation and Customer Experience
- o Business-friendly solutions leveraging strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence



Brand Leadership



No. 1

in Branded Atta



No. 1

in the Cream Biscuits segment



No. 1

in Bridges segment of Snack Foods
(No. 2 overall in Snacks & Potato Chips)



No. 1

in Dhoop segment



No. 1

in Notebooks



No. 2

in Noodles



Creating a Future-ready ITC: Consumer Centricity, Agility and Innovation

To power the next horizon of growth, ITC has articulated an extensive strategy reset titled **ITC Next**, putting in place structural drivers that will ensure that the enterprise remains future-ready, consumer-centric and agile.

The key tenets of 'ITC Next' include leveraging ITC's institutional synergies and power brands, a future-ready portfolio to create strong growth platforms, purposeful and agile science-based innovation, accelerated

investments in Digital and Sustainability. ITC will also be exploring additional opportunities for growth through value accretive M&As as well as enhanced investments to drive exports.

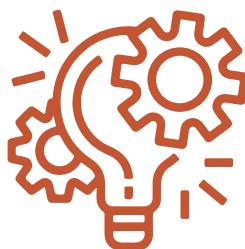
ITC Next focuses on exploring opportunities to craft disruptive business models anchored at the intersection of **Digital** and **Sustainability**, the two megatrends in the 'new normal', leveraging its institutional strengths.

Strategy Pillars - ITC Next



Multiple Growth Drivers

- 12 Businesses of the Future



Innovation and R&D

- Agile & purposeful innovation



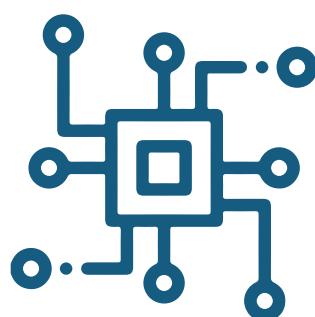
Strategic Cost Management

- Import Substitution



Sustainability 2.0

- Bolder ambition for creating Environmental Capital & Inclusive Growth



Digital

- Creating a 'FutureTech' enterprise



World-class Talent

- 'Proneural' culture, akin to a Startup

ITC's Institutional Strengths

A synergy of ITC's institutional strengths provides unique sources of competitive advantage to the Company's businesses. ITC's extensive capabilities in superior consumer insight, agile innovation, strong sourcing capabilities through ITC's Agri Business, cuisine knowledge resident in Hotels Business, state-of-the-art

manufacturing facilities, cutting-edge packaging knowhow, deep & wide multi-channel distribution network and robust R&D platforms nurtured by ITC's Life Sciences and Technology Centre (LSTC) and a pool of world-class talent enable the Company to rapidly scale up its businesses and launch innovative first-to-market products.

Synergising Institutional Strengths

Powering FMCG Competitiveness



ITC Life Sciences & Technology Centre – Delivering Cutting-edge R&D

A core part of the 'ITC Next' strategy is building **innovative capacity** to strengthen competitiveness. ITC's Life Sciences & Technology Centre (LSTC) is at the centre of driving science-led innovation to support and build ITC's portfolio of world-class products and brands. The centre has made strategic investments in key science based platforms in areas that the Company believes are important for the future, based on certain emerging opportunities.



*amongst Indian Pharma & Health Care Pvt. Cos. (Sagacious IP Report Aug'21)

Integrated Consumer Goods Manufacturing and Logistics Facilities

ITC's distributed manufacturing footprint, anchored on its state-of-the-art Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities located **strategically proximal to large demand centres**, provides structural advantages to ITC's Businesses.



ITC Next - Building New Vectors of Growth

FMCG Businesses

ITC's FMCG Businesses are well poised for rapid scale up. The product portfolio has been strengthened in alignment with new opportunities and enterprise strengths with sharper focus on **fortifying the core, addressing adjacencies through world-class mother brands and building categories of the future to power growth.**

ITC's World-class Indian Brands



Hygiene++, Protection & Care



Savlon - Antiseptic Liquid, Handwash & Hand Sanitizer, Soaps, Surface & Laundry Portfolio, Mask

Naturals



Nimyle - Floor Cleaner - Power of Neem

Health & Immunity



Aashirvaad Nature's Super Foods - for Organic and Rising Gluten Intolerance



Aashirvaad Iodized Salt - Proactive
Better Heart Health



B Natural | Sunfeast Nutrilite
Health Range



B Natural - Immunity Focus



Aashirvaad Svasti
Select Milk and
Easy Digest Milk (Lactose Free)



YiPPee! Power Up Noodles -
Goodness of Whole Wheat Atta



Sunfeast Farmlite & Veda Marie -
Traditional Knowledge of Health



Jelimals Immunoz -
With Vitamin C + Zinc

Interactive Education



Classmate Interaktiv - Origami Books

Devotion



Mangaldeep - Agarbatti

Convenience



ITC Master Chef - Frozen Foods



ITC Master Chef - Pastes & Gravies



Aashirvaad - Instant Meals



Engage On -
Chhota Pocket | Convenient Packs



Nimyle -
Floor Cleaner Sachet



Engage L'amante -
Click & Brush Eau De Parfum

Indulgence



Sunfeast Dark Fantasy -
A unique decadent filled cookie experience



Sunfeast Bounce -
A fun-filled flavourful experience



Bingo! Snacks -
Extravaganza of flavour and texture



Candyman Fantastik -
More chocolate in every experience



Sunbeam - Gourmet coffee



Fabelle - Luxury chocolates

Acquisitions

ITC will continue to evaluate **value accretive** and **synergistic inorganic opportunities** as an additional pillar of growth. Acquisitions are guided by considerations such as strategic fit, valuation, financial viability and ease of integration.



Investment in D2C Startups

To scale up presence in the fast-growing D2C channel, ITC has acquired a minority stake in 'Mother Sparsh', a premium ayurvedic and natural personal care startup, as well as in 'Mylo', a full stack community ecosystem which addresses the parenting needs of consumers.

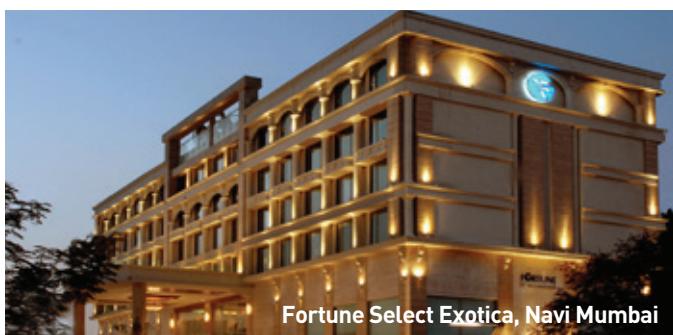


ITC Next - Building New Vectors of Growth

Hotels Business

The '**Asset-Right**' strategy of ITC Hotels is an important vector of the ITC Next strategy. It focuses on sweating existing assets, increasing footprint of management contracts and creating additional revenue streams to engender the next horizon of growth and value creation and provide best-in-class consumer experience.

Vibrant Existing Brands



New Brands Launched

Mementos



Collection of **unique luxury hotels**, across varied destinations ranging from **modern marvels, hidden retreats to historic treasures**

Storii

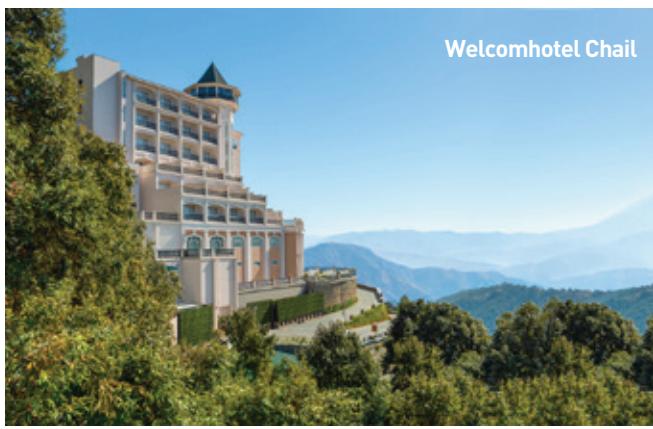


Collection of **intimate sized** handpicked properties in the **premium** segment

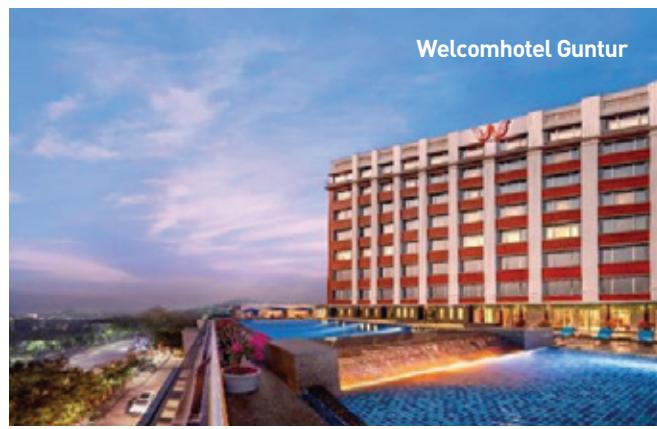
Expanding the Welcomhotel Footprint



Welcomhotel Katra



Welcomhotel Chail



Welcomhotel Guntur

Innovations at ITC Hotels

ITC's Hotels Business continues to offer a host of innovative, curated propositions across accommodation, dining and banqueting to delight customers.



Special Packages
for Staycations



Revamped Packages
for MICE & Weddings



'Gourmet Couch'
Food Delivery Services



Signature
'Sleeeep' Boutiques



'WeAssure' Programme
for Health & Hygiene

ITC Next - Building New Vectors of Growth

Agri Business

ITC's Agri Business is ushering in NextGen Agriculture by enhancing its **Value-added Agri Products (VAAP)** portfolio, creating a **full-stack Agri-tech Platform** for Indian farmers and promoting **Climate Smart Agriculture**.

The Business is scaling up its VAAP portfolio comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others for domestic and exports markets.

Moving Up the Value Chain - Value-added Agri Products



Spices, a value-added agri product



ITC's Medicinal and Aromatic Plant project field

ITC's Agri Business also provides strategic support to ITC's Foods Business, enabling the Company to offer differentiated food products to discerning consumers.

Climate Smart Agriculture

ITC's Climate Smart Agriculture programme aims to de-risk farmers from erratic weather events through the promotion of Climate Smart Agriculture practices focusing on high yielding & climate resilient varieties, adoption of appropriate mechanisation, reduction in stubble burning, and provision of institutional services. Water use efficient practices are promoted as part of demand management interventions. The programme covers over 15 lakh acres, benefitting 4.5 lakh farmers. In a pilot project, GHG emission was reduced upto 66% and net incomes of farmers rose upto 93% in select crops.



ITCMAARS

Bringing the benefits of the Digital Revolution to farmers, ITC is launching a Super App called the **ITCMAARS** (Metamarket for Advanced Agriculture & Rural Services) which will provide the full array of new age solutions such as AI-powered personalised advisories, e-marketplaces and digital services. It will also harness the innovations by successful startups in the Agri-tech space to plug-and-scale their solutions across India.



ITCMAARS



ITC Next - Building New Vectors of Growth

Paperboards and Packaging Businesses

ITC's Paperboards and Packaging Businesses are moving to the ITC Next horizon by scaling up the **Value-added Products** portfolio, enabling pulp **import substitution** for superior products, and pioneering **innovative fibre-based solutions**, leveraging its existing proprietary R&D platforms and global collaborations. The Paperboards and Specialty Papers Business offers next generation **sustainable packaging solutions**, including recyclable paperboards and papers with barrier properties, under the 'Filo' and 'Omega' series to substitute single use plastics.

Value-added Growth | Innovation & Import Substitution

Scaling Up Value-added Product Portfolio



Bhadrachalam Mill

Pulp Import Substitution for Specialty Grades



Specialty Paper - Décor Papers



Tribeni Plant

BCTMP[^] Mill – Bhadrachalam
(First-of-its-kind in India)

[^]Bleached Chemical Thermo Mechanical Pulp



Digital at ITC: Building a FutureTech Enterprise

In line with its aspiration to be a '**FutureTech**' enterprise, ITC continues to deploy cutting-edge digital technologies across its systems, processes and operations to strengthen business competitiveness.

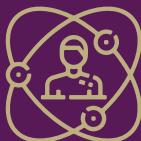
ITC's Smart Ecosystem

Digital@ITC: Building a Dynamic 'FutureTech' Enterprise



Smart Consumer

- Real-time New-age Insight
- Bespoke Brand Campaigns & Engagement
- Hyper-personalisation



Smart Experience

- Digital Campaigns
- Engagement with Social Influencers
- Purpose Driven Brand Campaigns
- D2C Web Platforms



Smart Trade

- Digitised Demand Capture
- AI Assisted Selling, Supervision, Dynamic Routing
- Data Driven Last Mile Delivery
- Omnichannel Fulfilment



Smart Supply Chain & Mfg.

- Integrated & Synchronised Planning
- NextGen Agile Supply Chain
- Digital Factory
- Smart Sourcing



State-of-the-art Digital Technologies, Infrastructure and Security

Smart Consumer

ITC leverages digital technologies and platforms to deliver delightful and personalised brand experiences. ITC's 'Sixth Sense' Marketing Command Centre and Consumer Data Hub, an AI powered hyper-personalised platform, gains insights on market trends and consumer behaviour and synthesises the same to craft hyper-personalised brand communication and product development.



'Sixth Sense', Marketing Command Centre -

- o AI-powered hyper-personalised platform
- o Strong partner ecosystem for content & data



Moment Marketing - Contextual Communication & Consumer Promotion

- o 3000+ Content Assets created



- Consumer Data Hub - Harvesting Insights & New Product Development
- 'ITC e-store'
- o Direct-to-consumer channel operational in 15 cities
- o 45+ categories, over 700 products

Smart Engagement

ITC seeks to embrace digitalisation to explore innovative ways to interact with consumers.

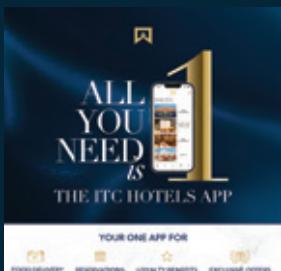
Driving Digital Engagement

THE BASKET OF CARE
Share a Care Basket with those who've ensured you never go hungry.
Dabbawalas

DERMAFIQUE
Smart SKIN ADVISOR
AI Powered Online Skin Analysis
Get your personalized skin health analysis with just a selfie.
TAKE THE TEST

Driving Value through Digitalisation

Brand/Guest Experience



One stop shop for all guest needs

Classmateshop.com



Enhancing consumer engagement
classmate

Mangaldeep App

Enhancing devotional journey of consumers



Garnered over 1 million downloads
MANGALDEEP

ITC's Digi-culture

Building a 'digital first' culture - DigiNext, Young Digital Leaders' Forum

Smart Trade

ITC's Trade Marketing and Distribution function leverages cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers.

eB2B: UNNATI

VIRU: Virtual Salesman

VISTAAR: Rural App

Project Zen
Next Generation Agile FMCG Supply Chain

Smart Supply Chain and Manufacturing

Pioneering adoption of Industry 4.0 in the Indian Paper & Paperboard industry, ITC has embedded digital technologies encompassing Industrial IoT for Smart Operations, Integrated Data Infra/Platform, AI/ML Algorithms in the manufacturing process, AI/ML based Image Analytics and IoT Based Crop Monitoring & Advisory, in the operations of its Paperboards and Specialty Papers Business.

Adoption of Cutting-edge Industry 4.0 Technologies



Smart Agri Sourcing

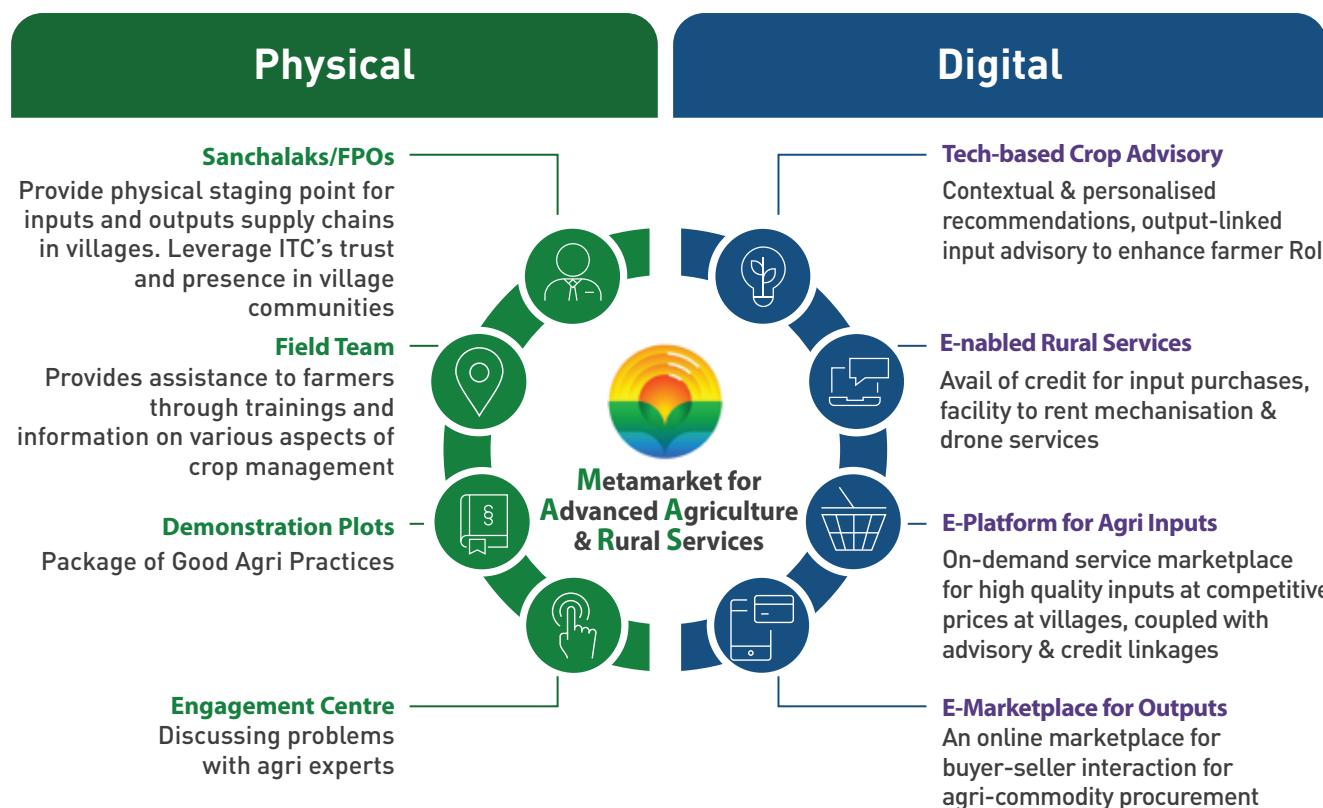
Project Astra

An AI/ML and advanced analytics-based digital platform for ITC's Agri Business, Project Astra supports smart & optimal buying decisions, leading to efficient price discovery and enhanced operational efficiency, while facilitating seamless execution.



Digitally Empowering Farmers

ITCMAARS, a robust 'phygital' ecosystem, brings the power of cutting-edge digital technologies to India's small farmers through seamless customised solutions. The AI-powered technology platform provides personalised, hyperlocal solutions for the farmers, while the physical layer enables last-leg delivery of products and services.



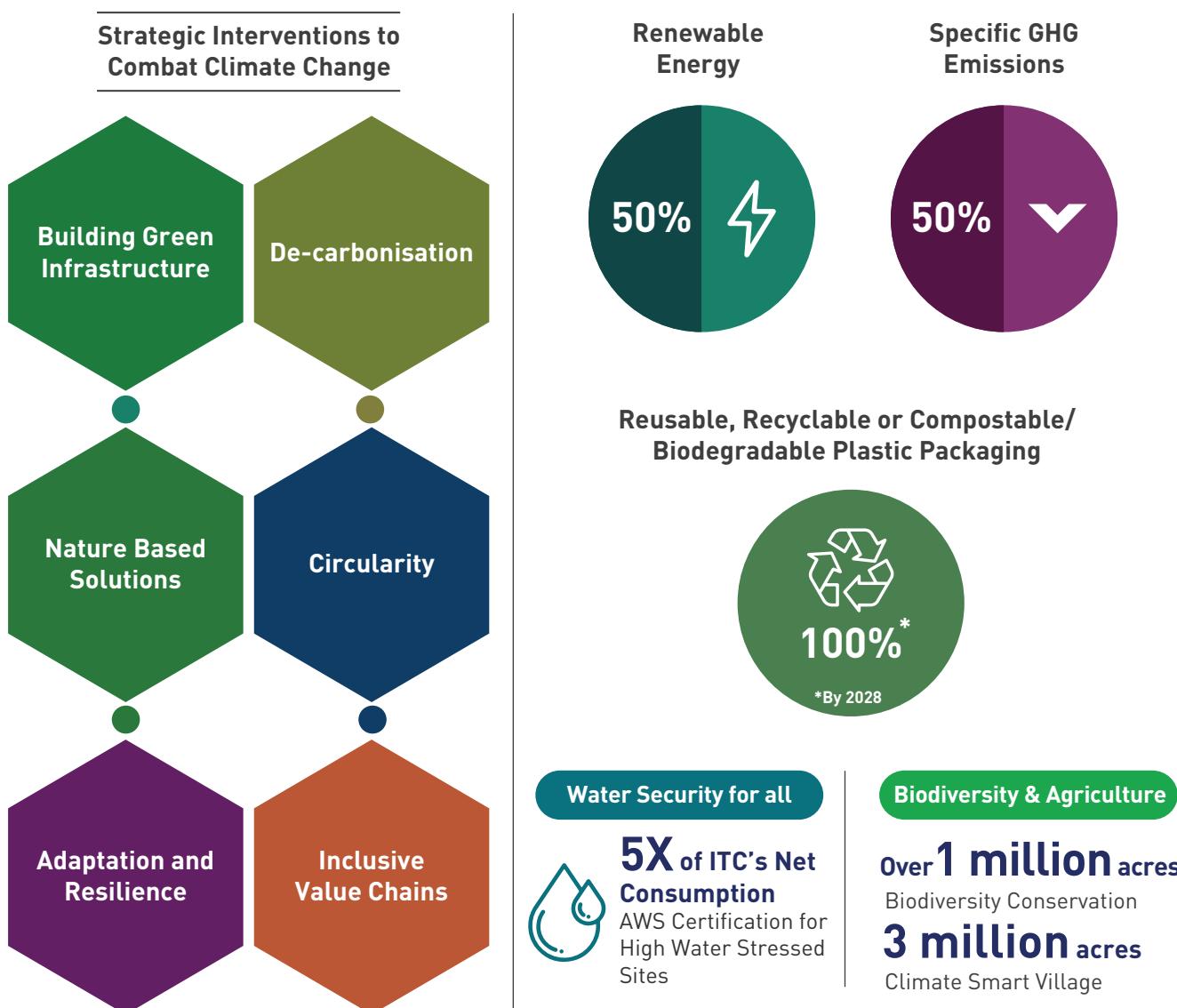


Sustainability 2.0 – Promoting Responsible Capitalism

ITC has been a global exemplar in sustainability, achieving many a milestone over the years in its efforts to serve the planet and its people. ITC's focus has been two-fold – supporting livelihood generation particularly among rural communities and nourishing and restoring the environment.

Taking a step forward, ITC has now articulated a bold Sustainability 2.0 agenda that raises the bar with ambitious targets to combat the urgent challenges of climate change and livelihood generation, a critical need post the pandemic. The aspiration is to scale up our multi-dimensional interventions that can enable the transition to a net zero economy, ensure water security for all, create an effective circular economy for post-consumer packaging waste, protect and restore biodiversity and ecosystem services through the adoption of nature-based solutions.

Targets 2030

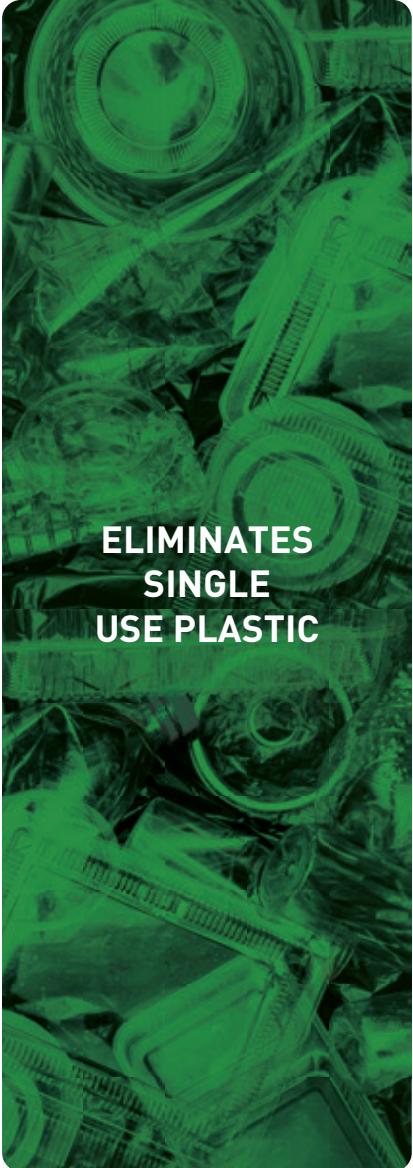


Supporting Sustainable Livelihoods: From 6 million to 10 million

ITC is crafting NextGen business models to integrate sustainability as a key value proposition for its customers. This includes ITCMAARS in the agri-ecosystem and sustainable packaging solutions to substitute single use plastic.

Scaling up Sustainable Packaging Solutions

ITC LSTC | External Collaborations

ITC Product	Replaces	Environmental Impact
FiloBev 100% Recyclable Paperboards designed for hot & cold beverages	 Disposable Plastic Cups (Polypropylene /HIPS/Styrofoam)	 ELIMINATES SINGLE USE PLASTIC
iomega bev Compostable Paperboards designed for hot & cold beverages	 LDPE Coated Paper Cups	
FiloPack 100% Recyclable Paperboards designed for frozen food & takeaway	 Ice cream Cartons made from LDPE coated boards	
CYBER ANTIFUNGAL Anti-fungal paperboards for soap packaging	 PET/PE Flow Wrap for Soaps	
Indobowl LDPE coated Paperboards designed for replacing single use plastic bowls	 LDPE Coated Cartons	 SIGNIFICANTLY REDUCES PLASTIC WASTE GENERATION
	 Plastic Bowls for Ready-to-eat (Polypropylene/Polystyrene)	

Moving towards Demand-responsive Value Chains to Empower Farmers

Recognising that FPOs have tremendous potential to serve as major enablers in augmenting farm livelihoods by facilitating a crucial link between markets and farmers, ITC aims to support 4,000 FPOs.

Key Interventions



Support over 20 crop value chain clusters



To support 4,000 FPOs, benefitting 10 million farmers

Linking Farmers to Markets



ITC's world-class Indian brands



ITC's ICMLs - Investing in state-of-the-art food processing facilities

ITC's world-class brands anchor sustainable agri value chains.



Wheat

Securing identity preserved, superior wheat with logistics cost optimisation



Potato

Security of supply
Yield improvement
Proximal to manufacturing



Fruit Pulp

Developing supply chain & sourcing superior quality Indian fruit pulp at competitive price



Spices

Sourcing Food Safe products, developing new products



Milk

Sourcing of high quality milk through farmer network, deployment of milk chillers



Straddling Multiple Agri Value Chains

Building Climate Resilience

Climate Smart Agriculture



Scale:

- Over 15 lakh acres covered
- Covered over 4,50,000 farmers
- To cover 3 million acres by 2030 under the Climate Smart Village programme

Techniques:

Zero Tillage, Direct Seeding, Broad Bed Furrow, Mulching & Drip

Outcomes:

Pilot at scale in Climate Smart Villages has demonstrated

- GHG emission reduced upto 66%
- Increase in Net Incomes upto 93%



Over 20 years of
ITC e-Choupal
Empowering 4 million
farmers



Partnership with NITI Aayog
across 27 Aspirational
Districts

Over 5.9 lakh farmers from
approx. 19,000 villages
trained through WhatsApp
Groups in 2021-22



Baareh Mahine Hariyali
Doubling Farmers' Income
Pilot at scale: Over 2,00,000
Farmers Covered

ITC Hotels – Trailblazer in Responsible Luxury

First 3 hotels in the world to achieve LEED® Zero Carbon Certification*



ITC Windsor, Bengaluru

World's 1st Hotel with LEED® Zero Carbon Certification



ITC Grand Chola, Chennai

World's Largest Hotel with LEED® Zero Carbon Certification



ITC Gardenia, Bengaluru

World's 3rd Hotel with LEED® Zero Carbon Certification

*Awarded by U.S.Green Building Council, LEED® (Leadership in Energy and Environmental Design) Zero Carbon recognises buildings operating with Net Zero Carbon Emissions.

Transforming Lives and Landscapes

ITC's sustainability initiatives over the years have focused on addressing the twin objectives of **supporting sustainable livelihoods** and **combating climate change**.

Social and Farm Forestry Initiative

- Over 9.5 lakh acres greened
- Carbon sequestration, top soil retention, water recharge
- Supporting about 173 million person-days of employment for rural households, including poor tribal and marginal farmers
- Agro-forestry covers over 1.78 lakh acres

Water Stewardship Mission

- Watershed development in over 1.3 million acres in 16 States
- Over 25,000 water harvesting structures built; net water storage of over 45 million CuM
- Benefitted nearly 3.9 lakh farmers
- 7.6 million person-days of employment supported
- Demand side management interventions cover about 7.3 lakh acres in 11 States



Biodiversity Conservation

- Cumulatively covered over 1.3 lakh acres in more than 29 districts across 10 States



Medicinal and Aromatic Plants Project

- 100-acre demo farm for Medicinal & Aromatic Plants in Madhya Pradesh
- Crop development through cluster formation approach
- Farmers in 950 villages educated on medicinal plant cultivation, covering over 7,000 acres



Waste Management

- Well Being Out of Waste (WOW), covers over 1.8 Cr citizens; livelihoods for over 17,000 waste collectors
- Solid Waste Management Programme operational in 17 districts of 10 States covering 14.6 lakh households
- A circular economy pilot programme for multi-layered plastic collection and recycling in Pune
- Achieved almost total recycling of waste generated in operations
- Green Temple Initiative processing waste from temples to provide biogas for kitchen and compost for gardens expanded to 500 places of worship



Livestock Development

- Income diversification
- Over 3.69 lakh farmers benefitted



Primary Education

- Over 8.6 lakh rural children covered



Health & Sanitation

- Over 39,000 Individual Household Toilets constructed in 12 States
- Over 4.88 lakh beneficiaries covered under Mother and Child Health Initiative
- 1.1 lakh women and adolescent girls covered under Swasthya Choupal Initiative



Women's Empowerment

- Income diversification
- Over 86,000 women empowered economically
- Over 13 lakh women members of 1.3 lakh SHGs covered under Financial Literacy programme



Skilling & Vocational Training

- Over 1 lakh youth enrolled



ITC's World-class Talent Pool

ITC's diverse talent pool of empowered professional entrepreneurs, 'proneurs', work in an environment akin to a startup and get the opportunity to create categories, products and brands from the ground up, with the support of ITC's unique enterprise strengths.



ITC's ICMLs – Exemplars of Diversity & Inclusion in the Company & Industry

ITC's food manufacturing units have been engaging an increasing number of women on the shopfloor. The factories at Pudukkottai and Medak have a women representation of 79% and 100% of the on-roll labour force, and are beacons of diversity.



Board of Directors

Chairman & Managing Director

Sanjiv Puri

Executive Directors

Nakul Anand

Suman Bhargavan

Rajiv Tandon

Non-Executive Directors

Shilabhadra Banerjee

Anand Nayak

Hemant Bhargava

Sunil Panray

Navneet Doda

Nirupama Rao

Arun Duggal

Ajit Kumar Seth

Mukesh Gupta

Meera Shankar

Shyamal Mukherjee

David Robert Simpson

Board Committees

Audit Committee

A Duggal	Chairman
S Banerjee	Member
H Bhargava	Member
S Mukherjee	Member
R Tandon	Invitee
S Dutta	Invitee
M Ganesan (Head of Internal Audit)	Invitee
Representative of the Statutory Auditors	Invitee
R K Singh	Secretary

CSR and Sustainability Committee

S Puri	Chairman
N Doda	Member
M Gupta	Member
S Panray	Member
N Rao	Member
A K Seth	Member
M Shankar	Member
D R Simpson	Member
R K Singh	Secretary

Nomination & Compensation Committee

S Banerjee	Chairman
A Nayak	Member
S Puri	Member
M Shankar	Member
R K Singh	Secretary

Securityholders Relationship Committee

A Nayak	Chairman
N Doda	Member
B Suman	Member
R Tandon	Member
R K Singh	Secretary

Independent Directors Committee

S Banerjee	Member
H Bhargava	Member
A Duggal	Member
S Mukherjee	Member
A Nayak	Member
N Rao	Member
A K Seth	Member
M Shankar	Member

Corporate Management Committee

S Puri	Chairman
N Anand	Member
B Suman	Member
R Tandon	Member
S Dutta	Member
S Kaul	Member
H Malik	Member
A K Rajput	Member
S Rangras	Member
S K Singh	Member
S Sivakumar	Member
R K Singh	Secretary

Chief Financial Officer

Supratim Dutta

Executive Vice President & Company Secretary

Rajendra Kumar Singhi

General Counsel

Angamuthu Shanmuga Sundaram

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

S R B C & CO LLP

Chartered Accountants, Mumbai

Registered Office

Virginia House

37 Jawaharlal Nehru Road, Kolkata 700 071, India

Telephone no. : 033 2288 9371

CIN : L16005WB1910PLC001985

ITC Corporate Website : www.itcportal.com

Your Directors

S. Puri

Sanjiv Puri (59), DIN: 00280529, is the Chairman & Managing Director of ITC Limited.

Puri was appointed as a Wholetime Director on the Board of ITC with effect from December 6, 2015, Chief Executive Officer in February 2017 and re-designated as the Managing Director in May 2018. He was appointed as the Chairman effective May 13, 2019. An alumnus of the Indian Institute of Technology, Kanpur, and Wharton School of Business, USA, he has recently been conferred an Honorary Doctorate by the XIM University, Bhubaneshwar.

Puri joined ITC in January 1986. During his career of over three decades at ITC and its subsidiaries, he has held several business leadership positions and also handled a wide range of responsibilities in manufacturing, operations and information & digital technology. Puri served as the Chief Operating Officer of ITC between July 2016 and January 2017, and prior to that as President - FMCG Businesses since December 2014. Earlier, he was the Divisional Chief Executive of the Tobacco Division since 2009, with additional responsibility for the Company's Trade Marketing & Distribution Vertical. He led ITC Infotech India Limited, a wholly owned subsidiary of ITC, as its Managing Director from May 2006 to August 2009. Puri served between October 2001 and April 2006 as the Managing Director of Surya Nepal Private Limited, a joint venture subsidiary company of ITC in Nepal.

Spearheading the 'ITC Next' vision, Puri has driven an extensive strategy reset to define new vectors of growth for each business with greater focus on consumer-centricity, agility and innovation to build an even more competitive, future-ready and inclusive enterprise. Puri's emphasis on purposeful and cutting-edge innovation has led to the creation of sharp focused R&D platforms in areas aligned to market opportunities, that has led to the launch of several first-to-market products addressing dynamic and evolving consumer preferences. Given his deep conviction that mega trends like Digital and Sustainability will reshape the future, Puri has passionately rallied the organisation to develop capabilities, channelise investment and

resources to enhance competitiveness of existing businesses and also identify tech-enabled growth opportunities. Lending new wings to ITC's credo of 'Nation First: Sab Saath Badhein', he has articulated an ambitious Sustainability 2.0 vision that will enlarge ITC's contributions to a net-zero economy and meaningfully support national priorities.

Puri has served as the Chairman of the Expert Group constituted by the Fifteenth Finance Commission of the Government of India to promote agri-exports, and was a Member of the technology discussion group 'Farm to Table - driving India's agriculture sector digitally' constituted by the NITI Aayog.

Puri serves on the National Executive Committees of CII and FICCI as well as on the Steering Committee of FICCI. He is the Chairman of the Advisory Council of the CII-ITC Centre of Excellence for Sustainable Development. He is also the Chairman of the CII National Council on Agriculture and Member of the CII Economic Affairs Council as well as the CII Policy Council. He is also a Director on the Board of US-India Strategic Partnership Forum, Co-Chair of the 'Business Commission to Tackle Inequality' set up by the World Business Council for Sustainable Development, and a Member of the BRICS Business Council.

Puri was conferred the 'Distinguished Alumnus Award of the year 2018' by the Indian Institute of Technology, Kanpur. During the year, he was honoured with the 'IMPACT Person of the Year, 2020' Award by exchange4media, a leading online news platform.

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
Surya Nepal Private Limited*	Chairman & Non-Executive Director
Indian School of Business	Member, Governing Board and Executive Board

Committee Membership of other companies: Nil

N. Anand

Nakul Anand (65), DIN: 00022279, was appointed as a Wholetime Director on the Board of ITC effective January 3, 2011. He oversees the Hospitality, Travel and Tourism Businesses of ITC.

An Economics Honours Graduate from Delhi University with an AMP Degree from the Bond University, Australia, Anand joined erstwhile ITC Hotels Limited as a Management Trainee in 1978. He has also served as the Managing Director of that company from 2003 to 2005.

In a career that spans more than four decades, Anand has been acknowledged for his vision, commitment and for his role as a thought leader to the tourism and hospitality industry. Building on ITC's ethos as an exemplar in sustainability, he has passionately advocated the imperative for a sustainable business model of hoteliering. Leveraging the significant learnings of sustainable excellence within ITC, he has led the team at ITC Hotels to pioneer the concept of 'Responsible Luxury' in the hospitality industry. This commitment has won global recognition for ITC Hotels as the largest chain of hotels in the world having the maximum number of LEED® Platinum certified properties as per the stringent norms of the U.S. Green Building Council.

Anand has been a past President of the Hotel Association of India and past Chairman of the CII National Tourism Committee. He was also a Member of the India-Sri Lanka CEOs Forum, and Council Member & Executive Committee Member of the National Culture Fund, Ministry of Culture, Government of India. He 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 Senior Advisory Council of the Sustainability Hospitality Alliance.

Anand was recognised as the 'Corporate Hotelier of the World 2019' by Hotels Magazine USA. During the year, he was conferred with the Lifetime Achievement Award at the Hotel Investment Conference - South Asia (HICSA) 2022 for his long, illustrious and invaluable contribution to the hospitality sector.

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 and Remuneration Committee	Member
Landbase India Limited	Audit Committee	Member
Fortune Park Hotels Limited	Corporate Social Responsibility Committee	Chairman



Your Directors

B. Sumant

Sumant Bhargavan (58), DIN: 01732482, was appointed as a Wholetime Director on the Board of ITC effective November 16, 2018. He oversees the Paperboards, Paper and Packaging as well as the Personal Care and Education & Stationery Products Businesses of the Company, and also the Trade Marketing & Distribution ('TM&D') Vertical. Sumant, an alumnus of the National Institute of Technology, Durgapur, joined ITC in January 1986, and has handled a wide range of responsibilities across several businesses.

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

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

Other Directorships

Name of the company	Position
Surya Nepal Private Limited *	Non-Executive Director
The Tollygunge Club Limited	Member, General Committee

Committee Membership of other companies: Nil

R. Tandon

Rajiv Tandon (68), DIN: 00042227, was appointed as a Wholetime Director on the Board of ITC effective January 22, 2016. He is responsible for Finance, Accounting, Internal Audit & IT Functions and also for the Investment Subsidiaries of the Company. He was also the Chief Financial Officer of the Company for a period of over 11 years till September 4, 2020. A Fellow Member of the Institute of Chartered Accountants of India with over four decades of experience, Tandon has held various positions in ITC including Executive Vice President - Finance & MIS of the Tobacco Division, Executive Vice President - Corporate Finance, Finance Advisor and Member of the Management Committee of Agri Business and Tobacco Divisions. He joined ITC in January 1987.

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

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

Other Directorships (Contd.)

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

S. Banerjee

Shilabhadra Banerjee (73), DIN: 02922331, joined the ITC Board as a Non-Executive Director effective July 24, 2014 and was appointed as an Independent Director effective July 30, 2014.

Banerjee, a Masters in History from St. Stephen's College, Delhi, Post Graduate Diploma holder in Public Administration from the Indian Institute of Public Administration, New Delhi, and an M. Phil in Social Sciences from the University of Panjab, joined

the Indian Administrative Service in 1971. In a career spanning over 37 years, he has held several eminent positions in the Government of India including that of Joint Secretary in the Ministry of Petroleum and Natural Gas and the then Ministry of Urban Development. Banerjee was Director General (Acquisition) in the Ministry of Defence and retired as Secretary, Ministry of Tourism in October 2008. He has been a Visiting Fellow at the Queen Elizabeth House, University of Oxford, UK. Banerjee also served on the Board of the Company from February 2010 to March 2014.

Banerjee does not hold directorship of any other company.

H. Bhargava

Hemant Bhargava (62), DIN: 01922717, joined the ITC Board as a Non-Executive Independent Director effective December 20, 2021.

Bhargava is a Masters in Economics and has studied Masters in Financial Management from the Jamnalal Bajaj Institute of Management Studies. He joined the Life Insurance Corporation of India ('LIC') as a Direct Recruit Officer in 1981 and retired as its Managing Director in July 2019. During his long tenure of 38 years, he worked across diverse set of roles both in India and abroad, building multi-dimensional experience in different capacities, especially in Marketing, International Operations and new ventures. He was the first chief of LIC International Operations SBU, besides being instrumental in setting up LIC Cards Services Limited. His tenure as Managing Director, and as Chairman in-charge,

Your Directors

of LIC was marked by his creative leadership with new ideas enriched by the extensive experience gained in overseeing several functions including Marketing, Finance, Personnel, Investments, Alternate channels etc. He also served on the Board of the Company from July 2018 to August 2021.

Other Directorships

Name of the company	Position
The Tata Power Company Limited #	Nominee Director
Larsen & Toubro Limited #	Nominee Director
UGRO Capital Limited #	Independent Director

Committee Membership of other companies

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

N. Doda

Navneet Doda (59), DIN: 09033035, was appointed as a Non-Executive Director on the Board of ITC effective August 11, 2021, as a representative of the General Insurers' (Public Sector) Association of India.

Doda holds Bachelor Degrees in Commerce and Law, besides being an MBA, a Chartered Accountant and a Fellow Member of the Insurance Institute of India.

Presently, Doda is the General Manager of National Insurance Company Limited ('NICL'), and looks after Reinsurance (underwriting), Marine Cargo & Hull

Insurance, Accounts, Finance & Taxation, Investments, Anti-money Laundering, Solvency Margin & Credit Ratings, Actuarial Relations, Funds Management, Board & Secretarial matters, Advertisement, Publicity and Corporate Social Responsibility related portfolios in NICL. Prior to joining NICL in January 2021, he was the General Manager of The Oriental Insurance Company Limited.

Doda does not hold directorship of any other company.

A. Duggal

Arun Duggal (75), 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 ('IIT Delhi'), and an MBA from the Indian Institute of Management, Ahmedabad ('IIM 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 of 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 & educational sectors and is founder of FICCI's 'Women on Corporate Boards' Programme, the 'Centre of Excellence for Research on Clean Air'

Your Directors

at IIT Delhi, and the 'ESG Centre for Research and Innovation' at IIM Ahmedabad. He is recipient of Distinguished Alumnus Awards from IIT Delhi and IIM Ahmedabad.

Other Directorships

Name of the company	Position
ICRA Limited #	Chairman & Independent Director
IIT Delhi Endowment Management Foundation	Non-Executive Director
Jubilant Pharma Limited, Singapore *	Independent Director

Committee Membership of other companies

Name of the company	Committee	Position
ICRA Limited	Audit Committee	Member
	Stakeholders	Member
	Relationship Committee	

M. Gupta

Mukesh Gupta (60), DIN: 06638754, joined the ITC Board as a Non-Executive Director effective October 27, 2021, representing the LIC. Gupta holds Degrees of Bachelor in Science and Masters in Business Administration (Human Resources). He joined LIC as a Direct Recruit Officer in 1984 and retired as its Managing Director on September 30, 2021. During his long tenure of 37 years, he worked across diverse set of roles, building multi-dimensional experience in different capacities, especially in Insurance and Marketing. Gupta held prominent positions in the Corporate Office and three major zones of LIC, including Executive Director (Personnel) and

Executive Director (Bancassurance) at Corporate Office, Marketing Manager of Bikaner Division, Senior Divisional Manager of two Divisions viz., Amritsar and Hyderabad, Regional Manager (Bancassurance & Alternate Channels) of LIC's South Central Zone, Regional Manager (Marketing) of Western Zone, and Zonal Manager of the Central Zone.

Other Directorships

Name of the company	Position
IDBI Bank Limited #	Nominee Director

Committee Membership of other companies

Name of the company	Committee	Position
IDBI Bank Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member

S. Mukherjee

Shyamal Mukherjee (62), DIN: 03024803, joined the ITC Board as a Non-Executive Independent Director effective August 11, 2021.

Mukherjee is a Chartered Accountant and also holds Degrees of Bachelor in Commerce and Law from Delhi University. He is the former Chairman and Senior Partner of PricewaterhouseCoopers ('PwC') in India. With more than 37 years of experience, Mukherjee started his professional journey with PwC in 1984 and became a Partner in 1993. Along the way, he assumed several leadership roles, including PwC India's Brand & Strategy Leader and Leader of PwC India's Tax practice. As PwC's Chairman, he was at the forefront of making it a more

Your Directors

future-ready firm, investing in and strengthening the firm's key capabilities across its people, go-to-market initiatives and internal transformation. He has been known for building a culture that is value-driven and encourages innovation & robust governance. He is currently a Trustee of the Phanindranath Education Trust, Howrah, and also a Member of the Bar Council of Delhi.

Other Directorships

Name of the company	Position
UrbanClap Technologies India Private Limited	Independent Director

Committee Membership of other companies

Name of the company	Committee	Position
UrbanClap Technologies India Private Limited	Audit Committee Nomination & Remuneration Committee	Chairman Member

A. Nayak

Anand Nayak (70), DIN: 00973758, joined the ITC Board as a Non-Executive Independent Director effective July 13, 2019.

Nayak is a Post Graduate in Personnel Management and Industrial Relations from XLRI, Jamshedpur, from where he graduated in 1973. He joined ITC the same year and served for more than 42 years until his retirement in December 2015.

During his long tenure with the Company, Nayak held various portfolios and worked across several businesses as well as at Corporate Headquarters where he headed the Human Resources Function

from 1996 to 2015. He also served on the Corporate Management Committee of ITC for over 18 years from 1997 to 2015. He was also responsible for overall management of Social Sector initiatives under the CSR agenda of ITC and mentored the Mission Sunehra Kal team in crafting enduring sustainability solutions for rural India.

Nayak does not hold directorship of any other company.

S. Panray

Sunil Panray (64), DIN: 09251023, was appointed as a Non-Executive Director on the Board of ITC effective August 11, 2021, as a representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c. ('BAT').

Panray holds Degrees of Bachelor in Commerce and Masters in Business Administration from Concordia University in Montreal, Canada. He is a retired senior executive. Panray started his professional journey as a Senior Auditor and Financial Consultant with Raymond Chabot Grant Thornton, Canada, and has held senior leadership positions at Imasco Limited, Imperial Tobacco, Canada, and BAT. He has also served as the Vice-President Finance and Treasurer of Canadian National Railway Company, the largest transcontinental public railway transportation company in Canada, from 2012 to 2016. During his professional career, he has played key leadership roles in complex business and regulatory environments.

Panray does not hold directorship of any other company.

N. Rao

Nirupama Rao (71), DIN: 06954879, was appointed as a Non-Executive Independent Director on the Board of ITC effective April 8, 2016.

A Post Graduate in English Literature, she is also a Fellow - Harvard University (1992-93), Fellow - Brown University (2014-16), Jawaharlal Nehru Fellow, and a recipient of the Degree of Doctor of Letters (Honoris Causa) from the Pondicherry University. She was conferred with the Vanitha Ratna by the Government of Kerala in 2016. She is currently a Global Fellow of The Wilson Center in Washington, D.C., Council Member of the World Refugee & Migration Council and of the Indian Institute of Science, Bengaluru, and a Member on the Board of US-India Business Council. She is also a Member of the Board of Governors of the Indian Institute of Management, Bangalore, a Trustee of the Museum of Art & Photography and of the Indian Music Experience, both in Bengaluru, and Chairperson of the India Trustee Board of the American India Foundation, besides being a Member of the Board of Governors of the Indian Council for Research on International Economic Relations, and a Founder Trustee of The South Asian Symphony Foundation, Bengaluru.

A career diplomat from the Indian Foreign Service from 1973 to 2011, she served the Government in several important positions including that of the Foreign Secretary of India. She has represented India in several countries during her distinguished career and was the first Indian woman to be appointed High Commissioner to Sri Lanka and Ambassador to China. She was also

the first woman spokesperson of the Ministry of External Affairs. After her retirement, she was appointed Ambassador of India to the United States for a period of two years from 2011 to 2013. She is the author of 'The Fractured Himalaya: India Tibet China, 1949 to 1962', published in 2021.

Other Directorships

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

Committee Membership of other companies

Name of the company	Committee	Position
KEC International Limited	Nomination and Remuneration Committee	Member
	Sustainability and Corporate Social Responsibility Committee	Member
JSW Steel Limited	CSR Committee	Chairperson
	Stakeholders Relationship Committee	Member
	Nomination & Remuneration Committee	Member
Adani Ports and Special Economic Zone Limited	Corporate Social Responsibility Committee	Chairperson
	Audit Committee	Member
	Nomination and Remuneration Committee	Member

Your Directors

A. K. Seth

Ajit Kumar Seth (70), DIN: 08504093, joined the ITC Board as a Non-Executive Independent Director effective July 13, 2019.

An alumnus of St. Stephen's College, Delhi, from where he did his post-graduation in Chemistry, Seth obtained an M. Phil in Life Sciences from the Jawaharlal Nehru University and a Masters in Development Finance from the University of Birmingham, UK. In 2015, the University of Birmingham conferred upon him a Doctorate Honoris Causa.

Seth is a retired IAS Officer with administrative experience of more than 41 years. He retired in June 2015 after serving for four years as the Cabinet Secretary of the Government of India, the highest position in civil services. Thereafter, he was appointed Chairman of the Public Enterprises Selection Board. In a varied and distinguished career, his past assignments include postings in the Ministry of Commerce, the Permanent Mission of India to the United Nations at Geneva (dealing with GATT / UNCTAD) and the Ministry of Textiles. Earlier, in Uttar Pradesh, he served as Principal Secretary - Rural Development, Special Secretary - Industries, Divisional Commissioner of Kumaon Division (Nainital), and District Magistrate, Lucknow.

Seth does not hold directorship of any other company.

M. Shankar

Meera Shankar (71), DIN: 06374957, was appointed as a Non-Executive Independent Director on the Board of ITC effective September 6, 2012.

A Post Graduate in English Literature, she joined the Indian Foreign Service in 1973 and had an illustrious career spanning 38 years. She served in the

Prime Minister's Office for six years from 1985 to 1991 working on foreign policy and security matters. Thereafter, she led the Commercial Wing in the Indian Embassy in Washington as Minister (Commerce) till 1995. She returned as Director General of the Indian Council of Cultural Relations overseeing India's cultural diplomacy. She has had extensive experience in South Asia having worked on Bangladesh, Sri Lanka and Maldives as Under Secretary and Deputy Secretary in the Ministry of External Affairs. Later, as Joint Secretary she headed divisions dealing with neighbours, Nepal and Bhutan, and the South Asian Association for Regional Cooperation ('SAARC'). As Additional Secretary, she handled the UN and international security issues. She served as Ambassador of India to Germany from 2005 to 2009 and then to the United States from 2009 to 2011.

Other Directorships

Name of the company	Position
Pidilite Industries Limited #	Independent Director
Adani Transmission Limited #	Independent Director
JK Tyre & Industries Limited #	Independent Director

Committee Membership of other companies

Name of the company	Committee	Position
Pidilite Industries Limited	Corporate Social Responsibility Committee	Member
Adani Transmission Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
JK Tyre & Industries Limited	Corporate Social Responsibility Committee	Member

D. R. Simpson

David Robert Simpson (65), DIN: 07717430, was appointed as a Non-Executive Director on the Board of ITC effective January 27, 2017, as a representative of TMI.

In addition to holding a Masters Degree from the University of Cambridge, Simpson is a qualified lawyer from the Guildford College of Law. He started his career in 1979 and has held various leadership positions with major corporates including the investment banking arm of Barclays PLC and as Global Head of M&A at KPMG LLP. Simpson is currently a Director of the British Geological Survey. He has a wide range of expertise and understanding

of diverse sectors spanning Investment Banking and Private Equity, Infrastructure, Energy, Transport, Healthcare, Education, Investment Risk Assessment etc.

Other Directorships

Name of the company	Position
Ecofin Global Utilities and Infrastructure Trust plc, UK *	Chairman & Non-Executive Director
M&G Credit Income Investment Trust plc, UK *	Chairman & Non-Executive Director
Aberdeen New India Investment Trust PLC, UK *	Non-Executive Director
European Transport Investments (UK) Limited *	Non-Executive Director

Committee Membership of other companies: Nil

* Denotes foreign company

Denotes listed Indian company whose securities are listed on a recognised stock exchange

Notes:

1. Other Directorships and Committee Memberships of Directors are as on 18th May, 2022.
2. Committee Memberships cover Committees under the Companies Act, 2013 viz., Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee of Indian companies.

Report on Corporate Governance

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

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

THE COMPANY'S GOVERNANCE PHILOSOPHY

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

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

- (i) Management must have the executive freedom to drive the enterprise forward without undue restraints, and
- (ii) This freedom of management should be exercised within a framework of effective accountability.

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

From this definition and core principles of Corporate Governance emerge the cornerstones of ITC's governance philosophy, namely trusteeship, transparency, ethical corporate citizenship, empowerment & accountability and control.

ITC believes that the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

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

Trusteeship

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

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

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

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.

Control

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

THE GOVERNANCE STRUCTURE

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

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

The three-tier governance structure ensures that:

- (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. These roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

Report on Corporate Governance

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 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 and its 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, evaluates its performance and also that of the Board Committees and the Directors.

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

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

Divisional Management Committee ('DMC'): The primary role of the DMC is executive management of the business to realise tactical and strategic objectives in accordance with the Board approved Business 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 Chairman is the Chief Executive of the Company. He is the Chairman of the Board and the CMC, and also presides over General Meetings of Shareholders. His primary role is to provide leadership to the Board and 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 Board and the CMC, for ensuring that all relevant issues are on the agenda and for ensuring that all Directors and CMC Members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for balance of membership of the Board, subject to Board and Shareholder approvals.

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

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

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

Report on Corporate Governance

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

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

BOARD OF DIRECTORS

Composition

The ITC Board is a balanced Board, comprising Executive and Non-Executive Directors.

The Non-Executive Directors include independent professionals. At least half of the total strength of the Board is required to comprise Independent Directors.

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

In terms of the applicable regulatory requirements read with the Articles of Association of the Company, the strength of the Board shall not be fewer than six nor more than eighteen. The present strength of the Board is sixteen, comprising the Chairman & three other Executive Directors, eight Non-Executive Independent Directors, of which two are Women Directors, and four other Non-Executive Directors.

Composition of the Board as on 31st March, 2022:

Category	No. of Directors	Percentage to total no. of Directors
Executive Directors	4	25
Non-Executive Independent Directors	8	50
Other Non-Executive Directors	4	25
Total	16	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
S. Puri	Chairman & Managing Director	5	Nil
N. Anand	Executive Director	8	1
B. Suman	Executive Director	2	Nil
R. Tandon	Executive Director	9	3 [also as Chairman]
S. Banerjee	Independent Director	Nil	Nil
H. Bhargava	Independent Director	3	2
A. Duggal	Independent Director	3	2
S. Mukherjee	Independent Director	1	Nil
A. Nayak	Independent Director	Nil	Nil
N. Rao	Independent Director	3	2
A. K. Seth	Independent Director	Nil	Nil
M. Shankar	Independent Director	3	1
N. Doda	Non-Executive Director Representative of the General Insurers' (Public Sector) Association of India as Investor	Nil	Nil
M. Gupta	Non-Executive Director Representative of the Life Insurance Corporation of India as Investor	1	1
S. Panray	Non-Executive Director Representative of Tobacco Manufacturers (India) Limited ('TMI'), a subsidiary of British American Tobacco p.l.c., as Investor	Nil	Nil
D. R. Simpson	Non-Executive Director Representative of TMI as Investor	4	Nil

* Details with respect to other Directorships are provided under the section 'Your Directors' in the Report and Accounts.

Report on Corporate Governance

Meetings and Attendance

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

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven to fourteen days prior to the Board Meeting.

Information placed before the Board

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

In addition to the above, the following are also tabled for the Board's approval / periodic review or information:

- Annual operating plans & budgets and periodic review of the Company's businesses.
- Quarterly performance including business-wise financials.
- External Audit Management Reports (through the Audit Committee).
- Status of safety and legal compliance.
- Status and effectiveness of risk management plans.
- Succession to senior management (through the Nomination & Compensation Committee).
- Statutory compliance reports from business units / corporate functions.
- Show cause / demand / prosecution / adjudication notices, if any, from revenue authorities which are considered materially important, including any exposure that exceeds 1% of the Company's net worth, and their outcome.

- Significant court judgement or order passing strictures, if any, on the conduct of the Company or a subsidiary of the Company or any employee, which could negatively impact the Company's image.
- Product liability claims of a substantial nature, if any.
- Default, if any, in payment of dues to any major creditor.
- Write-offs / disposals of fixed assets, inventories, receivables, advances etc.
- Significant development in Human Resources / Industrial Relations.
- Non-compliance of any regulatory or listing requirements and in relation to shareholders' services.

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, 2022, six meetings of the Board were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	15th April, 2021	14	13
2	1st June, 2021	13	13
3	24th July, 2021	13	13
4	11th August, 2021	13	13
5	27th October, 2021	14	14
6	3rd February, 2022	16	16

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

Director	No. of Board Meetings attended	Attendance at last AGM
S. Puri	6	Yes
N. Anand	6	Yes
B. Suman	6	Yes
R. Tandon	6	Yes
S. Banerjee	6	Yes
H. Bhargava ¹	5	Yes
N. Doda ²	2	N.A.
A. Duggal	6	Yes
M. Gupta ³	1	N.A.
S. Mukherjee ⁴	2	N.A.

Attendance at Board Meetings and at AGM during the financial year (Contd.)

Director	No. of Board Meetings attended	Attendance at last AGM
A. Nayak	6	Yes
S. Panray ²	2	N.A.
N. Rao	6	Yes
A. K. Seth	6	Yes
M. Shankar	6	Yes
D. R. Simpson	6	Yes
A. Jerath ⁵	0	N.A.
S. B. Mathur ⁶	4	Yes

1. Resigned as Non-Executive Director w.e.f. 23rd August, 2021; Appointed Independent Director w.e.f. 20th December, 2021.
2. Appointed Non-Executive Director w.e.f. 11th August, 2021.
3. Appointed Non-Executive Director w.e.f. 27th October, 2021.
4. Appointed Independent Director w.e.f. 11th August, 2021.
5. Resigned as Non-Executive Director w.e.f. 1st May, 2021.
6. Ceased to be Independent Director w.e.f. 15th September, 2021 upon completion of term.

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 Committees are determined by the Board from time to time, other than the Independent Directors Committee the terms of reference of which have been adopted as prescribed under law.

Meetings of Board Committees are normally convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee Meetings, are placed before the Board with clearance of the Committee Chairman. All the recommendations made by Board Committees during the year were accepted by the Board.

Minutes of Board Committee Meetings are placed before the Board for its information. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

I. AUDIT COMMITTEE

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

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

The role of the Committee includes the following:

- (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 and removal of Statutory and Cost Auditors;
- (c) To recommend the appointment of the Chief Financial Officer of the Company;
- (d) To approve transactions with related parties, including modifications thereto;
- (e) To evaluate the Company's internal financial controls and risk management systems;
- (f) To review with the management the following:
 - (i) Annual financial statements and Auditor's Report thereon before submission to the Board for approval;
 - (ii) Quarterly financial statements before submission to the Board for approval;
- (g) To review the following:
 - (i) Management discussion and analysis of financial condition & results of operations, and matters required to be included in the Directors' Responsibility Statement;
 - (ii) Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;
 - (iii) Adequacy and effectiveness of internal control systems laid down in the Company for compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (iv) Internal Audit Reports and discussion with Internal Auditors on any significant findings and follow-up thereon;
 - (v) Statutory Auditors' independence and performance, and effectiveness of the audit process;
 - (vi) System for storage, retrieval, security etc. of books of accounts maintained in the electronic form;
 - (vii) Functioning of Whistleblower mechanism in the Company;
 - (viii) Financial statements, including investments, of subsidiary companies;
 - (ix) Utilisation of loans and / or advances and investments by the Company to / in the subsidiary companies.

Report on Corporate Governance

Composition

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

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

Meetings and Attendance

Details of Audit Committee Meetings during the financial year

During the financial year ended 31st March, 2022, ten meetings of the Audit Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	6th April, 2021	4	4
2	13th May, 2021	4	4
3	1st June, 2021	4	4
4	24th July, 2021	4	4
5	27th August, 2021	4	4
6	27th October, 2021	3	3
7	17th December, 2021	3	3
8	25th January, 2022	3	3
9	3rd February, 2022	3	3
10	30th March, 2022	4	4

Attendance at Audit Committee Meetings during the financial year

Member	No. of Meetings attended
A. Duggal	10
S. Banerjee	10
H. Bhargava ¹	5
S. Mukherjee ²	6
S. B. Mathur ³	5

1. Ceased to be Member w.e.f. 23rd August, 2021; Appointed Member w.e.f. 3rd February, 2022.

2. Appointed Member w.e.f. 11th August, 2021.

3. Ceased to be Member w.e.f. 15th September, 2021.

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 recommends to the Board the appointment, remuneration and removal of the Directors and senior management. The Committee's role also includes formulation of criteria for evaluation of performance of the Directors & the Board as a whole, and administration of the Employee Stock Option Schemes of the Company.

Composition

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

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

Meetings and Attendance

Details of Nomination & Compensation Committee Meetings during the financial year

During the financial year ended 31st March, 2022, five meetings of the Nomination & Compensation Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	14th April, 2021	4	4
2	31st May, 2021	4	4
3	2nd August, 2021	4	4
4	26th October, 2021	4	4
5	3rd February, 2022	4	4

Attendance at Nomination & Compensation Committee Meetings during the financial year

Member	No. of Meetings attended
S. Banerjee	5
A. Nayak	5
S. Puri	5
M. Shankar	5

Remuneration Policy

ITC's Remuneration strategy is performance based, competitive and values led. It is designed to reward holistic performance that is in congruence with the Company's "triple bottom line" approach to business, to attract and retain high quality talent and is anchored on ITC's values, all of which are integral in pursuit of the Company's vision and mission of enhancing the wealth generating capability of the enterprise in a globalised environment, while delivering superior and sustainable stakeholder value. The Remuneration Policy of the Company is market-led and factors in the competitive context of each business. The Company has adopted a comprehensive 'Total Rewards' approach to remuneration that, inter alia, promotes superior quality of personal and work life by combining both cash and non-cash components / benefits.

The Company's Policy on remuneration of Directors, Key Managerial Personnel and other employees was amended by the Board during the year, inter alia, to ensure contemporaneity of the Policy. The amended Policy may be accessed on the Company's corporate website at <https://www.itcportal.com/remuneration-policy>.

Remuneration of Directors

Remuneration of the Chairman 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 Chairman 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. Apart from fixed elements of remuneration and benefits / perquisites, the Chairman and the other Executive Directors are also eligible for long term incentives, including Stock Options, as may be determined by the Nomination & Compensation Committee or the Board; such incentives are linked to individual performance and the overall performance of the Company, including Sustainability goals.

The maximum annual value of such long term incentives is 0.10% and 0.05% for the Chairman and each of the other Executive Directors, respectively, of the net profits of the Company for the immediately preceding financial year.

Non-Executive Directors, including Independent Directors, are entitled to remuneration by way of commission for each financial year, ranging between

₹ 70,00,000/- and ₹ 1,00,00,000/- individually, as approved by the Shareholders. Non-Executive Directors' commission is determined by the Board, based inter alia on Company performance and regulatory provisions, and is payable on a uniform basis to reinforce the principle of collective responsibility. Non-Executive Directors are also entitled to sitting fees for attending the meetings of the Board and its Committees. The sitting fees as determined by the Board are ₹ 1,00,000/- for each meeting of the Board, ₹ 50,000/- for each meeting of the Audit Committee, Nomination & Compensation Committee, CSR and Sustainability Committee, and Independent Directors Committee, and ₹ 10,000/- for each meeting of the Securityholders Relationship Committee. Non-Executive Directors are also entitled to coverage under Personal Accident Insurance.

Details of Remuneration paid to the Directors during the financial year ended 31st March, 2022

Director	Basic / Consolidated Salary	Perquisites / Other Benefits	Performance Bonus / Commission	Sitting Fees	Total
S. Puri	264.00	49.63	752.40	-	1,066.03
N. Anand	156.00	84.43	296.40	-	536.83
B. Suman	156.00	31.99	296.40	-	484.39
R. Tandon	156.00	31.66	296.40	-	484.06
S. Banerjee	-	-	76.00	14.00	90.00
H. Bhargava ¹	-	-	76.00 *	9.00	85.00
N. Doda ²	-	-	-	3.30 *	3.30
A. Duggal	-	-	76.00	13.00 #	89.00
M. Gupta ³	-	-	-	1.00	1.00
S. Mukherjee ⁴	-	-	-	5.00	5.00
A. Nayak	-	-	76.00	10.20	86.20
S. Panray ²	-	-	-	2.50	2.50
N. Rao	-	-	76.00	8.50	84.50
A. K. Seth	-	-	76.00	8.50	84.50
M. Shankar	-	-	76.00	11.00	87.00
D. R. Simpson	-	-	76.00	8.00	84.00
A. Jerath ⁵	-	-	76.00 *	-	76.00
S. B. Mathur ⁶	-	-	76.00	7.00	83.00

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

Includes ₹ 1.50 Lakhs towards sitting fees for attending the meetings of the Risk Management Committee.

1. Resigned as Non-Executive Director w.e.f. 23rd August, 2021; Appointed Independent Director w.e.f. 20th December, 2021.

2. Appointed Non-Executive Director w.e.f. 11th August, 2021.

3. Appointed Non-Executive Director w.e.f. 27th October, 2021.

4. Appointed Independent Director w.e.f. 11th August, 2021.

5. Resigned as Non-Executive Director w.e.f. 1st May, 2021.

6. Ceased to be Independent Director w.e.f. 15th September, 2021 upon completion of term.

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

Report on Corporate Governance

Employee Stock Option Schemes

The Company granted 12,21,600 Options during the financial year to certain eligible employees and Directors of the Company at 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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

Options vest as per the following schedule:

From the date of grant of the Options	% of Options vest
On completion of 12 months	30%
On completion of 24 months	30%
On completion of 36 months	40%

Shares and Options of Directors

Director	No. of Ordinary Shares of ₹ 1/- each held (singly / jointly) as on 31st March, 2022	No. of Options granted during the financial year
S. Puri	2,95,800	1,34,500
N. Anand	Nil	67,250
B. Sumant	2,10,657	67,250
R. Tandon	2,62,250	67,250
S. Banerjee	Nil	Nil
H. Bhargava	Nil	Nil
N. Doda	Nil	Nil
A. Duggal	Nil	Nil
M. Gupta	Nil	Nil
S. Mukherjee	13,500	Nil
A. Nayak	10,94,325	Nil
S. Panray	Nil	Nil
N. Rao	Nil	Nil
A. K. Seth	1,32,480	Nil
M. Shankar	45,000	Nil
D. R. Simpson	Nil	Nil

Service Contract, Severance Fee and Notice Period

The appointment of the Chairman 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, detailing 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 the management cadre. The statutory provisions will however apply. With respect to notice period of Directors, the service rules of the Company read with the statutory provisions will apply.

Performance Evaluation

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

III. SECURITYHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Board, under the nomenclature 'Securityholders Relationship Committee', primarily oversees redressal of shareholder and investor grievances, approves transmission of shares, sub-division / consolidation / renewal of share certificates, issue of duplicate share certificates, and allots shares upon exercise of Options under the Company's Employee Stock Option Schemes. The Committee also reviews adherence to the service standards adopted by the Company in respect of its in-house share registration and related activities, and the measures taken for effective exercise of voting rights by Shareholders.

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

Report on Corporate Governance

Composition

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

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

Meetings and Attendance

Details of Securityholders Relationship Committee Meetings during the financial year

During the financial year ended 31st March, 2022, twelve meetings of the Securityholders Relationship Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	1st April, 2021	3	3
2	30th June, 2021	3	3
3	30th July, 2021	3	3
4	25th August, 2021	4	4
5	6th September, 2021	4	4
6	22nd October, 2021	4	4
7	16th November, 2021	4	3
8	17th December, 2021	4	4
9	17th January, 2022	4	4
10	3rd March, 2022	4	3
11	17th March, 2022	4	4
12	29th March, 2022	4	3

Attendance at Securityholders Relationship Committee Meetings during the financial year

Member	No. of Meetings attended
A. Nayak	12
N. Doda ¹	8
B. Suman	12
R. Tandon	10

1. Appointed Member w.e.f. 11th August, 2021.

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 crafting unique models to support creation of sustainable livelihoods together with environmental re-generation. Formulation and monitoring of the CSR Policy and recommendation of the annual CSR Action Plan to the Board forms part of the role of the Committee.

Composition

The CSR and Sustainability Committee presently comprises the Chairman of the Company and seven Non-Executive Directors, three 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, 2022, four meetings of the CSR and Sustainability Committee were held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	14th April, 2021	7	6
2	31st May, 2021	6	6
3	23rd July, 2021	6	6
4	25th October, 2021	7	7

Attendance at CSR and Sustainability Committee Meetings during the financial year

Member	No. of Meetings attended
S. Puri	4
N. Doda ¹	1
M. Gupta ²	N.A.
S. Panray ¹	1
N. Rao	4
A. K. Seth	4
M. Shankar	4
D. R. Simpson	4
H. Bhargava ³	3
A. Jerath ⁴	0

1. Appointed Member w.e.f. 11th August, 2021.

2. Appointed Member w.e.f. 27th October, 2021.

3. Ceased to be Member w.e.f. 23rd August, 2021.

4. Ceased to be Member w.e.f. 1st May, 2021.

Report on Corporate Governance

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.

The names of the members of the Independent Directors Committee 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, 2022, one meeting of the Independent Directors Committee was held, as follows:

Sl. No.	Date	Committee Strength	No. of Members present
1	11th May, 2021	7	7

Attendance at Independent Directors Committee Meeting during the financial year

Member	Attendance at the Meeting
S. Banerjee	Yes
H. Bhargava ¹	N.A.
A. Duggal	Yes
S. Mukherjee ²	N.A.
A. Nayak	Yes
N. Rao	Yes
A. K. Seth	Yes
M. Shankar	Yes
S. B. Mathur ³	Yes

1. Appointed Member w.e.f. 20th December, 2021.

2. Appointed Member w.e.f. 11th August, 2021.

3. Ceased to be Member w.e.f. 15th September, 2021.

RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee is inter alia, to approve the strategic risk management framework of the Company, and review the risk mitigation strategies and results of risk identification, prioritisation & mitigation plans for all business units / corporate functions, as also the measures taken for cyber security. The Committee also formulates the Risk Management Policy, and reviews implementation, effectiveness and adequacy of the risk management systems, processes & plans of the Company.

Composition

The Risk Management Committee presently comprises all the Executive Directors, one Independent Director and some senior members of management. The Chairman of the Company is the Chairman of the Committee. The Head of Internal Audit and the Chief Financial Officer are Invitees to the meetings 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, 2022, three meetings of the Risk Management Committee were held, as follows:

Sl. No.	Date	Committee Strength (including Invitees)	No. of Members & Invitees present
1	21st July, 2021	9	9
2	16th December, 2021	9	9
3	25th March, 2022	9	9

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

Attendance at Risk Management Committee Meetings during the financial year

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

1. Appointed Member w.e.f. 1st June, 2021.

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, allocates resources, and operates under the strategic supervision and control of the Board.

Composition

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

The Company Secretary is the Secretary to the CMC.

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

Meetings

The CMC normally meets once a month. Matters requiring the Board's attention / approval, as emanating from the CMC Meetings, are placed in the form of notes from the relevant Executive Director, backed by comprehensive background information. Minutes of CMC Meetings are placed before the Board for its information.

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. The Minutes of Board Meetings of the subsidiary companies and details of significant transactions & arrangements entered into by them are placed before the Board of Directors of the Company. The annual financial statements of the subsidiary companies are reviewed by the Audit Committee of the Company. Performance review reports of the subsidiary companies are also placed before the Board of Directors of the Company on a half-yearly basis.

The Company does not have any material subsidiary. The Company's Policy for determination of a material subsidiary, as approved by the Board, may be accessed on its corporate website at

<https://www.itcportal.com/material-subsidiary-policy> .

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 / legislation & economic environment, and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are also kept abreast on all business related matters including risk assessment & mitigation processes, CSR & sustainability interventions, and new initiatives proposed by the Company. Visits to Company facilities are also organised for the Directors from time to time. Further details may be accessed on the Company's corporate website at

<https://www.itcportal.com/directors-familiarisation-programme> .



Report on Corporate Governance

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 Company has taken the following initiatives:

- **Website:** The Company's corporate website www.itcportal.com provides comprehensive information on ITC's portfolio of businesses, CSR & sustainability initiatives, EHS performance, shareholding pattern, key Company Policies, and contact details of the Company's employees responsible for assisting Investors & handling investor grievances. The website has entire sections dedicated to ITC's profile, history and evolution, its core values, corporate governance and leadership. An exclusive section on 'Investor Relations' serves to inform and service Shareholders, enabling them to access information at their convenience.

The entire Report and Accounts as well as the quarterly, half-yearly and annual financial results, along with the Media Statements, presentations and FAQs on such results, are available in downloadable formats under the said section as a measure of added convenience to the Investors. The 'Media Centre' section includes all major media releases from the Company and relevant media reports.

- **Financial Results and Annual Report:** The financial results, along with the Media Statements and presentations on such results, are sent to the Shareholders of the Company. Extracts of these results are published on an all India basis in major newspapers and also in 'Luxemburger Wort', Luxembourg. Annual financial results are also sent to the GDR holders at their registered addresses.

Further, the Report and Accounts of the Company, inter alia, including the Standalone and Consolidated Financial Statements, the Report of the Board of Directors and the Auditors' Reports are sent to the Shareholders of the Company. The Report of the Board of Directors includes all aspects of Management Discussion and Analysis as required under the Listing Regulations.

- **Presentations to the investing community:** Detailed presentations on the quarterly results for the investing community are sent to the

Stock Exchanges where the Company's shares are listed and also made available on the Company's corporate website. During the year, the Company organised an 'Institutional Investors and Financial Analysts Day' to provide deeper insights into the Company's Corporate Strategy and operating segments including, inter alia, their competitive strengths, unique value propositions and key drivers of growth & profitability.

- **Other disclosures / filings:** A copy of the Chairman's speech made at the Annual General Meeting of the Company is sent to all the Shareholders and also made available on the Company's corporate website. In addition, shareholding pattern, report on corporate governance, and other important information & material events relating to the Company are submitted to the Stock Exchanges and also made available on the Company's corporate website.

ITC CODE OF CONDUCT

The ITC Code of Conduct, as adopted by the Board, is applicable to the 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, avoidance of conflict of interest, 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

All Directors and senior management of the Company have affirmed compliance with the ITC Code of Conduct for the financial year ended 31st March, 2022.

S. Puri

Chairman &
Managing Director

Kolkata, 18th May, 2022.

WHISTLEBLOWER POLICY

Synopsis of the Whistleblower Policy of the Company is provided in the ‘Report of the Board of Directors & Management Discussion and Analysis’, forming part of the Report and Accounts. The Whistleblower Policy may be accessed on the Company’s corporate website at <https://www.itcportal.com/whistleblower-policy> .

POLICY ON RELATED PARTY TRANSACTIONS

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

ITC CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING - 2019

The ITC Code of Conduct for Prevention of Insider Trading - 2019, as approved by the Board, inter alia, prohibits trading in securities of the Company by the Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

OTHER DISCLOSURES

- During the last three years, there was neither any instance of non-compliance by the Company nor penalty / stricture imposed on the Company by the Stock Exchanges / SEBI / Statutory Authorities on any matter related to the capital markets.
- There are no inter-se relationships between the Directors and Key Managerial Personnel of the Company.
- During the year, the Company has not entered into any materially significant related party transaction which may have potential conflict with the interest of the Company at large. The details of related party transactions entered into by the Company during the year are provided in the ‘Notes to the Financial Statements’, forming part of the Report and Accounts.
- During the year, the senior management of the Company did not enter into any material financial and commercial transaction in which they had personal interest that may have had potential conflict with the interest of the Company at large.

- During the year, the Company was not required to obtain credit rating for any debt instrument, fixed deposit programme or any other scheme involving mobilisation of funds.
- The Company has not raised any funds through preferential allotment or qualified institutions placement.
- None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory Authorities; this has also been confirmed by the Company’s Secretarial Auditors, Messrs. Vinod Kothari & Company.
- Details of ‘loans and advances (being in the nature of loans) provided by the Company to firms / companies in which its Directors are interested’ are given in the ‘Notes to the Financial Statements’, forming part of the Report and Accounts.
- Details with respect to secretarial audit of the Company, and confirmation by the Board with respect to the Independent Directors, are provided in the ‘Report of the Board of Directors & Management Discussion and Analysis’, forming part of the Report and Accounts.
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided in the ‘Business Responsibility and Sustainability Report’, forming part of the Report and Accounts.
- Information with respect to ‘Commodity Price Risk or Foreign Exchange Risk and Hedging Activities’ is provided in the ‘Report of the Board of Directors & Management Discussion and Analysis’ and in the ‘Notes to the Financial Statements’, forming part of the Report and Accounts.

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

Report on Corporate Governance

- The total fees paid during the year by the Company and its subsidiaries to Messrs. S R B C & CO LLP, Statutory Auditors, and all entities in the network firm / network entities which are part of the network of which the Statutory Auditors are a member firm, aggregate ₹ 7.73 Crores.
- Mr. R. K. Singhi, Executive Vice President & Company Secretary, is the Compliance Officer under the Listing Regulations.

DISCRETIONARY REQUIREMENTS UNDER THE LISTING REGULATIONS

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

1. **Separate posts of Chairman and Managing Director:** The Chairman of the Company is an Executive Chairman. The Company has a diversified business portfolio, which demands that the senior leadership has in-depth knowledge and understanding of the functioning of the Company, so as to enhance the value-generating capacity of the organisation and contribute significantly to stakeholders' aspirations and societal expectations. The Chief Executive is therefore generally chosen from amongst the executive management of the Company.
2. **Non-Executive Chairman's Office:** Not applicable.
3. **Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are posted on the Company's corporate website and

extracts of these results in the prescribed format are published in the 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 and the financial results, along with the Media Statements and presentations on such results, are sent to the Shareholders of the Company.

4. **Audit Opinion:** It has always been the Company's endeavour to present Financial Statements with unmodified audit opinion, i.e. without any qualification. The Statutory Auditors have issued an unmodified audit opinion on the Company's Financial Statements for the year ended 31st March, 2022.
5. **Internal Audit:** The Head of Internal Audit reports to the Audit Committee of the Board.

GENERAL SHAREHOLDER INFORMATION

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

CONFIRMATION OF COMPLIANCE

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

Notes:

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

[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

SKILLS, EXPERTISE AND COMPETENCIES OF DIRECTORS

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

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

1. Organisational Purpose

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

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

2. Strategic Insight

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

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

3. Organisational Capacity Building

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

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

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

4. Stakeholder Value Creation

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

5. Commercial Acumen

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

6. Risk Management and Compliance

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

7. Policy Evaluation

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

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

8. Culture Building

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

9. Board Cohesion

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

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

Shareholder Information

Details of Annual General Meeting ('AGM')

Date	Wednesday, 20th July, 2022
Venue	The AGM will be held on electronic platform
Time	10.30 a.m.
Record Date	Saturday, 28th May, 2022
Dividend Payment Date	Between Friday, 22nd July, 2022 and Tuesday, 26th July, 2022

Share Transfer Agent (in-house)

The Investor Service Centre of the Company ('ISC'), accredited with ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India ('SEBI') as Category II Share Transfer Agent for providing in-house share registration and related services to the Shareholders and Investors. ISC continues to focus on maintaining exemplary standards of investor servicing and providing best-in-class services to the Shareholders and Investors of the Company, while ensuring compliance with the applicable statutory requirements.

Shareholder / Investor complaints

The Company attends to Shareholder / Investor complaints within five working days, except where constrained by disputes or legal impediments.

During the financial year, one complaint relating to delay in recording of Permanent Account Number of a Shareholder was received and promptly resolved, in terms of the Complaint Identification Policy of the Company approved by the Securityholders Relationship Committee.

National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited have confirmed that there were no investor complaints pending against the Company at the end of each quarter

as also on 31st March, 2022; the same position was also reflected on SCORES, the web based complaint redressal system of SEBI.

The e-mail ID earmarked by the Company for investor complaints is isc@itc.in.

Share Transfer System

During the financial year, no share transfers were effected by the Company. The Company has a Share and Debenture Transfer Committee comprising Messrs. R. Tandon, Executive Director, and R. K. Singh, Executive Vice President & Company Secretary.

Mr. T. K. Ghosal, Deputy Secretary and Head of ISC, is the Secretary to the Committee. He is also the Compliance Officer under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

Dematerialisation of Shares and Liquidity

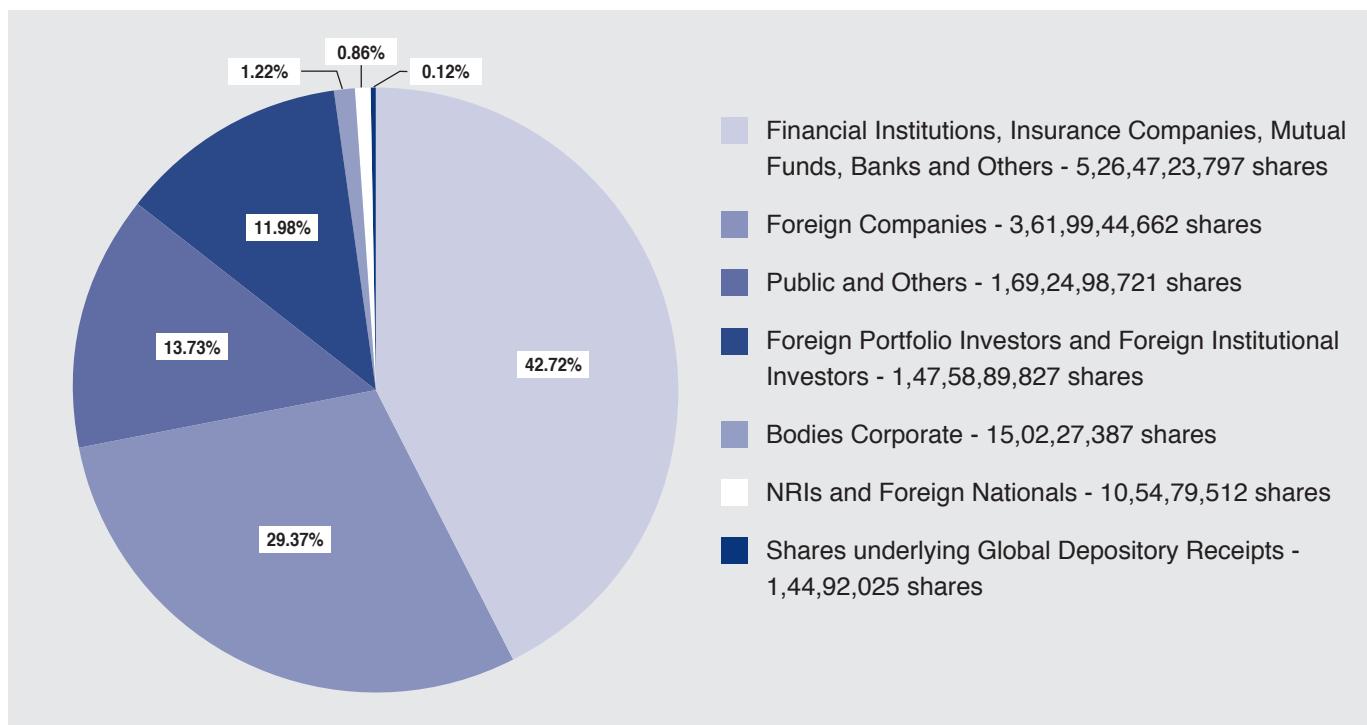
The shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India - NSDL and CDSL. The International Securities Identification Number ('ISIN') allotted to the Company's shares under the Depository System is INE154A01025.

During the financial year, 199,26,12,121 shares of the Company, covered in 1,169 requests and constituting 16.17% of the Issued and Subscribed Share Capital of the Company, were dematerialised. The processing activities with respect to requests received for dematerialisation were generally completed within five 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. The Company's market capitalisation stood at ₹ 3,08,882 Crores (US\$ 40.75 Billion) as on 31st March, 2022.

Distribution of Shareholding as on 31st March, 2022

No. of Shares Slab	No. of Shareholders				No. of Shares			
	Physical	Demat	Total	%	Physical	Demat	Total	%
1 – 5000	23,883	27,62,329	27,86,212	98.07	1,51,42,565	57,83,59,680	59,35,02,245	4.82
5001 – 10000	1,601	23,233	24,834	0.87	1,19,72,260	17,02,15,962	18,21,88,222	1.48
10001 – 20000	1,009	13,369	14,378	0.51	1,36,36,455	18,91,47,133	20,27,83,588	1.65
20001 – 30000	441	5,407	5,848	0.21	1,08,89,814	13,37,12,266	14,46,02,080	1.17
30001 – 40000	142	2,328	2,470	0.09	48,57,555	8,08,15,024	8,56,72,579	0.69
40001 – 50000	99	1,619	1,718	0.06	44,31,225	7,33,24,711	7,77,55,936	0.63
50001 – 100000	175	2,828	3,003	0.10	1,22,92,755	19,88,13,079	21,11,05,834	1.71
100001 and above	77	2,424	2,501	0.09	1,64,93,08,880	9,17,63,36,567	10,82,56,45,447	87.85
Total	27,427	28,13,537	28,40,964	100.00	1,72,25,31,509	10,60,07,24,422	12,32,32,55,931	100.00

Categories of Shareholders as on 31st March, 2022

Global Depository Receipts

Pursuant to the offer of Global Depository Receipts ('GDRs') made in 1993 by the Company, 1,44,92,025 GDRs, representing 1,44,92,025 underlying shares i.e. 0.12% of the Issued and Subscribed Share Capital of the Company, were outstanding as on 31st March, 2022.

The Company's GDRs are listed on the Luxembourg Stock Exchange (Code: 004660919), 35A Boulevard Joseph II, L-1840, Luxembourg.

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

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

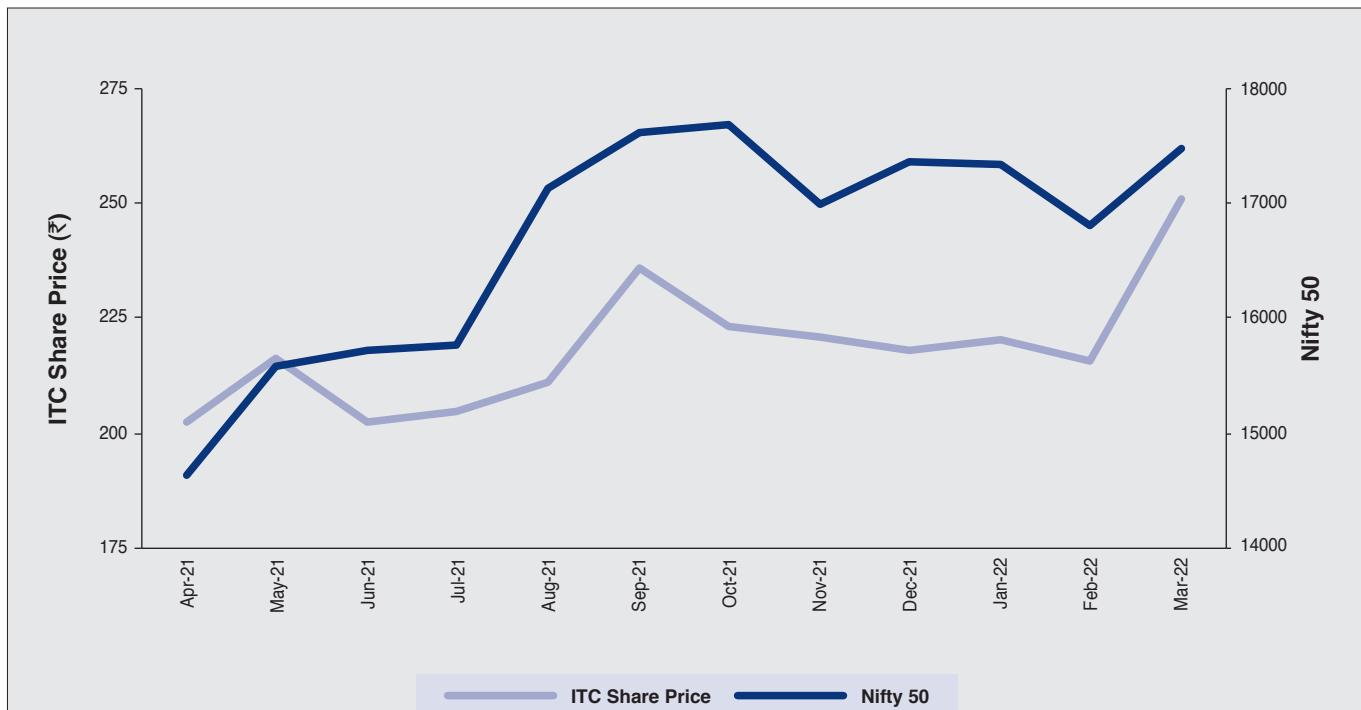
The Listing Fees for the financial year 2022-23 have been paid to NSE, BSE and CSE. The Listing Fee for the calendar year 2022 has also been paid to the Luxembourg Stock Exchange ('LSE').

Monthly High and Low Quotes and Volume of Shares traded on NSE & BSE and GDRs on 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.)
2021 APRIL	220.60	200.55	3,70,957	220.55	200.75	17,693	N.A.	N.A.	Nil
MAY	217.90	199.10	5,49,123	217.95	199.10	29,928	N.A.	N.A.	Nil
JUNE	219.40	202.40	5,69,502	219.35	202.45	34,933	2.96	2.72	6
JULY	215.35	200.90	4,17,075	215.80	200.85	41,736	2.86	2.70	9
AUGUST	217.15	204.35	3,55,801	217.15	204.50	21,574	N.A.	N.A.	Nil
SEPTEMBER	245.80	209.00	7,06,565	245.80	209.00	42,193	3.30	2.70	6
OCTOBER	265.30	222.30	6,24,792	265.30	222.25	40,926	N.A.	N.A.	Nil
NOVEMBER	245.25	220.00	3,94,693	245.25	220.05	24,250	N.A.	N.A.	Nil
DECEMBER	238.95	209.80	4,57,398	239.65	209.85	31,047	N.A.	N.A.	Nil
2022 JANUARY	227.30	209.55	2,66,190	227.30	209.60	16,530	N.A.	N.A.	Nil
FEBRUARY	238.50	207.00	4,66,266	238.50	207.00	20,680	N.A.	N.A.	Nil
MARCH	258.00	212.45	6,99,287	258.00	212.75	36,970	N.A.	N.A.	Nil

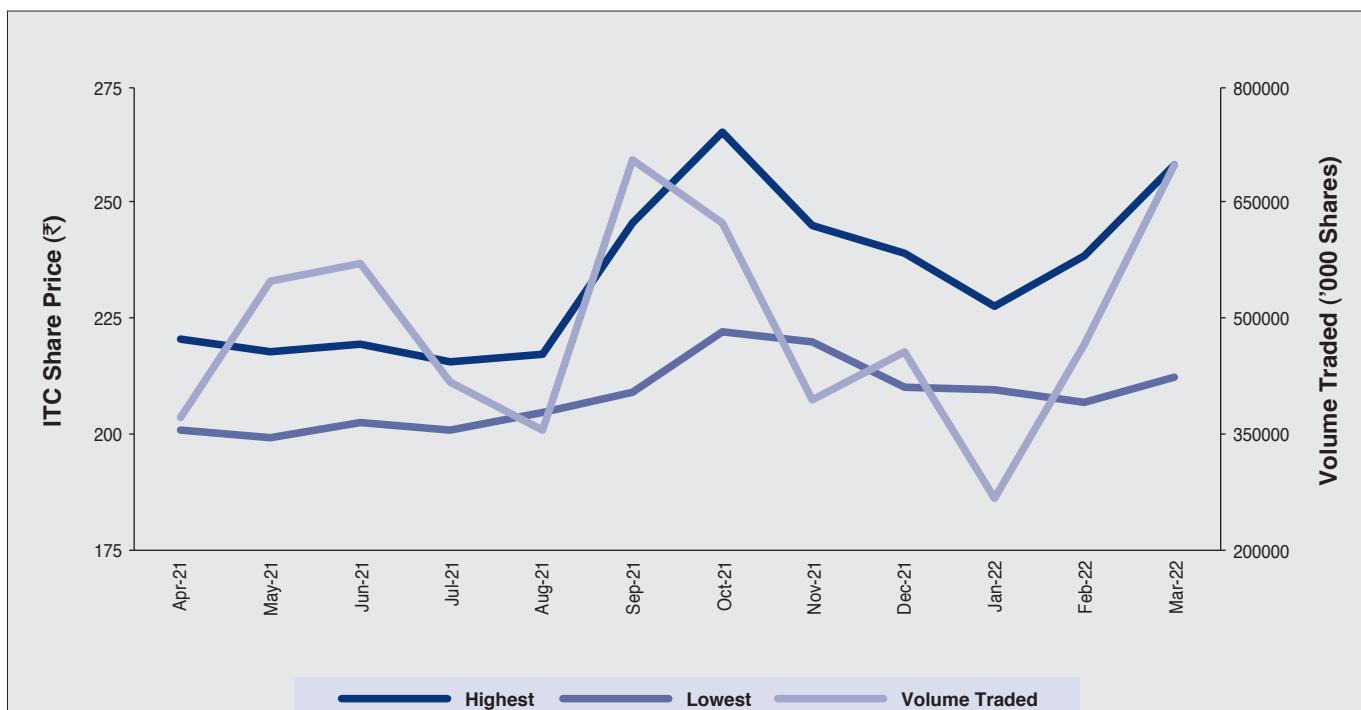
There was no trading in the Company's shares on CSE during the financial year 2021-22.

ITC Share Price vis-à-vis Nifty 50



Note: Indicates monthly closing positions.

ITC Share Price and Volume traded on NSE



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

Shareholder Information

Dividend History (Last 10 years)

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

Financial Year	Dividend per Share (₹)	Dividend (₹ in Crores)	Dividend Distribution Tax (₹ in Crores)	Total Dividend including Dividend Distribution Tax, where applicable (₹ in Crores)
2021-22	11.50 *	14,171.55	N.A.	14,171.55
2020-21	10.75 @	13,230.31	N.A.	13,230.31
2019-20	10.15	12,476.63	N.A.	12,476.63
2018-19	5.75	7,048.71	1,448.88	8,497.59
2017-18	5.15	6,285.21	1,291.94	7,577.15
2016-17	4.75 #	5,770.01	1,174.64	6,944.65
2015-16	8.50 ^	6,840.13	1,392.48	8,232.61
2014-15	6.25	5,009.71	1,019.86	6,029.57
2013-14	6.00	4,771.91	810.99	5,582.90
2012-13	5.25	4,148.46	705.03	4,853.49

* Includes (i) Final Dividend of ₹ 6.25 per share (aggregating ₹ 7,702.07 Crores) which is subject to the approval of the Shareholders, and (ii) Interim Dividend of ₹ 5.25 per share (aggregating ₹ 6,469.48 Crores) declared by the Board of Directors of the Company on 3rd February, 2022.

@ Includes Interim Dividend of ₹ 5.00 per share.

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

^ Includes Special Dividend of ₹ 2.00 per share.

Financial Calendar

Financial Year 2022-23 (1st April - 31st March)		
1	First Quarter Results	July / August 2022
2	Second Quarter and Half-Year Results	October / November 2022
3	Third Quarter Results	January / February 2023
4	Fourth Quarter and Annual Results	May 2023

Particulars of past three AGMs

AGM	Financial Year	Venue	Date	Time	Special Resolution passed
110th	2020-21	The AGM was held on electronic platform	11/08/2021		–
109th	2019-20		04/09/2020	10.30 a.m.	<ul style="list-style-type: none"> Re-appointment of Ms. N. Rao as Independent Director with effect from 8th April, 2021.
108th	2018-19	Science City JBS Haldane Avenue Kolkata 700 046	12/07/2019	10.00 a.m.	<ul style="list-style-type: none"> Re-appointment of Mr. A. Duggal, Mr. S. B. Mathur and Ms. M. Shankar as Independent Directors with effect from 15th September, 2019.

Postal Ballot through E-voting

- During the financial year, the resolutions for appointment of Messrs. Mukesh Gupta, Sunil Panray and Navneet Doda as Non-Executive Directors, and Mr. Hemant Bhargava as an Independent Director of the Company were passed by the Shareholders by requisite majority by way of postal ballot through e-voting. Brief details pertaining to the said postal ballot are provided below:
 - The Board of Directors of the Company appointed Mr. R. L. Auddy, Senior Solicitor and Partner, Messrs. Sandersons & Morgans, Advocates & Solicitors, as the Scrutinizer for scrutinizing the postal ballot through e-voting;
 - Despatch of the Postal Ballot Notice dated 27th October, 2021, along with the Explanatory Statement, to the Shareholders of the Company was completed on 15th November, 2021;
 - E-voting commenced on 16th November, 2021 and ended on 15th December, 2021;
 - Based on the Scrutinizer's Report, the results of the postal ballot through e-voting were declared on 16th December, 2021, as follows:

Ordinary Resolution	Votes in favour of the Resolution		Votes against the Resolution	
	No. of Shares for which valid votes cast	% of votes to total number of valid votes cast	No. of Shares for which valid votes cast	% of votes to total number of valid votes cast
Appointment of Mr. Mukesh Gupta as a Non-Executive Director of the Company for a period of three years with effect from 20th December, 2021	959,15,10,553	95.71	42,98,78,709	4.29
Appointment of Mr. Sunil Panray as a Non-Executive Director of the Company for a period of three years with effect from 20th December, 2021	960,86,47,635	95.88	41,26,49,009	4.12
Appointment of Mr. Navneet Doda as a Non-Executive Director of the Company for a period of three years with effect from 20th December, 2021	957,00,52,979	95.50	45,12,14,652	4.50
Appointment of Mr. Hemant Bhargava as an Independent Director of the Company for a period of five years with effect from 20th December, 2021	978,79,14,924	97.37	26,48,83,891	2.63

- No special resolution is proposed to be passed by postal ballot.

Plant Locations

CIGARETTE FACTORIES	Saharanpur	PACKAGING & PRINTING FACTORIES
Bengaluru	5. Sardar Patel Marg Saharanpur Uttar Pradesh 247 001	Chennai
1. Meenakunte Village Jala Hobli Bengaluru North Taluk Karnataka 562 157	GREEN LEAF THRESHING PLANTS	1. Tiruvottiyur Chennai Tamil Nadu 600 019
Kolkata	Anaparti	Haridwar
2. 93/1, Karl Marx Sarani Kolkata West Bengal 700 043	1. Anaparti District East Godavari Andhra Pradesh 533 342	2. Plot No. 1, Sector - 11 Integrated Industrial Estate, Haridwar Uttarakhand 249 403
Munger	Chirala	Munger
3. Basdeopur P.O. District Munger Bihar 811 202	2. Chirala District Bapatla Andhra Pradesh 523 157	3. Basdeopur P.O. District Munger Bihar 811 202
Pune	Nanjangud	PAPER & PAPERBOARD MILLS
4. Plot No. B - 27, MIDC Ranjangaon, Taluka Shirur District Pune Maharashtra 412 220	3. Thandyia Industrial Area Immauvu & Adakanahalli Villages Nanjangud Taluk District Mysuru Karnataka 571 302	Bollaram
		1. Anrich Industrial Estate Bollaram Municipality, Jinnaram Mandal District Sangareddy Telangana 502 325

Shareholder Information

Sarapaka

2. Sarapaka Village
Burgampahad Mandal
District Bhadradi Kothagudem
Telangana 507 128

Thekkampatty

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

Tribeni

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

FOODS FACTORIES

Agra

1. 13.2 Km. Stone, Shamshabad Road
Village - Naufri
Post Shyamo, Agra
Uttar Pradesh 283 125

Bikaner

2. Plot No. F-16
Bichhawal Industrial Area
Phase II, Bikaner
Rajasthan 334 006

Haridwar

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

Jaitpura

4. Plot Nos. F-170-171 & G-172-173
Jaitpura Industrial Area, Jaipur
Rajasthan 303 704

Kamrup

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

Kapurthala

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

Malur

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

Medak

8. 395-412, 416, 417, 447, 449-451
Next to TSTransco Sub-station
Manoharabad, Medak
Telangana 502 336

Munger

9. Sitakund Industrial Area
Village Nandalpur, District Munger
Bihar 811 202

Nanjangud

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

Panchla

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

Pudukkottai

12. Vadugappatti & Velur Villages
Taluk Illupur, District Pudukkottai
Tamil Nadu 621 316

Pune

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

Reengus

14. F-122 & F-126
Shree Khatu Shyam Industrial Area
Reengus, District Sikar
Rajasthan 332 404

Sankrail

15. F-21, Sudharas Food Park
Kandua Gram Panchayat
P.S. Sankrail, Howrah
West Bengal 711 302

Uluberia

16. 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

PLANTS UNDER CONSTRUCTION

Guntur

1. Spices Processing Facility
Plot Nos. 1, 2 & 2A, Spices Park
Mydavolu Village, Edlapadu Mandal
District Guntur
Andhra Pradesh 522 233

Khordha

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

Nadiad

3. Printing and Packaging Facility
Survey Nos. 121, 122, 123, 123P1, 124,
130, 131, 132P, 146, 147, 155 & 157P
Village Silod, Taluka Nadiad
Memdabad - Nadiad Road, District Kheda
Gujarat 387 320

HOTELS

Owned Hotels

Agra

1. ITC Mughal
Taj Ganj, Agra
Uttar Pradesh 282 001

Amritsar

2. Welcomhotel Amritsar
Raja Sansi, Ajnala Road
Amritsar
Punjab 143 101

Bengaluru

3. ITC Gardenia
1, Residency Road, Bengaluru
Karnataka 560 025
4. ITC Windsor
25, Windsor Square
Golf Course Road, Bengaluru
Karnataka 560 052

5. Welcomhotel Bengaluru
46, Richmond Road, Bengaluru
Karnataka 560 025

Bhubaneswar

6. Welcomhotel Bhubaneswar
D/1, Mz. Dumuduma, District Khordha
Bhubaneswar
Odisha 751 019

Chennai

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

8. Welcomhotel Chennai
Cathedral Road, Chennai
Tamil Nadu 600 086

Coimbatore

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

Goa

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

Guntur

11. Welcomhotel Guntur
4-5-10 Vidyanagar Ring Road, Guntur
Andhra Pradesh 522 007

Hyderabad

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

Jaipur

13. ITC Rajputana
Palace Road, Jaipur
Rajasthan 302 006

Kolkata

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

15. ITC Royal Bengal
1, JBS Haldane Avenue
Kolkata
West Bengal 700 046

Mumbai

16. ITC Maratha
Sahar, Mumbai
Maharashtra 400 099

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

New Delhi

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

19. Sheraton New Delhi
District Centre, Saket
New Delhi 110 017

Licensed Hotels

Ahmedabad

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

Gurugram

21. ITC Grand Bharat
P.O. Hasanpur, Taura
District Mewat, Gurugram
Haryana 122 105

Kota

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

Port Blair

23. Welcomhotel Bay Island
Marine Hill, Port Blair
Andaman & Nicobar Islands 744 101

Vadodara

24. Welcomhotel Vadodara
R. C. Dutt Road, Alkapuri
Vadodara
Gujarat 390 007

Hotels under Operating Services
Ahmedabad

25. Welcomhotel Ahmedabad
15 Ashram Road, Dandi Kuch Circle
Ahmedabad
Gujarat 380 013

Aurangabad

26. Welcomhotel Rama International
R - 3, Chikalthana, Jalna Road
Aurangabad
Maharashtra 431 003

Chail

27. Welcomhotel By ITC Hotels
Tavleen Chail, Bhalawag Forest
Kandaghat-Chail-Kufri Road
Near Janedghat, Shimla
Himachal Pradesh 173 217

Chennai

28. Welcomhotel GST Road Chennai
1, GST Road, SP Koil
Maraimalai Nagar
Tamil Nadu 603 204

Hyderabad

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

Jodhpur

30. Welcomhotel Jodhpur
Khasra No. 53, Uchiyarda Village, Jodhpur
Rajasthan 342 027

Katra

31. Welcomhotel By ITC Hotels
9 Shrine View, SMVD Chowk
Katra, Reasi
Jammu & Kashmir 182 301

Khimsar

32. Welcomhotel Khimsar Fort & Dunes
P.O. Khimsar, District Nagaur
Rajasthan 341 025

Mamallapuram

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

Mashobra

34. Welcomhotel Shimla
Village Patengali (Tarapur)
P.O. Mashobra, Shimla
Himachal Pradesh 171 007

Mussoorie

35. Welcomhotel The Savoy
Library Bazar, Gandhi Chowk
P.O. Savoy, Mussoorie
Uttarakhand 248 179

New Delhi

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

Pahalgam

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

Panchkula

38. Welcomhotel Bella Vista
SM - 8, City Center, Sector - 5, Panchkula
Haryana 134 109

Visakhapatnam

39. Welcomhotel Devee Grand Bay
Beach Road, Visakhapatnam
Andhra Pradesh 530 002

HOTEL UNDER CONSTRUCTION
Ahmedabad

- ITC Narmada
902, Shivalik High Street Building
Vastrapur, Ahmedabad
Gujarat 380 015

**CHOUPAL SAAGARS –
RURAL SERVICES CENTRES**
Amravati

1. Patwari Halka No. 48
Mouza Devigaon, Pargane Nandaon Peth
Taluka & District Amravati
Maharashtra 444 602

Badaun

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

Brahicah

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 Bahaich
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 Pipiya, Tehsil & District Dewas
Madhya Pradesh 455 001

Dhar

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

Gonda

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

Hardoi

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

Hathras

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

Itarsi

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

Jagdishpur

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

Mandsaur

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

Mhow

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

Nagda

15. Khasra Nos. 1393 (Part), 1394 (Part),
1396/1 & 1397/1
Patwari Halka No. 18, Village Padliya Kala
Tehsil Nagda, District Ujjain
Madhya Pradesh 456 335

Parbhani

16. Gate No. 803
Near Water Filter Plant, Village Assola
Vasmat Road, Taluka & 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
Wardha - Hinghagh Road, Inzapur
Taluka & 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 # 15/2A
Village Parwa, Pandharkoda Road
Taluka & District Yavatmal
Maharashtra 445 001

Shareholder Referencer

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.

However, in conformity with the applicable regulatory requirements, the Notice of the 111th Annual General Meeting of the Company and the Report and Accounts 2022 are being sent this year only through electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories.

Shareholders who wish to register their e-mail addresses with the Company are requested to register the same at <https://eform.itcportal.com>. Alternatively, Shareholders may send a letter requesting for registration of their e-mail addresses, mentioning their name and DP ID & Client ID / folio number, through **e-mail to isc@itc.in** or by post to the Investor Service Centre of the Company ('ISC') at 37 Jawaharlal Nehru Road, Kolkata 700 071.

KYC details of Shareholders holding shares in the certificate form

Shareholders holding shares in the certificate form are required to mandatorily furnish their Permanent Account Number (PAN), specimen signature, and details of their bank account, nomination, complete postal address including pin code, mobile number & e-mail address to the Company. Shareholders are also required to link their PAN with the Aadhaar Number by 31st March, 2023, failing which their PAN will be made inoperative by the Income-tax authorities.

Shareholders who are yet to provide any of the aforesaid information to the Company or who would like to advise any change in such information may use the prescribed forms for this purpose, which may be accessed on the Company's corporate website at <https://www.itcportal.com/mandatory-furnishing>, or can be furnished by ISC on request.

In the absence of the aforesaid information, any service request from the Shareholders such as sub-division / consolidation / renewal of share certificates, issue of duplicate share certificates, change of address or bank particulars etc., will not be processed.

Dividend

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

Shareholders who have not opted for remittance of dividend through electronic mode and wish to avail the same, are required to provide their bank details, including IFSC ('Indian Financial System Code') and MICR ('Magnetic Ink Character Recognition'), to their respective Depository Participants ('DPs'), in case shares are held in the dematerialised form, or to the ISC, where shares are held in the certificate form. Shareholders holding shares in the certificate form may use the prescribed form for this purpose, which may be accessed on the Company's corporate website at <https://www.itcportal.com/form>, or can be furnished by ISC on request.

Pursuant to the Income-tax Act, 1961, dividend income is taxable in the hands of the Shareholders and the Company is required to deduct tax at source from such dividend at the prescribed rates. A communication providing detailed information & instructions with respect to tax on the Final Dividend for the financial year ended 31st March, 2022 is being sent separately to the Shareholders.

Transfer of unclaimed dividend and shares to the Investor Education and Protection Fund

During the financial year 2021-22, unclaimed dividend for the financial year 2013-14 aggregating ₹ 16,89,96,246/- and 11,66,491 shares in respect of which dividend entitlements remained unclaimed for seven consecutive years, were 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 2013-14 and the 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 at <https://www.iepf.gov.in/IEPF/corporates.html>.

The due dates for transfer of unclaimed dividend and the shares to the IEPF for the subsequent financial years are given in the table below. Attention in particular is drawn that the unclaimed dividend for the financial year 2014-15 and the shares in respect of which dividend entitlements remain unclaimed for seven consecutive years will be due for transfer to the IEPF on 5th September, 2022, for which purpose communication has been sent to the concerned Shareholders advising them to write to ISC to claim their dividend. Notices in this regard have also been published in the newspapers. Details of such unclaimed dividend and shares are available on the Company's corporate website at http://info-dividend-shares.itcportal.com/popup_new.aspx and <http://info-dividend-shares.itcportal.com/popupiepf.aspx>, respectively.

Transfer of unclaimed dividend and shares to the Investor Education and Protection Fund (Contd.)

Financial Year	Dividend Identification No.	Date of declaration of Dividend	Total Dividend (₹)	Unclaimed Dividend as on 31/03/2022		Due date for transfer of dividend and shares to IEPF
				(₹)	%	
2014-15	85th	31st July, 2015	50,09,70,66,528	18,04,16,645	0.36	5th September, 2022 *
2015-16	86th	22nd July, 2016	68,40,13,10,170	28,55,50,050	0.42	27th August, 2023
2016-17	87th	28th July, 2017	57,70,01,46,310	26,31,36,413	0.46	2nd September, 2024
2017-18	88th	27th July, 2018	62,85,22,11,487	26,94,31,950	0.43	27th August, 2025
2018-19	89th	12th July, 2019	70,48,72,63,716	23,76,91,028	0.34	12th August, 2026
2019-20	90th	4th September, 2020	1,24,76,63,21,288	37,05,22,349	0.30	5th October, 2027
2020-21	Interim Dividend	11th February, 2021	61,52,68,08,755	19,68,06,732	0.32	15th March, 2028
	91st (Final Dividend)	11th August, 2021	70,77,62,73,691	22,75,40,337	0.32	13th September, 2028
2021-22	Interim Dividend	3rd February, 2022	64,69,47,59,808	18,80,78,093	0.29	7th March, 2029

* ISC will not be able to entertain any claim received after 2nd September, 2022.

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, 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, 2021	6,657	66,82,680
Number of Shareholders who approached the Company during the year for transfer of shares from the Unclaimed Suspense Account	72	2,25,017
Number of Shareholders to whom shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	51	2,55,300
Number of shares in respect of which dividend entitlements remained unclaimed for seven consecutive years and transferred from the Unclaimed Suspense Account to the IEPF	47	81,195
Aggregate number of Shareholders and outstanding shares held in the Unclaimed Suspense Account as on 31st March, 2022	6,606	63,46,185 *

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

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.

Shareholders are requested to provide their DP ID & Client ID / folio numbers, e-mail addresses and contact numbers to facilitate prompt and efficient investor servicing.

Report of the Board of Directors

&

Management Discussion and Analysis

For the Financial Year Ended 31st March, 2022

SOCIO-ECONOMIC ENVIRONMENT

After a tumultuous 2020, which witnessed unprecedented disruption to human life and economic activity across the globe, the world economy witnessed a sharp recovery on the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across countries. As per IMF estimates, global growth in 2021 stood at 6.1% (Vs. 3.1% decline in 2020); Advanced Economies grew by 5.2% (Vs. 4.5% decline in 2020) while Emerging Markets & Developing Economies clocked a faster pace of 6.8% (Vs. 2.0% decline in 2020). The recovery momentum was, however, weakened in course of the year by new strains of the virus and an unprecedented spike in commodity prices due to global supply chain disruptions, container shortages and congestion in ports.

Even prior to the ongoing Russia-Ukraine conflict, inflation had started surging in many economies due to soaring commodity prices and pandemic-induced supply-demand imbalances. This led central banks such as the US Federal Reserve, European Central Bank and the Bank of England to bring forward the timing of tightening monetary conditions in their respective countries. The situation was exacerbated with the ongoing Russia-Ukraine conflict that caused sharp escalation and volatility in agri, fuel and crude-linked commodity prices. Persistently elevated and sticky inflation has emerged as a key concern globally. As per IMF, global inflation in 2022 is projected at 7.4% - the highest in 26 years. In some Advanced

Economies, including the United States and certain European countries, inflation has reached multi-decadal highs. In Emerging Markets & Developing Economies, rise in food and fuel prices poses significant risk to growth prospects. Consequently, central banks, the world over, are increasingly pivoting from supporting growth to combating inflation.

According to the latest IMF estimates, aggregate global economic growth is estimated at 3.6% in 2022, representing a downward adjustment of 80 bps to earlier estimates. Advanced Economies are projected to grow by 3.3% with growth in major economies such as the United States and Euro Area estimated at 3.7% and 2.8% respectively. Emerging Market & Developing Economies are estimated to grow by 3.8%, impacted by muted growth in China and sharp decline in Russia. The amalgam of recent events, including the latest surge in COVID cases in certain regions, continued geopolitical tensions, inflationary headwinds on the back of commodity super cycles & 'greenflation', and extended supply chain disruptions, pose significant downside risks to global economic prospects in the year ahead.

FY 2021-22 turned out to be another challenging year for the Indian economy, marked by heightened uncertainty and volatility due to the COVID pandemic. The year began with the second wave of the pandemic having a devastating socio-economic impact in the country followed by a sharp drop in its intensity, which aided smart recovery in economic activity that reached pre-pandemic levels towards the end of the second quarter. Even as economic prospects started looking

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The Government of India continued to make concerted efforts, through several path-breaking initiatives across the areas of healthcare, infrastructure, social welfare and digital, to support various sections of the economy during these turbulent times which helped accelerate the pace of resumption of economic activities over the year.

up, the country was hit hard by the third wave with new cases rising exponentially across major cities and halting the recovery momentum. Just as the third wave had abated in India, geopolitical tensions in Europe sparked off a fresh round of uncertainty in the operating environment.

Amidst such a challenging backdrop, the Indian economy rebounded during the year growing by 8.9%, albeit on a low base. The Government of India continued to make concerted efforts, through several path-breaking initiatives across the areas of healthcare, infrastructure, social welfare and digital, to support various sections of the economy during these turbulent times which helped accelerate the pace of resumption of economic activities over the year. These include an effective and focused vaccination programme, targeted localised restrictions during peak caseloads, support to economically weak sections of society and assistance to sectors most impacted by the pandemic.

The recovery was, however, uneven with different sectors of the economy and income classes experiencing varying degrees of impact. The external sector was a bright spot in the economy with India's merchandise exports surging 43% to a record high of US\$ 418 billion during the year. Foreign currency reserves also remained robust, despite increase in imports with rising levels of activity. Tax collections remained buoyant during the year with record GST collections on the back of pick-up in economic activity, enhanced compliance and efficient administration. On the other hand, private consumption remained subdued and below its pre-pandemic growth path, rural demand witnessed a marked slowdown and private capital expenditure did not see any material

improvement although signs of an incipient revival emerged in certain sectors. Unprecedented rise in commodity and crude oil prices led to persistently sticky and elevated inflation with March 2022 CPI hitting a 17-month high of 6.95%, resetting inflation expectations and the interest rate trajectory going forward.

Up until January 2022, near-term prospects for the Indian economy seemed extremely promising – with all sectors of the economy, including the contact-intensive service sector, having made steady recovery. However, sustained inflationary headwinds and outbreak of the Russia-Ukraine conflict leading to extended global disruptions and spiraling of commodity prices have led to downward revisions to the growth forecast for 2022. The Indian economy is now estimated to grow by 7.2% in FY 2022-23, driven by Government capital expenditure and anticipated pick-up in the private capex cycle. A favourable monsoon coupled with disruptions in global supply chains are expected to provide opportunities to service overseas markets and aid the agri sector. The Services sector is expected to grow at a higher pace aided by full re-opening of the economy and release of pent-up demand for contact-intensive services, including resumption of business and international travel. Continued geopolitical tensions, extended global supply chain disruptions and elevated inflation pose key downside risks for the year ahead.

Even as the Indian economy faces multi-dimensional challenges in the short term, it remains one of the most dynamic major economies in the world with immense headroom for growth. A favourable demographic profile, rapid urbanisation and increasing affluence represent some of the key structural drivers of growth of the Indian economy. The Government of

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India's multi-dimensional reforms framework has the potential to unleash a quantum leap in the country's growth agenda. Several transformative economic reforms have been undertaken in recent years to enhance competitiveness and foster inclusive growth. These include the implementation of Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), Real Estate (Regulation and Development) Act, direct tax reforms and revision in Micro, Small & Medium Enterprises (MSME) norms. The National Infrastructure Pipeline, PM Gati Shakti, National Industrial Corridors, Smart Cities Mission and PM Awas Yojana are some of the key interventions that are transforming the country's infrastructure landscape. The new Labour Code which has done away with a number of archaic legislations and investment boosting measures like sector-focused Production Linked Incentive (PLI) Schemes are expected to catalyse the manufacturing sector and enhance its competitiveness. A robust digital infrastructure has been put in place, with Unified Payments Interface (UPI), Jan Dhan-Aadhaar-Mobile trinity and several other initiatives under Digital India paving the way for democratising technology and connectivity to bring about the next phase of financial inclusion in the country. Focused initiatives in the rural and agri sector such as PM KISAN, Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), central scheme for Farmer Producer Organisations (FPOs) and rural electrification programme amongst others, are expected to engender inclusive growth.

As the economy faces the immediate challenges of muted consumption, persistently high inflationary headwinds and supply chain disruptions, policy interventions would need to be sharply focused on supporting sustainable livelihoods and fostering inclusive growth. The growth oriented initiatives announced by the Government in the visionary Union Budget 2022 including provision of food,

healthcare and social security benefits to the vulnerable, thrust on rural and agri sector, measures to raise farm incomes and focus on public capital expenditure to crowd in private investments are expected to bolster the growth momentum and also enhance competitiveness of the Indian economy. Structural support would also need to be provided to sectors that have large multiplier effects on employment and the economy. These include agri-based industries such as food processing, tourism, travel & hospitality and domestic agri and wood-based industries, amongst others. Development of robust value chains to support and strengthen these sectors remains critical to achieving such multiplier effects and realising India's goal of becoming a US\$ 5 trillion economy.

As reported in earlier years, enhancing agricultural productivity and value addition to international standards, while simultaneously improving market linkages, remain critical to enhance the competitiveness of the agricultural sector and drive significant increase in farmers' income. India is the leading producer worldwide of several commodities, including pulses, spices, fruits such as mangoes, bananas, etc.; it is also the second largest producer of rice and has the largest population of buffaloes globally. However, India's agri exports aggregating appx. US\$ 50 billion represent a global market share of less than 3%.

Expert studies indicate the potential to double India's agri exports by strengthening the competitiveness of agri-value chains in areas that are aligned to global demand and where the country has inherent advantages. This calls for a transformational shift of the agri ecosystem from the conventional production-centric supply chains to demand-responsive value chains anchored by market players.

It is pertinent to note that food and dietary patterns are fast evolving across the globe with sustainable

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sourcing becoming increasingly mainstream. Such shifts accentuate the need to enhance the competitiveness of agri-value chains in order to cater to the dynamic market requirements of the future. Achieving scale and productivity have also become pre-requisites for the success of the agri sector. As per estimates, over the next four decades, global food production would need to equal the total food production achieved over the past eight millennia, in order to meet the burgeoning global demand over such time. The Government's initiatives to promote FPOs in order to enhance market access for farmers and leverage economies of scale are expected to reap rich dividends for the agri sector in the medium term. FPOs have a tremendous potential to serve as major enablers in augmenting farm livelihoods, by facilitating a crucial link between markets and individual farmers, especially those with small and marginal land holdings. In this context, your Company has adopted targeted collaborative models to multiply the scale and impact of its agri and rural interventions. This collaborative approach, as opposed to a traditional transactional approach, can contribute meaningfully towards building next generation agriculture that is climate resilient and capable of supporting gainful livelihoods. Digitalisation of agriculture also offers the potential to increase productivity and foster structural changes across the value chain thereby enabling efficient use of resources. In line with its commitment to bring the power of cutting-edge digital technologies and unlock the potential of India's farmers, your Company has launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services). This digitally powered platform will empower the farming community by delivering customised solutions to stakeholders by synergistically integrating NextGen agri-technologies. Further details on this transformative initiative are provided in the Agri Business section of this report.

As reported in earlier years, it is pertinent to note that a substantial quantum of food is wasted along the chain in India, depending on the inherent perishability of the crop and the season. Higher levels of food processing in the economy can create a much larger pull for quality agri-commodities, thereby reducing farm wastages and raising farm incomes. This would require focused investments in developing product-specific climate-controlled infrastructure as well as in branded products that benefit large agri-value chains. Corporate participation is essential not only to invest in requisite infrastructure, but also to provide assured market linkages to farmers. A big thrust on India's Food Processing sector can play a pivotal role and have a multiplier effect which will lead to significant job creation, enhance rural incomes and help manage food inflation. In this context, the recently announced PLI Scheme for the Food Processing sector, with an estimated outlay of ₹ 10900 crores, is expected to play a pivotal role in boosting investments, agri exports, farmer incomes, employment generation and building Indian brands for the global market. Your Company has been included under the Scheme for several of its Branded Packaged Foods Businesses, details of which are provided in the relevant section.

Similarly, the Agro-forestry sector, as a source of raw material for wood-based industry, is woefully constrained by policies that not only impede job creation in India but also promote avoidable imports. Recent initiatives announced in the Union Budget 2022 to provide financial assistance to members of marginalised communities taking up Agro-forestry is a good starting point to reverse this situation. Supportive policies in this area would go a long way in enhancing sustainable livelihoods while simultaneously augmenting the Nation's environmental capital.

The integrated nature of your Company's business models along with strategic investments to enhance

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efficiencies across its operating segments - including agri-commodity sourcing expertise for the Branded Packaged Foods Businesses and cost-competitive fibre supply chain along with in-house pulp manufacturing capability of the Paperboards & Specialty Papers Business – is a key source of competitive advantage, especially against the backdrop of severe inflationary headwinds. Your Company's interventions across operating segments are aligned to the national priorities of enhancing competitiveness of Indian agriculture and industry, generating large-scale employment opportunities and supporting sustainable livelihoods, driving import substitution by enhancing the competitiveness of domestic agri-value chains and industry, creating national brands to maximise value capture in India, increasing Indian agri exports and promoting sustainable business practices.

Investments made by your Company continue to be guided by the national objectives of 'Make in India' and 'Doubling Farmers' Income' and the overarching theme of 'AatmaNirbhar Bharat' that seeks to make the country stronger, resilient and more competitive.

The collaboration with NITI Aayog, aimed at boosting agricultural and allied activities in 27 backward districts of eight states under the Aspirational Districts programme, was successfully completed during the year and plans are on the anvil to extend the same. Under the programme, around 34 lakh farmer interactions have taken place, with training being imparted on package of practices appropriate for the dominant crops of the region as well as towards livestock rearing. Your Company recognises the critical role of technology and the digital revolution towards fostering inclusive and sustainable growth to reduce social inequity. Towards this end, digital training platforms were leveraged during the year through customised apps together with the formation of more than 6,200 WhatsApp groups in around 18,900 villages, building capacity of 5.9 lakh farmers to achieve the objectives of your Company's

collaborative initiative with NITI Aayog. These interventions have led to improvement in yields and reduction in cultivation costs, thereby augmenting farmer incomes by up to 60%.

Your Company has also partnered with the State Government of Andhra Pradesh towards improving the quality of chilli produced in the country to meet global standards. A Public Private Partnership programme - 'Integrated Agri-Extension Platform for Chilli Farm Value Chain Development' - has been conceptualised under which 40,000 farmers covering about 100,000 acres are expected to be benefited by 2025. In FY 2021-22, the programme covered over 16,400 farmers and 52,500 acres across 107 villages. Improved quality, farm productivity and higher share of farm gate sales enabled farmers covered under the project to generate additional income.

Your Company is also working towards developing village level institutions and fostering micro entrepreneurship by promoting custom hiring centres for farm mechanisation, post-harvest product management infrastructure and community managed seed banks for self-reliance in quality seed material. Environmentally sustainable farm practices including zero-till sowing of wheat, direct seeding of rice, micro-irrigation and watershed development continue to be promoted.

The farm sector faces enormous threats arising out of climate change as evident from the growing number of extreme weather events such as droughts and floods. Given the vulnerabilities, it is critical to strengthen climate resilience and adaptability of the agri-food sector. In this context, your Company's interventions in collaboration with CGIAR's 'Climate Change and Food Security Programme' to build climate smart villages was expanded to over 2,500 villages across 11 states and supported farmers in the management of risks arising from erratic and extreme weather events. Your Company,

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through stakeholder consultations and extensive research has prepared state level agriculture climate change adaptation plans for three states i.e. Rajasthan, Maharashtra and Madhya Pradesh and continues to engage with the respective governments for adoption of the same. Further, your Company's Climate Smart Village intervention in Madhya Pradesh demonstrated an average increase in yield of 38% and 15% in soyabean and wheat respectively, over the baseline. Along with reduction in cost of cultivation, this has led to an average increase in net income by 93% in soyabean and 46% in wheat over the baseline. According to CGIAR estimates, average Green House Gas emissions reduced by 66% for soyabean and 13% for wheat as compared to the baseline. Your Company continues to be a carbon, water and solid waste re-cycling positive organisation and is a global exemplar in sustainability.

Demand side management is another critical component of your Company's Water Stewardship programme. Recognising the critical imperative of reducing water use, especially in agriculture, your Company continues to work with farmers to achieve 'more crop per drop' and improve farmer incomes. Around 7.3 lakh acres have been covered till date across 11 states. Various studies indicate potential water savings to the tune of 497 million cubic metres per annum through micro irrigation technologies and crop-specific agronomical practices.

In Kapurthala District, Punjab, your Company under its flagship programme of 'ITC Mission Sunehra Kal' has, over the last four years, implemented solutions that have effectively substituted the burning of paddy stubble by farmers. During the year, the programme covered 1.8 lakh acres with appx. 87% of the area witnessing total stoppage of stubble burning, thereby avoiding appx. 1.3 lakh tonnes of carbon release into the atmosphere.

Although India has appx. 18% of the world population, its share of natural resources is disproportionately low with only 2% of global land mass, 4% of freshwater resources and 2% of forest resources. It is more critical than ever before to redouble efforts, both at the national and corporate level, to fashion strategies that foster sustainable, equitable and inclusive growth.

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 while enhancing shareholder value. This 'Triple Bottom Line' approach to creating larger 'stakeholder value', as opposed to merely focusing on uni-dimensional 'shareholder value' creation, is the driving force that defines your Company's sustainability vision and its growth path into the future.

Your Company is a global exemplar in 'Triple Bottom Line' performance. The focus on creating unique business models that generate substantial livelihoods across the value chains has led to your Company's Businesses supporting over six million sustainable livelihoods, many of whom belong to the weaker sections of society.

Your Company sustained its 'AA' rating by MSCI-ESG for the 4th successive year - the highest amongst global tobacco companies. Your Company has also been included in the Dow Jones Sustainability Emerging Markets Index - a reflection of being a sustainability leader in the industry and a recognition of its continued commitment to people and planet. Your Company has also been rated at the 'Leadership Level' score of 'A-' for both Climate Change and Water Security (Asia and Global average at 'B-' for climate change and 'B' for water security) by CDP, a reputed independent global platform for disclosures on environmental impacts.

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As a testament to your Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, ITC Windsor, Bengaluru achieved the distinction of being the first hotel in the world to achieve LEED® Zero Carbon Certification. ITC Grand Chola, Chennai (the largest hotel in the world to receive such certification), and ITC Gardenia, Bengaluru also received the LEED® Zero Carbon Certification during the year. These properties are the first three hotels in the world to receive the LEED® Zero Carbon Certification.

Your Company recognises the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. To this end, your Company is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. With its bold Sustainability 2.0 agenda, your Company is setting the bar higher, and remains committed to making a meaningful contribution to the Nation's future while retaining its status as a sustainability exemplar. Further details on this subject are available in the Sustainability section of this Report.

FINANCIAL PERFORMANCE

The operating environment during the year remained extremely challenging and was marked by heightened uncertainty and volatility due to the COVID pandemic and unprecedented inflationary headwinds; geopolitical tensions towards the end of the year exacerbated the situation. Your Company demonstrated tremendous resilience and navigated the dynamic environment with speed and agility leveraging the experiences from prior waves of the pandemic. In spite of significant disruptions during the year, your Company's consumer-centricity, agility in seizing market opportunities, focus on execution excellence and proactive strategic interventions enabled it to post robust growth in Revenues and Profits, surpassing pre-pandemic levels.

Overall for FY 2021-22, Gross Revenue at ₹ 59101.09 crores increased by 22.7%, while EBITDA increased by 22.0% to ₹ 18933.66 crores. Profit Before Tax at ₹ 19829.53 crores grew by 15.5% over previous year and Profit After Tax stood at ₹ 15057.83 crores (previous year ₹ 13031.68 crores). Total Comprehensive Income for the year stood at ₹ 15631.68 crores (previous year ₹ 13277.93 crores). Earnings Per Share for the year stood at ₹ 12.22 (previous year ₹ 10.59).

– The FMCG-Others Segment turned in a resilient performance with Segment Revenue growing by 8.6% amidst subdued demand conditions. After a relatively muted first half, revenue in the second half of the year witnessed double-digit growth. Staples and Convenience Foods remained resilient even as the pace of revenue growth moderated on a relatively high base. Discretionary/Out-of-Home categories recorded strong growth surpassing pre-pandemic levels driven by progressive improvement in mobility. The Health & Hygiene portfolio witnessed demand volatility in line with COVID caseload intensity while remaining significantly above pre-pandemic levels. Progressive resumption of physical classes at educational institutions led to gradual recovery in the Education & Stationery Products Business; however, sales remained below pre-pandemic levels. Segment EBITDA for the year grew by 10.0% to ₹ 1448.97 crores with margins being sustained at 9.1% in spite of unprecedented inflationary headwinds. The unprecedented increase in prices of key inputs was mitigated through focused cost management interventions across the value chain, premiumisation, product mix enrichment, judicious pricing actions and fiscal incentives. Inflation continues to remain a key monitorable for the Segment in the near term.

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- The FMCG-Cigarettes Segment rebounded during the year on the back of progressive normalisation of economic activity and concerted actions to reinforce market standing through strategic portfolio interventions and enhancing product availability backed by superior on-ground execution. Volumes surpassed pre-pandemic levels in the latter half of the year.
- After an extremely challenging FY 2020-21, the Hotels Segment witnessed smart recovery driven by the domestic leisure and wedding segments; business travel also saw progressive improvement, albeit remaining well below pre-pandemic levels. Pick-up in revenues together with relentless focus on cost management resulted in a positive swing of ₹ 346.63 crores in Segment EBITDA, despite considerable disruptions caused by the two waves of the pandemic during the year.
- The Agri Business Segment delivered stellar performance with Segment Revenue and Results growing by 28.7% and 25.6% respectively. This was driven by strong growth in wheat, rice, spices and leaf tobacco exports on the back of strong customer relationships, robust sourcing network and agile execution.
- The Paperboards, Paper & Packaging Segment recorded strong growth of 36.0% in Segment Revenue and 54.7% in Segment Results. This was aided by demand revival across most end-user segments, higher realisations, product mix enrichment and exports. Robust margin expansion of appx. 270 bps was achieved leveraging the integrated nature of the business model, Industry 4.0 and other digital interventions.

The Directors of your Company are pleased to recommend a Final Dividend of ₹ 6.25 per Ordinary

Share of ₹ 1/- each for the financial year ended 31st March, 2022. Together with the Interim Dividend of ₹ 5.25 per share paid on 4th March, 2022, the total Dividend for the financial year ended 31st March, 2022, amounts to ₹ 11.50 per share (previous year ₹ 10.75 per share). Total cash outflow on account of Dividends (including Interim Dividend of ₹ 6469.48 crores paid in March 2022) will be ₹ 14171.51 crores.

VALUE-ADDED AND CONTRIBUTION TO EXCHEQUER

Over the last five years, the Value-Added by your Company, i.e. the value created by the economic activities of your Company and its employees, aggregated over ₹ 250000 crores, of which over ₹ 172000 crores accrued to the Exchequer.

Including the share of dividends paid and retained earnings attributable to government owned institutions, your Company's contribution to the Central and State Governments represented over 75% of its Value-Added during the year.

Your Company has, over the years, ranked 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 your Company's 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\$ 8.2 billion, of which agri exports constituted 59%. Earnings from agri exports, which effectively link small farmers with international markets, are an indicator of your Company's contribution to the rural economy.

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During the financial year 2021-22, your Company and its subsidiaries earned ₹ 11472 crores in foreign exchange. The direct foreign exchange earned by your Company more than doubled to ₹ 9779 crores, mainly on account of exports of agri-commodities. Your Company's expenditure in foreign currency amounted to ₹ 2756 crores, comprising purchase of raw materials, spares and other expenses of ₹ 2456 crores and import of capital goods of ₹ 300 crores.

PROFITS, DIVIDENDS AND RETAINED EARNINGS

	₹ in crores	
PROFITS	2021 - 22	2020 - 21
a) Profit Before Tax	19829.53	17164.19
b) Tax Expense		
– Current Tax	4833.88	4035.36
– Deferred Tax	(62.18)	97.15
c) Profit for the year	15057.83	13031.68
d) Other Comprehensive Income	573.85	246.25
e) Total Comprehensive Income	15631.68	13277.93
STATEMENT OF RETAINED EARNINGS		
a) At the beginning of the year	28210.63	33596.14
b) Add: Profit for the year	15057.83	13031.68
c) Add: Other Comprehensive Income (net of tax)	23.66	(29.66)
d) Add: Transfer from share option on exercise and lapse	315.34	222.96
e) Less: Dividends		
– Final Dividend of ₹ 5.75 (2021: ₹ 10.15) per share	7077.59	12476.61
– Interim Dividend of ₹ 5.25 (2021: ₹ 5.00) per share	6469.48	6152.68
– Income Tax on Dividend paid	–	(13.98)
f) Transfer from Equity Instruments through Other Comprehensive Income reserve on renunciation of rights entitlements (net of tax)	–	4.82
g) At the end of the year	30060.39	28210.63

FMCG CIGARETTES

After facing significant challenges in FY 2020-21, the Business navigated through two disruptive waves of the pandemic during the year under review. Despite such disruptions, the Business progressively recovered in course of the year, surpassing pre-pandemic levels in the latter half. The Business effectively leveraged institutional strengths, digital technologies and learnings from prior waves to respond with agility across all nodes of operations. This included, inter alia, re-configuring and re-aligning supply chain operations to service market requirements through dynamic planning, strengthening direct reach in target markets across all traditional trade channels and augmenting the stockist network to service rural and semi-urban markets efficiently.

Your Company sustained its leadership position in the cigarette industry through its unwavering focus on nurturing a portfolio of world-class products anchored on superior consumer insights, robust innovation pipeline and world-class product development capabilities. Your Company continues to counter illicit trade and reinforce market standing by fortifying the product portfolio through innovation, democratising premiumisation across segments and enhancing product availability backed by superior on-ground execution. Several differentiated variants were introduced to cater to continuously evolving consumer preferences and ensure future-readiness of the product portfolio. These include innovative launches such as 'Classic Connect', 'Gold Flake Indie Mint', 'Gold Flake Neo SMART Filter', 'Wills Protech', 'Capstan Excel', 'American Club Smash', 'Gold Flake Kings Mixpod', 'Wave Boss' and 'Flake Nova'. The Business also expanded its presence in focus markets with the launch of differentiated offerings across segments.

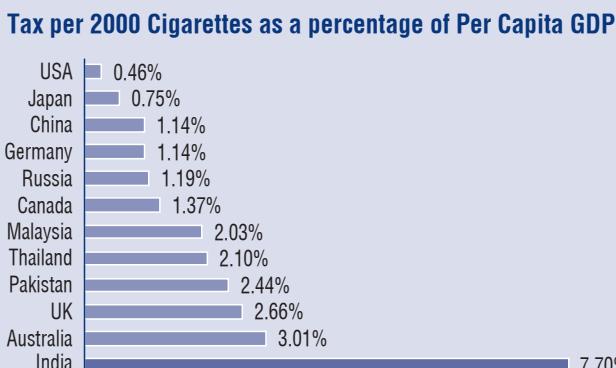
Globally, cigarette smoking is the dominant form of tobacco use. In the Indian context, tobacco use comprises a diverse range of chewing and smoking

Your Company and its subsidiaries earned
₹ 11472 crores in foreign exchange.

formats that are available at different price points, consequent to significant divergence in tax rates across different formats of tobacco. While India is the world's second largest consumer of tobacco, legal cigarettes constitute only 8% of overall tobacco consumption in India, as against a global average of 90%. It is pertinent to note that India accounts for less than 2% of global cigarette consumption despite comprising 18% of the world's population, making India's per capita cigarette consumption amongst the lowest in the world.

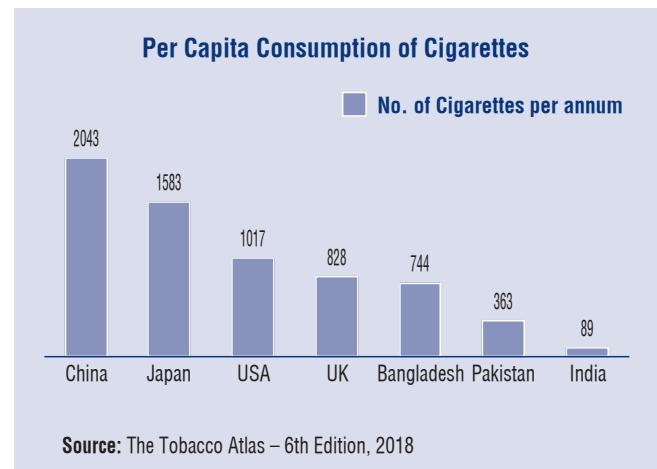
Over the years, discriminatory and punitive taxation on cigarettes has led to progressive migration from consumption of duty-paid cigarettes to other lightly taxed/tax-evaded forms of tobacco products, comprising illicit cigarettes and bidi, chewing tobacco, gutkha, zarda, snuff, etc. Consequently, while the share of legal cigarettes in total tobacco consumption has declined from 21% in 1981-82 to a mere 8%, aggregate tobacco consumption in the country has increased over the same period. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.

Taxes on cigarettes are one of the highest in India as depicted in the chart.



Taxes on cigarettes in India are multiple times higher than in developed countries viz. 17x of USA, 10x of Japan, 7x of Germany and so on. Further, the same is also substantially higher than that in neighbouring countries.

It is pertinent to note that India's per capita cigarette consumption is amongst the lowest in the world and is significantly lower compared to that of China, Japan, USA, UK and even neighbouring countries such as Bangladesh and Pakistan.



During the period 2012-13 to 2016-17, excise duty on cigarettes increased sharply at a CAGR of 15.7%; however, tax revenue from cigarettes grew by a mere 4.7% CAGR during the same period. In 2017-18, the legal cigarette industry was further impacted by a sharp rise of 20% in tax incidence as a result of increase in excise duty and transition to the GST regime. Thereafter, relative stability in taxation until January 2020 helped the legal industry partially claw back volumes lost to the illicit trade in earlier years; consequently, revenue collections witnessed a marked buoyancy growing by 10.2% during this period.

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Period	Increase in Tax Rate	Growth in Revenue Collections
2012-13 to 2016-17 (CAGR)	15.7%	4.7%
Apr'18-Jan'20 over Jul'17-Mar'18	–	10.2%

After a steep hike in taxation in February 2020, the respite from further increases in the subsequent period has provided an opportunity for the legal industry to partially recover volumes lost to illicit trade in earlier years.

Punitive taxes on the legal cigarette industry have resulted in rapid growth in illicit cigarette trade, making India the 4th largest illicit cigarette market globally according to Euromonitor estimates. Over the years this has created extremely attractive tax arbitrage opportunities for unscrupulous players indulging in illicit cigarette trade. While legitimate cigarette industry volumes have declined consistently over the last decade, illicit cigarette trade volumes, in contrast, have grown rapidly during the same period, accounting for about 1/4th of the domestic industry.

During the year, the media reported several cases of evasion of taxes/duties by dealers in illicit cigarettes which came to light because of raids conducted by Directorate General of GST Intelligence (DGGI). Several interventions in this area continue to be made by the respective authorities. As per the reply given by the Union Minister of State for Commerce & Industry in the Lok Sabha on 17th March, 2021, the seizure of illicit cigarettes has seen a quantum jump over previous years. It is estimated that on account of illicit cigarettes alone, revenue loss to the Government is appx. ₹ 17000¹ crores per annum. In respect of the

other tobacco products as well, the revenue losses are significant since about 68%² of the total tobacco consumed in the country remains outside the tax net.

Tobacco control measures in India have ranked amongst the most stringent in the world from the time of enactment of the Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975 to the present. India is also one of the few countries where tobacco products are regulated across the value chain – from their manufacture to sale to consumers. The Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 (COTPA) requires cigarette packages to bear the statutorily mandated pictorial and textual warnings covering 85% of the surface area of the packet - one of the largest in the world.

It may be observed that smuggled international brands of cigarettes do not bear any of the pictorial or textual warnings mandated by Indian laws or, bear much smaller pictorial warnings as per the tobacco laws of the countries from where these cigarettes originate. As reported in prior years, findings from research conducted by IMRB International, an independent market research organisation, show that the lack of pictorial warnings on packets of smuggled international brands of cigarettes or their diminutive size creates a perception in the consumers' mind that these illicit cigarettes are 'safer' than domestic duty-paid cigarettes that carry the 85% pictorial warnings. The combination of low prices to consumers consequent to tax evasion and the misleading perception created by the absence of statutory pictorial warnings provides significant buoyancy to illicit cigarette volumes.

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

¹ As per industry estimates

After a steep hike in taxation in February 2020, the respite from further increases in the subsequent period has provided an opportunity for the legal industry to partially recover volumes lost to illicit trade in earlier years.

India is among the top three tobacco growing countries in the world. Tobacco occupies a pre-eminent position in the Indian economy on account of its considerable contribution to the agricultural, industrial and export sectors³. The large and rapidly growing illicit cigarette trade also has a deleterious impact on farmers and farm workers engaged in the tobacco value chain. In India, cigarettes are manufactured largely using Flue Cured Virginia (FCV) tobacco grown in the states of Andhra Pradesh, Telangana and Karnataka. As smuggled international brands of cigarettes do not use Indian tobaccos, in addition to revenue losses, the growth of illicit cigarette trade has also resulted in a sharp drop in demand for Indian FCV tobaccos in the domestic market.

It is pertinent to note that several other major tobacco producing countries, including the USA, have established regulatory frameworks taking into consideration the economic interests of their tobacco farmers. The punitive and discriminatory taxation & regulatory regime on cigarettes in India continues to adversely affect the livelihood of Indian tobacco farmers with corresponding gains to those countries that have opted for moderate and equitable tobacco regulations. These developments, coupled with lower availability of Indian crop, lower export incentives in India and relative weakness of currencies in certain competing geographies have had a debilitating impact on 46 million livelihoods comprising tobacco farmers, farm workers, etc. who are dependent on the tobacco value chain. It is estimated that since 2014, Indian tobacco farmers have suffered a cumulative drop in earnings of over ₹ 7000 crores. As seen in

the past, stability in taxes on cigarettes enables the legal cigarette industry to claw back volumes lost to illicit trade, thereby engendering domestic demand for Indian tobaccos, while also mitigating loss of tax revenue to the Exchequer due to illicit trade.

As reported in earlier years, your Company and several other stakeholders had challenged the validity of the pictorial and textual warning covering 85% of the surface area of the packet prescribed under COTPA. The Honourable Karnataka High Court, by its judgement in December, 2017, held the 85% pictorial warnings to be factually incorrect and unconstitutional. Upon Special Leave Petitions filed by the Government and others, the Honourable Supreme Court has stayed the judgment of the High Court. The cases are pending before the Honourable Supreme Court.

The extremely stringent regulations along with the discriminatory and steep taxation on cigarettes have had numerous negative, albeit unintended repercussions. These include:

- rapid growth in illicit cigarette volumes, which resulted in sub-optimisation of the revenue potential of the tobacco sector and significant loss to the Exchequer. It is estimated that on account of illicit cigarettes alone, revenue loss to the Government is appx. ₹ 17000 crores per annum.
- widespread availability of illicit cigarettes and other tobacco products of dubious quality and hygiene to consumers at extremely affordable prices. As a result, despite accounting for less than 1/10th of the tobacco consumed in the country, duty-paid cigarettes contribute more than 4/5th of the revenue generated from the tobacco sector.
- a large component of tobacco consumption in the country, aggregating around 68%, remaining outside the tax net.

³ Report on Tobacco Control in India, Ministry of Health & Family Welfare, Govt. of India, 2004 (Jointly supported by Centers for Disease Control and Prevention, USA and the World Health Organisation).

As seen in the past, stability in taxes on cigarettes enables the legal cigarette industry to claw back volumes lost to illicit trade, thereby engendering domestic demand for Indian tobaccos, while also mitigating loss of tax revenue to the Exchequer due to illicit trade.

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– persistent negative impact on the livelihood of tobacco farmers and others dependent on tobacco. Studies by the Central Tobacco Research Institute (CTR) indicate that on account of agro-climatic conditions, there is no equally remunerative alternate crop that can be grown in the FCV tobacco growing regions of the country.

Your Company continues to engage with policy makers for a framework of pragmatic, equitable, non-discriminatory, evidence-based regulations and taxation policies that balance the economic imperatives of the country and tobacco control objectives, cognising for the unique tobacco consumption pattern in India. Stability in taxes is critical for addressing the interests of all the stakeholders of this industry, including the tobacco farmers, the Exchequer and the consumers.

As in the past, the research and development initiatives of your Company continue to add to the country's bank of Intellectual Property Rights (IPR). In addition to grant of several patents in earlier years, it is deeply satisfying to report that your Company has been granted six more patents during the year.

Manufacturing facilities continue to be modernised by inducting contemporary technologies to drive innovation and secure higher levels of productivity and product excellence. New benchmarks were set in areas of quality, sustainability, supply chain responsiveness and productivity. Cutting-edge technologies such as Industry 4.0 and Data Sciences were leveraged to build a smart manufacturing environment of connected systems. These initiatives, coupled with innovative capabilities, in-house design and development expertise, have further improved the speed-to-market of new launches and augmented the innovation pipeline of the Business.

It is extremely satisfying to report that your Company continued to be recognised for its commitment towards operational excellence. The Bengaluru and Ranjangaon units were adjudged 'Winner' in Frost and Sullivan 2021 Project Evaluation & Recognition Program (PERP) in Robotics & Automation, Quality Excellence, and Artificial Intelligence categories in the Manufacturing Sector.

In line with your Company's commitment to the 'Triple Bottom Line', the Business has put in focused efforts through innovative interventions for resource conservation and adoption of best-in-class technologies and processes. More than 50% of the total energy used by the Business is generated from renewable sources. Various interventions over the years like investments in renewable energy sources, continued wheeling of wind energy through interstate open access and purchase of renewable energy from Indian Energy Exchange (IEX) have enabled the same. Sustainability initiatives of the Business continued to be recognised with Saharanpur, Kidderpore and Bengaluru units receiving the 'National Energy Leader Award', 'Excellent Energy Efficient Unit Award' and 'Energy Efficient Unit Award' respectively at the CII National Award for Excellence in Energy Management 2021. The Munger unit received 'Most Innovative Project Award' at the CII National Award for Environmental Best Practices 2021. The 21 MW wind farm in Karnataka also received 'Best Performing Wind Farm Award' in Karnataka, Andhra Pradesh & Telangana by Indian Wind Power Association for FY 2020-21. The Kidderpore unit won the EFI CII National Award for 'Significant Achievement in Employee Relations 2021' for excellence in Employee Relations practices.

Manufacturing facilities continue to be modernised by inducting contemporary technologies to drive innovation and secure higher levels of productivity and product excellence.

While respite from further increase in taxes has provided the legal cigarette industry an opportunity to claw back volumes lost to illicit trade, the operating environment remains challenging due to elevated levels of taxation, high share of illicit trade and disproportionate regulatory pressures. Notwithstanding these challenges, your Company remains confident of responding with agility to the dynamic environment and fortifying its market standing in the legal cigarette industry leveraging its superior strategies, future-ready portfolio, robust innovation pipeline, cutting-edge manufacturing & digital technologies and best-in-class execution capabilities.

FMCG – OTHERS

During the year, the FMCG industry witnessed moderation in growth mainly due to subdued demand conditions especially in rural markets, high inflation eating into household budgets and high base effect in certain categories such as Staples & Convenience Foods. Health & Hygiene personal care products witnessed demand volatility in line with varying intensity of the pandemic, while remaining significantly above pre-pandemic levels. Discretionary/Out-of-Home categories witnessed strong growth on a favourable base and surpassed pre-Covid levels driven by improved mobility and progressive return to normalcy. The year saw an unprecedented increase in prices of key inputs such as edible oils, packaging materials, soap noodles, fuel, logistics, etc. which exerted considerable pressure on margins. This was mitigated by adopting a comprehensive approach across the value chain entailing sharp focus on cost management, portfolio premiumisation, competitive trade and marketing investments, fiscal incentives, supply chain agility and judicious pricing actions.

Notwithstanding the challenging conditions prevailing during the year, your Company's FMCG businesses recorded Segment Revenue of ₹ 15994.49 crores representing an increase of 8.6% over the previous year. Segment EBITDA for the year grew by 10.0% to ₹ 1448.97 crores with margins being sustained at 9.1% in spite of unprecedented inflation in input costs as aforesated.

A consumer-centric approach, backed by speed and agility in execution, was at the core of your Company's response in navigating the heightened uncertainty and volatility in the operating environment. Digital technologies and platforms continue to be leveraged to effectively service emergent consumer demand across channels.

Your Company remains focused on building purpose-led brands powered by agile innovation and anchored on larger consumer needs. The Businesses continue to leverage digital technologies and platforms towards enhancing consumer experience. Strategic interventions in this area are aimed at delivering delightful brand experiences seamlessly across touchpoints through personalised journeys mapped to individual's needs, preferences and context. The Businesses continue to increasingly leverage 'Sixth Sense', the Marketing Command Centre and Consumer Data Hub – an AI-powered hyper-personalised platform backed by a robust partner ecosystem for content and data - to gain insights on market trends and consumer behaviour, and synthesise the same to craft contextual and hyper-personalised brand communication and product development. Over 3,000 content assets have been deployed leveraging this capability within a relatively short span of time at significantly lower cost.

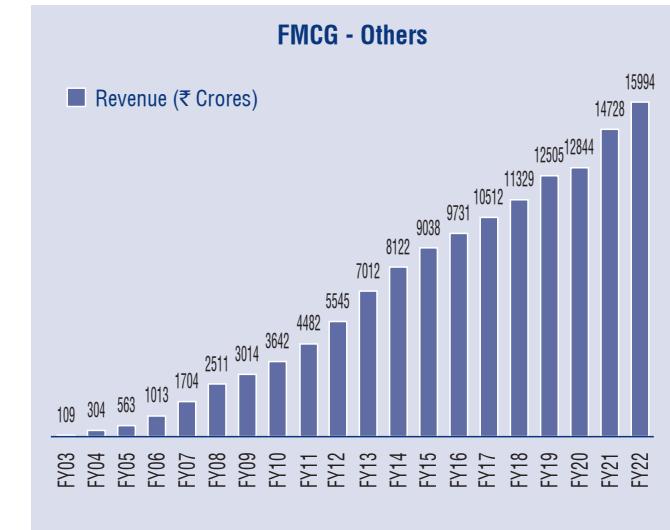
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Your Company continues to leverage deep consumer insights and cutting-edge R&D capability to fuel growth by addressing present and emergent consumer need spaces. Over 110 new products were launched across target markets during the year, leveraging the robust innovation platforms of your Company's Life Sciences and Technology Centre (LSTC).

Cutting-edge digital technologies including Industry 4.0, Advanced Analytics, Big Data and industrial Internet of Things (IoT) continue to be deployed towards strengthening your Company's real time operations and execution platform. Several digitally powered interventions are underway towards enhancing productivity, driving efficiency and reducing costs. These initiatives are anchored on the key pillars of synchronised planning and forecasting, next generation agile supply chain, smart manufacturing and sourcing, and smart demand capture and fulfilment. Strategic investments are also being made towards enhancing value creation leveraging data and analytics. Key interventions include augmenting your Company's NextGen data architecture powered by Artificial Intelligence/Machine Learning (AI/ML), identifying and prioritising use cases for impactful outcomes and setting up a Data Science academy comprising data scientists and engineers to strengthen data and analytics programmes.

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



Your Company's vibrant portfolio of over 25 world-class Indian brands, largely built through an organic growth strategy in a relatively short period of time, represents an annual consumer spend of over ₹ 24000 crores and reach over 200 million households in India. These home-grown, purpose-led Indian brands support the competitiveness of domestic value chains, especially in the agri space, thereby ensuring creation and retention of value within the country.

Your Company's FMCG brands have achieved impressive market standing⁴ in a relatively short span of time in their respective categories viz. Aashirvaad is No. 1 in Branded Atta, Bingo! is No. 1 in the Bridges segment of Snack Foods (No. 2 overall in Snacks & Potato Chips), Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, Engage is No. 1 in women's Deo, Savlon is No. 1 in Surface Disinfectant spray, Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment), Nimyle is No. 2 in Floor Cleaners (No. 1 in Herbal Floor Cleaners) and YiPPee! is No. 2 in Noodles.

⁴ Source: Nielsen, Kantar Household Panel

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Your Company remains focused on rapidly scaling up the FMCG businesses anchored on strong growth platforms and a future-ready portfolio. It is pertinent to note that these categories, which are largely characterised by low household penetration levels and/or low per capita consumption, offer significant headroom for long-term growth. This is borne out by several reports which highlight that your Company's total addressable market expansion potential is amongst the highest in the Indian FMCG space. In this context, it is pertinent to note that your Company is well poised to address adjacent growth opportunities by leveraging the 25+ powerful mother brands it has established over the years. Recent examples of such brand extensions include Aashirvaad to Dairy, Ready-to-Eat, Vermicelli, Salt and Spices; Sunfeast to Dairy Beverages and Cakes; Bingo to Namkeens; ITC Master Chef to Frozen Snacks and cooking pastes; Savlon to surface and clothes disinfectant sprays, sanitizers, masks, etc. Simultaneously, the FMCG Businesses continue to make strategic investments in building categories of the future and establishing your Company's 'right to win' by progressively scaling up those nascent categories where beachheads have been created. Your Company is also proactively pursuing value accretive acquisition, joint venture and collaboration opportunities in strategic areas towards accelerating growth and value creation.

The FMCG Businesses continue to expand their export footprint leveraging the equity of their world-class brands – with a reach now spanning over 60 countries. The recently announced PLI Scheme is expected to provide further fillip to exports of your Company's products across Biscuits & Cakes, Snacks, Dairy and Ready-to-Eat categories. Your Company also continues to explore opportunities in proximal markets as a potential vector of growth going forward.

The FMCG Businesses continue to create structural competitive advantages and enhance profitability by leveraging world-class distributed infrastructure, multi-channel distribution network, delayered operations, smart buying & value engineering and smart manufacturing anchored on the twin pillars of digital and sustainability. Investments over the years in several state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) have laid a strong foundation to drive structural advantages such as ensuring product freshness, enhancing agility and responsiveness of the supply chain, reducing cost of servicing proximal markets through lower distance-to-market etc. Capacity utilisation at the 10 operational ICMLs continues to be ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality. With increasing scale, supply chain operations are being increasingly delayered through direct-to-market shipments thereby reducing freight costs and eliminating multiple handling. Your Company is confident that these strategic interventions which are already delivering substantial benefits will realise their full potential over the medium term and continue to create long-term value.

The unprecedented inflationary headwinds pose significant challenges in the near term and remain a key monitorable for the FMCG industry. Your Company continues to take proactive measures to counter the impact of such headwinds across all nodes of operations and deliver competitively superior performance leveraging its institutional strengths and harnessing advantages of scale, smart buying initiatives and world-class talent in a consumer-centric, agile and innovative manner.

[
 Capacity utilisation at the 10 operational Integrated Consumer Goods Manufacturing and Logistics facilities continue to be ramped up along with focused smart manufacturing interventions leveraging automation and Industry 4.0 technologies to drive operational efficiencies, yield and energy management and further enhance safety and quality.
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Notwithstanding the short-term challenges, the structural drivers of long-term growth such as rising disposable incomes and consumer awareness, low levels of penetration of consumer goods, favourable demographics, increasing urbanisation and growing preference for trusted brands remain firmly in place in India. Your Company remains confident of rapidly scaling up its FMCG Businesses on the back of a strong future-ready portfolio powered by world-class quality, superior consumer insights and product quality, cutting-edge innovation, agile and efficient supply chain and purpose-led brands.

The Businesses will continue to leverage their institutional strengths viz. strong backward linkages with the Agri Business, a deep and wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, packaging knowhow and access to robust R&D platforms nurtured by LSTC. Investments in innovation, smart & agile value chains, state-of-the-art distributed manufacturing footprint and digital technologies will continue to be pursued to strengthen market standing and seize growth opportunities going forward.

Branded Packaged Foods

The recurring waves of the pandemic, continued supply chain disruptions, volatility in demand along with unprecedented inflationary headwinds, particularly in edible oil and packaging material, posed severe challenges to the Branded Packaged Foods industry during the year.

Against the backdrop of an extremely challenging operating environment as aforesated, your Company sustained its position as one of the fastest growing branded packaged foods businesses in the country, leveraging a robust portfolio of brands, a slew of first-to-market offers, a range of distinctive products customised to address regional tastes and

preferences, supported by an efficient supply chain and distribution network.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, wellness, immunity, naturals, indulgence and convenience. The Businesses launched several innovative and first-to-market products leveraging superior consumer insights, capabilities of your Company's Life Sciences and Technology Centre (LSTC) and the cuisine expertise resident in your Company's Hotels Business. While strengthening its core portfolio, the Businesses continue to explore opportunities in value-added adjacencies leveraging powerful mother brands and build categories of the future.

The Businesses continued to make sharp targeted brand building investments and scaling up their nascent categories. Clutter-breaking advertising campaigns and consumer engagement both in conventional and digital media along with focused market development efforts resulted in reinforcement of brand positioning for your Company's bouquet of world-class brands in the Branded Packaged Foods space. Digital campaigns launched during the year received wide recognition and won prestigious awards across leading platforms. Some of the key awards received during the year include 'A Lot Can Happen Inside' Gold for Best Brand Influencer Collaboration by IAMAI for Sunfeast Dark Fantasy, 'Augmented Reality Snapchat Lens' Gold for Augmented Reality by Digital Crest Awards for Sunfeast YiP Pee!, 'Leveraging a community to be the voice of the brand' Gold for Most Organic Campaign by Impact Digital Influencer Awards for Aashirvaad Atta and Best use of Digital Media by Digixx 2022 for ITC e-Store. Your Company also collaborated with several social influencers to deepen consumer engagement.

The Branded Packaged Foods Businesses remain focused on addressing emerging consumer needs with innovations anchored on the vectors of health, wellness, immunity, naturals, indulgence and convenience. The Businesses launched several innovative and first-to-market products addressing emerging consumer needs.

The Businesses continue to increasingly leverage ‘Sixth Sense’, the Marketing Command Centre and Consumer Data Hub. Focused consumer conversations and sharp cohort-based insights have enabled your Company’s world-class brands to create innovative marketing campaigns in both Web 2.0 & 3.0 (Gaming and Metaverse), with interventions using Augmented/Virtual Reality and Artificial Intelligence providing a unique opportunity to interact with next generation consumers. The rise of social commerce has created unique opportunities for brands to engage with their target audience using social media. During the year, your Company launched its first social commerce event – ITC Store Jugalbandi – a fusion of food and music, with the event being virtually hosted by ITC Store in association with ITC Master Chef Frozen Snacks.

Relentless focus on delivering superior quality products to consumers continues to be a key source of sustainable competitive advantage for the Branded Packaged Foods Businesses. In this context, the Businesses continue to leverage the agri-commodity sourcing expertise resident in your Company’s Agri Business to procure high quality raw materials thereby ensuring the highest levels of quality, consistency 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.

- In the Staples Business, ‘Aashirvaad’ posted a resilient performance on a high base and fortified its market standing across geographies, while addressing emerging consumer preferences for healthy products and catering to regional tastes. The value-added portfolio, consisting of Multigrain, Select and Sugar Release Control Atta, posted

robust growth driven by higher salience in Modern Trade and e-Commerce channels. ‘Aashirvaad Nature’s Super Foods’, a differentiated range of products comprising Gluten Free Flour, Ragi Flour, Multi-Millet Mix, Organic Atta and Organic Dals continued their robust growth trajectory. These products are available across select General and Modern Trade outlets as well as leading e-Commerce platforms. The range of value-added products was further augmented with the launch of ‘Aashirvaad Vermicelli’ during the year. The Business also forayed into Frozen Indian Flat Breads (Paratha, Naan and Chapati) to service export markets. Focused and purposeful marketing inputs, consumer activations and region-specific interventions supported by sharply directed media investments, especially in digital platforms, enabled further improvement in Aashirvaad’s brand health metrics. Powered by the trust reposed by nearly 74 million households, your Company is confident of sustaining Aashirvaad’s position as India’s No. 1 Atta brand going forward.

As highlighted in prior years, the Business continues to contend with increased competitive intensity post the implementation of 5% GST on branded atta. While it has been the Government’s intention to provide relief of nil rate of GST only to small and local manufacturers thereby benefiting consumers with lower priced staple products, many unscrupulous players have used this distinction in rates as an attractive tax-evasion/avoidance opportunity, by classifying their products as unbranded or with a declaration that all actionable claims or rights associated with brand identity have been foregone, while continuing to market the product with brand names and distinct trademarks. This inequitable GST differential between branded and unbranded players has resulted in market

[The Businesses continue to leverage the agri-commodity sourcing expertise resident in your Company’s Agri Business to procure high quality raw materials thereby ensuring the highest levels of quality, consistency and safety of its products.]

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distortion, widening the price gap between national registered brands and local unregistered brands and acts as a disincentive to invest in value creation for the Food Processing sector.

Supported by its new positioning, 'Created by Sun and Sea - pure just like nature intended it to be', Aashirvaad Salt strengthened leadership in key focus geographies and posted healthy growth during the year. The two recently launched variants – Crystal salt in Southern markets and Proactive salt (15% Lesser Sodium) – were scaled up during the year.

In the Spices category, integration of M/s. Sunrise Foods Private Limited with your Company was successfully completed. The Sunrise brand delivered robust growth during the year and further strengthened its market standing as the leader in its core market of West Bengal on the back of increased market penetration and heightened consumer engagement initiatives. The brand was extended to other markets in the East/North East and is amongst the top spices brands in the region. The Business deployed region-specific communication strategy to enhance consumer engagement. 'Aashirvaad Spices' continues to enhance its presence in blended spices in emerging channels and core markets to enable full portfolio play. Together, the two brands are well positioned to leverage your Company's institutional strengths to progressively enhance their market standing further.

– After witnessing sharp growth in the previous year, the Biscuits category strengthened its portfolio leveraging superior capability across innovative product/technology platforms. The Business continued to focus on the premium segment to enhance brand affinity and increase penetration

in emerging channels. Unique capabilities in 'Fills' technology were leveraged to launch innovative variants, both under 'Sunfeast Dark Fantasy' and 'Sunfeast Bounce Fills' and create new benchmarks in the premium indulgence space. Product portfolio was augmented with the launch of 'Sunfeast Bounce Fills' in several exciting flavours - Orange Vanilla, Strawberry Vanilla and Choco Crème. The 'Sunfeast Dark Fantasy' range of differentiated cookies sustained its leadership position in the premium segment. The range was augmented with the launch of innovative variants – 'Sunfeast Dark Fantasy Vanilla Fills' and 'Sunfeast Dark Fantasy Desserts'. The Cakes portfolio was also strengthened with the launch of Sliced Cakes.

- Despite being impacted by multiple waves of the pandemic, the Snacks Business sustained its robust growth trajectory during the year, primarily driven by its core portfolio comprising 'Bingo! Tedhe Medhe', 'Bingo! Potato Chips' and the 'Bingo! Mad Angles' range. 'Bingo!' continues to be the market leader in the Bridges segment, and in the potato chips segment in South India. Several innovative variants were launched during the year including Cream & Onion flavour under Bingo! Potato Chips, 'Chatar Matar' under Bingo! Tedhe Medhe and Tomato flavour under 'Bingo! No Rulz Curlz'. The 'Tedhe Medhe' range of Namkeens was augmented with the launch of four new variants – Punjabi Tadka, Moong Dal, Navrattan Mix and Khatta Meetha. The Business enhanced consumer engagement through innovative and exciting communication initiatives leveraging the brand's association with Ranveer Singh.
- The Instant Noodles category witnessed normalisation of demand during the year after a sharp surge in previous year. Product portfolio was

Sunrise brand delivered robust growth during the year and further strengthened its market standing as the leader in its core market of West Bengal.

augmented with the launch of Max Masala in target markets. Innovative media campaigns, focused digital interventions and celebrity endorsements with MS Dhoni continued to create buzz around the brand, resulting in sustained traction with consumers. The ‘YiPPee!’ brand continued to strengthen its consumer franchise and consolidated its market standing as a strong No. 2 brand.

- The Ready-To-Eat (RTE) category grew significantly in the institutional and domestic segments led by Modern Trade and e-Commerce channels. In order to enhance consumer convenience, innovative microwavable pouches of products under the ‘Kitchens of India’ brand were introduced in the US and are receiving encouraging consumer response.

In the Frozen Snacks category, the range of ‘ITC Master Chef’ products comprising several differentiated variants continues to garner increasing consumer franchise. During the year, the Business expanded the portfolio by foraying into the ‘plant based meat’ space under the ‘ITC Master Chef’ brand. With rapidly evolving consumer tastes and preferences, this area is expected to offer substantial headroom for growth over the medium term. In addition, four new products were launched in the retail segment. In a short span of time, the Business has expanded availability to 100+ markets. Accessibility of the range is being further scaled up via e-Commerce and direct-to-home models, with product assortments being crafted for specific channels in line with consumer demand.

- In the Dairy & Beverages Business, the ‘Aashirvaad Svasti’ fresh dairy portfolio comprising pouch milk, pouch curd, lassi and paneer,

continued to gain strong consumer traction on the back of best-in-class quality standards and superior taste profile. These products are currently available in Bihar and West Bengal. During the year, value-added fresh dairy segment was augmented with the launch of a new mango flavoured lassi. The Business also introduced a bucket curd offering for its institutional customers. In order to further broaden its portfolio, the Business launched ‘Mishti Doi’, a traditional delicacy of West Bengal, in cup format under the Aashirvaad Svasti brand. The Business also launched Aashirvaad Svasti Easy Digest Milk – West Bengal’s first lactose-free milk in pouch format, to fulfil dairy needs for those seeking solutions to milk indigestion issues without compromising on nutrition and taste. Aashirvaad Svasti Ghee continued to receive excellent product feedback and garner increasing consumer franchise. The Sunfeast range of milk shakes was augmented with the launch of Protein Shake and Mango Smoothie and are being extended to target markets.

The ‘B Natural’ range of juices faced severe disruptions during the peak summer season in FY 2021-22 due to the second wave of the pandemic. Amidst extremely challenging circumstances, B Natural continued to deepen consumer connect by leveraging its ‘goodness of fruit and fibre’ proposition. The product portfolio was augmented with launch of differentiated variants of ‘B Natural-Nutrilite’; these ‘No added sugar’ products were developed leveraging LSTC’s expertise in nutrition and Nutrilite’s ingredients. In recent years, the Business has strengthened presence in the rapidly emerging Direct to Consumer (D2C), Travel and QSR segments. Partnerships with alternate delivery

In the Frozen Snacks category, the range of ‘ITC Master Chef’ products comprising several differentiated variants continues to garner increasing consumer franchise.

During the year, the Business expanded the portfolio by foraying into the ‘plant based meat’ space under ‘ITC Master Chef’ brand.

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channels enhanced product availability in spite of disruptions in traditional trade channels.

These strategic alliances along the vectors of portfolio, product and positioning have laid a strong foundation to enhance the market standing of the B Natural range going forward.

- In the Chocolates, Coffee & Confectionery Business, the Confectionery category witnessed progressive recovery and continued to focus on building its premium portfolio leveraging ‘Fantastik Choco Sticks’ and ‘Jelimals’. The Fantastik range was augmented with the launch of a vanilla variant while the Jelimals range was enhanced with the launch of ‘Jelimals Nutrition+’ (vitamin fortified jellies), ‘Jelimals Yummy Space Jellies’ – an exciting format with space themed jellies and ‘Jelimals Tasty Sparkles’.

‘Fabelle’ chocolates continue to perform well in the luxury segment and received encouraging product and market feedback. During the year, availability of Fabelle was enhanced through Quick Commerce in Delhi and Bengaluru; alternate platforms including the ITC e-Store, e-Commerce channels, food delivery aggregators and the takeaway menus of ITC Hotels continue to be leveraged to enhance product accessibility. Fantastik Chocobar XL, launched last year in the popular segment at convenient price points, continued to garner positive consumer traction; availability of the product was further scaled up during the year.

- ‘Sunbean Beaten Caffe’, a unique ready-to-use beaten coffee paste that produces a rich, creamy and frothy cup of coffee, continues to receive favourable response from discerning consumers. The Business has also introduced a premium ‘Strong’ variant for consumers demanding a stronger cup of coffee.

- Acute shortage in container availability and steep increase in ocean freight rates adversely impacted exports in the first half of the year. However, the business bounced back strongly in the second half, powered by the growing franchise of your Company’s brands amongst the Indian diaspora. The Branded Packaged Foods Businesses currently export to nearly 60 countries across the globe. Going forward, the Businesses propose to rapidly scale up exports across categories by leveraging the brand equity of core brands such as Aashirvaad, Sunfeast and Kitchens of India and investment-led incentives under the Government of India’s PLI Scheme.
- New launches across categories continue to garner excellent consumer response and are being scaled up in the target markets.

Over the years, your Company has invested in setting up state-of-the-art Integrated Consumer Goods Manufacturing and Logistics facilities (ICMLs) proximal to large demand centres. These facilities are at the heart of your Company’s strategy to create structural advantage by enhancing product freshness, improving market responsiveness, reducing the cost of servicing proximal markets and ensuring the highest standards of product hygiene, safety and quality. The ICMLs also enable scalability, besides setting new benchmarks in quality, safety, productivity and process excellence.

Your Company commissioned a new ICML at Medak, Telangana in March 2022. With this, ten ICMLs are operational in locations proximal to large demand centres enabling delivery of fresher products, reduction in distance to market and higher cost agility. Capacity utilisation at existing ICMLs continued to be ramped up. Several of these manufacturing facilities represent industry leading gender diversity in the labour force. With every successive ICML coming on-stream, the representation of women

The Branded Packaged Foods Businesses currently export to nearly 60 countries across the globe. Going forward, the Businesses propose to rapidly scale up exports across categories by leveraging the brand equity of core brands such as Aashirvaad, Sunfeast and Kitchens of India and investment-led incentives under the Government of India’s PLI scheme.

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has progressively increased, with the recent ICMLs at Pudukkottai and Medak having women representation at 79% and 100% of the on-roll labour force, respectively. The ICML units received several prestigious awards and accolades during the year from leading industry bodies such as the Confederation of Indian Industry (CII), Union Ministry of Labour & Employment, Food and Agriculture Centre of Excellence, etc. for their high standards of safety, quality, operational excellence and benchmarks in green and sustainable manufacturing.

The Business implemented several strategic cost management initiatives in areas such as supply chain optimisation, smart procurement and productivity improvement through automation, leveraging new-age technologies such as Industry 4.0 and smart utilities. These interventions aided in partially mitigating the steep escalation in input costs, absorbing start-up costs of new facilities and strategic investments in brand building for new categories viz. Dairy, Juices, Chocolates and Coffee.

A big thrust on India's Food Processing sector, which lies at the intersection of value-added agriculture and manufacturing, can lead to significant job creation. The sector also holds immense potential to enhance rural incomes and help manage food inflation. Recognising this potential and headroom for growth in the Indian market, your Company has made significant investments in food processing and remains focused on establishing itself as the leading player in the branded packaged foods industry. The PLI Scheme for the food processing industry, with an estimated outlay of ₹ 10900 crores, is expected to not only boost farmer incomes but also infuse fresh investments, build Indian brands for the global market and promote exports. Your Company has been included under the PLI Scheme towards sales-based incentives in the Ready to Eat, Fruits &

Vegetables and Marine categories respectively, as well as for incentives towards expenditure incurred for branding and marketing in export markets.

Your Company is well poised to strengthen its position as one of the fastest growing food companies and the 'most trusted provider of food products' in the Indian market in line with its purpose to 'Help India Eat Better'. Your Company remains confident of rapidly scaling up the Branded Packaged Foods Businesses leveraging the strong growth platforms nurtured over the years in chosen categories which offer immense headroom for growth and powerful purpose-led mother brands that have the potential to be extended to address opportunities in adjacent spaces. In addition, your Company's deep & wide multi-channel distribution network, with growing presence in emerging channels such as e-Commerce, Modern Trade, on-the-go and institutional sales, continues to deliver competitive advantage through superior product availability, visibility and freshness. Recent investments in establishing a world-class distributed manufacturing footprint have created a solid foundation to secure structural advantage over time. Cutting-edge R&D platforms of your Company's LSTC are driving agile innovation and faster turnaround times for introduction of differentiated & first-to-market products catering to constantly evolving consumer needs. Investments in leading-edge digital technologies and platforms continue to be stepped up across the value chain to drive competitive advantage.

Personal Care Products

The operating environment during the year under review was rendered extremely challenging with the twin effects of recurrent pandemic waves and persistently high levels of commodity inflation. Industry volumes remained under pressure due to sharp increase in inflation constraining household

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budgets, especially in the latter half of the year. Rural markets also remained subdued, with the second wave of the pandemic causing significant disruptions. Further, the Health & Hygiene segment, which had grown significantly last year, witnessed marked volatility in demand in line with the varying intensity of the pandemic, albeit remaining above pre-pandemic levels.

Your Company's Personal Care Products Business continued to demonstrate agility and responsiveness to the dynamic market conditions leveraging its core strategic levers of building brands with purpose, first-in-category innovations, focus on categories of the future and accelerating presence in emerging channels. Improved product availability and agile response to demand volatility enabled the Business to navigate the challenging operating environment during the year.

In the Personal Wash segment, 'Fiama' continued to strengthen its brand equity of 'joyful bathing and mood upliftment', registering healthy growth over the previous year. This was driven by increase in direct distribution and household penetration and growth in e-Commerce channel. Catering to the emerging consumer preference for Naturals, the Business launched innovative offerings in the gel bar format viz. 'Fiama Amyris & Cedarwood Oil' and 'Fiama Green Apple & Brazilian Orange Oil'. The Vivel range of soaps continued to be well received by consumers. Both Fiama and Vivel have been frontrunners in adopting sustainable packaging. The carton soap portfolio for both brands has fully migrated to recyclable paperboard cartons; Vivel wrapped soap portfolio has also been transitioned to recyclable packaging. Further, Fiama Shower Gel bottles are now made with 30% Post-Consumer Recycled (PCR) material. These innovative packaging solutions have been developed leveraging the synergistic capabilities of

your Company's Packaging and Printing Business and Life Sciences and Technology Centre (LSTC) and are a testament to your Company's philosophy of embedding sustainability into its business value chains.

'Savlon' reinforced its position as one of the most preferred brands for expert germ protection. In spite of demand volatility in line with COVID caseload intensity, sales of Health and Hygiene portfolio remains significantly above pre-pandemic levels. Leveraging the brand's strong 'germ-protection' equity, the portfolio was augmented with the launch of 'Savlon Powder Handwash' in consumer-friendly low unit packs to democratise the category by generating trials and driving penetration. The brand continues to be the clear market leader in Surface Disinfectant spray category. As per IQVIA survey, Savlon has emerged as the 'Doctors' Most Trusted' brand in Antiseptic Liquid, Handwash and Surface Disinfectant Spray categories.

The Business leveraged the 'Nimyle' brand and the equity associated with 'Nim' to expand presence in the Home Hygiene segment. During the year, Nimyle recorded strong growth and strengthened its leadership position in West Bengal and Odisha. The brand was rolled-out nationally and continued to garner increasing consumer franchise backed by clutter-breaking communication anchored on Naturals proposition coupled with product's efficacy against virus strains. 'Nimeasy' - an enzyme-based eco-friendly Dishwash Gel launched recently continued to gain encouraging response premised on its differentiated positioning.

The Fragrance industry continued to be impacted on account of the pandemic as mobility restrictions reduced occasions of product use. As a result, category penetration levels have witnessed a decline over the last two years. Notwithstanding these

Your Company's Personal Care Products Business continued to demonstrate agility and responsiveness to the dynamic market conditions leveraging its core strategic levers of building brands with purpose, first-in-category innovations, focus on categories of the future and accelerating presence in emerging channels.

challenges, the Business registered strong growth on a relatively soft base and is expected to pick-up to pre-pandemic levels in the near term. The Business continued to introduce innovative products during the year; the range was augmented with the launch of L'amante Click & Brush Perfume Pen, a unique gel-based perfume in the premium segment as well as four new variants of deodorants - Floral Zest, Garden Mystique, Ocean Zest, Spice Mystique. The Business also launched 'Engage ON Chhota pocket' as a value-for-money offering and a new 'Moderna' range designed especially for Modern Trade and e-Commerce channels. Leveraging the capabilities of your Company's Life Sciences and Technology Centre, the Business launched 'Engage Fragrance Finder', an AI-powered, technology-enabled experience that aids the selection of fragrances based on the consumer's preferences and occasion of usage. The 'Engage L'amante' and 'EDW Essenza' range of fragrances continues to receive encouraging response from discerning consumers and is well positioned to address the increasing trend of premiumisation witnessed particularly in the e-Commerce channel.

The Business continued to strengthen its presence in the premium skincare space through its digital-first brand, 'Dermafique' and in the popular space through 'Charmis'. Growth in the skincare category was driven by sharply focused marketing initiatives, product and brand refresh and vibrant communication campaigns.

In keeping with its strategy of winning in emerging channels, the Business bolstered its presence in the rapidly growing e-Commerce channel and continues to widen its assortment of offerings tailored to consumer needs. During the year, salience of the e-Commerce channel stood at double digits for the Business.

In furtherance of your Company's strategy to scale up presence in the naturals and ayurvedic space

as well as in the fast-growing D2C channel, during the year, your Company acquired a minority stake in 'Mother Sparsh', a premium ayurvedic and natural personal care startup, with focus on mother and baby care segments. Further, in April 2022, your Company acquired a minority stake in 'Mylo', a full stack community eco-system which addresses the parenting needs of consumers. The investments will enable your Company to progressively enhance presence in this area which has enormous growth potential, besides leveraging its early mover advantage in the rapidly evolving D2C space.

The Business continued to leverage creative brand campaigns and social media platforms towards deepening consumer engagement through purpose driven brands across its portfolio.

Vivel's #RespectWorkForHome campaign, which subtly spotlights the chores enabling smooth functioning of a household as being no different from managing work at a professional workplace, resonated well with the target consumers. In order to promote mental wellness, Fiama launched 'Virtual Therapy' sessions in association with 'MINDS Foundation' to encourage proactive conversations and awareness on mental well-being.

Your Company is setting up a state-of-the-art Personal Care and Home Care products manufacturing unit in Uluberia, West Bengal, in line with its strategy of building in-house manufacturing capabilities for products with unique formulations, enhancing supply chain agility and responsiveness, and reducing distance to market.

Manufacturing excellence continues to be accorded the highest priority, with all three Company-owned units at Haridwar, Manpura and Guwahati continuing to be Five-S certified by the Quality Circle Forum of India. The Haridwar unit won the HR Excellence

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'Platinum' category award for large-scale organisations from the Professional Network Group of India for 'Excellence in COVID Management'. The unit was also conferred Best Environmental Practices Award by CII in May 2021.

Your Company's strategic focus in recent years has been to invest behind emerging need spaces spanning health & hygiene, fragrances, naturals and liquids. This has been supported by superior consumer insight discovery processes, agile innovations, purpose-led brands and impactful communication in digital and conventional media. Access to institutional strengths such as robust R&D platforms resident in LSTC, state-of-the-art in-house packaging knowhow and your Company's multi-channel distribution network continue to be leveraged to rapidly scale up the Business. Your Company, with its future-ready portfolio and purpose-led brands, is well positioned to seize the opportunities and emerge as a significant player in this space.

Education and Stationery Products

The Education and Stationery products industry, which was severely impacted in FY 2020-21 due to the pandemic, witnessed gradual recovery towards the end of the year under review driven by progressive resumption of physical classes at educational institutions; however, sales remained below pre-pandemic levels. Inflationary headwinds in commodity prices also exerted pressure on margins.

The Business reinforced its market leadership position in the industry, delivering a competitively superior performance driven by portfolio premiumisation, judicious pricing actions, enhanced presence in alternate channels and continued focus on cost and working capital management.

The Business continued to leverage its innovation platform in collaboration with your Company's

Life Sciences and Technology Centre to launch differentiated products of superior quality.

The Notebook portfolio was augmented with the launch of 'A5' notebooks under the 'Classmate Pulse' range catering to the youth segment. The recently launched 'Classmate Interaktiv' series was also scaled up during the year and continues to receive encouraging consumer response. During the year, the Business strengthened its reach in the youth and economy segments of the notebook industry through 'Classmate Pulse' and 'Saathi' brands respectively. The Institutional channel was also leveraged by increasing the reach to educational institutions. The Writing Instruments portfolio was bolstered with the launch of 'Classmate UVO' pens for school students.

The multi-channel capability of your Company's strong distribution network was leveraged to enhance availability and drive sales. Proactive management of inventory and receivables helped reduce working capital intensity and manage risks associated with a highly uncertain operating environment. The Business sustained its leadership position on e-Commerce platforms through consistent availability of customised product assortments backed by focused interventions to enhance consumer traction. Consumer engagement was further enhanced through Classmateshop.com, a D2C platform, which facilitates brand affinity through creative product personalisations.

During the year, Classmateshop.com was awarded 'Silver' in the ET Brand Equity Disruption Awards under the Education category.

The Business continues to ramp up capacity utilisation of its dedicated notebook manufacturing facility at Vijayawada. Equipped with state-of-the-art technology, the facility enables the Business to develop highly differentiated notebook formats, drive cost reduction and address opportunities in

[The Education and Stationery Products Business reinforced its market leadership position in the industry, delivering a competitively superior performance driven by portfolio premiumisation, judicious pricing actions, enhanced presence in alternate channels and continued focus on cost and working capital management.]

overseas markets. During the year, the Business expanded its exports footprint to newer markets and successfully onboarded large global retailers leveraging capabilities at the aforestated facility.

The Classmate and Paperkraft range of 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. The Business continued to scale up the premium Paperkraft range of world-class notebooks using Forest Stewardship Council (FSC®) certified paper, made at your Company's paper mill.

With over 250 million school going students, India has one of the largest education systems in the world. The Indian Education and Stationery Products industry holds immense potential driven by growing literacy, increasing enrolment ratios, the Government's continued thrust on the education sector and a favourable demographic profile of the country's population. Your Company, with its strong brands, robust product portfolio, collaborative linkages with small & medium enterprises and superior distribution network is well poised to further strengthen its leadership position in the industry.

Incense Sticks (Agarbattis) and Safety Matches

After the disruptions witnessed in the previous year, the Agarbatti industry surpassed pre-pandemic levels during the year, driven by gradual opening of markets and places of worship across the country.

'Mangaldeep' Agarbattis and Dhoop enhanced household penetration leveraging its robust product portfolio. The Business continued to drive brand salience through sharply focused marketing interventions, and a differentiated and superior product experience with a deep connect to devotion. Proactive steps were also taken towards driving product mix

enrichment and cost optimisation. The Business mitigated inflationary headwinds during the year by leveraging economies of scale, driving sourcing efficiencies and ensuring smart procurement.

In line with its vision to enable the pursuit of devotion for every consumer, Mangaldeep focused its brand interventions on digital media to reach out to devotees who were unable to visit places of worship during the pandemic. Interventions such as 'Live Pujas' initiated during the first wave of the pandemic were further scaled up during the year, thereby deepening engagement with devotees. The Mangaldeep App, which has garnered over 1 million downloads, continues to play a key role in the devotional journey of consumers.

The Business continues to strengthen its core portfolio through focused media investments, consumer-centric portfolio extensions and enhanced accessibility. Innovative product offerings such as the Upaveda range of 'Naturals' agarbattis drawing inspiration from ancient scriptures were launched during the year under the Mangaldeep brand.

Over the years, the Business has implemented several measures to enhance the competitiveness of the agarbatti value chain in India. These include import substitution and backward integration of sourcing raw materials and manufacturing raw battis using indigenous inputs. The Business has been a pioneer in developing domestic manufacturing capabilities for raw battis and is also working closely with the Government under the aegis of the National Bamboo Mission and other nodal agencies of state governments for cultivating bamboo plantations in the country.

The proactive measures implemented by your Company, as highlighted above, sub-serve the national priorities of employment generation and

[The Agarbatti Business continues to strengthen its core portfolio through focused media investments, consumer-centric portfolio extensions and enhanced accessibility. The Mangaldeep App, which has garnered over 1 million downloads, continues to play a key role in the devotional journey of consumers.]

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provide a source of competitive advantage to the Business while contributing towards enhancing income of bamboo farmers in the agarbatti stick and raw batti manufacturing value chain.

Amidst sluggish demand conditions in the Safety Matches industry, the Business strengthened its market leadership position by leveraging its robust product portfolio and strong distribution network backed by an agile and highly responsive supply chain. The Business continues to focus on scaling up the share of value-added products in its portfolio and enhancing supply chain efficiency by sourcing products manufactured closer to markets.

TRADE MARKETING & DISTRIBUTION

Your Company's Trade Marketing & Distribution (TM&D) vertical demonstrated a high degree of agility and responsiveness to mitigate the heightened uncertainty and market disruptions caused by the pandemic during the year. Concerted actions were taken across all nodes of operations to ensure efficient market servicing and availability of your Company's products. These include realignment of distribution infrastructure, deployment of innovative delivery models, strategic partnerships, enhanced usage of digital technologies and focused approach to accelerate growth in emerging channels.

Against the backdrop of significant variability in demand, TM&D continued to focus on shorter demand planning cycles, sharper demand forecasting leveraging data analytics, optimised nodes of distribution and direct-to-customer/market deliveries to ensure timely access to your Company's wide range of products.

The dynamic interplay of varied and evolving consumer preferences, multiplicity of channels including emergence of new channels, diverse

demographic profiles, vast geographical landscape along with multifaceted socio-economic factors pose a high degree of complexity for distribution of FMCG products in India. Given the varied set of needs and challenges associated with each channel, TM&D continues to sharpen channel-specific strategies to efficiently service consumer demand across the country. Critical insights into consumer behaviour and channel-specific trends gained over the years are being continuously leveraged to deliver superior performance in terms of availability, visibility and freshness. The rapid growth of Modern Trade & e-Commerce channels and the emergence of several new players in recent years, have also warranted crafting of differentiated market/outlet specific strategies to seize the emergent opportunities.

Your Company's multi-channel distribution network, which facilitates availability of its products in nearly seven million retail outlets, was further strengthened during the year with the addition of new markets and outlets to its direct servicing base. Market and outlet coverage were stepped up to appx. 1.4x and 1.1x respectively over the previous year. In rural markets, your Company continued to roll out market-specific interventions to enhance direct coverage on the basis of socio-economic indicators and market potential to achieve growth rates higher than industry and support enhanced scale of operations going forward. Direct reach enhancement in rural markets was supported through a hub and spoke distribution model with the expansion of rural stockists network to 1.4x over previous year and collaborations with rural-focused eB2B players. Your Company's extensive e-Choupal network and deep connect with rural entrepreneurs were also leveraged in key geographies to build local connect and carry out extensive consumer engagement activities. These initiatives helped in substantially mitigating the impact of disruptions

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in the traditional wholesale channel and enhancing distribution reach in rural markets. The Food Service and Institutional channels also registered robust growth during the year leveraging existing partnerships and enhancement of product range. Further, new routes-to-market were unlocked during the year through several strategic partnerships to deepen capabilities catering to specialised segments including 'on-the-go' consumption, direct marketing and QSRs.

Urban markets continue to witness increasing channel shift with proliferation of emerging channels/eB2B players impinging on the performance of traditional wholesale/retail channels. In line with its multi-channel strategy, your Company continued to invest in strengthening traditional trade by leveraging digital technology. Continuing its focus on automation, data-led insight and machine-learning enabled solutions, your Company has implemented a slew of innovations to drive field-force productivity and performance in urban markets. Customised servicing basis outlet potential and retail engagement programmes were deployed to stimulate demand for your Company's products with enhanced focus on premium grocery outlets.

As reported earlier, your Company was amongst the frontrunners in the industry to launch an app-based anytime ordering system for retailers – UNNATI. The digitally powered eB2B platform was rapidly scaled up during the year covering nearly 3 lakh outlets within a short span of time since national launch facilitating sharp and direct engagement with retailers, superior analytics, personalised recommendations of hyperlocal baskets based on consumer purchase insights, and deeper brand engagement. Your Company also scaled up VIRU (Virtual Salesman), a technology solution to enable contactless ordering by retailers and direct communication with trade,

especially during times of limited mobility or absence of salesforce, using Machine Learning for hyper-personalisation.

During the year, TM&D continued to focus on enhancing availability in markets proximal to its ICMLs through increased awareness levels, product trial generations, expansion of distribution reach and consumer promotions.

The Modern Trade channel witnessed robust growth on the back of improved mobility and store footfalls. In addition, reach expansion in Tier 2 and Tier 3 cities coupled with omni channel presence also aided growth. Cash and Carry format, which operates in the B2B space, continued to grow rapidly. Your Company's business with Modern Trade continued to grow on the back of a format-based assortment approach catering to the needs of a diverse set of shoppers with category specific sell-out strategies. Agile supply chain initiatives including collaborations with eco-system partners led to enhanced operational and execution efficiencies.

Significant increase in internet penetration led by smartphones, growing adoption of digital payments, attractive loyalty programmes, wide assortment of products and faster deliveries continue to drive the rising salience of e-Commerce channel. Your Company collaborated with leading e-Commerce platforms on all aspects of operations i.e. category development, marketing, supply chain and customer acquisition. This was augmented by development of exclusive and relevant pack assortments, driving 'Digital First' brands and enabling platform discoverability through jointly curated campaigns. Joint Business Plans, built and executed in close co-ordination with e-Commerce platforms, further consolidated the market standing of your Company.

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Further, the presence of your Company's brands in Health and Hygiene space was strengthened on e-Commerce channel with the addition of new partners. Sales through the e-Commerce channel stood at 3x over FY 2019-20 levels, taking the channel salience to 7%.

'ITC e-Store', your Company's exclusive D2C platform, is now operational in 15 cities and continues to receive excellent consumer response. Powered by state-of-the-art digital technology and robust fulfilment infrastructure, the platform offers consumers on-demand access to a wide range of your Company's FMCG products across 45+ categories and over 700 products under one roof. Your Company continues to scale up its presence in the rapidly growing emerging channels and has further expanded availability of its products with new trade partners on Quick Commerce and Social Commerce platforms.

The scale and diversity of your Company's distribution network continues to be a critical lever to enhance market presence, gain valuable insights into consumer & trade behaviour and provide speed and scale of execution for launches across geographies. In order to effectively leverage new routes-to-markets and meet the assortment needs of emerging channels, your Company also executed over 110 new product launches across target markets besides extending distribution reach of several existing products in the portfolio.

TM&D continues to leverage cutting-edge digital technologies to drive productivity, improve market servicing, draw actionable insights for sharp-focused interventions, augment sales force capability and deepen connect with retailers. Technology enablement in the form of customised mobility and routing solutions, machine learning algorithms, data science models, data analytics comprising insightful

visualisation tools and predictive analysis is being increasingly leveraged to enable speedy and accurate data capture, enable real-time informed decisions and aid in scientific design of trade inputs to drive sales.

Several interventions were undertaken by TM&D during the year to enhance operational efficiency and productivity in order to drive structural competitive advantage. These include delayering of operations through direct shipments to customers, smart buying including efficient freight procurement and supply chain & network optimisation.

During the year, your Company completed setting up of two state-of-the-art Ancillary Manufacturing cum Logistics Facilities (AMLF) - at Pudukkottai and Kapurthala. These state-of-the-art automated facilities are co-located with the respective ICMLs and are in line with the strategy of minimising total delivered cost and enhancing market responsiveness, besides reducing complexity in operations and cost of servicing.

Your Company continues to invest in augmenting the depth and width of its distribution network while adopting a differentiated approach to address the unique needs of its diverse FMCG product portfolio, market segments and trade channels. Cutting-edge digital technologies are being scaled up towards strengthening TM&D's real time operations and execution platform spanning synchronised planning and forecasting, NextGen agile supply chain, and smart demand capture and fulfilment.

With its best-in-class systems and processes, an agile and responsive supply chain, and a synergistic relationship with its channel partners, 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.

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HOTELS

The global Travel & Tourism industry has been severely impacted by the COVID pandemic over the last two years. The industry's contribution to global GDP, which had contracted to 5.3% in 2020 from 10.3% in 2019, recovered to 6.1% in 2021. As per estimates of the World Travel and Tourism Council, the Travel & Tourism sector, which had suffered 62 million job losses in 2020, could recover only 18 million jobs in 2021. According to United Nations World Tourism Organisation (UNWTO), while international tourist arrivals witnessed a 4% increase in 2021 on a soft base, the same remains below pre-pandemic levels by 72%.

The Travel & Tourism sector holds prime importance for the Indian economy as well, with its direct and indirect economic impact estimated at appx. 10% of GDP (at pre-pandemic levels). The extensive tourism value chain spanning hotels, travel agents, airlines, tour operators, restaurants, tourist transporters and guides, etc. results in a huge economic multiplier impact, ranking it amongst the highest across industries on this count. India's Travel & Tourism sector has also been severely impacted by the pandemic since early 2020. Domestic Air Passenger traffic declined by over 40% and international tourist arrivals grew by 87% during 2021 over pre-pandemic levels, leading to cascading effect across the entire hospitality industry.

After a severely disrupted FY 2020-21, India's Travel & Tourism sector witnessed a smart recovery even as recurrent waves of the pandemic caused severe disruptions on an intermittent basis. Periodic restrictions on travel, public gatherings and restaurant/banquet operations induced by the second wave of the pandemic severely impacted the industry's performance in the first half of the year. The Business

responded with agility focusing on alternate customer segments and revenue streams, such as domestic leisure, staycations, long weekend stays and weddings. Receding intensity of the second wave of the pandemic coupled with pickup in the pace of vaccination gradually improved consumer confidence for travel; events such as weddings & social gatherings also enabled the Business to garner revenues. In the second half of the year, green shoots of recovery in business travel became visible, leading to improved occupancy levels in business hubs. While the third wave in January 2022 briefly halted the recovery momentum, the industry bounced back towards the end of the year with exit occupancies surpassing pre-pandemic levels and business travel sentiments improving. While Average Room Rate improved over the previous year, it remained below pre-pandemic levels.

The Business continued to focus on its strategy of offering a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties. This included introduction of special packages offering value and flexibility targeting short getaways/staycations, revamped packages for the MICE (Meeting, Incentives, Conferencing, Exhibition) & wedding segments and extension of additional benefits to members of the Club ITC Loyalty programme.

The Business also catered to the growing need of food delivery and take away with 'Gourmet Couch by ITC Hotels', offering signature cuisines and specially designed menus based on occasions and festivities.

The Business continued to reinforce its commitment towards health & hygiene with 'WeAssure' – a programme designed in collaboration with medical professionals & disinfection experts to reassure guests and to provide best-in-class experience in hygiene and safety at your Company's iconic Hotels.

[The Hotels Business continued to focus on its strategy of offering a host of curated propositions across accommodation, dining and banqueting to augment revenues across properties.]

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The programme incorporates cutting-edge technologies to provide a pathogen-free environment across all ITC owned properties and has received a Platinum Level certification from M/s. DNV (one of the world's leading certification bodies). The Business continues to invest in creating contactless technologies and ensuring social distancing protocols.

Against the backdrop of a challenging operating environment, Segment Revenue for the year stood at ₹ 1285.00 crores representing a growth of 104.8% while Segment EBITDA stood at ₹ 78.03 crores against a loss of ₹ 268.60 crores in the previous year. Segment PBIT for the second half of the year turned positive against a loss of ₹ 107.43 crores in the corresponding period of the previous year.

Your Company's Hotels Business remains amongst the fastest growing hospitality chains in the country with 113 properties and over 10,700 rooms under four distinct brands – 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment. ITC Hotels was recognised as the best Luxury Hotel Chain for the 3rd consecutive year at Travel + Leisure India's Best Awards 2021. In the premium segment, the 'Welcomhotel' brand continues to strengthen its equity with refreshed and distinctive positioning of 'Enriching Experiences'. During the year, nine new properties were added to the Group portfolio, including four under the Welcomhotel brand –

- Welcomhotel Bhubaneswar located in Odisha offering 107 guest rooms and suites, which draws inspiration from the magnificence of 500+ temples that adorn the city;
- Welcomhotel Guntur located in Andhra Pradesh offering 104 guest rooms inspired by the cultural ethos of the region;

- Welcomhotel Katra in Jammu & Kashmir and Welcomhotel Chail in Himachal Pradesh (managed properties) offering a distinct repertoire of premium accommodation and signature dining.

These properties have received excellent response from guests within a short span of time. The Welcomhotel brand now consists of 23 hotels and over 2,600 keys. With a strong pipeline of properties to be onboarded under the management contract route, the brand is well poised for rapid scale up in line with the 'asset-right' growth strategy of the Business.

The 'Fortune' brand continues to maintain its pre-eminent position in the Mid-market to Upscale segment, with the positioning of 'First class, full service hotels – an affordable alternative', comprising 39 properties and nearly 3,000 rooms. The 'WelcomHeritage' brand continues to create best-in-class authentic experiences with an operational inventory of 37 hotels comprising over 900 rooms.

Two new brands were introduced during the year – '*Mementos*' in the luxury segment & '*Storii*' in the premium segment. '*Mementos* by ITC hotels' brings together a collection of unique hotels across varied destinations ranging from modern marvels, hidden retreats to historic treasures, leaving guests with experiences and memories which become prized mementos long after their visit. '*Storii* by ITC Hotels' is positioned as a collection of handpicked properties offering unique bespoke experience-led stays, in harmony with the environment and the local community. Several agreements/memoranda of understanding have already been signed under these brands; properties are expected to be launched in a phased manner over the next few quarters.

Leveraging its expertise and experience in the domain of sleep, the Business launched its signature '*Sleep*'

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Boutiques across the country, offering a wide range of premium home bedding products with both online and offline retail options. These boutiques, present across seven ITC Hotels, have received encouraging response and plans are on the anvil to scale up operations going forward.

The world-class ambience of your Company's luxury hotels continues to be leveraged for gourmet luxury chocolates under the Fabelle brand with exclusive boutiques across eight ITC Hotels and kiosks at four Welcomhotels.

During the year, ITC Grand Goa was recognised as the 'Best Wedding Destination' and ITC Royal Bengal as the 'Best Bleisure Hotel' by Travel + Leisure India's Best Awards 2021. ITC Maurya was also recognised as the 'Favourite Indian hotel' for food and drinks at the Conde Nast Traveller Readers' awards.

'Responsible Luxury' continues to guide business best practices in line with the 'Triple Bottom Line' philosophy of your Company. ITC Hotels and Welcomhotels have achieved 2030 Carbon emissions targets basis COP 21 Paris agreement (as per the Hotel Decarbonisation report issued by International Tourism Partnership). Furthering your Company's Responsible Luxury ethos, ITC Grand Chola at Chennai and ITC Gardenia at Bengaluru have received LEED® Zero Carbon Certification, in addition to ITC Windsor at Bengaluru which achieved the prestigious accreditation last year. Together, these properties are the first three hotels in the world to receive the LEED® Zero Carbon Certification. Further, Welcomhotel Guntur, Welcomhotel Bhubaneswar and Welcomhotel Chennai received the prestigious LEED® Platinum Certification by USGBC (U.S. Green Building Council)/IGBC (Indian Green Building Council). Going forward, the Business will continue to further enhance the renewable electrical energy portfolio,

increase the number of LEED® Zero carbon certifications, and reduce carbon emission levels.

Digital investments continue to be leveraged towards facilitating guest acquisition, enhancing guest experience, augmenting revenue generation and driving operational efficiency. During the year, the managed properties portfolio was seamlessly integrated with the contemporary cloud based central reservation and distribution system of the Business. The ITC Hotels website was also refreshed with additional functionalities to cater to segment specific customer requirements and leverage advanced analytics to provide a single window platform for brands across your Company's Hotels Business. During the year, the Business also launched its full stack ITC Hotels Mobile App with cutting-edge user experience enabling swift and easy access to Room and F&B Reservations, Food delivery, loyalty benefits and a host of exclusive offers. The App continues to receive good response within a short span of time and is being leveraged effectively to enhance customer engagement and enable revenue growth.

Over the years, your Company has expanded its footprint in the Luxury and Upper Upscale segments of the Indian hospitality industry and has created 15 iconic properties comprising around 3,600 rooms across the country. Construction of ITC Narmada in Ahmedabad is progressing well and the hotel is expected to be commissioned shortly.

Your Company's 'asset-right' strategy envisages a substantial part of incremental room additions, going forward, to accrue through management contracts. The Business is witnessing growing interest amongst property owners to partner with its iconic brands resulting in healthy generation of leads and pipeline for management contracts. The Business is confident of rapidly scaling up revenues through this route going forward.

As a testament to your Company's 'Triple Bottom Line' philosophy and Responsible Luxury ethos, ITC Windsor, Bengaluru achieved the distinction of being the first hotel in the world to achieve LEED® Zero Carbon Certification. ITC Grand Chola, Chennai (largest hotel in the world to receive this Certification), and ITC Gardenia, Bengaluru also received the LEED® Zero Carbon Certification during the year.

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As reported earlier, your Company remains committed to aggressively implement its ‘asset-right’ strategy, focus on sweating existing assets, create additional revenue streams and pursue alternate structures in line with industry recovery dynamics towards engendering the next horizon of growth as also enhancing value creation.

With its highest standards of hygiene and safety, portfolio of world-class properties, iconic cuisine brands and best-in-class service levels anchored on ‘Responsible Luxury’ ethos, your Company is well placed to sustain its pre-eminent position in the Indian Hospitality industry.

PAPERBOARDS, PAPER AND PACKAGING

Paperboards & Specialty Papers

After a sharp decline in FY 2020-21, global demand for Paper & Paperboards witnessed a growth of about 10% in FY 2021-22. Paperboards segment is estimated to have grown faster at about 11-13% on the back of robust demand from end-user industry segments. Higher global demand for virgin grades and continued supply chain disruptions led to international fibre prices remaining elevated throughout the year. Writing & Printing Paper, which had degrown significantly in FY 2020-21, grew at a moderate pace of 5-7% with educational institutions and offices continuing to remain partially closed in the course of the year. The Indian industry witnessed broad based uptick in demand across most end-user segments driven by Consumer Goods, Pharmaceuticals, Food Service and e-Commerce.

Despite significant operational challenges due to the pandemic and continued global supply chain disruptions, the Business achieved record volumes and higher realisations during FY 2021-22. Structural interventions across the value chain including, inter alia, developing high yielding clones,

augmenting value added paperboard & in-house pulp manufacturing capacity and creating superior distribution infrastructure, product & process innovation, digital interventions including Industry 4.0 continue to provide the Business sustainable competitive advantage. The Business fortified its clear leadership in the Value Added Paperboard (VAP) segment through the introduction of innovative new products customised for end-use industries and maintaining best-in-class service levels for key customers. The Business is also a leading player in the eco-labelled products segment as well as the premium recycled paperboards space.

The Business demonstrated agility amidst supply chain disruptions and achieved robust growth in domestic and export markets while reinforcing its position as a reliable supply chain partner. This was enabled through strategic partnerships, proactive supply chain management and agility in execution. The Business expanded its footprint in key geographies such as UK, West Europe, Middle East and the Mediterranean region, enhancing its share of business with leading paper merchants.

Your Company is actively engaged in developing and promoting suitable paper and paperboard substrates to replace single-use plastics. ‘FiloPack’ and ‘FiloServe’ under the ‘Filo’ series are certified as ‘100% Recyclable’ by Central Pulp & Paper Research Institute (CPPRI), while ‘OmegaBev’ and ‘OmegaBarr’ under the ‘Omega’ series are certified as ‘Bio-degradable under compostable environment’ by Central Institute of Petrochemicals Engineering & Technology (CIPET). These products, which serve as alternatives to plastic coated containers, cups and other deep freeze applications, registered robust growth during the year and continue to gain popularity with increasing awareness levels amongst customers. The portfolio was also augmented with the launch of

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a new range of Specialty Papers for e-Commerce/courier envelopes and paper tapes. The Business is stepping up investments in this fast-evolving space which holds immense growth potential supported by the R&D capabilities of your Company's Life Sciences and Technology Centre and through external collaborations with global specialists. To rapidly scale up its future-ready product portfolio through cutting-edge innovation, the Business has also set up a dedicated 'Nextgen Cell' which is actively engaged in building a robust innovation pipeline.

During the year, the Business delivered robust performance in the Specialty Papers segment. Market standing stood enhanced during the year driven by product mix enrichment, diversification of the customer base and launch of innovative products such as anti-viral and anti-bacterial Specialty Paper - 'NPP Pro' for use in pharmaceutical leaflets and packaging applications. The domestic industry continues to remain under pressure on account of cheap imports from China. The recent introduction of anti-dumping duty on Décor paper is expected to increase 'Make in India' opportunities and enable import substitution.

Cost of key inputs remained elevated throughout the year. Besides a sharp increase in pulpwood prices, recycled fibre prices also ruled high due to lower collections/supplies as a result of pandemic led disruptions and high shipping costs. While the prices of key chemicals increased significantly due to strong global demand coupled with increase in crude prices & energy costs, coal supplies were adversely impacted by supply chain disruptions and prioritisation of domestic supplies to thermal power plants. Geopolitical tensions in Europe exacerbated the pressure on supplies of major inputs during the last quarter of FY 2021-22. In spite of these challenges, the Business responded to market requirements with agility to ensure uninterrupted supplies to customers.

The Business continues to make structural interventions to reduce dependence on imported pulp, enabling substantial reduction in operating costs. Significant increase in in-house pulp production was achieved through strategic interventions, Industry 4.0 initiatives and improved wood mix. Capacity utilisation of Bleached Chemical Thermo Mechanical Pulp mill (BCTMP) at the Bhadrachalam unit touched a record high during the year. Initiatives such as bund plantation and scaling up plantations in new catchment areas in Odisha and Chhattisgarh have enabled procurement of more than 10,000 MT of wood from these areas, with further potential for increasing cost-effective access to fibre in the future.

The Business has been practising the principles of Total Productive Maintenance (TPM), Lean and Six Sigma for over a decade now and continues to reap substantial benefits through its Business Excellence initiatives. In recent years, the Business has embarked upon a comprehensive Digital Transformation Programme across the vectors of manufacturing, supply chain and support services to achieve operational excellence and drive improvement in profitability.

Your Company is a pioneer in the adoption of Industry 4.0 in the Indian Paper & Paperboard industry. Digital and emergent technologies remain deeply embedded in the operations of your Company's Paperboards & Specialty Papers Business, and continue to be leveraged towards enhancing operational efficiency, reducing wastages and enabling cost optimisation across the value chain. The multi-dimensional digital interventions encompass Industrial IoT for Smart Operations, Integrated Data Infra/Platform, AI/ML algorithms for optimisation in the manufacturing process, AI/ML based image analytics and IoT based crop monitoring & advisory. The Business is also collaborating with partners from the start-up

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ecosystem, as well as established solution providers, in building scalable solutions that are custom-fit to business requirements. Over 50 use cases have already been developed and implemented across multiple spheres of the Business, aiding in margin expansion.

During the year, the Business received global recognition and was adjudged winner at the Pulp & Paper International (PPI) Awards by Fastmarkets RISI in the category of 'The Internet of Things & Digitalisation'. Your Company became the first Asian company to receive this global award, demonstrating its 'best-in-class' credentials amongst the leading players of the international pulp and paper industry.

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

Your Company has the distinction of being the first in India to have obtained the Forest Stewardship Council-Forest Management (FSC®-FM) certification, which confirms compliance with the highest international benchmarks of plantation management across the dimensions of environmental responsibility, social benefit and economic viability. Till date, your Company has received FSC®-FM certification for close to 1.3 lakh acres of plantations involving over 30,000 farmers. During the year, over 3 lakh tonnes of FSC®-certified wood were procured from these certified plantations. Your Company sustained its position as the leading supplier of FSC®-certified paper and paperboards 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 recycled around 1.1 lakh tonnes of waste paper during the year, thereby sustaining your Company's positive solid waste recycling footprint.

The manufacturing facilities at Bhadrachalam, Kovai, Tribeni and Bollaram continue to receive industry recognition for their green credentials and safety standards in line with your Company's focus on sustainable business practices. The Bhadrachalam Unit is the first pulp & paper plant and the second in the country overall, to be rated GreenCo Platinum+ by CII, as part of the Green Company rating system. The Kovai unit is the first site in India and the first paper mill in the world to achieve the highest platinum rating under the Alliance for Water Stewardship Standards. Bhadrachalam and Kovai mills won awards for Excellence in Energy Management at the 22nd National Awards for 'Excellence in Energy Management' in the Pulp & Paper sector. The Bhadrachalam unit was rated as the Winner in 'Within the Fence' category under CII-National awards for Water management.

The Business continues to strengthen its safety management processes, adopt globally recognised best practices and ensure that facilities are designed, constructed, operated and maintained in an inherently safe manner.

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, high pressure & efficiency circulating fluidised bed boiler, solar & wind energy and increased usage of bio-fuel. With these initiatives, renewable

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sources presently account for appx. 44% of total energy consumed at the four manufacturing units.

The year marked the commissioning of the state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill, replacing conventional soda recovery boilers, ahead of project schedule despite the disruptions caused by recurrent waves of COVID. The boiler is one of the largest to be commissioned in the country and is a testament to your Company's commitment towards embedding sustainability in its operations. By enhancing energy efficiency, this intervention will reduce the carbon footprint of the unit's operations through significantly lower coal consumption.

Going forward, paperboard demand is expected to be driven by end-user segments such as household appliances, consumer goods, ready-made garments, e-Commerce, pharmaceuticals, etc. Writing & Printing paper demand is also expected to bounce back in the short-term on the back of demand from the publishing and notebooks industry following re-opening of educational institutions.

The integrated nature of your Company's business model - comprising access to high-quality, cost competitive and renewable fibre supply chain, in-house pulp manufacturing capability, import pulp substitution, world-class product quality, state-of-the-art manufacturing facilities leveraging data analytics and Industry 4.0 along with robust forward linkages with the Education and Stationery Products Business and the Printing and Packaging Business - is a key source of competitive advantage for your Company's Paperboards & Specialty Papers Business. Your Company is confident of sustaining and further consolidating its clear leadership position in the Indian Paper and Paperboards industry leveraging recent investments in innovation platforms anchored on the development of sustainable

products and cutting-edge digital technologies to set new benchmarks of competitiveness, efficiencies and productivity.

Packaging and Printing

Your Company's Packaging and Printing Business is a leading provider of superior value-added packaging solutions leveraging its comprehensive capability-set spanning multiple technology platforms coupled with in-house cylinder making and blown film manufacturing lines. The Business caters to the packaging requirements of leading players across several industry segments viz. Food & Beverage, Personal Care, Home Care, Footwear, Consumer Electronics, QSR, Pharma, Liquor and Tobacco. It also provides strategic support to your Company's FMCG and Cigarettes Businesses by facilitating faster turnaround for new launches, providing innovative packaging solutions, ensuring security of supplies and delivering benchmarked international quality at competitive cost.

The year under review remained challenging for the Business due to disruptions caused by the pandemic, along with steep increase in commodity prices. Notwithstanding the challenging operating environment, the Business demonstrated resilience with an uptick in demand across most end-use segments, leading to robust growth in domestic as well as exports businesses.

The Business continued to service the critical packaging requirements of several industry segments, including your Company's Branded Packaged Foods, Personal Care Products and Cigarettes Businesses. Leveraging its supply chain network and superior customer relationships, the Business also responded with agility to seize opportunities in export markets, reinforcing its position as a reliable supply chain partner.

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The Business continues to craft innovative packaging solutions leveraging its deep understanding of end-user needs and the capabilities of your Company's Life Sciences and Technology Centre. Recognising the need for sustainable packaging and the resultant emerging demand for plastic substitutes, the Business launched its flagship 'InnovPack' campaign and identified certain end-use segments with potential for rapid adoption of sustainable packaging and plastic substitution solutions. Further, a steady pipeline of pioneering solutions anchored on molecular science research is also in place such as 'Bioseal' (compostable packaging solution for Quick Service Restaurants, personal care and packaged foods industries), 'Oxyblock' (a recyclable coating solution with enhanced barrier properties for packaged foods, edible oils, etc.) and 'Germ free coating' (solution for microbial free packaging surface addressing the consumer consciousness towards hygiene and safety). These products continue to receive encouraging response; the portfolio is being augmented progressively with a range of solutions that are in various stages of commercialisation. Investments are being stepped up in this fast-evolving space which holds immense growth potential.

The Business has been consistently recognised amongst the top ranked global packaging companies on productivity parameters as per the latest International Packaging Group and International Flexibles Packaging Network rankings. During the year, the Business won several prestigious awards, viz., the WorldStar award for Getkrrackin Bottle Profiled Pouch, the IFCA Star award and SIES SOP Star Award for its excellence in packaging under various categories including sustainability and eco-friendliness. The manufacturing facilities at Tiruvottiyur, Haridwar and Munger maintained

the highest standards in Quality and Environment, Health & Safety (EHS). All three units are certified as per the Integrated Management System, consisting of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and have also received Social Accountability Certification (SA 8000:2014).

The cartons packaging lines in both the Tiruvottiyur and Haridwar units received the 'Grade AA' Brand Reputation Compliance Global Standards (BRCGS) certification, for global standards in packaging and packaging materials - a key enabler for supplies to the packaged foods industry. The Tiruvottiyur unit received the Silver Award for Excellence in EHS from CII. The Haridwar unit received the Gold trophy from the National Safety Council for Excellence in EHS systems.

To cater to its growing customer base across the country and to further improve customer service levels, the Business has initiated investments to expand its manufacturing footprint in the Western region. The facility, equipped with state-of-the-art technologies, is expected to be commissioned in FY 2022-23 and provide significant opportunities to tap the growing demand in the region.

With world-class manufacturing technology across a diverse range of platforms and best-in-class quality management systems, the Packaging and Printing Business has established itself as a one-stop packaging solutions provider to several segments and is recognised as a 'first choice packaging partner' across the consumer goods industry. The Business is confident of sustaining its pre-eminent position in the Packaging and Printing industry through focused investments towards expanding its range of sustainable packaging solutions and by diversifying its manufacturing base in the western region, a large potential market for the Business.

Recognising the need for sustainable packaging and the resultant emerging demand for plastic substitutes, the Business launched its flagship 'InnovPack' campaign and identified certain end-use segments with potential for rapid adoption of sustainable packaging and plastic substitution solutions.

AGRI BUSINESS

Leaf Tobacco

A punitive and discriminatory taxation and regulatory regime on cigarettes, apart from providing a fillip to illicit trade and severely impacting the domestic legal cigarette industry, has also exerted significant pressure on the leaf tobacco crop grown in India. Excess supply from certain competing geographies coupled with weakness in their currencies has resulted in reduced demand for Indian tobacco in international markets, causing lower realisations for Indian farmers. Lower export incentives in India have adversely affected the competitiveness of Indian tobacco in global markets and impacted farmer earnings. In addition to the above, the recent pandemic-induced disruptions in major consumption markets overseas have also impacted regional manufacturers in such markets, thereby reducing their leaf tobacco purchases from India. Consequently, Indian leaf tobacco exports have declined by around 20% over the last eight years from 236 million kgs in FY 2013-14 to 188 million kgs in FY 2021-22. However, during the year, global supply chain disruptions led to global manufacturers scouting for alternate sourcing origins like India to ensure continuity of supplies. Consequently, exports of leaf tobacco from India have grown by 8% over the previous year.

The Business continued to leverage its crop development expertise, sustainable value chain and sustainability credentials, superior product quality and world-class processing facilities to strengthen its position as a reliable supply chain partner. Superior customer engagement, operational agility and supply chain efficiency enabled the Business to deliver enhanced value to existing customers and increase new business development. The Business consolidated its pre-eminent position as the largest

Indian exporter of unmanufactured tobacco and aided in improving its market share by about 600 bps.

Strategic cost management across the value chain continues to be a key focus area for the Business. The AI/ML powered smart buying platform continues to be scaled up to facilitate efficient leaf tobacco buying across auction platforms. Several initiatives implemented in recent years have led to improved operating efficiencies across manufacturing and supply chain.

The Business continues to make focused investments across the tobacco value chain anchored on the key vectors of Quality, Consistency, Compliance and Sustainability. Crop and region-specific agronomic practices continue to be deployed to cater to the emerging preferences of customers. Synergistic R&D initiatives with focus on varietal development, climate smart farming techniques and usage of water efficient technologies are being scaled up towards improving productivity, product quality and reduction in cultivation costs. The Business has successfully implemented integrated energy management initiatives spanning energy conservation, promotion of alternative fuel usage and energy plantations, towards achieving fuel self-sufficiency in the curing process of Flue Cured Virginia tobacco. In addition to these initiatives, your Company is taking up integrated watershed management programmes to ensure availability of water for irrigation during critical phases of the crop cycle.

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. The energy needs

The Leaf Tobacco Business consolidated its pre-eminent position as the largest Indian exporter of unmanufactured tobacco. The Business continued to leverage its crop development expertise, sustainable value chain and sustainability credentials, superior product quality and world-class processing facilities to strengthen its position as a reliable supply chain partner.

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of all three GLTs are substantially met from renewable sources in line with your Company's philosophy of adopting a low-carbon growth path. Continuity of operations was ensured during the second and third wave of the pandemic through systematic and proactive engagement with all stakeholders.

The Business remains committed to the highest standards of EHS (Environment, Health, Safety) and Quality and continues to win recognition in these areas. During the year, the Business received the CII awards for "National Excellence" in Energy management and "Most Innovative Best Practices" as well as the "Prashansa Patra" award from National Safety Council. In addition, the Business received various awards at events organised by the Quality Circle Forum of India & CII for technological improvements and quality control.

With increasing focus on sustainability and human rights compliance driven by regulations in EU and US, your Company is well poised to meet the current and emerging requirements of global customers with its best-in-class sustainability policies, programmes and systems across the value chain.

Over the years, a sharp fall in domestic crop output, sustained pressure on domestic legal cigarette volumes and decline in leaf tobacco exports, as aforesated, have led to severe stress on farmer earnings which have declined by over ₹ 7000 crores in the last seven years since FY 2014-15. Illicit cigarettes as well as smuggled New Generation Products (NGPs) and Electronic Nicotine Delivery Systems (ENDS) in the country also impact leaf tobacco trade as these products do not use Indian tobacco. As seen in the past, stability in tax incidence and regulations lead to stable demand for leaf tobacco with the legal cigarette industry being able to recover volumes lost to illicit trade. 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. Lower export incentives in India and unfavourable import duty levied in several markets, including the USA and Europe, have weighed on the competitiveness of Indian leaf tobacco exports. Restoring export incentives to earlier levels and necessary policy support to alleviate trade barriers would go a long way in enhancing the competitiveness of unmanufactured tobacco exports from India and contribute to increasing farmer earnings. Your Company continues to engage with policy makers on these matters.

The Business will continue to provide strategic sourcing support to your Company's Cigarettes Business even as it consolidates 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 & 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

The operating environment remained challenging during the year due to disruptions in operations caused by the second and third waves of the pandemic. Severe shortages in container availability, congestion in ports and steep increase in freight rates exacerbated the situation. In spite of such challenges, India emerged as a resilient and dependable source of agri-commodities to meet global demand.

Notwithstanding the challenging operating environment, the Business leveraged market opportunities and delivered robust growth in revenues

The scope and scale of operations of your Company's Agri Business have grown manifold over the years and currently encompass over 4 million tonnes in 22 states and over 20 agri-value chains. The strategic focus of the Business in recent years has been to accelerate growth by rapidly developing and scaling up its Value-Added Agri Products (VAAP) straddling multiple value chains comprising Spices, Coffee, Frozen Marine Products and Processed Fruits amongst others.

driven by wheat and rice exports. This was achieved on the back of your Company's strong farm linkages and sourcing networks, multi modal transport capability, agile supply chain operations and deep customer relationships.

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- Your Company is a leading player in whole spices such as Chilli, Turmeric, Coriander and Cumin. In line with its strategy of enhancing value addition, the Business has, in recent years, expanded into 'food safe' markets viz. USA, EU and Japan, leveraging its key strengths such as identity-preserved sourcing expertise, strong backward integration, superior processes, custody of supply chain and customer focused strategies. During the year, the Business consolidated its position as a preferred supplier for discerning customers in the food safe segment, private labels, steam sterilised and organic products. Strong growth in exports was driven by new customers and richer product mix. The domestic business also posted robust growth on the back of higher offtake from

large format retailers. The Business scaled up its Integrated Crop Management (ICM) programme, thereby enhancing its ability to produce food safe spices in a sustainable manner. The Business continues to partner with the various State Governments for production of food safe spices and has maintained an unblemished track record over the years in terms of compliance with stringent food safety parameters.

- The Business also leveraged its strong backward integration linkages to enhance presence in the organic spices segment, with the entire value chain being certified by globally renowned agencies, providing assurance on product authenticity and compliance with stringent norms in the EU, US and Indian markets. The Business continues to pursue sustainable farm management practices anchored on Rainforest Alliance and Global GAP accreditation. The Spices Business received the 'Outstanding Performance in Food Safety' award from CII under the Large Food Business category for its backward integration programme.
- During the year, domestic coffee trade remained muted in anticipation of higher realisations on account of lower crop size in Brazil coupled with container shortages and elevated ocean freight rates. Notwithstanding these challenges, the Business recorded robust growth in exports driven by European and Middle East markets. This was enabled through strategic presence in key coffee producing regions in India, deep knowledge of estate and region-specific characteristics and focus on premium grades of Arabica, Certified Coffees, Specialty and Monsooned Coffee. Apart from servicing the needs of leading coffee houses in the value-added space, the Business continues to source high quality coffee grades customised to the needs of your Company's gourmet coffee brand, 'Sunbean'.

Towards enhancing the competitiveness of domestic agri-value chains, fostering new business models and further augmenting value creation opportunities, your Company has successfully launched ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform in six states, with over 200 FPOs encompassing more than 40,000 farmers already added to your Company's network.

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- Your Company is one of the leading exporters of value-added frozen marine products from India with expertise in processing individually quick-frozen (IQF), raw and cooked products, which adhere to the highest standards of safety and hygiene prevalent in developed markets such as the US, EU and Japan. During the year, the Business touched record levels of sales driven by expansion into new markets in North America and Middle East. Leveraging its strong domain knowledge and sourcing expertise, the Business also sources shrimps and supports the ‘ITC Master Chef’ range of ‘Super Safe’ frozen prawns in the domestic market and supplies high-quality shrimps to your Company’s Hotels business.
- In the Processed Fruits & Vegetables segment, the Business continues to expand its footprint in categories of fruit pulp and tomato paste across conventional and certified segments through a robust collaborative network comprising a large number of small and marginal farmers across four states.

The Business remains focused on enlarging its scope of operations to include fresh and processed products in identified agri-commodities such as staples for the Food Service segment, fresh and frozen fruits & vegetables. As these businesses develop critical mass, the Business is also scaling up end-to-end presence across the value chain, supported by the R&D capabilities of your Company’s Life Sciences and Technology Centre and external collaborations.

Towards building deeper expertise in Medicinal and Aromatic Plant Extracts (MAPE), the Business scaled up its customised crop development programme in Madhya Pradesh during the year. Collaborations with farmers are underway with the Business providing

necessary inputs, advisory and on-field support. The Business is also focusing on developing unique value-added products by leveraging the research platforms of your Company’s Life Sciences and Technology Centre.

More than two decades ago, your Company conceptualised and rolled out the e-Choupal network as a unique model towards enhancing agricultural growth and productivity, and fostering sustainable rural development. Leveraging this robust platform, 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 necessary market linkages. Integrated rural service hubs, ‘Choupal Saagar’, continue to serve farmers through their procurement and storage infrastructure, and front-end retail stores. The Choupal Saagars facilitate efficient sourcing of a wide range of agri-commodities while making available assorted brands and merchandise spanning categories such as apparel, footwear, consumer durables, electronics and fuel, tailored to farmers’ needs. The Choupal Saagars also serve as an ideal platform for your Company’s FMCG brands to deepen their engagement with rural markets. Interventions such as Choupal Pradarshan Khet, Choupal Mahotsav, etc. continue to enhance the vitality of your Company’s e-Choupal network.

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added to your Company's network. This initiative, powered by cutting-edge digital technologies, will create a robust eco system to deliver seamless customised solutions to farmers, whilst creating new revenue streams, strengthening sourcing efficiencies and powering your Company's world-class Indian brands. This digitally powered platform seeks to empower the farming community by delivering customised solutions through synergistically integrating NextGen agri-technologies. These include an e-Marketplace for agri inputs and farm outputs, wide range of advisory services covering weather forecasts, agronomy, best practices for improved productivity, quality assurance, etc. Value propositions across each of these opportunity spaces are expected to create new and scalable revenue streams for your Company over time. The Business expects to rapidly scale up the initiative to create a unique platform providing significant competitive advantage to your Company's Agri Business.

Over the years, 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 facilitating competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses.

- The Business continues to leverage its strong farm linkages and wide sourcing network across geographies to secure supplies of critical grades of wheat of benchmark quality towards meeting the growing requirements of Aashirvaad atta. During the year, the Business further scaled up its strategic sourcing and supply chain interventions. These include focused crop development towards securing the right varieties for Aashirvaad atta to

provide consumers best-in-class product quality and experience, use of multi-modal transportation comprising rail, road & coastal routes and enabling supply of attribute based/identity preserved crop.

The Business also ramped up direct buying at various atta factories. For instance, at the Kapurthala ICML plant, direct buying of wheat offers substantial benefits to farmers including transparency in grading, weighment and pricing, besides reducing transaction costs due to minimisation of handling and transportation. This initiative is being scaled up through focused crop development in the area to upgrade crop quality.

In recognition of the various initiatives undertaken by the Business, including keeping the entire supply chain fully functional during the multiple waves of the pandemic, your Company was awarded the 'Best Practice in Digital Transformation of Supply Chain' in Most Innovative Category at the CII Digital Transformation DX Awards, 2021.

The Business continues to collaborate with reputed research organisations such as the Indian Agricultural Research Institute, Indian Institute of Wheat & Barley Research, Indian Institute of Rice Research, Indian Institute of Soybean Research, Indian Institute of Vegetable Research, Punjab Agricultural University and Agharkar Research Institute towards building an efficient and cost competitive agri-value chain. During the year, the Business further scaled up its wheat crop development programme and introduced location-specific new and superior seed varieties along with appropriate package of practices across Rajasthan, Uttar Pradesh, Bihar, West Bengal, Punjab, Madhya Pradesh and Maharashtra. Sharp focus on deepening capabilities in proprietary crop intelligence, scaling up the sourcing & delivery

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 facilitating competitive sourcing of agri raw materials for your Company's Branded Packaged Foods Businesses.

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network and developing customised blends will support your Company's Branded Packaged Foods Businesses in the years to come.

- The Business continues to leverage its strong backward linkages and wide sourcing network across geographies to source high-quality fruit pulp and frozen vegetables for your Company's 'B Natural' and 'Farmland' brands.
- Milk procurement network in Bihar and West Bengal was strengthened during the year towards meeting the growing requirements of your Company's Fresh Dairy portfolio under the 'Aashirvaad Svasti' brand, and in Punjab for 'Sunfeast' Dairy Beverages. The Business continues to empower farmers by providing infrastructure such as automated milk collection units & chillers and imparting package of best practices to improve operational efficiency, maintain high quality and ensure identity preservation and traceability. The capability to source superior quality milk has enabled the launch of 'Aashirvaad Svasti Easy Digest Milk' – West Bengal's first lactose free milk in pouch format and 'Sunfeast Protein Shake' in the Fresh Dairy and Beverages categories respectively.
- The Business continues to scale up sourcing of spices to meet the growing requirements of Sunrise and Aashirvaad brands.

In line with the national goal of doubling farmers' income, your Company remains committed to catalyse a transformational shift of the agri ecosystem from the conventional production-centric to demand-responsive value chains. Towards this, the Business continues to focus on developing NextGen Indian agriculture, anchored on digitally enabled and climate smart agri-value chains with strong market linkages. The focus of these interventions is to reduce vulnerability and increase the resilience of farmers, while lowering greenhouse gas emissions and promoting food security. Your Company is confident of effectively participating in the emerging market opportunities arising out of these interventions to create and capture enhanced value for its stakeholders.

NOTES ON SUBSIDIARIES

The following may be read in conjunction with the Consolidated Financial Statements of your Company prepared in accordance with Indian Accounting Standard 110. Shareholders desirous of obtaining the Report and Accounts of your Company's subsidiaries may obtain the same upon request. Further, the Report and Accounts of the subsidiary companies is also available under the 'Investor Relations' section of your Company's website, www.itcportal.com, in a downloadable format. Your Company's Policy for determination of a material subsidiary, as adopted by your Board, in conformity with Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, can be accessed on your Company's corporate website at <https://www.itcportal.com/material-subsidiary-policy>. Presently, your Company does not have any material subsidiary.

Surya Nepal Private Limited

The year under review continued to be extremely challenging for Nepal. Economic activities remained impacted due to lockdowns and other restrictions for more than four months from April 2021 in order to curb the spread of the second wave of the pandemic. Consequently, the GDP growth of Nepal remained muted at 4.3% for the year ended 15th July 2021, significantly below the Government of Nepal's target growth rate of 7%.

Progressive economic recovery was witnessed from September 2021 on the back of increased vaccination coverage and other initiatives taken by the Government of Nepal.

On the external front, higher imports and lower remittances contributed to the widening of the country's Current Account deficit. Due to drawdowns to finance such deficit, foreign exchange reserves fell to US\$ 9.58 billion as at mid-March 2022, from US\$ 11.8 billion in mid-July 2021, which represents less than 7 months of imports.

The Central Bank of Nepal has announced several initiatives to curb the sharp increase in imports and bolster the foreign exchange reserves of the country. While these initiatives are expected to promote

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external sector stability in the near term, initiatives towards encouraging Foreign Direct Investment (FDI) in the country, incentivising domestic manufacturing to substitute imports and promoting the hospitality sector, which has significant potential to generate foreign exchange earnings, remain key for long-term sustainable growth of the economy.

The legal cigarette industry occupies an important place in Nepal's economy and is a major contributor to the manufacturing sector of the country. However, the industry continues to face challenges from a stringent taxation and regulatory regime. The company continues to engage with policy makers for equitable, non-discriminatory, pragmatic, evidence-based regulations and taxation policies.

The pandemic-induced disruptions rendered the operating environment extremely challenging, particularly during the first half of the year under review. Notwithstanding the same, the company reinforced its market standing by leveraging its robust portfolio, superior product quality and wide distribution network. Differentiated and innovative portfolio interventions under the Surya and Shikhar trademarks registered encouraging growth. Supply chain agility coupled with proactive scenario planning ensured continuity of manufacturing operations amidst the disturbances caused by the second wave of the pandemic.

During the year, the company strengthened its market standing in the Agarbatti industry leveraging its differentiated product portfolio, sharply focused marketing investments and best-in-class product availability across target markets on the back of its robust trade marketing and distribution infrastructure. New offers of 'Mangaldeep Treya' and 'Mangaldeep Jasmine 100' strengthened portfolio presence in the Popular segment.

The Confectionery industry was adversely impacted in the first half of the year due to pandemic led disruptions. With progressive opening of markets, the company launched two new offers, 'Toffichoo Cofitino' and 'Toffichoo Crème Lacto', in the category and continues to make focused investments towards strengthening its market standing.

The company continues to adopt all measures towards ensuring the safety and well-being of all its stakeholders. The company also places immense emphasis on making significant contributions towards building the societal and economic capital of Nepal. In this regard, the company continues to:

- assist farmers in areas proximate to the company's operating locations to enhance productivity and enable upliftment of agri-infrastructure.
- support the animal husbandry sector by providing extension services covering animal breeding, health and nutrition to drive yield improvement and higher returns for farmers.
- contribute towards improvement in quality of education in public schools in the economic vicinity of its operating locations.
- support development of local public infrastructure in the catchment areas of operating locations.

In addition, the company also provided support to government/community hospitals involved in treatment of COVID patients by providing critical care equipment, oxygen plant, ambulances and other medical supplies.

During the year, the company recorded Revenue from Operations of NRs. 4382 crores (previous year NRs. 3612 crores) and Net Profit of NRs. 1005 crores (previous year NRs. 867 crores) representing a growth of 21% and 16% respectively.

The company declared a dividend of NRs. 467 per equity share of NRs. 100 each for the year ended 15th July, 2021 (31st Asadh, 2078), amounting to NRs. 941.47 crores (previous year NRs. 488 per equity share amounting to NRs. 983.81 crores).

The company continues to be the largest contributor to the exchequer in Nepal. The company is well positioned to consolidate its leadership position by leveraging its robust portfolio of products, deep and wide distribution network, best-in-class manufacturing facilities and execution excellence. The company continues to explore opportunities to rapidly scale up the newer FMCG businesses and evaluate emerging opportunities in this space.

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ITC Infotech India Limited and its subsidiaries

The Information Technology industry witnessed continued acceleration in mainstream adoption of digital technologies such as Cloud, Intelligent Automation, Digital Workplace and Cybersecurity in the enterprise technology landscape. As per NASSCOM estimates, the Technology Market grew by 15.5% in FY 2021-22, significantly ahead of the pre-pandemic growth trajectory. Going forward, Digital and capability-led opportunities based on new paradigms of technology consumption, such as 'Everything as a Service' model, are expected to drive industry growth. Hybrid operations, sustainable business models, customer centricity, personalised employee engagement and digital skilling will continue to accelerate and drive strategic decisions for the Technology industry in 2022. Hiring and training the right talent with a focus on up-skilling and re-skilling remains a key imperative for the industry, with employee well-being and engagement continuing to remain critical to empower the distributed workforce.

The company continues to sharpen its focus on the strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence, while building differentiated offerings around the strategic areas of Cloud Technologies, Digital Workplace Solutions, Digital Manufacturing, Customer Experience and Data Analytics. During the year, the company recorded robust growth in revenue on the back of strong traction in the Americas, India and Rest of World markets. Industry 4.0 solutions, Global In-house Centre services and Digital Experience using data analytics and Infrastructure services were the key drivers of growth. The company also continued to forge new alliances and strengthen existing relationships with Independent Software Vendors (ISVs) in focus areas such as Digital Workplace Solutions, Digital Manufacturing and Data analytics. These partnerships are aligned to the company's vision of taking a leadership role in enabling the Digital Transformation and Software as a Service (SaaS) adoption journey of its clients.

The company also launched an industry-defining 'ITC Infotech Work From Anywhere' (IWFA) productivity framework to provide its employees the flexibility to

work from anywhere with sustained focus on client priorities and data security. The growing demand for high-skilled talent was met through prioritisation of investments in training & skill development and building a robust learning & development platform.

Business-friendly solutions and new-age capabilities offered by the company continue to earn global recognition. The company's Automation capabilities were positioned in the 'Leadership Zone' in the Zinnov Zones Hyper Intelligent Automation Services 2021 for Robotic Process Automation (Small & Medium Service Providers), IT Automation and CPG-Retail. The company's Digital Workplace capabilities were considered a 'Disruptor' in Avasant's Digital Workplace Services 2021 RadarView™ (from being placed under the 'Challengers' category in the previous year). The company's Digital Manufacturing capabilities were also profiled in an exclusive 'Briefing Note' by Information Services Group, Inc., titled 'ITC Infotech: Business-friendly Approach Strategically Placing Manufacturers, a Step Ahead of Competitors'.

During the year, the company's consolidated Total Income grew by 16.8% to ₹ 2884.30 crores (previous year ₹ 2469.29 crores). Profit Before Tax stood at ₹ 719.64 crores (previous year ₹ 604.13 crores) and Net Profit stood at ₹ 541.04 crores (previous year ₹ 451.30 crores).

For the year under review:

- a. ITC Infotech India Limited recorded Revenue from Operations of ₹ 2288.57 crores (previous year ₹ 1834.98 crores) and Net Profit of ₹ 517.81 crores (previous year ₹ 447.79 crores). The company paid a total dividend of ₹ 53.00 per Equity Share of ₹ 10/- each aggregating ₹ 451.56 crores (previous year ₹ 32.50 per Equity Share of ₹ 10/- each aggregating ₹ 276.90 crores).
- b. ITC Infotech Limited, UK, a wholly-owned subsidiary of the company, recorded Revenue of GBP 40.02 million (previous year GBP 48.80 million) and Net Profit of GBP 0.79 million (previous year GBP 0.90 million).

- c. ITC Infotech (USA), Inc., a wholly-owned subsidiary of the company, together with its wholly-owned subsidiary Indivate Inc., recorded Revenue of US\$ 133.76 million (previous year US\$ 108.36 million) and Net Profit of US\$ 2.53 million (previous year US\$ 2.59 million).

A key element of the company's strategy going forward is to pursue inorganic opportunities to accelerate growth and profitability for which it has identified priority areas including Digital Experience – Data Analytics and AI, Salesforce and BPM Tools; Infrastructure Services – Service Management and Cloud Service Providers and Product 4.0 – Digital Factory and Digital Thread. Building on the successful 20-year alliance with PTC Inc., a 10-year Strategic Partner Agreement has recently been announced to accelerate customer digital transformation initiatives through jointly developed offerings and Go-to-Market strategies focused on facilitating conversion of customers' Product Lifecycle Management (PLM) implementations to SaaS. Under the terms of this agreement, the company will acquire a substantial portion of PTC's PLM implementation services business and create a new business unit, called DxP Services, which will include PLM professional services experts from both companies. The company will continue to explore value accretive inorganic opportunities in identified priority areas as stated above.

The company will continue to focus on interventions around areas of strategic interest, including creating and winning large transformation opportunities, expanding presence in strategic accounts, building and sharpening domain-specific digital solutions, strengthening distributed delivery framework, and re-skilling/up-skilling employees in future-focused capabilities.

Technico Agri Sciences Limited

The company's leadership in production of early generation seed potatoes and strength in agronomy continue 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.

During the year under review, potato production in India touched a record high of about 53 million MT, increasing by 12% over the previous year due to favourable weather conditions. Consequently, potato prices reduced considerably on account of high supplies, coupled with demand volatility arising out of the disruptions caused by the second wave of the pandemic.

Despite the challenging environment, the company delivered a resilient performance leveraging its strong brand equity, superior product quality, better on-field performance and strong trade & customer relationships. The company's Revenue from Operations stood at ₹ 256.67 crores (previous year ₹ 287.09 crores) with a Net Profit and Total Comprehensive Income of ₹ 43.04 crores (previous year ₹ 72.92 crores). During the year, the company paid a total dividend of ₹ 8.00 per Equity Share of ₹ 10 each, aggregating ₹ 30.37 crores (previous year ₹ 16.00 per Equity Share aggregating ₹ 60.74 crores).

The company continues to build a strong foundation for the future and remains confident of effectively leveraging its deep domain expertise to fortify its market standing in the seed potato industry.

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. Further, the company is also engaged in the marketing of TECHNITUBER® seed produced at the facilities of its subsidiaries in China and Canada and Technico Agri Sciences Limited, India, a wholly-owned subsidiary of your Company, to global customers. For the year under review:

- Technico Pty Limited, Australia registered a turnover of Australian Dollar (A\$) 1.86 million (previous year A\$ 2.09 million) and a Net Profit of A\$ 0.91 million (previous year A\$ 0.79 million).
- Technico Asia Holdings Pty Limited, Australia, Technico Technologies Inc., Canada and Technico

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Horticultural (Kunming) Co. Limited, China – there were no significant events to report with respect to the above companies.

WelcomHotels Lanka (Private) Limited

WelcomHotels Lanka (Private) Limited (WLPL), a wholly-owned subsidiary of your Company, was incorporated in Sri Lanka in April 2012 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 the status of a 'Strategic Development Project' entitling the company to various fiscal benefits in Sri Lanka. Further, the Project is also exempt from Sri Lankan foreign exchange regulations.

Project construction activity, which was running on schedule till Q3 FY 2018-19, was adversely impacted due to disruptions in the aftermath of the terror incidents in 2019 and thereafter by recurrent waves of the COVID pandemic. The recent deterioration of the macro-economic scenario in the country has exacerbated the situation. The Government of Sri Lanka is taking several measures to mitigate the crisis; these include securing financial assistance from multi-lateral agencies/other countries, increasing interest rates to curb inflation and restricting imports to conserve foreign exchange. The company continues to closely monitor the evolving situation.

In spite of the aforementioned challenges and operational constraints, the company remains focused on completing the Project in an expeditious manner. The macro-economic challenges faced by the country have impacted, inter alia, the sales velocity of 'The Sapphire Residences' luxury apartments. Given its unique positioning in the market and superior value proposition, the company expects apartment sales to gain traction as the project nears completion and normalisation of the situation in the country.

Your Company's investment in WLPL stood at ₹ 2169 crores as at 31st March, 2022.

Landbase India Limited

The company owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course – which continues to enjoy strong brand equity with its members, guests and the golfing fraternity. Operations at the Club remained impacted by the disruptions caused by the pandemic, particularly in the first half of the year. The Club continued to ensure the highest safety and hygiene standards and social distancing norms leading to progressive improvement in member footfalls in course of the year. The Club continues to remain an 'Asian Tour Destinations Member', the only one in the country, and hosted the prestigious Asian Tour Golf Tournament that was held in India after a period of three years.

The company also 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.

ITC Grand Bharat has received several accolades, establishing itself amongst the top luxury resort destination hotels in the world. Travel + Leisure, one of the world's leading magazines in the travel and hospitality sector, had declared ITC Grand Bharat as the 'Best Wellness Retreat' in the domestic category as part of India's Best Awards, 2020. The retreat has also been recognised as the 'Best Destination Wedding Venue in India, Hotels (North)' by WeddingSutra Influencer Awards, 2021.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 29.45 crores (previous year ₹ 25.03 crores) and Net Profit of ₹ 2.85 crores (previous year ₹ 3.80 crores). Total Comprehensive Income for the year stood at ₹ 2.88 crores (previous year ₹ 3.85 crores).

Srinivasa Resorts Limited

The company owns 'ITC Kakatiya' – a 188-key luxury hotel located in Hyderabad city, which is operated and marketed by your Company. The property has received several accolades, establishing itself as one of the finest luxury hotels and F&B destinations in

Report of the Board of Directors

the city. During the year, the property received LEED® Platinum certification from United States Green Building Council as well as the Gold Award under ‘Energy Conservation’ category by Telangana State Renewable Energy Development Corporation Limited. ‘Dakshin’ was adjudged the ‘Best South Indian Fine Dining Restaurant’ at the Times Food Guide Nightlife Awards 2022 for the 12th consecutive year and ‘Gourmet Couch’ was adjudged the ‘Best Takeaway’ at the Times Food Guide Nightlife Awards 2022, for the 2nd consecutive year.

The company witnessed progressive recovery driven by resumption of business and international travel. The hotel continued to follow the highest standards of safety and hygiene for all stakeholders.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 44.86 crores (previous year ₹ 26.74 crores) with Net Loss of ₹ 1.63 crores (previous year Net Loss ₹ 8.42 crores). Total Comprehensive Income for the year stood at (-) ₹ 1.59 crores (previous year (-) ₹ 8.34 crores).

Fortune Park Hotels Limited

The company, which caters to the ‘Mid-market to Upscale’ Business Hotels segment under the brand ‘Fortune’, remains a front-runner in its operating segment and is well positioned to sustain its leadership position in the industry.

While the ‘Fortune’ brand is already established as a premier business hotel brand in the country, it is also rapidly expanding its footprint in the leisure segment in line with evolving market demand. During the year, two hotels were added to the portfolio at Hubballi and Goa, taking the aggregate operating inventory to nearly 3,000 rooms across 39 properties. The brand also has a healthy pipeline of leads in place, with a number of properties slated to be commissioned over the short to medium term.

The ‘Mid-market to Upscale’ segment witnessed progressive recovery in course of the year, especially in the leisure segment. The company strengthened its ‘Safe Stays’ programme across hotels with enhanced focus on safety, health and hygiene,

with 16 properties receiving ISO 9001:2015 certifications for implementing quality management systems for safe practices.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 25.39 crores (previous year ₹ 17.71 crores) and Net Profit of ₹ 0.19 crore (previous year Net Loss ₹ 6.28 crores). Total Comprehensive Income for the year stood at ₹ 0.28 crore (previous year Net Loss ₹ 6.28 crores).

Bay Islands Hotels Limited

The company’s hotel in Port Blair, licensed to your Company, continues to offer a unique gateway to the Andamans with its strategic location, excellent architectural design and, superior product and service quality. Consequent to its upgradation, the hotel was rebranded as ‘Welcomhotel’ last year and has received favourable guest response.

Tourism in the Andamans remained severely restricted on account of the pandemic during the year. In addition, partial closure of airport operations at Port Blair due to ongoing renovation activities also impacted tourist arrivals to the island. In spite of such challenges, the hotel has demonstrated progressive improvement across the year and appropriate measures relating to safety, health and hygiene protocols continue to be in place.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 1.61 crores (previous year ₹ 1.11 crores) and Net Profit and Total Comprehensive Income of ₹ 1.14 crores (previous year ₹ 0.77 crore).

The Board of Directors of the company has recommended a dividend of ₹ 70.00 per Equity Share of ₹ 100 each for the year ended 31st March, 2022 (previous year ₹ 70.00 per Equity Share).

Wimco Limited

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

Report of the Board of Directors

In view of the uncertainties arising out of the pandemic, the operating environment remained subdued during the year. However, the company leveraged its strong customer relationships to improve its order book during the year. The company's Revenue from Operations for the year stood at ₹ 11.62 crores (previous year ₹ 6.29 crores) with a Net Loss of ₹ 0.42 crore (previous year Net Loss of ₹ 2.42 crores). Total Comprehensive Income for the year stood at (-) ₹ 0.44 crore (previous year (-) ₹ 2.42 crores). The company continues to focus on developing superior solutions towards addressing customer requirements.

The Honourable National Company Law Tribunal, Mumbai Bench ('NCLT'), vide Order dated 9th April, 2021, had confirmed the reduction of Issued, Subscribed and Paid-up Equity Share Capital of the company from ₹ 18,84,60,000/- comprising 18,84,60,000 Equity Shares of ₹ 1/- each to ₹ 18,50,81,193/- comprising 18,50,81,193 Equity Shares of ₹ 1/- each by way of cancelling and extinguishing, in aggregate, 33,78,807 Equity Shares of ₹ 1/- each held by shareholders other than your Company in lieu of payment not exceeding ₹ 1/- per Equity Share to such shareholders.

During the year, the said reduction of Equity Share Capital of the company became effective, and the company became a wholly owned subsidiary of your Company with effect from 29th July, 2021 upon completion of necessary formalities under Section 66 of the Companies Act, 2013.

North East Nutrients Private Limited

Your Company holds 76% equity stake in North East Nutrients Private Limited, which has set up a food processing facility in Mangaldoi, Assam, to cater to the fast-growing biscuits market in Assam and other north-eastern states.

During the year, the company faced challenging operating environment which resulted in subdued demand. The company continued to drive margins through its strategic cost management measures. Over the years, the company has consistently improved operational efficiency, productivity and

strengthened safety standards. During the year, the company received the Platinum Award in the CII National Poka Yoke Competition.

The company's Revenue from Operations for the year stood at ₹ 163.90 crores (previous year ₹ 172.52 crores), while Net Profit for the year increased to ₹ 14.43 crores (previous year ₹ 9.06 crores). Total Comprehensive Income for the year stood at ₹ 14.37 crores (previous year ₹ 9.08 crores).

ITC IndiVision Limited

ITC IndiVision Limited (IIVL) was incorporated as a wholly-owned subsidiary of your Company on 9th July, 2020.

The company made steady progress during the year towards construction of the manufacturing facility near Mysuru, Karnataka, primarily for the manufacture and export of nicotine and nicotine derivative products; the project is progressing as per schedule. The facility is being geared to manufacture purest nicotine derivatives conforming to US and EU pharmacopoeia standards.

Your Company's investment in IIVL stood at ₹ 150 crores as at 31st March, 2022.

Russell Credit Limited

The company recorded Total Income of ₹ 41.56 crores (previous year ₹ 64.37 crores) and Net Profit of ₹ 33.46 crores (previous year ₹ 49.47 crores), reflecting the lower market interest rates that prevailed during the year on account of accommodative policies pursued by the Reserve Bank of India.

Total Comprehensive Income for the year stood at ₹ 120.79 crores (previous year ₹ 86.38 crores), reflecting the recovery in the market value of certain long-term strategic investments, which had been impacted due to the pandemic. The company continues to closely monitor its investments in line with market interest rate movements and explore opportunities to make strategic investments for the ITC Group.

Temporary surplus liquidity of the company is mainly deployed in bonds, debt mutual funds, bank fixed deposits, etc. For the financial year 2021-22,

the company declared interim dividend of ₹ 0.19 per Equity Share of ₹ 10 each and a final dividend of ₹ 0.06 per Equity Share of ₹ 10 each, aggregating ₹ 16.16 crores (previous year ₹ 0.20 per Equity Share of ₹ 10 each aggregating ₹ 12.93 crores).

Gold Flake Corporation Limited

The company holds 50% equity stake in ITC Essentra Limited – a joint venture with Essentra Group, UK. During the year, the company recorded Total Income of ₹ 17.29 crores (previous year ₹ 8.41 crores) and Net Profit of ₹ 16.08 crores (previous year ₹ 7.30 crores). The company declared interim dividend of ₹ 10.00 per Equity Share of ₹ 10 each, aggregating ₹ 16.00 crores (previous year ₹ 6.25 per Equity Share of ₹ 10 each, aggregating ₹ 10.00 crores).

Greenacre Holdings Limited

The company continues to provide maintenance services for commercial office buildings; engineering, procurement and construction management services as well as project management consultancy services.

During the year, the company recorded Total Income of ₹ 8.09 crores (previous year ₹ 5.65 crores) and Net Profit of ₹ 1.79 crores (previous year ₹ 3.71 crores, which included a one-off reversal of deferred tax liabilities aggregating ₹ 1.44 crores).

ITC Investments & Holdings Limited

The company, an unregistered Core Investment company within the meaning of the Core Investment Companies (Reserve Bank) Directions, 2016 and related guidelines, recorded Total Income of ₹ 0.05 crore during the year (previous year ₹ 0.06 crore) and Net Profit of ₹ 0.01 crore (previous year ₹ 0.01 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 ₹ 7.25 lakhs (previous year ₹ 7.26 lakhs) and Net Profit of ₹ 0.13 lakh (previous year ₹ 0.33 lakh).

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 aforesigned Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 0.05 crore (previous year ₹ 0.22 crore) and Net Loss of ₹ 0.04 crore (previous year Net Profit of ₹ 0.09 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 aforesigned Order was admitted in April 2014 and the matter is pending before the Honourable High Court.

During the year, the company recorded Total Income of ₹ 0.09 crore (previous year ₹ 0.10 crore) and Net Loss of ₹ 0.05 crore (previous year Net Loss of ₹ 0.03 crore).

NOTES ON JOINT VENTURES

ITC Essentra Limited

The Business registered strong recovery in course of the year in spite of pandemic led disruptions. Operational agility and effective customer service enabled the company to ensure seamless performance delivery during the year. 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 of strong customer relationships, focused innovation, best-in-class quality and consistent delivery.

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The company continues to partner with its customers and make investments in innovation, technology upgradation and capability building towards sustaining its position as the 'innovation and quality benchmark' in the Indian cigarette filter industry. During the year, the company expanded its capacity for manufacture of Specialty Filters, in line with its strategy of offering a wide range of innovative products to its customers.

During the year ended 31st March, 2022, the company's Revenue from Operations stood at ₹ 385.62 crores (previous year ₹ 337.87 crores). Net Profit during the year stood at ₹ 41.09 crores (previous year Net Profit of ₹ 36.23 crores).

The Board of Directors has recommended a dividend of ₹ 80.00 per Equity Share of ₹ 10 each for the year ended 31st March, 2022 (previous year ₹ 70.00 per Equity Share, including special dividend of ₹ 30.00 per equity share).

Maharaja Heritage Resorts Limited

Maharaja Heritage Resorts Limited (MHRL), a joint venture of your Company with Jodhana Heritage Resorts Private Limited, currently operates 37 heritage properties across 15 States in India under the 'WelcomHeritage' brand. The portfolio of properties, comprising 'Legend Hotels', 'Heritage Hotels' and 'Nature Resorts', provides uniquely differentiated offerings to guests in the cultural, heritage, nature, wildlife and adventure tourism segments respectively. Operations across properties were impacted by the pandemic and demonstrated progressive recovery in course of the year. During the year, MHRL expanded its footprint in southern markets with the signing of new properties in Kochi and Ootacamund.

During the year ended 31st March, 2022, the company recorded Total Income of ₹ 4.70 crores (previous year ₹ 2.30 crores) and Net Profit of ₹ 0.28 crores (previous year Net Loss of ₹ 0.68 crores). Total Comprehensive Income for the year stood at ₹ 0.29 crores (previous year Net Loss ₹ 0.68 crores).

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 prior years, the Ambience Group has expressed its desire to review the timing of further investments in EHPL, citing concerns about the viability of the project in view of the challenging economic environment and the sluggish demand conditions currently prevailing in the relevant market. Your Company continues to explore its options in this regard.

Your Company's investment in EHPL stood at ₹ 46.51 crores as at 31st March, 2022.

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 leasehold site located at Sector 105 in New Okhla Industrial Development Authority (NOIDA). Under the terms of the Joint Venture Agreement, your Company holds 27.9% equity stake in LDPL and will, inter alia, provide hotel operating services, upon commissioning of the hotel.

As reported in prior years, your Company reiterated its position with the JV partner that it was committed to developing a luxury hotel-cum-service apartment complex as envisaged under the JV Agreement and that it was not interested in progressing with any alternative project plans proposed by the JV partner. However, the JV partner refused to progress the project and instead expressed its intent to exit from the JV by selling its stake to your Company.

Subsequently, the JV partner proposed that both parties should find a third party to sell the entire shareholding in LDPL. In view of these developments, your Company had filed a petition before the erstwhile Company Law Board submitting that the affairs of the JV entity were being conducted in a manner that was prejudicial to the interest of your Company and the JV entity. The matter is currently before the National Company Law Tribunal (NCLT). The JV partner had

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also filed a petition before the Honourable Delhi High Court for winding up the JV company, which was transferred to the NCLT by the Honourable Delhi High Court. The matter was heard before the NCLT on several occasions in the past but could not be concluded. On 21st January, 2020, the matter was assigned to a new bench; the matter is being heard and the date of next hearing is slated for 30th May, 2022.

During the year, the company received notices from NOIDA demanding payments in respect of the aforesaid lease. The company has submitted its responses in this regard.

During the year ended 31st March, 2022, the company recorded a Net Loss of ₹ 47.58 crores (previous year ₹ 40.28 crores). The Net Worth of the company stood at (-) ₹ 195.20 crores as at 31st March, 2022 (previous year (-) ₹ 147.62 crores). Your Company's total investment in LDPL was ₹ 41.95 crores.

Your Company had made provisions aggregating ₹ 33.45 crores towards diminution in the carrying value of investment in LDPL in the previous years, bringing the carrying value of your Company's investment in LDPL as at 31st March, 2022, to ₹ 8.50 crores.

The financial statements of LDPL for the year ended 31st March, 2022, 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, 2022, have been prepared based on the financial statements prepared by the management of LDPL.

NOTES ON ASSOCIATES

International Travel House Limited

The company is engaged in the business of providing travel related services to corporate travellers in India and abroad. The services include car rentals, business travel, leisure, meetings, incentives, conferencing, exhibitions, foreign exchange and hotel travel services. During the year, the industry was severely impacted by the second and third waves of the pandemic. In spite of a challenging operating environment, the company witnessed a healthy recovery with gradual pick-up in mobility.

To reinforce the concerns of safety, the company continued to leverage its program of 'The SAFE Car Promise', reassuring its customers on the highest standards of reliability, safety and hygiene. During the year, the company expanded its leisure offerings and continued to make focused initiatives towards further strengthening its customer service model.

During the year ended 31st March, 2022, the company recorded a Total Income of ₹ 96.51 crores (previous year ₹ 62.16 crores) and Net Loss for the year of ₹ 10.70 crores (previous year Net Loss of ₹ 45.07 crores). Total Comprehensive Income for the year stood at (-) ₹ 10.18 crores (previous year (-) ₹ 45.01 crores).

Gujarat Hotels Limited

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

Pandemic-induced restrictions during the first half of the year adversely impacted the revenue from License Agreement.

During the financial year ended 31st March, 2022, the company recorded Total Income of ₹ 3.57 crores (previous year ₹ 3.06 crores) with Net Profit and Total Comprehensive Income of ₹ 2.72 crores (previous year ₹ 2.27 crores). The Board of Directors of the company has recommended a dividend of ₹ 2.00 per Equity Share of ₹ 10/- each, for the year ended 31st March, 2022 (previous year ₹ 1.80 per Equity Share).

ATC Limited (an associate of Gold Flake Corporation Limited)

The company is a contract manufacturer of cigarettes. The company's operations during the first quarter of the year were impacted by supply chain disruptions due to the pandemic. The company continued to maintain high levels of operational responsiveness and benchmark quality in its manufacturing operations to service its customers. During the year, the company was conferred with the EHS Excellence Gold Award by Federation of Indian Chambers of Commerce & Industry (FICCI) and Energy Efficient Unit Award by Confederation of Indian Industry (CII).



Enduring Value

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During the year, the company recorded Total Income of ₹ 27.11 crores (previous year ₹ 25.47 crores) and Net Profit of ₹ 0.35 crore (previous year ₹ 0.24 crore).

Delectable Technologies Private Limited

During the year, your Company invested ₹ 1.87 crores towards the third tranche of Compulsorily Convertible Preference Shares in Delectable Technologies Private Limited (Delectable). Your Company's effective shareholding in Delectable increased to 27.34% (previous year 20.06%) on a fully diluted basis.

The company is, inter alia, engaged in sale of FMCG products leveraging app-based technology through vending machines, primarily installed across office locations. Operations of the company were impacted in the first half, with most offices remaining shut or operating with limited employees on account of the pandemic. The business witnessed gradual recovery in the second half on the back of improved mobility and easing of restrictions.

During the year, the company recorded Total Income of ₹ 1.14 crores (previous year ₹ 0.90 crore) and Net Loss of ₹ 1.30 crores (previous year Net Loss of ₹ 1.87 crores).

Associates of Russell Credit Limited

Russell Investments Limited

During the year, the company recorded Total Income of ₹ 2.83 crores (previous year ₹ 3.50 crores) and Net Profit of ₹ 3.38 crores (previous year ₹ 2.27 crores). Total Comprehensive Income for the year stood at ₹ 15.51 crores (previous year ₹ 8.88 crores) reflecting the recovery in market value of certain investments which had been impacted due to the pandemic in the previous year. The company continues to explore opportunities for strategic investments.

Divya Management Limited

During the year, the company recorded Total Income of ₹ 0.40 crore (previous year ₹ 0.52 crore) and Net Profit of ₹ 0.28 crore (previous year ₹ 0.17 crore). The company continues to explore opportunities for strategic investments.

Antrang Finance Limited

During the year, the company recorded Total Income of ₹ 0.22 crore (previous year ₹ 0.28 crore) and Net Profit of ₹ 0.05 crore (previous year ₹ 0.10 crore). The company continues to explore opportunities for strategic 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 your 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 Enterprise Resource Planning (ERP) systems as a business enabler and also to maintain its books of accounts. 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 till implementation.

Your Company has in place adequate internal financial controls with reference to the Financial Statements. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial information; complying with applicable statutes; safeguarding assets from unauthorised use; ensuring that transactions are carried out with proper authorisation and complying with Corporate Policies and Processes. Such controls have been assessed during the year, after 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 deficiency 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 opportunities in domestic and international markets, developing capabilities and competencies for the future in order to enhance competitiveness and win in the markets of tomorrow. Accordingly, management of risk has always been an integral part of your Company's 'Strategy of Organisation' and straddles its planning, execution and reporting processes & 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 strategic to the operational. These role definitions, inter alia, provide the foundation for appropriate risk management procedures, their effective implementation across your Company and independent monitoring and reporting by Internal Audit.

- The Risk Management Committee, constituted by the Board, monitors and reviews the strategic risk management plans of your Company as a whole and provides necessary directions on the same.
- The Corporate Risk Management Cell, through focused interactions with businesses, facilitates the identification and prioritisation of strategic and operational risks, development of appropriate mitigation strategies and conducts periodic reviews of the progress on the management of identified risks.
- A combination of centrally issued policies and Divisionally-evolved procedures brings robustness to the process of ensuring that business risks are effectively addressed.
- Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique/relatively high risk profiles.
- Foreign currency exposures continue to be managed within the framework of the Forex Manual.
- 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.

Report of the Board of Directors

- 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 continuously 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 Risk Management Standard and accordingly, the Risk Management systems and processes prevalent in these Businesses have been independently assessed to be compliant with the said global Standard on Risk Management. This year, Agri SBU, Personal Care Products Business and the Life Sciences and Technology Centre were assessed for compliance with ISO 31000 Risk Management Standard. This is in addition to the six Businesses which were previously assessed for such compliance. The centrally anchored initiative of conducting external independent reviews of key business processes with high ‘value at risk’ continued during the year. These interventions provide further assurance on the robust nature of risk management practices prevalent in your Company.

During the year, the Risk Management Policy & Framework of your Company was revised in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations 2021, inter alia, to incorporate (i) framework for identification of Environmental, Social, Governance (ESG) related risks as well as sustainability risks, information risks and cyber security risks, (ii) measures for risk mitigation including systems and processes for internal control of identified risks, and (iii) Business Continuity Plan(s). Your Company already has systems and processes to monitor and mitigate the

aforementioned risks. With the amendment, added emphasis is being given to these areas across your Company.

The Risk Management Committee met thrice during the year and was updated on the status and effectiveness of the risk management plans. The Audit Committee was also updated on the effectiveness of your Company’s Risk Management systems and policies.

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and providing suitable recommendations for enhancing security of the IT systems and infrastructure. The Chief Information Officer, an invitee to the Risk Management Committee, is responsible for ensuring that the Cyber Security systems of your Company remain effective and contemporary.

Cyber security controls are embedded in your Company’s Information Technology (IT) environment to ensure protection from risks of unauthorised access, unauthorised changes or unavailability of the systems. Key cyber security controls include secure configuration of enterprise assets and software, malware defences, periodic vulnerability and penetration testing, controlled access to critical business applications, appropriate segregation of duties and ongoing cyber security awareness programs for users.

The cyber security framework of your Company includes specific checks and controls for your Company’s digital marketing initiatives and public facing websites. The framework further encompasses secure management of Mobile Applications and Industrial Control Systems (ICS).

An independent agency has confirmed that the practices in the area of Information Technology-Operational Technology (IT-OT) integration across major Businesses of your Company are adequate and benchmarked to Industry. However, since this is a fast-evolving area, ongoing attention will be accorded to ensure contemporariness and best-in-class capabilities.

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Your Company sources several commodities for use as inputs in its Businesses and also engages in agri-commodity trading as part of its Agri Business. In respect of commodities sourced for use as inputs in its Businesses, your Company has well laid out policies to manage risks arising out of the inherent price volatility associated with such commodities. This includes robust mechanisms for monitoring market dynamics towards making informed sourcing decisions; well defined inventory holding norms based on considerations such as seasonality and the strategic nature of the commodity concerned; long-term contracts with suppliers to secure supply of critical items at competitive costs and continuous diversification of supplier base. Multiple sourcing models, wide geographical spread, extensive sourcing and supply chain network and associated infrastructure in key growing areas coupled with deep-rooted farmer linkages ensure sourcing of high quality agri-commodities at competitive costs.

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

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

- segregation of duties and robust internal controls through a system of checks and balances embedded in the organisation and governance structure;
- clearly defined limits for trading position (long and short) and net cash loss for specific commodities/commodity groups;
- mitigation of price, liquidity and counter party risks in respect of commodities such as soya,

mustard and chana through hedging on commodity exchanges (mainly NCDEX). Correlation between prices prevailing in the physical market and those on the commodity exchange is analysed regularly to ensure effectiveness of hedging;

- robust monitoring and review mechanisms of net open positions and 'value at risk'.

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

During the year, systems and processes to handle pandemic related threats and risks were further strengthened against the backdrop of the second and third waves of the pandemic. This has enabled seamless transition to 'Work from Home', safety of employees and service providers, continued availability of raw materials, rapid resumption of operations at units and agile response to the dynamic requirements of the distribution network. Recent learnings in dealing with the pandemic have been seamlessly incorporated in the day-to-day procedures of your Company and will continue to be leveraged going forward.

In response to the pandemic and escalation of geopolitical tensions, various measures have been taken to ensure continuity in operations and servicing your Company's customers. This includes increasing safety stock levels, leveraging alternate channels of distribution, broad basing manufacturing partners and activating alternate suppliers of key materials thereby increasing the resilience of supply chain.

The risk management practices of your Company, as reviewed through the Risk Management Cell and Internal Audit processes, have been found to be relevant and commensurate with the size and complexity of your Company's operations.

AUDIT AND SYSTEMS

Your Company believes that strong internal control systems that are commensurate with the scale, scope and complexity of its operations are concomitant to the principle of governance that freedom of management

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

Your Company remains committed to ensuring a mature and 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 Management Information Systems, timely preparation of reliable financial information, adherence with relevant statutes and compliance with related party transactions.

Your Company's internal control systems include documented policies and procedures, segregation of duties and careful selection and development of employees.

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

The Internal Audit function, consisting of professionally qualified accountants, engineers and Information Technology (IT) specialists, is adequately skilled and resourced to deliver audit assurances at highest levels. Targeted Learning and Development programmes on contemporary topics are periodically organised to enhance knowledge and skill sets.

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. Although the Standards continue to be recommendatory in nature, such external validation evidences the contemporariness of the Internal Audit function.

In the context of your Company's IT environment, systems and policies relating to Information Management are periodically reviewed and benchmarked for contemporariness. Compliance with the Information Management policies receives focused attention of the Internal Audit team. Business-led Information Technology systems undergo

pre-implementation audit before being deployed in the operating environment, thereby delivering assurance with respect to the rigour of implementation.

Your Company's Internal Audit continues to leverage digital and automation tools benchmarked to global technology standards to ensure focused Information Technology control assessment for various areas of automation including robotics and IT applications across Businesses.

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

Processes in the Internal Audit function are continuously strengthened for enhanced effectiveness and productivity including the deployment of contemporary best-in-class tools for audit analytics.

Your Company's Internal Audit processes are certified as complying with ISO 9001:2015 Quality Standards. The Audit methodology is also designed to validate effectiveness of critical IT controls that are embedded in business systems deployed across your Company, enabling a high degree of assurance on efficacy of business process controls. The scope of Internal Audit coverage also includes assessment of emerging risks in the social media ecosystem and adoption of digital technologies.

Restrictions on mobility caused by recurrent waves of the pandemic during the year continued to impact the physical audit process. Under such challenging circumstances and considering the safety & well-being of employees, the team continued its audits under the 'remote audit' approach leveraging technology to ensure continuity in audit and assurance processes. A comprehensive Standard Operating Procedure comprising, inter alia, data security controls and communication protocols facilitated seamless and effective conduct of remote internal audits during the year.

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With a view to further enhancing productivity, improving the efficacy of audit processes and optimising costs, Internal Audit is progressively moving towards adopting a ‘hybrid’ approach involving a combination of onsite and offsite audits.

The Audit Committee of your Board met ten times during the year. The Committee approves the Internal Audit programme for the year so as to ensure adequacy of coverage. The Terms of Reference of the Audit Committee, inter alia, include reviewing the effectiveness of the internal control environment, evaluation of your Company’s internal financial controls, and risk management systems, monitoring implementation of the action plans emerging out of review of significant Internal Audit findings including those relating to strengthening of your Company’s risk management systems and discharging of statutory mandates.

HUMAN RESOURCE DEVELOPMENT

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

Your Company’s ‘Strategy of Organisation’ is designed to promote agility through a culture and practice of distributed leadership enabled by a three-tier governance structure. This is manifested in market and consumer facing Businesses, which are driven by empowered, cluster-based teams and supported by shared assets and capabilities, enabling strategic relevance, speed, responsiveness, and operational excellence. This approach allows Businesses, through their Management Committees, to focus, develop and execute Business Plans relevant to their product-market spaces while leveraging the

institutional strengths of your Company and harvesting internal synergies.

Your Company’s Human Resources development approach spans four key organisational dimensions of Agility, Alignment, Ability and Architecture; which are supported through strategies crafted in areas of impact such as talent acquisition, engagement, diversity & inclusion, capability building, employee relations, performance & rewards and employee well-being.

The year under review witnessed significant upheaval in the talent market. While the pandemic led to a short-term demand-supply disequilibrium in the workforce, the rapid digitalisation of the ecosystem and entry of several technology-driven and privately funded enterprises have heightened competition for certain critical talent pools. Your Company’s unique employer equity as an exemplary Indian enterprise creating world-class brands, building business leaders and generating economic, social and environmental capital for the Indian economy, continues to play a vital role in the attraction and retention of high-quality talent. The management trainee programme, augmented with recruitment of experienced talent from the market, is an integral part of the leadership pipeline development process. Your Company continues to draw the finest management, technical and commercial talent from premier institutions in the country and is ranked amongst the leading companies in these institutions. Intensive engagement with the country’s premier academic institutions over the years to communicate your Company’s talent proposition through case-study competitions, knowledge-sharing programmes by senior managers and the annual internship programmes have all contributed to creating a compelling proposition for the best candidates to aspire for a career with your Company. Your Company continues to enthuse talent with high-impact roles, competitive and performance driven remuneration, with an emphasis on long-term incentives relative to industry, diversity in learning opportunities, a commitment to enhancing diversity & inclusion, an employee-centric climate, well-being focused infrastructure and support that promotes fellowship and commitment amongst employees.

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Your Company's approach to management development is founded on the belief that learning initiatives must remain synergistic and aligned to business outcomes. Towards this end, your Company has built a culture of continuous learning, innovation and collaboration by providing contemporary and relevant learning and development support to managers through a combination of platforms – classroom, on-the-job, self-paced e-learning modules and application projects. The emphasis is on providing experiential learning while remaining current with the curriculum and providing access to nationally and globally recognised high-quality faculty. Deep functional expertise is fostered early in one's career through immersion in complex problem-solving assignments requiring the application of domain expertise. Managers are assessed on your Company's behavioural competency framework and provided with learning and development support to address areas identified for improvement. Key talent is provided critical experiences in high impact roles and mentored by senior managers. This promotes the development of a pool of high-quality talent through mentorship, coaching and learning opportunities.

Your Company has identified three capability platforms relevant to making Businesses future-ready – Business Critical Strategic Competencies, Leadership Development and Organisation Identity & Pride. Capability needs are identified for talent cohorts across domains covering dimensions which are of vital significance to competitive performance. These include Brand Marketing, Data Science and Analytics, Marketing in a Digital world, Business Strategy and Commercial Acumen. Globally benchmarked curriculums are designed in these domains, delivered through internationally recognised faculty and supplemented with business-critical application projects. This approach ensures that the application of learning fructifies in a manner which benefits your Company's business results. Similarly, as a part of leadership development initiatives, the Reflections 360 programme comprising feedback and coaching was conducted during the year to enable personal development of employees.

Your Company continues to strengthen its performance management system and its culture of accountability through the widespread adoption of the system of Management-by-Objectives. Performance planning through clearly defined goals, outcome-based assessment, and alignment of rewards to achievement of results have all contributed to a robust culture of ownership and accountability. 'Career Conversations' and succession planning processes have contributed to helping employees realise their potential, craft their careers while recognising their strengths and areas of development and ensuring a sound workforce planning system.

In the spirit of continuous improvement, your Company maintains a practice of periodically assessing employee engagement through a Company-wide survey. The impact was visible in the survey in 2020 wherein Engagement, Performance Enablement, and Managerial Effectiveness measures improved significantly over the previous survey. The recent survey in 2022 affirms high levels of employee engagement and reflects significant consolidation of gains achieved over recent years. During the year, a range of engagement programmes were designed and implemented, including initiatives such as leadership outreach through extensive communication, recognition programmes acknowledging exceptional contributions of employees and teams, career conversations and development planning for robust positioning and progression decisions and investments in employee wellbeing. The year also witnessed the Cigarettes Business winning the 'Silver' in the prestigious 'Economic Times Human Capital Awards 2021' for 'Excellence in Reward & Recognition programs' where your Company was appreciated for its employee recognition framework. The Cigarettes Business also secured the 'Gold' award in the 'Excellence in Health & Wellness initiatives' category where your Company showcased its 'Living Well' programme.

Your Company's efforts to enhance Diversity, Equity and Inclusion are founded on the conviction that a diverse workforce contributes to rich discourse, promotes holistic perspectives, fosters creative solutions and is integral to serving customers better while creating value for all stakeholders.

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Your Company is committed to enhancing gender diversity and participation of the differently-abled in the workforce, and where needed, will undertake supportive actions in the spirit of equity at the workplace. Such concerted actions span three vectors, namely:

- Representation
- Inclusion & Enablement
- Commitment and Assurance

Measures to enhance diversity include ensuring sufficient representation of women in selection pools and deployment of the differently-abled across suitable opportunities in the value chain. Through policies offering flexible work arrangements, extended child care leave, travel support for infants and care-givers, secure transport, paternity leave, same gender partner medical benefits, infrastructure support coupled with various sensitisation programmes, formation of Employee Resource Groups and the commitment and sponsorship of leaders, your Company provides an enabling environment to further its Diversity, Equity and Inclusion goals. Amongst several positive outcomes, your Company's recruitment of talent from premier campuses reflects diversity ratios superior to the prevailing norm in such institutions.

Your Company continued its practice of active leadership outreach to employees. Periodic communication with the ITC community through 'StudioOne Townhalls' led by the Chairman, provided employees avenues to hear from and engage with leaders about your Company's vision, strategy and milestones. This was supplemented by a more personalised engagement through the 'StudioOne Xchange' initiative. The Chairman and other members of the Corporate Management Committee interacted with managers across Businesses in small groups, sharing your Company's vision and strategies while also inviting suggestions and feedback.

While your Company has covered significant ground and scaled up its digital investments exponentially in recent years, it seeks to embrace digitalisation as a foundation capability, vital to accelerating value creation, offering novel ways of interacting with consumers and reconfiguring value chains and transforming business models.

The 'Young Digital Innovators Lab' constituted in 2021, identified innovative opportunities deploying contemporary digital tools across your Company's value chains. Various 'proofs of concept' were tested which have the potential to be scaled up to create further business value. 'DigiNext', the Digital Council, participated in ideation and evaluating the adoption of various suggestions to enhance your Company's digital quotient and competitiveness.

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 continue building harmonious employee relations. Your Company remains dedicated to an Employee Relations climate of partnership and mutuality while ensuring operations are competitive, flexible and responsive. The Employee Relations philosophy of your Company, anchored in the tenets of Scientific Management, Industrial Democracy, Human Relations and Employee Well-being, has contributed towards building a robust platform which has aided the conclusion of collective bargaining agreements at several of its manufacturing units and hotel properties, ensuring smooth commencement of operations at greenfield locations and the execution of productivity improvement practices. Several initiatives have been taken to foster a culture of commitment amongst the demographically diverse workforce in these new facilities. Your Company's Foods Business was recognised with the 'Significant Achievement in Employee Relations' Award by Employers' Federation of India. The award recognises your Company's consistent commitment to excellence in Employee Relations, engage, involve and develop employees - particularly factory personnel - through a series of targeted actions contributing to a culture of collaboration, mutuality and trust.

The pandemic has cast unprecedented challenges and your Company has taken a host of measures to ensure employee wellbeing and business continuity. Your Company partnered with various internal as well as external stakeholders to support employees and their family members in the face of widespread infections, especially during the second wave of the pandemic. The provision of medical equipment

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across locations, COVID Care Centres for employees and their families, assistance with hospitalisation and treatment, paid leave for those infected or in quarantine, vaccination facilitation through camps for employees and their family members, service provider personnel and supply chain partners, medical advice through a network of Company doctors, webinars on preventive measures, counselling services and stringent risk mitigation protocols such as zoning in factories, restrictions on travel and office presence, masking, precautionary random testing, temperature checks and social distancing measures in all locations, have been instrumental in reassuring employees, mitigating risks and ensuring medical care in the event of infection. Your Company also extended financial assistance for medical treatment of employees' parents and assistance to families of deceased employees.

Your Company's thought, strategy and action are inspired by a larger purpose – a purpose to be an exemplary Indian enterprise that not only pursues agile innovation to be extremely competitive, but also one that embeds sustainability and inclusiveness at the core of its Businesses. This approach has enabled it to create enduring value for the Indian economy, and the larger community of stakeholders, as also delight consumers with a vibrant portfolio of best-in-class products and services. Each one of your Company's 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 perpetuating this vitality – its growth as a value generating engine and also as an exemplary institution – so that it continues to succeed in its relentless pursuit of creating enduring value.

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

WHISTLEBLOWER POLICY

Your Company's Whistleblower Policy encourages Directors and employees to bring to your Company's attention, instances of illegal or unethical conduct, actual or suspected incidents of fraud, actions that affect the financial integrity of your Company, or actual or suspected instances of leak of unpublished price sensitive information that could adversely impact your Company's operations, business performance and/or reputation.

The Policy requires your Company to investigate such incidents, when reported, in an impartial manner and take appropriate action to ensure that the requisite standards of professional and ethical conduct are always upheld. Anonymous complaints are also entertained if the complaint sets out specific allegations & verifiable facts, and is accompanied with supporting evidence. It is your Company's Policy to ensure that no complainant is victimised or harassed for bringing such incidents to the attention of your Company, and to keep the information disclosed during the course of the investigation as confidential. The practice of the Whistleblower Policy is overseen by the Audit Committee and no employee was denied access to the Committee during the year. The Whistleblower Policy is available on your Company's corporate website at <https://www.itcportal.com/whistleblower-policy> .

SUSTAINABILITY 2.0

Your Company believes that when enterprises make societal value creation an integral part of their corporate strategy, powerful drivers of innovation emerge that make growth more enduring for all stakeholders. This paradigm is called '*Responsible Capitalism*' - an abiding strategy that focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

Your Company's innovative business models synergise the building of economic, environmental and social capital, thus embedding sustainability at the core of its corporate strategy. Today, this strategy has not only contributed to building strong

businesses of the future as well as a portfolio of winning world-class brands, but also in making your Company a global exemplar in ‘Triple Bottom Line’ performance. Your Company 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 20 years), ‘carbon positive’ (for 17 years), and ‘solid waste recycling positive’ (for 15 years). This approach has enabled your Company and its businesses to support sustainable livelihoods for more than six million people.

As the world prepares for a post-pandemic future, your Company is actively working towards *Sustainability 2.0*, an agenda which reimagines sustainability under the pressing challenges of climate change and social inequity. Sustainability 2.0 calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy for post-consumer packaging waste. It also entails protecting and restoring biodiversity and ecosystem services through adoption of nature-based solutions. Your Company believes that agility in thought and action, meaningful public-private-people partnerships and Responsible Capitalism will act as core enablers of this new agenda. Your Company has the potential to make a large-scale impact not only from an economic standpoint, but also from an employment generation and social enablement lens because of its presence across several critical sectors of the economy. With its bold Sustainability 2.0 agenda, your Company is setting the bar higher, and remains committed to making meaningful contribution to the Nation’s future while retaining its status as a sustainability exemplar. The Sustainability 2.0 ambitions include:

Climate Change

- Enhancing the share of renewable energy usage to 50% of total energy consumption by 2030.
- Meeting 100% of purchased grid electricity requirements from renewable sources by 2030.

- Reducing specific energy consumption by 30% and specific GHG emissions by 50% by 2030 as compared to the FY 2018-19 baseline.
- Sustain and enhance carbon sequestration by expanding forestry projects on wastelands through your Company’s Social and Farm Forestry programme and other such initiatives.

Water Stewardship

- Achieving 40% reduction in specific water consumption by 2030 as compared to the FY 2018-19 baseline.
- Creation of rainwater harvesting potential equivalent to over 5 times the net water consumption by 2030.
- Certification of all sites in high water stressed areas as per the international water stewardship standard by Alliance for Water Stewardship (AWS) by 2035.
- Improve crop water use efficiency in agri-value chains through demand side management interventions and enable savings of 2,000 million kilolitres of water by 2030.

Plastic Waste and Circular Economy

- 100% of your Company’s Packaging to be Reusable, Recyclable or Compostable/Biodegradable by 2028.

Sustainable Agriculture

- Promote climate smart village approach in core Agri Business catchments covering over 3 million acres by 2030.

Biodiversity Conservation

- Revive & sustain ecosystem services and products provided by nature, through adoption of nature-based solutions and biodiversity conservation covering over 1 million acres by 2030.

Sustainable Livelihoods

- Supporting sustainable livelihoods for 10 million people by 2030.

Your Company’s Businesses are actively working towards achieving your Company’s Sustainability 2.0 vision. During the year, around 42% of

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your Company's total energy requirements were met from renewable sources. Commendable progress has been made in line with 2030 targets relating to specific energy, specific GHG emissions and specific water consumption across Businesses. In line with its commitment, your Company has also achieved its goal of becoming plastic neutral during FY 2021-22. During the year, your Company's large-scale programmes on Sustainable Agriculture were expanded to cover 1.5 million acres. A detailed performance dashboard against the 2030 commitments is available in your Company's Sustainability & Integrated Report, 2022.

To achieve its Sustainability 2.0 vision, your Company continues to strengthen its management approach which is guided by a comprehensive set of sustainability policies and is being implemented across the organisation. Your Company is also 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 will continue to update these systems and processes in line with evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.

Your Company's 18th Sustainability Report, published during the year detailed the progress made across all dimensions of the 'Triple Bottom Line' for FY 2020-21. This report is in conformance with the Global Reporting Initiative (GRI) standards under 'In Accordance – Comprehensive' category and is third-party assured at the 'Reasonable Level' as per International Standard on Assurance Engagements (ISAE) 3000.

In addition, your Company's 4th Integrated Report was also published during the year which conforms with the requirements of the International <IR> Framework published by the Value Reporting Foundation. The report presents a range of financial and non-financial disclosures to illustrate how different 'capitals' are deployed to enable creation of enduring value.

Your Company's Sustainability & Integrated Report for FY 2021-22, in addition to conforming with

GRI Standards, is also aligned with the requirements of the International <IR> Framework developed by the International Integrated Reporting Council.

The Sustainability & Integrated Report 2022 is available on your Company's corporate website at <https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf>.

In addition, the Business Responsibility & Sustainability Report (BRSR), as mandated by the Securities and Exchange Board of India (SEBI) for the year under review is annexed to the Report and Accounts. The BRSR maps the sustainability performance of your Company against the nine principles forming part of the National Guidelines on Responsible Business Conduct issued by the Ministry of Corporate Affairs, Government of India.

During the year, your Company sustained its 'AA' rating by MSCI-ESG - the highest amongst global tobacco companies, and has also been included in the Dow Jones Sustainability Emerging Markets Index. Additionally, your Company was rated 'A -' at the Leadership Level for both Climate Change and Water Security by CDP, which is above the Asia and Global average of 'B-' for climate change and 'B' for water security.

Contribution to the United Nations Sustainable Development Goals (UN SDGs)

Your Company's Sustainability strategies and Social Investment Programmes & interventions, in addition to their alignment with national priorities, are also well positioned to contribute to the achievement of India's commitment under the UN SDGs. For instance, your Company's programme on Climate Smart Agriculture is aligned to the Government's National Mission for Sustainable Agriculture and also contributes to the achievement of multiple SDGs, including SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 1 (No Poverty) and SDG 2 (Zero Hunger). A comprehensive statement linking your Company's interventions to the SDGs, including corresponding targets, is available in your Company's Sustainability & Integrated Report for FY 2021-22.

Building Climate Resilience

Your Company recognises the urgent need to combat climate change for building a more secure future and the role it can play in enabling a net-zero economy. To this end, your Company is pursuing a low carbon growth strategy through extensive decarbonisation programmes across its value chain. These include increasing the share of renewable energy, continuous reduction of specific energy, construction of green buildings, greening logistics and optimising ‘distance-to-market’, and promoting regenerative agriculture practices in agri-value chains.

Additionally, in order to identify long-term risks, your Company has worked with climate experts to conduct a comprehensive climate change risk and vulnerability assessment using climate models across its operating locations (factories, hotels, warehouses etc.). The assessment considered the impact of climate variables like temperature, precipitation, sea level rise, river/coast proximity and extreme weather events over long-term time frames (2040-2060 and 2060-2080) under two Representative Concentration Pathway (RCP) scenarios - RCP 4.5 and RCP 8.5. In line with the findings of the assessment, detailed site-specific assessments are being undertaken for risk mitigation and adaptation.

Similarly, factors such as rise in extreme weather events, varying climatic parameters and dependence on rainwater for irrigation make agriculture in India quite vulnerable to climate change. For major crops like wheat, pulp-wood and leaf tobacco among others, there is significant and sustained work being done on the development of climate-tolerant varieties as well as dissemination of climate-resilient and regenerative agronomic practices in the growing areas.

Detailed farm-level studies are also being conducted to understand the potential adverse impacts of climate change on your Company’s key agri-value chains. These risk assessments will help calibrate the climate resilience measures that are being implemented across your Company’s value chains.

Energy Conservation and Renewable Energy

As a responsible corporate citizen, your Company has made a commitment to reduce dependence on energy from fossil fuels. Accordingly, all factories incorporate

appropriate green features and premium luxury hotels and office complexes continue to be certified at the highest level by either the US Green Building Council or Indian Green Building Council. During the year, around 42% (previous year 41%) of your Company’s total energy requirements were met from renewable sources such as biomass, wind and solar. During the year, your Company commissioned its first offsite solar plant in Dindigul, Tamil Nadu, in line with its Sustainability 2.0 vision. The 14.9 MW solar plant will help reduce CO₂ emissions significantly and has already enabled your Company to meet 90% of its electricity requirement in the state of Tamil Nadu from renewable sources. Additionally, your Company’s Paperboards & Specialty Papers Business commissioned a state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill, replacing conventional soda recovery boilers, which will contribute towards reducing carbon footprint through lower coal consumption.

Your Company is well positioned to benefit from energy conservation and renewable energy promotion schemes such as Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (RECs) promoted by the Government of India. Your Company continues its efforts towards meeting 100% of purchased grid electricity requirements from renewable sources, and achieving 50% renewable energy share in its total energy consumption by 2030 based on a mix of energy conservation and renewable energy investments, despite significant enhancement in its scale of operations going forward.

Greenhouse Gases and Carbon Sequestration

The GHG inventory of your Company for FY 2021-22 compiled according to the ISO 14064 Standard has been assured, as in the earlier years, at the ‘Reasonable Level’ by an independent third party. The GHG inventory covers emissions from your Company’s operations and GHG removals from your Company’s large-scale forestry programmes.

In order to continuously reduce your Company’s energy footprint, green features are being integrated in all new and old constructions including hotels, manufacturing units, warehouses and office

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complexes. Your Company is a pioneer in the green building movement, with 38 buildings having received Platinum certification by USGBC (U.S. Green Building Council)/IGBC (Indian Green Building Council).

Several of your Company's factories and office complexes have received the Green Building certification from IGBC and the Leadership in Energy & Environmental Design (LEED®) certification from USGBC. In 2004, the ITC Green Centre at Gurugram received LEED® Platinum certification by USGBC, making it the largest Platinum rated building in the world at that point in time. The data centre at Bengaluru, ITC Sankhya, is the first data centre in the world to receive the LEED® Platinum certification by USGBC. Large infrastructure investments such as the ITC Green Centre at Guntur and the ITC Green Centre at Bengaluru (both LEED® Platinum certified) continue to demonstrate your Company's commitment to green buildings. Virginia House, Kolkata and ITC Centre, Kolkata – the headquarters of your Company, is also certified at the highest 'LEED® Platinum' rated Green Building by USGBC.

Reaffirming your Company's commitment to the ethos of 'Responsible Luxury', all luxury collection hotels of your Company are LEED® Platinum certified, making your Company a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED® Platinum certified green hotels. In 2020, ITC Windsor's best practices on carbon management distinguished it as the first hotel in the world to be LEED® Zero Carbon certified. Additionally, in FY 2021-22, ITC Grand Chola and ITC Gardenia were also certified as LEED® Zero Carbon with ITC Grand Chola being the largest and ITC Gardenia being the third hotel with LEED® Zero Carbon certification in the world.

Your Company's Social and Farm Forestry initiatives, besides mitigating the impact of increasing levels of GHG emissions in the atmosphere, help greening of degraded wasteland, prevent soil erosion, enhance organic matter content in soil and increase ground water recharge.

Towards Water Security for All

Your Company continues to focus on an integrated water management approach that includes water conservation and harvesting initiatives at its Units – while at the same time working towards meeting the water security needs of all stakeholders at the local watershed level. Interventions have been rolled out to improve water-use efficiencies by adopting latest technologies and increasing reuse and recycling practices within the fence while also working with farmers and other community members towards improving their water-use efficiencies.

The demand side measures are followed by augmenting supply at the sub-catchment level through various interventions focused on harvesting rainwater based on the recommendations of hydro-geological studies. The supply side interventions include enhancing capture and storage of rainwater (in soil and storage ponds) and recharging aquifers. Your Company also conducts efficacy studies to assess the impact of the watershed work carried out, and to ensure that maximum benefits accrue in the long-term. As on 31st March, 2022, your Company's integrated watershed development projects covering over 1.3 million acres of land have created a total rainwater harvesting potential (RWH) of over 46 million kl, which is nearly 4 times the net water consumed by your Company's operations in FY 2021-22.

Your Company's Paperboards & Specialty Papers unit at Kovai was only the second facility in the world and first in India to be awarded the AWS Platinum level certification in FY 2019-20 – the highest recognition for water stewardship in the world.

Your Company is in the process of implementing the AWS Standards at other Units in high water stress areas, and will progressively obtain AWS certification for these sites in the coming years.

Building a Circular Economy for Post-Consumer Packaging

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

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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. In addition, your Company's Paperboards & Specialty Papers Business recycled over 85,000 tonnes of externally sourced post-consumer waste paper, thereby creating yet another positive environmental footprint.

Your Company aims to go beyond the requirements of Plastic Waste Management Rules, 2016 to ensure that, over the next decade, 100% of packaging is reusable, recyclable or compostable/biodegradable. Your Company is working towards optimising packaging in a way that reduces the environmental impact arising out of post-consumer packaging waste without affecting product integrity. This is being done in a structured manner by optimising design, identifying alternative packaging material with lower environmental impact and suitable end-of-life solutions for packaging waste. Your Company has successfully implemented multiple large-scale models of municipal solid waste management across the country. These models, based on principles of circular economy, are scalable, replicable and sustainable, and have enabled your Company to become plastic neutral in FY 2021-22. The approach is centred around treating waste as a resource and ensuring that zero waste goes to landfill, which can be achieved only when waste is segregated at source. The initiatives focus on educating citizens on segregating waste at source into dry and wet streams and ensuring that value is derived from these resources and in the process support sustainable livelihood for waste collectors and rag-pickers. These models operate on a public-private partnership basis with active involvement of urban local bodies, civil society and the informal sector of waste collectors.

Your Company has exceeded its commitment on plastic neutrality made in the previous year, collecting and sustainably managing more than 54,000 tonnes of plastic waste across 35 States/Union Territories.

Your Company's waste recycling programme, 'WOW – Well Being Out of Waste', enables the creation of a clean & green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Bengaluru, Mysuru, Hyderabad, Coimbatore, Chennai, Muzaffarpur, Delhi, major towns of Telangana and several districts of Andhra Pradesh. The quantum of dry waste collected during the year was about 60,000 MT from over 1,000 wards. The programme has covered over 1.8 crore citizens in over 46 lakh households, 52 lakh school children and around 2,040 corporates since its inception. It has promoted sustainable livelihood for over 17,000 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. The intervention has also created over 140 social entrepreneurs who are involved in maximising value capture from dry waste collected. In Pune, your Company is spearheading a circular economy based on first-of-its-kind Multi-Layer Plastic (MLP) collection and recycling programme.

In addition to WOW, a separate community-driven programme on decentralised Solid Waste Management (SWM), in collaboration with Swachh Bharat Mission, is operational in 17 districts of 10 states covering 14.6 lakh households. This programme deals with both wet and dry waste and focuses on minimising waste to landfill by managing waste at source. Under the programme, more than 99,700 MT of waste was collected during FY 2021-22 out of which around 63,700 MT of wet waste was composted, 19,000 MT of dry waste was recycled, and only 17% of the total waste was sent to landfills. Further, home composting was practiced by over 3.2 lakh households.

In Uttar Pradesh, your Company partnered with the Urban Development Department, leading to over 1,400 Government officials from 31 municipalities being trained on decentralised SWM till date. During the year, your Company also signed an MoU with Lohiya Swachh Bihar Abhiyan (LSBA), Rural Development Department, Government of Bihar, to train officials on implementation of decentralised

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SWM in nearly 500 villages of Ganga region ('Ganga Gram') across 12 districts of Bihar.

The 'Green Temple' initiative, powered by your Company's Social Investments programme 'Mission Sunehra Kal', is a closed loop waste management model involving processing of waste generated in temples to provide biogas to the kitchen and compost for its gardens. During the year, the initiative was expanded to 500 temples across Andhra Pradesh, Bihar, Uttar Pradesh, Uttarakhand, Tamil Nadu, Karnataka and Maharashtra.

Promoting Thought Leadership in Sustainability

Your Company's pursuit of the 'Triple Bottom Line' approach has allowed it to develop unique, sustainable and industry-leading solutions to some of the most pressing sustainable development challenges faced by our country. Combining deep-rooted insights, perspectives and on-ground managerial expertise with meaningful collaborations and partnerships, your Company has created sustainable, scalable and replicable business models in response to these challenges.

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

Climate Change

– A CEO's working group on 'Driving Accelerated Climate Action' was set up with the objective of developing and driving a compelling strategy and action plan to enable Indian businesses adopt sustainability for building a climate-resilient future. The working group is led by the Chairman and Managing Director of your Company, and comprises 11 CEOs from leading businesses. Rapid progress is being made by the working group on the agenda of creation of CII Vision

2030 on Climate Change and Sustainability, establishment of the CII Climate Action Charter, MSME toolkit for climate risk management, and interlinking climate related policy advocacy in CII Councils and Committees.

- A roundtable of industry members and GIZ (a German development agency that provides services in the field of international development cooperation and international education work) held in December 2021 documented the challenges and opportunities in implementing Voluntary Climate Action (VCA) through Voluntary Carbon Market (VCM) and Internal Carbon Prizing (ICP) to address climate risks and achieve net zero emissions. An industry-led 'Task Force on Afforestation' created modalities to partner with the Government of India and also developed comprehensive afforestation-based methodologies towards the mission of developing carbon sinks of appx. 3 billion tonnes and restoring 26 million hectares by 2030.
- A pre-COP26 Conclave in October 2021 brought together different stakeholders on the vital issue of combating climate change. The virtual Conclave had two sessions – (a) Adopting Clean Energy for Climate Change and (b) Information Technology Sector: Tackling Climate Crisis. In the run up to COP26 and as part of a global campaign, the Centre also organised a series of six webinars during the period June to August 2021 on 'Race to Zero' with emphasis on topics including RE100, SME Climate Hub, RE100, EV 100, and technology transfer.
- At COP26, the delegation members held high-level discussions with the Minister of Environment, Forest and Climate Change, Government of India, Chair of the Energy Transitions Commission, UK and the US Special Presidential Envoy for Climate on business' perspectives to mainstream climate action. The Centre, in collaboration with World Business Council for Sustainable Development (WBCSD), also organised a session on 'Greening India's Power Grids'.

Circular Economy

- The India Plastics Pact, a collaboration between Centre and the WWF, became part of a network of 13 Plastic Pacts across the globe at its launch at the 16th Sustainability Summit. The Pact has set four major targets: eliminate unnecessary or problematic plastic packaging and items, reuse or recycle 100% of plastic packaging, recycle 50% of plastic packaging and ensure 25% average recycled content across all plastic packaging.
- The Centre continued working on the inventory of plastics in India and created a material flow of major plastic resins in India. Along with the CII-Sohrabji Godrej Green Business Centre, the Centre also began a study to identify greenhouse gas mitigation strategies through resource efficiency and circular economy across the cement value chain.
- The Plastics-use Protocol, developed in 2020 to help companies record, certify and verify plastic use reduction in packaging and product lines, enabled 60 sites of 6 companies to be certified Single Use Plastics (SuP) free by 2021.

Biodiversity

- India Business & Biodiversity Initiative (IBBI), in collaboration with the World Spice Organisation (WSO), interacted with companies in the Spices sector operating in Western Ghats to integrate biodiversity practices in their business plans.
- The Centre, WWF India and GIZ jointly organised a virtual business consultation on the first draft of Post 2020 Global Biodiversity Framework, released by the Secretariat of the UN Convention on Biological Diversity (CBD) in August 2021. The key recommendations, submitted to Ministry of Environment, Forest and Climate Change (MoEFCC) and CBD, include guidance on goals & targets of post 2020 Global Biodiversity Framework, development of modules & mechanisms for biodiversity conservation, and building partnerships and collaborations for effective management of biodiversity.

Air Pollution

- Signatories to the Clean Air Better Life forum has grown to 72 companies, and members have agreed to work on a common framework for inter-corporate collaboration and sharing of best practices. The Industry Platform on Sustainable Transportation has 85 members, and as an outcome of two platform meetings and bilateral consultations with members held in 2021, a draft map of on ground barriers and potential solutions has been developed.
- A report on the Economic Impacts of Air Pollution in India, prepared by Dalberg with support from the Centre and Clean Air Fund, was launched at the 6th CEOs meeting of India CEO Forum under the Cleaner Air-Better Life (CABL).
- The Crop Residue Management programme was expanded to 44 new villages in 3 new clusters. The project also became a case study by IIM Bangalore, which was published in the Harvard Business Review (HBR).
- The Multi Agency Collaborative Project on Air Pollution, with support of the Madhya Pradesh Pollution Control Board (MPPCB), was initiated in Indore Metropolitan Region (IMR), offering a common platform to stakeholders to contribute to cleaner air. Air quality modelling is being conducted by IIT Delhi and is being downscaled for the Indore Metropolitan region with inputs from experts of California Air Resources Board. Additionally, CII CABL team is working with Smart City Indore to integrate 20 sensors installed by John Snow India into a network of 50 sensors.

Excellence in Sustainability

- The Centre organised the 16th Sustainability Summit virtually on the theme of ‘Building a Resilient Future: Leveraging Science, Technology and Finance’ in September 2021 in partnership with 23 multi-sectoral organisations. The emphasis of the Summit was on interactions and interconnectedness between elements of physical, social, natural and human capital. A total of

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21 sessions were held on diverse topics.

There were 107 speakers with 25% global and 27% female speakers with a total audience of 800 participants.

- At the 16th CII-ITC Sustainability Awards in January 2022, 21 companies were recognised for Corporate Excellence, Environment Management, and Biodiversity. Shri Rao Inderjit Singh, MP, Union Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Union Minister of State (Independent Charge) of the Ministry of Planning and Union Minister of State in the Ministry of Corporate Affairs, and Mr. Sanjiv Puri, Chairman and Managing Director, ITC Limited, recognised the winners for Excellence in Sustainable Business.

Capacity Building on various topics

- Nearly 1,400 participants were covered through 50 capacity building programmes conducted during the year. Topics of discussions included Climate Change, Energy and Energy Management Systems, Health and Safety, Value Innovation, CSR Rules and Impact Measurement, Sustainability Reporting, Integrated Reporting, Human Rights, Circular Economy and Biodiversity, Waste Management Rules, Plastic use Protocol, Sustainable Procurement, Corporate Risk Management among others.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The two waves of the pandemic during the year severely impacted health and livelihoods across the country, especially those of the poor and vulnerable sections of society. Your Company rose to the challenge and took proactive initiatives to provide relief to vulnerable sections of society and also facilitated their economic rehabilitation in the medium term.

Your Company not only aided the Government's efforts but also proactively took a host of actions to provide relief to the poor and vulnerable sections of society including (a) providing support to ensure regular oxygen supply in hospitals by being amongst the first to import cryogenic ISO containers (24 nos.),

installation of 22 oxygen generation units and distribution of 1,200 oxygen concentrators to different hospitals; (b) providing essential medical infrastructure support through a wide range of interventions like setting up of COVID isolation centres, setting-up of 600 hospital beds in three states, supply of ventilators, oxygen cylinders, modular ICU units, and ambulances; (c) distribution of food and personal hygiene products; and (d) large-scale vaccination drives in multiple states.

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 has a comprehensive CSR Policy outlining programmes, projects and activities that your Company undertakes to create a significant positive impact on identified stakeholders. All these programmes fall within the purview of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

- deepen engagement in identified core operational geographies to promote holistic development and design interventions in order to respond to the most significant development challenges of your Company's stakeholder groups.
- strengthen capabilities of Non-Government Organisations (NGOs)/Community Based Organisations (CBOs) in all project catchments for participatory planning, ownership and sustainability of interventions.
- drive the development agenda in a manner that empowers women and benefits the poor and marginalised communities in our factory and agri-catchments, thereby significantly improving Human Development Indices (HDI).
- ensure behavioural change through focus on demand generation for all interventions, thereby

enabling participation, contribution and asset creation for the community.

- strive for scale with impact 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 are appropriately designed to build capacities and promote sustainable livelihoods.

The footprint of your Company's CSR projects is spread across 25 States/Union Territories covering over 200 districts.

Your Company's CSR interventions were conferred with two prestigious awards during FY 2021-22:

- First prize in the 'Best Industry for CSR Activities' category at the third National Water Awards by Ministry of Jal Shakti, which was presented by Shri Ram Nath Kovind, Hon'ble President of India.
- Institute of Company Secretaries of India (ICSI) CSR Excellence Award in the 'Large' category, for consistently demonstrating innovation and sustainability in managing CSR. The Award was presented by Shri Amit Shah, Union Minister for Home Affairs and Cooperation.

Social Forestry

Your Company's pioneering afforestation initiative through the Social Forestry programme greened over 30,700 acres during the year. It is currently spread across 19 districts in 9 States covering over 4.25 lakh acres in nearly 7,000 villages, impacting over 1.4 lakh poor households. Together with your Company's Farm Forestry programme, this initiative has greened over 9.5 lakh acres till date, and generated over 173 million person days of employment for rural households, including women, poor tribal and marginal farmers. Integral to the Social Forestry programme is the Agro-Forestry initiative including plantations on bunds, which cumulatively extends to about 1.8 lakh acres and

ensures food, fodder and wood security. Further, fast growing, high yielding and disease resistant hybrid clones and saplings of eucalyptus pulpwood developed by your Company deliver significantly higher productivity vis-a-vis earlier clones.

The clones have been developed to grow under varying ecological conditions, thereby building resilience and contributing towards increasing income for the farming community. Data from wood supplied by Mutually Aided Co-operative Society (MACS) shows improvement in yield by over 12%, primarily enabled through improved focus on promoting inter-crop practices in agro-forestry and farmer training on productivity improvement.

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

In addition to the above, the Social and Farm Forestry initiative of your Company, through a multiplier effect, has led to improvement in pulpwood and fuelwood availability in Andhra Pradesh, Telangana, Karnataka and Odisha.

Soil and Moisture Conservation

The Soil and Moisture Conservation programme aims to ensure water security for all dependents in the factory catchments and to drought-proof the agri-catchments to minimise risks to agricultural livelihoods arising from drought and moisture stress. The programme promotes the development and management of local water resources in moisture-stressed areas by facilitating community participation in planning and implementing such measures, as well as building, reviving and maintaining water-harvesting structures. The coverage of this programme currently extends to 40 districts of 16 states. During the year, the area under watershed increased by over 1 lakh acres, taking the cumulative coverage area to over 13.3 lakh acres. Over 3,100 water-harvesting structures including ground water recharge structures were built during the year, creating nearly 3.5 million cubic metres of

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rainwater harvesting potential. This took the total number of water harvesting structures to over 25,000 and the net water storage to over 45 million cubic meters. In addition, your Company continues to work with farmers to achieve 'more crop per drop' by promoting agronomic practices and micro irrigation techniques targeted towards saving water in cultivation and improving farmer incomes. Around 7.3 lakh acres have been covered across 11 states during the year; more than twice over previous year. Studies have been conducted by Vasantdada Sugar Institute and Tamil Nadu Agricultural University to estimate water savings in sugarcane, coconut and banana in your Company's programme locations. According to these studies, demand management practices promoted by your Company have led to potential water savings to the tune of 497 million cubic metres during the year.

Additionally, your Company is continuing partnerships with multiple state government departments for Soil and Moisture Conservation. Under the partnership with Watershed Development Department, Government of Karnataka, signed in the previous year, capacities are being built using your Company's Water Stewardship approach to drought proof 100 watersheds across 29 districts covering over 1.1 million acres. During the year, Government officials responsible for all 100 watersheds were trained to incorporate your Company's drought proofing and positive water balance based planning.

Biodiversity

The focus of the programme is on reviving ecosystem services provided to agriculture such as natural regulation of pests, pollination, nutrient cycling, soil health retention and genetic diversity, which have witnessed considerable erosion over the past few decades. During the year, your Company's biodiversity conservation initiative covered over 89,000 acres, taking the cumulative area under biodiversity conservation to over 1.3 lakh acres in more than 29 districts across 10 states. 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 beneficial to agriculture.

To increase the coverage for pastureland development and biodiversity conservation, your Company partnered with Forest Departments of Maharashtra and Telangana, and Wasteland & Pastureland Development Board (WPDB) of Rajasthan. The partnership with WPDB is targeted to cover 2.5 lakh acres across 8 districts. Further, during the year, 475 Government staff were trained for implementing the programme across 2,800 villages encompassing 34,000 acres.

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, 15.2 lakh acres and over 4.5 lakh farmers are covered under the programme, representing an increase of 71% and 77% respectively over the previous year. This has a significant multiplier effect in terms of adoption of sustainable practices by the farming community. During the year, knowledge was disseminated through more than 7,100 Farmer Field Schools and over 3,000 Choupal Pradarshan Khets. More than 610 Agri Business Centres delivered extension services, arranged agri-credit linkages, established collective input procurement and provided agricultural equipment for hire. In pursuit of your Company's long-term sustainability objective of increasing soil organic carbon, more than 2,500 compost units were constructed during the year, taking the total number till date to over 51,300 units.

Your Company, with its presence across multiple commodities and geographies including e-Choupal network and agri extension programmes network, undertook an initiative to facilitate formation of new FPOs and/or strengthening existing FPOs, thus, enhancing farm incomes, rural livelihood and partnering in other relevant rural development

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initiatives. During FY 2021-22, your Company supported around 200 FPOs across 6 states.

The ‘Village Adoption Programme’ pioneered by your Company’s Agri Business presently covers 245 model villages in the states of Andhra Pradesh and Karnataka. This initiative is aligned to the Prime Minister’s Sansad Adarsh Gram Yojana (SAGY), an initiative to promote holistic rural development. Under this programme, your Company is addressing the human rights and farm safety challenges in Indian farming by educating the farmers, labour and community and providing access to tools and Personal Protective Equipment (PPE) kits for use on the field.

Your Company had entered into a partnership with NITI Aayog in April, 2018, to improve agriculture and other allied services in 27 aspirational districts of 8 states (Assam, Bihar, Jharkhand, Rajasthan, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh) by training government officers who, in turn, would cascade the methodology to farmers. During the year, 5.9 lakh farmers from appx. 18,900 villages were trained digitally through WhatsApp groups, while over 6.1 lakh farmers were trained through physical sessions, taking the cumulative reach to around 34 lakh farmer interactions. Estimates indicate yield improvement of up to 30% for cotton, maize, paddy and soyabean in locations covered by the programme; similarly cost of cultivation is estimated to have reduced by nearly 15%, resulting in expansion of farmer incomes by up to 60%.

The ‘Baareh Mahine Hariyali’ programme in select districts of Uttar Pradesh (Chandauli, Ghazipur, Prayagraj and Varanasi) is a pioneering initiative to facilitate farmers to enhance their incomes. This programme is founded on a 360-degree, multipronged approach with interventions such as increased cropping intensity with a third crop during summer, enhancement of productivity through context-specific agronomic practices demonstrated through Choupal Pradarshan Khets (on-farm demonstrations) and provision of market linkages with transparency in assessment of quality, price and weighment. In some regions, taking a holistic approach to income diversification as an adjacency,

livestock development, women empowerment and agro-forestry are also included. Over 2 lakh farmers have already benefited from the interventions under this programme – over 35,000 farmers who have adopted the package of practices reported doubling of income and those who have implemented the programme partially reported increase in their incomes by 30% to 75%.

Livestock Development

The programme provides an opportunity for households to improve their livestock-based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices.

The programme provided extension services, including breeding, fodder propagation and training to farmers owning cows and buffaloes in 5 states and 18 districts. During the year, over 1.1 lakh artificial inseminations (AIs) were carried out which led to the birth of 0.5 lakh high yielding progeny. Cumulatively, the figures for AIs and calving stand at over 27 lakh and 9.5 lakh, respectively. In addition, the livestock programme also covered families engaged in goat and sheep rearing, enhancing their productivity through promotion of improved management practices. Under the programme, 164 women trained as ‘Pashu Sakhis’ provided extension services to over 16,000 households till date, thus enabling them to earn supplementary income of up to ₹ 5000 per month.

Your Company is also working with dairy farmers in Bihar and West Bengal to improve 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 productivity and promoting commercial dairy farming among farmers. During the year, about 84,400 cattle of over 48,000 dairy farmers across 507 villages in 8 districts of Bihar and 2 districts of West Bengal were supported through training programmes on clean milk production, mastitis control and animal husbandry services like deworming, ectoparasite control, etc.

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Women Empowerment

During the year, this initiative provided a range of gainful employment opportunities to around 6,200 poor women, taking the cumulative coverage to over 86,000 women, supported with capacity building and provided financial assistance by way of loans and grants. This includes more than 30,500 ultra-poor women in your Company's core catchments who now have access to sustainable sources of income through various livelihood opportunities. The financial literacy and inclusion project, in partnership with Madhya Pradesh State Rural Livelihood Mission (MPSRLM) and CRISIL Foundation, was operational in 43 districts during the year. 568 Super Trainers were trained directly who in turn trained 678 Master Trainers; the training was thereafter cascaded to over 56,000 self-help-groups (SHGs) covering more than 5.4 lakh women during the year. The programme has cumulatively covered over 1.3 lakh SHGs benefiting over 13 lakh women across 15,600 villages. Over 4 lakh trained women have been provided access to bank accounts and government social security schemes. As a result, enrolments of women witnessed significant increase against the project baseline.

Education

The Primary Education programme aims to provide children from weaker sections of society in your Company's factory catchments access to education with focus on learning outcomes and retention. Operational in 28 districts of 13 states, the programme covered over 55,000 children during the year, taking the cumulative coverage to over 8.6 lakh children. Over 400 government primary schools and anganwadis were provided infrastructure support comprising boundary walls, additional classrooms, sanitation units and furniture, taking the total number of government primary schools and anganwadis covered till date to around 2,500. Infrastructure support to government schools has helped in increasing enrolment, particularly of girls, in schools. To ensure sustainable operations and maintenance of infrastructure provided, more than 1,290 School Management Committees and around 750 Child

Cabinets and Water and Sanitation (WATSAN) Committees were operational in various schools during the year with active involvement of students and teachers.

Skilling & Vocational Training

This programme provides training in market linked skills to youth to enable them to compete in the job market. More than 13,300 youth were enrolled under different courses during the year of which 46% were female and 32% belonged to the SC/ST communities. Cumulatively, over 1 lakh youth have been enrolled under this programme. The programme is operational in 33 districts of 17 states. Further, the pandemic led to increased enrolment in bedside assistance courses with over 1,700 youth trained during the year. Overall, nearly 76% of the trained youth have found job placements during the year.

Sanitation

Your Company continues to adopt a multi-pronged approach towards improving public health and hygiene across 26 districts and 12 states. To promote a hygienic environment through prevention of open defecation and reduced incidence of water-borne diseases, 1,200 Individual Household Toilets (IHHTs) were constructed in Bihar and Tamil Nadu in collaboration with the respective State Governments/District sanitation departments, taking the total to over 39,400 IHHTs constructed so far in your Company's catchment areas. In addition, 18 community toilets were constructed/renovated in West Bengal and Tamil Nadu in the year for households without land, taking the cumulative to 122. Cumulatively, IHHTs and community toilets are estimated to be benefiting over 1 lakh community members. Along with sanitation infrastructure development, special focus was also given to awareness campaigns to create demand and drive behavioural change.

Health & Nutrition

Your Company continued to enhance awareness on various health related issues through a network of 430 women Village Health Champions (VHCs) who

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covered nearly 1.1 lakh women and adolescent girls during the year. The programme is operational in seven districts of Uttar Pradesh and three districts of Madhya Pradesh. As the group activities remained restricted due to the pandemic, the VHCs conducted door-to-door visits in the villages focusing on aspects like sanitation, menstrual and personal hygiene, family planning, diarrhoea prevention and nutrition.

Over 4.8 lakh beneficiaries were covered under the Mother and Child Health initiative aimed at improving the health-nutrition status of women, adolescents and children in the catchments of a few of your Company's factories with high maternal and infant mortality indices. As per internal estimates, the proportion of underweight children between 0-5 years of age in select project locations of two districts stood at 2.6% and 5.0% in 2021-22, significantly lower than district averages⁵ of 19.7% and 33.1% respectively.

To bridge gaps in primary and secondary healthcare delivery and to address the challenges of awareness, availability, accessibility and affordability, your Company has undertaken several Rural Healthcare interventions, which will be implemented in a phased manner. After launching the Mother and Child Health initiative in FY 2016-17, your Company is now adopting a holistic approach focusing on two major components - preventive health care and curative services. The objective of the initiative is to improve health and nutrition by strengthening institutional capacity, supplementing existing infrastructure, promoting greater convergence with existing government schemes, leveraging technology and increasing access to basic primary and secondary healthcare services. As part of this project, mobile medical units are in the process of being deployed at Saharanpur and Munger. Simultaneously, plans have been initiated to set up a 50-bed hospital for secondary care at Munger.

To make potable water available to local communities in Andhra Pradesh, Reverse Osmosis (RO) water purification plants were set up in villages where the water quality was poor. 24 new RO plants were

established in FY 2021-22 taking the total operational RO plants to 151, thus providing safe drinking water to over 2 lakh rural people.

Your Company's 'Swasth India Mission' programme has been a front runner in driving behavioural change towards good hand hygiene habits since its inception in 2016. The 'Swasth India Mission' drove a range of initiatives to aid and enable the country in its fight against COVID:

- The Doctor's Connect Program (DCP) reached a total of 1.1 lakh doctors across nearly 3,000 hospitals.
- To encourage and instil mask etiquette and compliance and spread awareness on choosing the right type of mask, your Company launched a print campaign as well as vignettes with news anchors.
- Your Company also launched a print campaign 'Do it for Kids', to spread awareness on power of simple hygiene habits and encouraging children to follow the same. To spread awareness on how to take precautions in day-to-day situations, your Company launched 'Beat the Second Wave' series in pictorial format in both English and regional languages.
- To seed positive attitude towards hygiene, your Company launched the 'Hygiene Sahi toh Health Sahi' series in partnership with Times Network.
- Your Company also commissioned a nationwide study on current hygiene trends in collaboration with 'YouGov', one of the world's leading full-service market research companies, which assessed usage, perception and behavior towards hygiene practices focusing on hand hygiene, surface disinfection and mask etiquettes. This study aims to provide a roadmap to improve the understanding of health & hygiene practices and simultaneously work towards building a healthier society and nation.

Solid Waste Management

Your Company's initiatives focus on creating replicable, scalable and sustainable models of municipal solid waste management that can be

⁵ as per NFHS-5 data of 2019-20



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implemented across the country to ensure that zero waste goes to landfills. Details of these models are provided in the 'Building a Circular Economy for Post-Consumer Packaging' section above.

ITC Sangeet Research Academy

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

Forging Partnerships with NGOs

The meaningful contribution made by your Company's Social Investments Programme to address some of the country's key development challenges, has been possible in significant measure, due to your Company's partnerships with globally renowned NGOs such as BAIF, DSC, FES, DHAN Foundation, MYRADA, Pratham, SEWA Bharat, WASH Institute and Water for People, Youth Invest, 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.

Your Company believes that a safe and healthy work environment is a pre-requisite for ensuring employee well-being, and adopting best practices in occupational health & safety bears a direct impact on overall performance. With an aim to percolate safety deeper into ITC's operational practices and achieve the 'Zero Accident' goal, your Company has adopted a comprehensive EHS strategy founded on two pillars: 'Safety by Design' and 'Safety by Culture'.

Safety

Your Company follows 'Safety by Design' by continuously striving to improve on safety performance by incorporating best-in-class engineering standards for all investments in the built environment. During the year, following the principle of continuous improvement, technical guidelines were contemporised in line with the recent technological advances and changes in code. In addition, periodic Environment, Health & Safety audits were carried out to verify compliance with standards.

Additionally, your Company is implementing digitisation of the EHS management system at an enterprise level. This upgradation will enable seamless integration of Safety with operations, optimising overall efforts.

To drive a culture of safety, your Company is making use of tools such as a structured conversation with workers on 'Safe and Unsafe' Acts which was supplemented by adoption of keystone behaviours that inculcates individual ownership for safe behaviour. Your Company has also pioneered the usage of Design Thinking principles for seamless integration of safety in business operations. This initiative is bringing in positive behavioural changes.

Several national awards and certifications received by various units reaffirm your Company's commitment to provide safe and healthy workplace to all.

COVID Response: Health & Safety

During the year, disruptions caused by the pandemic were effectively managed through collective and concerted efforts, leveraging the learnings from the first wave. To control workplace COVID transmission, your Company followed best practices on air management in indoor spaces while also complying with masking and sanitation protocols. Periodic inspections across business locations were conducted to ensure compliance with laid down protocols, thereby ensuring business continuity.

R&D, QUALITY AND PRODUCT DEVELOPMENT

Your Company's state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to support and build your Company's portfolio of world-class products and brands. The LSTC team comprising over 350 highly qualified scientists has a mandate to work on future-ready science platforms, design differentiated products to address unique consumer needs and deliver superior benefits.

LSTC harnesses contemporary advances in relevant core areas of science and technology to continuously translate 'proofs of concept' to novel product opportunities. R&D teams seamlessly integrate classical concepts of product development backed by purposeful innovation to bring exciting offerings to consumers with speed and agility. LSTC is at the forefront of executing robust R&D strategies and plans that embed sustainability and digitalisation to enable rapid go-to-market timelines, enhanced

quality of insights and long-term competitiveness for each Business.

LSTC is equipped with world-class scientific infrastructure and state-of-the-art facilities to create deep knowledge base and build intellectual property for your Company through research, rapid prototyping and process development. Over 900 patents have been filed till date, bearing testimony to LSTC's innovation capabilities. Your Company was ranked 'Top Innovator' in India amongst Indian Pharma and Healthcare Private Companies (Source: Sagacious IP Report August 2021). Centres of Excellence in Biosciences, Agri-sciences & Materials sciences, and future-ready platforms such as Beauty & Hygiene, Heath & Wellness, Agro-forestry, Crop Sciences, Consumer & Sensory Sciences and Sustainable Materials & Packaging continue to drive world-class innovation. Rigorous systems, processes and industry best practices have enabled securing global quality certifications - a key enabler in delivering products that follow the highest standards in quality, safety and efficacy to the Indian consumers.

In line with your Company's relentless focus on operational excellence and quality, each Business is mandated to continuously innovate on materials, training, processes and systems to enhance their competitiveness. LSTC actively collaborates with and supports the Businesses to drive their innovation agenda and accelerate growth. Your Company has been a forerunner in introducing first-to-market innovative products for Indian consumers. In the context of recurrent COVID waves, LSTC researchers and product development teams continue to enable the Branded Packaged Foods and Personal Care Businesses to deliver a range of differentiated and superior quality products. Innovative science-based programmes continue to be leveraged to drive systematic reduction in salt, sugar and fat from packaged food products recipes without compromising on sensory attributes. Leading edge technology platforms in Hygiene, Health & Wellness continue to power innovation and develop next generation product offerings to serve emergent consumer needs. LSTC's unique competencies in Materials and Packaging have enabled innovative recyclable flexible packaging and bio-compostable coating solutions in line with

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your Company's environmental sustainability agenda. New synergistic value chains in health, nutrition and sensory sciences have been created to propel growth going forward.

In Agro Forestry and Crop Science Platforms, LSTC has an ambitious R&D programme on improving yield and quality, given the shrinking plantation acreage in the country. Ongoing research on climate resilient crops and pulp wood seeks to address the security of raw material supplies across your Company's value chains. Research on wheat and potato varietal securitisation are at advanced stages of development to achieve flexibility in sourcing of raw material, create region-specific blends and ensure robust agro-climatic adaptability. Future-ready, alternate value chains that mitigate risks arising out of disruptions to existing models continue to be explored. LSTC, in collaboration with the Agri and Branded Packaged Foods Businesses, endeavours to ensure that contemporary science-based outcomes are fully integrated across the value chain from farm to fork. Scientific platforms in Agro forestry have led to pioneering work in development of new clones in tandem with Paperboards & Specialty Papers Business to enhance wood productivity and pulp quality for sustainable raw materials and farmer profitability.

The Paperboards, Paper and Packaging Businesses continue to pursue 'Total Productive Maintenance' (TPM) programmes with focus on customer delivered quality. The Paperboards & Specialty Papers Business has also set up a state-of-the-art Next Generation Smart and Hyperscale Digital and Data Infrastructure at its plants, to enable real time operations control, process optimisation and quality improvements. Consistent quality enables customers of your Company in improving their operating efficiencies through reduced wastages and lower machine down-times.

During the year, your Company's Hotels Business leveraged technology to enhance business process efficiencies and outcomes. The Hotels Business continues to heighten its commitment towards prioritising the safety and security of guests through the award winning 'WeAssure' programme. Building agile operating systems that adapt quickly to

the dynamic business environment and strengthening the service excellence framework have been the key strategies of the Hotels Business amidst pandemic-induced disruptions.

All branded packaged foods manufacturing units of your Company not only have ISO quality certification but also follow the stringent standards under the integrated food quality management system-FSSC 22000; these systems ensure adherence to internationally accepted quality standards in producing safe and high-quality food. 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. Your Company's food quality assurance laboratories are also accredited under ISO 17025, a global standard for testing and calibrating labs, which guarantees quality of every analysis. Additionally, the quality of all FMCG ingredients and finished products of your Company is monitored through best-in-class customer-centric 'Quality Control and Quality Assurance Processes' and 'Product Quality Ratings Systems' (PQRS) enhancing competitive superiority of your Company's product offerings.

As a future-ready innovation engine, LSTC is developing and deploying advanced tools for quality performance analytics and competition benchmarking leveraging Artificial Intelligence and Machine Learning technologies. Robust risk management practices are in place to ensure that your Company's intellectual properties remain adequately protected at all times. Going forward, your Company will continue to identify opportunities to address emerging trends by leveraging R&D insights based on contemporary sciences and your Company's diverse core competencies.

PROCEEDINGS INITIATED BY THE ENFORCEMENT DIRECTORATE

In the proceedings initiated by the Enforcement Directorate in 1997, the appropriate authority after hearing arguments on behalf of your Company has passed orders in favour of your Company and

dropped some of the show cause notices issued by the Directorate. In respect of some of the remaining notices, your Company filed writ petitions challenging their validity. The Honourable Calcutta High Court, by its orders, allowed these writ petitions, and the proceedings in respect of these notices were quashed. The remaining notices 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

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 witnessed an upward trajectory during the year as the Reserve Bank of India (RBI) commenced the process of Monetary Policy normalisation by way of gradual withdrawal of liquidity infused into the Banking system during the pandemic. Globally, inflation remained persistently high during the year due to elevated commodity prices and supply chain disruptions, forcing central banks across most countries to pivot from supporting growth to combating inflation. While the RBI continued to advocate continuation of accommodative Monetary Policy stance to support the incipient recovery in domestic economic activity, markets started to cognise for a faster pace of normalisation by the RBI, in line with global peers. In addition, higher than expected market borrowings budgeted by the Central Government for FY 2022-23 and spiraling commodity prices due to geo-political tensions in Europe towards the end of the year dented market sentiments and pushed market interest rates higher.

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, your Company's ongoing practice of continuous review and monitoring of

credit worthiness, including engagement with market participants, ensured that the investment portfolio was not exposed to undue credit risks.

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

In the currency market, the Indian Rupee (INR) depreciated against the US Dollar (USD) during the year. The weakness was attributed to strength of the USD relative to all major currencies during the year. While the USD initially gained on the back of the US Federal Reserve tightening monetary conditions, rise in geo-political tensions in Europe towards the end of the financial year triggered risk-off sentiment amongst global investors, aiding safe haven currencies such as the USD. Lower capital inflows and a higher than anticipated Current Account Deficit also weighed on the INR. On the other hand, comfortable foreign exchange reserves and judicious interventions in the forex market by RBI provided support to the INR.

To effectively navigate the high volatility in currency markets, your Company adopted a proactive risk management strategy and actively managed foreign currency exposures through appropriate hedging strategies and market instruments to protect business margins.

DEPOSITS

Your Company's erstwhile Public Deposit Scheme closed in the year 2000. As at 31st March, 2022, there were no deposits due for repayment except in respect of two deposit holders aggregating ₹ 20000 which have been withheld on the basis of 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.

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DIRECTORS

Changes in Directors

During the year, Mr. Shyamal Mukherjee and Mr. Hemant Bhargava, who have the required integrity, expertise and experience, were appointed, with your approval, as Directors and also as Independent Directors of your Company for a period of five years with effect from 11th August, 2021 and 20th December, 2021, respectively.

Messrs. Mukesh Gupta, representing the Life Insurance Corporation of India ('LIC'), Navneet Doda, representing the General Insurers' (Public Sector) Association of India ('GIPSA'), and Sunil Panray, representing the Tobacco Manufacturers (India) Limited (a subsidiary of British American Tobacco p.l.c.), were also appointed, with your approval, as Non-Executive Directors of your Company for a period of three years with effect from 20th December, 2021. Mr. Sumant Bhargavan was re-appointed, with your approval, as a Director and also as a Wholetime Director of your Company for a period of three years with effect from 12th July, 2022.

The Board of Directors of your Company ('the Board') has recommended for the approval of the Members, appointment of Mr. Supratim Dutta as a Director, liable to retire by rotation, and also as a Wholetime Director of your Company, for a period of three years with effect from 22nd July, 2022. Appropriate resolution seeking your approval to the above is appearing in the Notice convening the 111th Annual General Meeting ('AGM') of your Company.

Mr. Atul Jerath, representing GIPSA, and Mr. Hemant Bhargava, representing LIC, stepped down from the Board with effect from 1st May, 2021 and 23rd August, 2021, respectively. Mr. Sunil Behari Mathur ceased to be a Director of your Company with effect from 15th September, 2021, on completion of his term as an Independent Director. Your Directors place on record their appreciation for the services rendered by Messrs. Jerath, Bhargava and Mathur.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with

Articles 94 and 95 of the Articles of Association of your Company, Messrs. David Robert Simpson and Nakul Anand 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, 2022.

Attributes, Qualifications & Independence of Directors and their Appointment

The Corporate Governance Policy of your Company, inter alia, requires that the Non-Executive Directors be drawn from amongst eminent professionals, with experience in business/finance/law/public administration and enterprises. The Nomination & Compensation Committee has laid down the criteria for determining qualifications, positive attributes and independence of Directors (including Independent Directors). The Board Diversity Policy of your Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to your Company. The skills, expertise and competencies of the Directors as identified by the Board, along with those available in the present mix of the Directors of your Company, are provided in the 'Report on Corporate Governance' forming part of the Report and Accounts.

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

The Independent Directors of your Company have confirmed that (a) they meet the criteria of independence 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'), (b) they are independent from the management of your Company, and (c) they are not aware of any circumstance or situation which could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. In the opinion of the Board, the Independent Directors fulfil the conditions prescribed under the Act and the Listing Regulations, and are independent of the management of your Company.

Remuneration Policy

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

Board Evaluation

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

In keeping with ITC's belief that it is the collective effectiveness of the Board that impacts Company's performance, the primary evaluation platform is that of collective performance of the Board as a whole. Board performance is assessed, inter alia, against the roles and responsibilities of the Board as provided in the Act, the Listing Regulations and your 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 your Company; such parameters include securing alignment of your Company's goals with the nation's economic, ecological and social priorities, ensuring that your Company has a clearly defined strategic direction for realisation of its vision, and supporting your Company's management to

meet challenges arising from the operating & policy environment in the country. Evaluation of functioning of Board Committees is based on discussions amongst Committee members and shared by the respective Committee Chairmen 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 your Company in pursuit of its purpose and goals. The peer group ratings of the individual Directors are collated by the Chairman of the Nomination & Compensation Committee and made available to the Chairman of your Company.

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

KEY MANAGERIAL PERSONNEL

There were no changes in the Key Managerial Personnel of your Company.

AUDIT COMMITTEE & AUDITORS

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

Statutory Auditors

Messrs. S R B C & CO LLP, Chartered Accountants ('SRBC'), were appointed with your approval as the Auditors of your Company for a period of five years till the conclusion of the 113th AGM. The Board, on the recommendation of the Audit Committee, has recommended for the approval of the Members, the remuneration of SRBC for the

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financial year 2022-23. Appropriate resolution seeking your approval to the remuneration of SRBC is appearing in the Notice convening the 111th AGM of your Company.

Cost Auditors

Your Board, as recommended by the Audit Committee, appointed the following Cost Auditors for the financial year 2022-23:

- (i) Messrs. ABK & Associates, Cost Accountants, for audit of Cost Records maintained by your Company in respect of 'Wood Pulp' and 'Paper and Paperboard' products.
- (ii) Messrs. S. Mahadevan & Co., Cost Accountants, for audit of Cost Records maintained in respect of all applicable products of your Company, other than 'Wood Pulp' and 'Paper and Paperboard' products.

Pursuant to Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, appropriate resolutions seeking your ratification to the remuneration of the aforesaid Cost Auditors are appearing in the Notice convening the 111th AGM of your Company.

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

Secretarial Auditors

Messrs. Vinod Kothari & Company, Practising Company Secretaries, were appointed by the Board as the Secretarial Auditors of your Company for the financial year ended 31st March, 2022.

The Secretarial Auditors have confirmed that your Company has complied with the applicable laws and that there are adequate systems and processes in your Company commensurate with its size and scale of operations to monitor and ensure compliance with the applicable laws.

The Report of the Secretarial Auditors pursuant to Section 204 of the Act, is provided in the Annexure forming part of this Report.

CHANGES IN SHARE CAPITAL

During the year, 1,44,11,700 Ordinary Shares of ₹ 1/- each, fully paid-up, were issued and allotted upon exercise of 14,41,170 Options under your Company's Employee Stock Option Schemes. Consequently, the Issued and Subscribed Share Capital of your Company, as on 31st March, 2022, stands increased to ₹ 1232,32,55,931/- divided into 1232,32,55,931 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 and Sweat Equity) Regulations, 2021 ('the Regulations'), are available in the Notes to the Financial Statements of the Company. The said disclosures forming part of the Financial Statements can also be accessed on your Company's corporate website <http://www.itcportal.com> under the section 'Investor Relations'. During the year, there has not been any material change in your Company's Employee Stock Option Schemes.

Your Company's Secretarial Auditors, Messrs. Vinod Kothari & Company, Practising Company Secretaries, have certified that the Employee Stock Option Schemes of your 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'), accredited with ISO 9001:2015 certification, is registered with the Securities and Exchange Board of India as Category II Share Transfer Agent for providing in-house share registration and related services. ISC continues to focus on maintaining exemplary standards of investor servicing and providing best-in-class services to the shareholders and investors, while ensuring compliance with the applicable statutory requirements.

Report of the Board of Directors

The 'Investor Relations' section on your Company's corporate website <http://www.itcportal.com> serves as a user-friendly reference for the shareholders and investors in respect of share related matters.

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by your Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. All such contracts or arrangements, which were approved by the Audit Committee, were in the ordinary course of business and on arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, the disclosure of Related Party Transactions as required in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC -2 is not applicable for this year.

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 were operating effectively; and

- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company's Board of Directors is responsible for the preparation of the consolidated financial statements of your Company and its Subsidiaries ('the Group'), Associates and Joint Venture entities, in terms of the requirements of the Companies Act, 2013 (the Act) 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 Boards of Directors of the companies included in the Group and of its associates and joint venture entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Such financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of your Company, as aforesated.

OTHER INFORMATION

Compliance with the conditions of Corporate Governance

The certificate from your Company's Statutory Auditors, Messrs. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed.

Report of the Board of Directors

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 your Company or its future operations.

Annual Return

The Annual Return of your Company is available on its corporate website at <https://www.itcportal.com/investor/disclosures-under-SEBI.aspx>.

Particulars of loans, guarantees or investments

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Notes 4, 5 and 9 to the Financial Statements, as applicable.

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

Your 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, 2022, stood at 23,829.

There were 220 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, 2022. 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

Your Company's Dividend Distribution Policy, approved by the Board on 18th March, 2020, may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/dividend-distribution-policy.pdf>.

Key Financial Ratios

Key Financial Ratios for the financial year ended 31st March, 2022, are provided in the Annexure forming part of this Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will' and other similar expressions as they relate to your Company and/or its Businesses are intended to identify such forward-looking statements. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

CONCLUSION

Your Company's 'Triple Bottom Line' philosophy has over the years spurred the creation of innovative business models that synergise the building of economic, environmental and social capital. It is now universally evident that enterprises of the future will not only have to be agile, consumer-centric, innovative and digital-first but also purpose-driven and responsibly competitive. With Digital and Sustainability as the bedrock of your Company's corporate strategy, the superordinate goal of serving larger national priorities and creating value for all stakeholders has evolved into a new paradigm - 'Responsible Capitalism' - an abiding strategy that

Report of the Board of Directors

focuses on extreme competitiveness but in a manner that replenishes the environment and supports sustainable livelihoods.

The strategic Vision of creating multiple drivers of growth through the pursuit of market opportunities that best match institutional strengths, has resulted in the development of strong Businesses of the future as well as a portfolio of winning world-class brands and future-ready products. Today, your Company 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 Paperboards and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices. In the last two decades, your Company's non-cigarettes businesses have grown over 27-fold and presently constitute over two-thirds of Net Segment Revenue. At the heart of this transformation lies the power of synergy, with seamless access for your Company's new Businesses/initiatives to the deep and varied capabilities resident across different parts of the enterprise, and its world-class talent pool.

An extensive strategy reset has been undertaken in recent years to architect the structural drivers that will power ITC's next horizon of growth and ensure that the enterprise remains future-ready, consumer-centric and nimble. Each of your Company's businesses has pivoted to create new frontiers for the future, with enhanced competitiveness as well as sharper focus on cost management to strengthen leadership or rapidly enhance market standing in the case of newer segments. As a core element of the ITC Next strategy, your Company will continue to explore opportunities to craft disruptive business models anchored at the intersection of Digital and Sustainability, the two defining trends in the 'new normal', leveraging its institutional strengths.

In recent years, the FMCG Businesses have delivered strong revenue growth along with significant margin expansion, and are well poised to be rapidly scaled up. Multi-dimensional interventions have been made to strengthen the FMCG Businesses for sustained profitable growth. Following a strategic review of the

business portfolio a few years ago, your Company has restructured the Lifestyle Retailing Business during the year. At the same time, the product portfolio has been strengthened in alignment with new opportunities and enterprise strengths with sharper focus on fortifying the core, addressing adjacencies through world-class mother brands and building categories of the future to power growth. To accentuate consumer-centricity, agility and enable sharper focus in the context of the growing scale and complexity of operations, the Branded Packaged Foods Businesses have been reorganised into market centric clusters with integrated and empowered teams. Focused interventions made in the recent past have also augmented your Company's multi-channel go-to-market capability, resulting in manifold expansion in the reach and availability of its products. Over the last five years, market and outlet coverage have grown 4x and 1.6x respectively while the network of stockists has expanded to 6.4x during the same period. Sharp-focused investments have augmented capability in emerging channels such as e-Commerce and Modern Trade, resulting in strong growth in sales and enhanced market standing; a new vertical has also been developed to address the fast-growing Food Service segment. In addition, investments towards accelerating agile and purposeful innovation with platform centricity, optimising supply chain efficiencies, digitisation and strategic partnerships have significantly enhanced competitiveness. The impact of these multi-dimensional interventions is evident in the substantial margin expansion of 650 bps in Segment EBITDA over the last five years even in the face of significant inflationary headwinds witnessed during the year.

The Businesses will continue to leverage your Company's institutional strengths as a key source of sustainable competitive advantage viz. strong backward linkages with the Agri Business, a deep & wide multi-channel distribution network, cuisine knowledge resident in the Hotels Business, packaging knowhow and the robust R&D platforms nurtured by LSTC. Structural advantages arising out of distributed manufacturing footprint, anchored on state-of-the-art ICMLs strategically located proximal to large demand centres, will be increasingly leveraged to drive rapid

Report of the Board of Directors

growth of the FMCG Businesses. With enhanced scale and margin expansion, the FMCG Businesses are expected to make increasingly higher contributions to your Company's profit pool, thereby setting the stage for further value enhancement opportunities.

The Agri Business has been a strong backbone and a key source of competitive advantage for your Company's FMCG and Cigarettes Businesses. The scope and scale of operations have grown manifold over the years and currently encompass over 4 million tonnes in 22 states and over 20 agri-value chains. In recent years, the Business has pivoted its strategic focus towards rapidly scaling up its Value-Added Agri Products portfolio to accelerate growth. With policy enablers in place, your Company is developing NextGen agriculture value chains that are digitally enabled and climate smart, and re-structuring the back-end into a robust network of Farmer Producer Organisations. This will further strengthen the sourcing network and facilitate the development of customised supply chains for traceable and identity-preserved sourcing of agri-commodities and in augmenting the product portfolio with the addition of value-added products such as staples for the Food Service segment, fresh and frozen fruits & vegetables, medicinal and aromatic plant extracts etc. Towards enhancing the competitiveness of domestic agri-value chains, fostering new business models and further augmenting value creation opportunities, your Company is piloting ITCMAARS (Metamarket for Advanced Agriculture and Rural Services) – a crop-agnostic 'phygital' full stack AgriTech platform integrating NextGen agri-technologies and solutions – to seamlessly deliver hyperlocal and personalised solutions to the farming community whilst creating new and scalable revenue streams and strengthening sourcing efficiencies. The agility and depth of your Company's institutional capabilities was demonstrated by leveraging opportunities in the global markets to enhance share of India's exports in agri-commodities.

The Paperboards, Paper and Packaging Businesses have made significant progress in recent years in terms of enhanced scale and profitability improvement. Strategic investments have been stepped up in areas such as pulp import substitution,

proactive capacity augmentation in Value Added Paperboards segment, decarbonisation of operations, application of Industry 4.0 and towards nurturing robust innovation platforms. The focus going forward is on driving cutting-edge innovation to rapidly scale up single use plastic substitutes as a new vector of growth, building structural advantage through product mix enrichment and scaling up the use of emergent technologies such as Industry 4.0 to enhance operational efficiency, reduce wastage and costs.

The Hotels Business has established a strong footprint of iconic properties and F&B brands on the back of an investment-led growth strategy. In recent years, the strategy has been reset to pursue an 'asset-right' growth path and augment revenue streams while simultaneously leveraging your Company's world-class properties to drive growth. As reported earlier, your Company will continue to pursue alternate structures in line with industry recovery dynamics towards engendering the next horizon of growth as also enhancing value creation.

Your Company's powerful innovation engine across the portfolio of Businesses based on sharp consumer insights, superior vectors of differentiation and agile execution capabilities remains a strong source of sustainable competitive advantage.

The state-of-the-art Life Sciences & Technology Centre at Bengaluru, with its multi-dimensional science-based research platforms and centres of excellence, anchors the innovation engine across your Company, and is effectively complemented through collaborations and partnerships with several prestigious institutions in India and across the world.

Your Company continues to build a dynamic 'Future-Tech' enterprise powered by state-of-the-art digital technologies and infrastructure across the value chain adding significant impetus to digital marketing, digital commerce, digital products and digital operations. Your Company today, is a pioneer in adoption of cutting-edge digital technologies across strategic impact areas spanning Intelligent new-age insights that reimagine Consumer Experience, Business Model Transformation, Smart Operations and Employee Experience. Initiatives such as 'DigiNext' and 'Young Digital Leaders Forum' are accelerating your Company's digital journey and

Report of the Board of Directors

inculcating a data driven and ‘digital first’ culture across the organisation.

As the world prepares for a post-pandemic future, your Company is actively working towards its Sustainability 2.0 agenda which calls for inclusive strategies that can support sustainable livelihoods, pursue newer ways to fight climate change, enable the transition to a net zero economy, work towards ensuring water security for all and create an effective circular economy. With its bold Sustainability 2.0 ambitions, your Company is setting the bar higher with a multi-dimensional contribution to societal value creation, and remains committed to making a meaningful contribution to the Nation’s future while retaining its status as a sustainability exemplar.

Disruptive business models and value propositions anchored at the intersection of Digitalisation and Sustainability form an integral part of your Company’s strategic roadmap going forward. NextGen business models such as ITCMAARS in the agri-ecosystem, tech-enabled cloud kitchens in the food service space, sustainable paperboards and packaging solutions customised for end-use with focus on single use plastic substitutes, are being piloted/progressed to actualise these opportunities. Value-accretive acquisitions, joint venture and collaborations continue to be proactively pursued towards accelerating growth and value creation.

The operating environment during the year continued to remain challenging and was marked by heightened uncertainty and volatility due to the COVID pandemic, continued geopolitical tension, inflationary headwinds on the back of commodity super cycles, and extended supply chain disruptions. The post-pandemic recovery momentum was weakened in course of the year by new strains of COVID and an unprecedented spike in commodity prices due to global supply chain disruptions, container shortages and port congestion.

Inflation continues to remain a key monitorable for your Company in the near term.

In the face of such challenges, the resilience, agility and adaptive capacity demonstrated by your Company is a testament to the talent, determination and untiring efforts of its pool of dedicated professionals, associates and partners. Lessons from the prior waves of the pandemic were leveraged to navigate the dynamic environment in a competitively superior manner. Your Company’s diverse talent pool of professional entrepreneurs, ‘proneurs’, have the unique opportunity to create categories, products and brands from the ground up. This talent pool is being nurtured not only to create winning products and services for today, but also to seize larger opportunities as they emerge from the expanding horizons of your Company’s businesses. The strategic interventions and sustainable competitive advantages of your Company have set the stage for leveraging emergent market opportunities and engendering further value enhancement for stakeholders.

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 ‘Nation First: Sab Saath Badhein’ credo anchored on the core values of Trusteeship, Transparency, Empowerment, Accountability and Ethical Citizenship, which are the cornerstones of your Company’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

Kolkata

18th May, 2022

S. PURI

Chairman & Managing Director

R. TANDON

Director

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2022

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

1. CSR Policy - Brief outline and Overview

a. Brief outline of CSR Policy:

It is ITC's Policy to direct its CSR Programmes, inter alia, towards achieving one or more of the following – poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music and sports; and providing relief and assistance to victims of disasters and calamities.

In pursuit of the above, ITC has identified the following focus areas for its CSR Programmes based on comprehensive need assessment surveys of its stakeholders:

- (i) Create **sustainable livelihoods and alleviate poverty** through promotion of afforestation, water stewardship, sustainable agriculture and climate smart practices, livestock development and women empowerment;
- (ii) Build **capabilities for tomorrow** through interventions in education, vocational training, sanitation, school WASH (Water, Sanitation & Hygiene), safe drinking water and solid waste management;
- (iii) Promote **healthcare, including preventive healthcare**, and improve critical nutritional & health status of at-risk population through interventions to strengthen mother & child health, nutritional content, delivery, outreach and outcomes;
- (iv) Protect **national heritage, art & culture**, and preserve & promote music and sports; and
- (v) Provide relief and assistance to victims of **disasters and calamities**.

The CSR Policy of the Company may be accessed on its corporate website at <https://www.itcportal.com/about-itc/policies/corporate-social-responsibility-policy.aspx>

b. Role of the CSR and Sustainability Committee:

The role of the CSR and Sustainability Committee is inter alia, to 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 crafting unique models to support creation of sustainable livelihoods together with environmental regeneration. Formulation and monitoring of the CSR Policy and recommendation of the annual CSR Action Plan to the Board forms part of the role of the Committee.

c. CSR 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 the Company's 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, in line with Schedule VII to the Companies Act, 2013:

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

- **Sanitation:** Promote a hygienic environment through prevention of open defecation and reduce incidence of waterborne diseases. The focus of the interventions is on enhancing awareness and impacting behaviour change on Water, Sanitation & Hygiene (WASH).
- **Health and Nutrition:** Focus on preventive aspects through emphasis on maternal and child care (MCH) & nutrition through awareness and counselling by leveraging institutions like Anganwadis, Asha workers and network of women Village Health Champions (VHC). Also strengthen healthcare related services by supplementing primary & secondary infrastructure, provide access through mobile services & technologies, and encourage adoption of effective nutritional practices. Facilitate health impacting social and civic infrastructure initiatives like improved sanitation and hygiene, potable drinking water etc. in the neighbourhood of our catchments.

- **Waste Management:** Create a clean, healthy and green environment through awareness & behaviour change for inculcating individual & community responsibility, facilitate source segregation & recycling of dry & wet waste, and enable sustainable livelihoods for rag pickers & waste collectors.
 - **Poverty Alleviation:** Target the needy and poor through interventions that enable income generation, and also provide access to basic needs like clothing, food, etc., as needed.
- ii. **Livelihood Enhancement (Schedule VII – ii):**
- **Integrated Animal Husbandry Programme:** Enhance incomes of farmers and their families by increasing productivity of large and small ruminants through a comprehensive package of extension services and capability building.
 - **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 with the emerging needs of the job market across sectors.
- iii. **Economic Empowerment of Women (Schedule VII – iii):**
- Provide a range of gainful employment and entrepreneurial opportunities to women supported with access to financial assistance by way of loans & grants and also provide for access to insurance & social security.
- iv. **Ensuring Environmental Sustainability (Schedule VII – iv):**
- **Social Forestry:** Provide food, fuel & fodder security to farmers through social & agro-forestry interventions.
 - **Water Stewardship:** Promote local management of water resources by facilitating community-based participation in planning & executing watershed projects, and also identify & enable extensive use of water efficient agri practices.
 - **CII-ITC Centre of Excellence for Sustainable Development:** Enable other businesses / organisations in India to create enduring value on a sustainable basis by embedding the imperatives of sustainable development in their strategies & processes.
- v. **Protection of National Heritage, Art & Culture (Schedule VII – v):**
- Revive and restore vanishing musical sub-genres by enlisting the goodwill of some of the greatest musicians through the ITC Sangeet Research Academy (ITC SRA), which was established in 1977 as an embodiment of the Company's sustained commitment to a priceless national heritage.
- vi. **Research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (Schedule VII – ix-b):**
- Leverage the technical expertise of premier institutions through partnerships and support R&D activities in the area of science, technology, engineering, environment, agriculture and health aimed at promoting Sustainable Development Goals (SDGs).
- vii. **Rural Development (Schedule VII – x):**
- **Sustainable Agriculture:** Introduce advanced knowledge & technologies through package of practices, increase awareness of farmers on optimum use of natural resources in order to increase farm incomes, minimise cost of cultivation, and make agriculture resilient to extreme weather events.
 - **Knowledge Empowerment:** Enable farmers and farmer collectives to make informed choices by providing relevant and real-time information on commodity prices, local weather reports, customised knowledge & best practices on farm management, risk management and scientific farming.
 - **Agri-extension / services:** Encourage sustainable agricultural practices through various extension platforms to enable access to relevant farm mechanisation technologies & implements, as also institutional support mechanisms, especially for small farm holdings, to enhance farm productivity and farm-based incomes.
- viii. **Disaster Assistance (Schedule VII – xii):**
- Provide relief to the poor and vulnerable sections of society who face severe disruption to their livelihoods in the event of disasters and calamities, directly or through government bodies.

2. Composition of the CSR and Sustainability Committee as on 31st March, 2022 :

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR and Sustainability Committee held during the year	Number of meetings of CSR and Sustainability Committee attended during the year
1.	S. Puri (Chairman of the Committee)	Chairman & Managing Director	4	4
2.	N. Doda ¹	Non-Executive Director		1
3.	M. Gupta ²	Non-Executive Director		N.A.
4.	S. Panray ¹	Non-Executive Director		1
5.	N. Rao	Independent Director		4
6.	A. K. Seth	Independent Director		4
7.	M. Shankar	Independent Director		4
8.	D. R. Simpson	Non-Executive Director		4

¹ Appointed Member w.e.f. 11th August, 2021.

² Appointed Member w.e.f. 27th October, 2021.

- Provide the web-link where composition of CSR and Sustainability Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <https://www.itcportal.com/sustainability/corporate-social-responsibility.aspx>
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

None. There are no Programmes completed after 22nd January, 2021 for which impact assessment is applicable during the current year.

The Company, in line with Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, will initiate steps to conduct impact assessment of its CSR Programmes from the financial year 2022-23.

- Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	0.62 crore	0.62 crore

- Average net profits of the Company as per Section 135(5) : ₹ 17,744.39 crores
- (a) Two percent of the average net profits of the Company as per Section 135(5) : ₹ 354.89 crores
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
- (c) Amount required to be set off for the financial year, if any : ₹ 0.62 crore
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 354.27 crores

8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 351.13 crores	₹ 3.90 crores	28th April, 2022	Not Applicable		

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

1	2	3	4	5	6	7	8	9	10	11
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State						Name CSR Registration No.
1.	Rural Health Care Project	Clause I- Promoting healthcare including preventive healthcare	Yes	Uttar Pradesh and Bihar	Saharanpur and Munger	2 years	5.46 crores	1.56 crores	3.90 crores	No ITC Education and Health Care Trust CSR00002775

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project	Amount Spent for the Project (In ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency (Yes/No)
				State			Name CSR Registration No.
Details provided under Annexure 1							

- (d) Amount spent in Administrative Overheads : ₹ 17.75 crores
(e) Amount spent on Impact Assessment, if applicable : Nil (refer to Sl. No. 4)
(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 355.03 crores
(g) Excess amount for set off, if any : ₹ 0.76 crore

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	₹ 354.27 crores
(ii)	Total amount spent for the Financial Year	₹ 355.03 crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 0.76 crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 0.76 crore

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/ Ongoing
Nil								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s) : **Nil**
- (b) Amount of CSR spent for creation or acquisition of capital asset : **Nil**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : **Nil**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : **Nil**

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5):
Not applicable

On behalf of the Board

18th May, 2022
Kolkata, India

S. PURI *Chairman – CSR and Sustainability Committee*
R. TANDON *Director*

Annexure 1

Details of CSR amount spent against other than ongoing projects for the financial year

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project			
				State	District	Amount Spent for Project (In ₹ Lakhs)	Mode of Implementation - Direct ('Yes/No) CSR Registration No.
1	2	3	4	5	6	7	8
1	Health & Sanitation	Clause I - Promoting health care including preventive health care	Local Area & Others	Andhra Pradesh, Assam, Bihar, Delhi, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Prakasam, Kurnool, West Godavari, Darrang, Kamrup, Munger, East Champaran, Lakhisarai, Patna, Rohtas, New Delhi, Soltan, Kodena, Ramgarh, Ranchi, Bengaluru Rural, Bengaluru Urban, Hassan, Yatir, Kolar, Mysuru, Indore, Sehore, Valsad, Wadhwa, Jhansi, Puri, Imphal, East Kashi Hills, Jagatsinghpur, Bhadrati, Kothagudem, Khammam, Medak, Hyderabad, Budam, Bahraich, Chandauli, Gonda, Hardoi, Hathras, Phulpur, Saharanpur, Hardiwar, Hoogly, Howrah, Kolkata, Jalapuri, Purba Medinipur	2,386	No Annexure 2
2	Solid Waste Management	Clause I - Sanitation	Local Area & Others	Andhra Pradesh, Bihar, Delhi, Karnataka, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	Guntur, Pakasam, Tirupati, Munger, Mizaffarpur, New Delhi, Bengaluru Rural, Bengaluru Urban, Mysuru, Pune, Puri, Khordha, Kaurnathala, Chennai, Comptatore, Madurai, Pudukkottai, Tiruchirappalli, Bhadrati, Kothagudem, Hyderabad, Karimnagar, Mahabubnagar, Secunderabad, Warangal, Ayodhya, Lucknow, Saharanpur, Hardiwar, Hoogly	1,547	No Annexure 2
3	Vocational Training	Clause II - Employment enhancing vocation skills	Local Area & Others	Andaman and Nicobar Island, Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Maharashtra, Odisha, Punjab, Raigarh, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	South Andaman, Guntur, East Godavari, Prakasam, Darrang, Kamrup, Munger, Sukma, South Delhi, South Goa, Yadadri, Faridabad, Nuh, Sohan, Jammu, Srinagar, Dhankad, Bengaluru Urban, Bengaluru Suburban, Nanded, Pune, Thane, Khordha, Malkangiri, Amritsar, Kaputthala, Jhalsawar, Jaipur, Jodhpur, Chennai, Comptatore, Krishnagiri, Pudukkottai, Tiruchirappalli, Vinchurangar, Bhadradi, Kothagudem, Hyderabad, Warangal, Agra, Ghaziabad, Gorakhpur, Kaushambi, Lucknow, Pratapgarh, Prayagraj, Saharanpur, Varanasi, Hardiwar, Hoogly, Howrah, Kolkata, South 24 Parganas	1,229	No Annexure 2
4	Integrated Animal Husbandry	Clause II - Livelihood enhancement projects	Local Area & Others	Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Telangana	Guntur, Nellore, Prakasam, West Godavari, Hassan, Mysuru, Amravati, Bhopal, Guna, Indore, Mandsaur, Sehore, Shippur, Ujjain, Vidisha, Khammam	337	Yes N.A.
5	Livelihood Promotion	Clause II - Livelihood enhancement projects	Local Area & Others	Bihar, West Bengal	Begusarai, Bhagalpur, Khagaria, Lakhisarai, Munger, Samastipur, Vaishali, Hoogly, Purba Bardhaman	231	No Annexure 2
6	Education	Clause II - Promoting education, including special education	Local Area & Others	Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Haryana, Karnataka, Maharashtra, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	East Godavari, Guntur, Hyderabad, Kurnool, Nellore, Prakasam, Srikakulam, Vizianagaram, Vishakhapatnam, West Godavari, Darrang, Kamrup, Munger, East Champaran, Lakhisarai, Patna, Rohtas, Bihar, North Delhi, South Delhi, South West Delhi, West Delhi, Ahmedabad, Sohan, Bengaluru Rural, Jagatsinghpur, Kaputthala, Chennai, Chenai, Cherlapall, Pondicherry, Krishnagiri, Pudukkottai, Virudhunagar, Tiruvallur, Bhadradi, Kothagudem, Khammam, Medak, Saharanpur, Lucknow, Hardiwar, Hoogly, Konkata, Purba Medinipur, Jalajugir	1,629	No Annexure 2
7	Women Empowerment	Clause III - Promoting gender equality, empowering women	Local Area & Others	Assam, Bihar, Delhi, Himachal Pradesh, Karnataka, Madhya Pradesh, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, West Bengal	Kamrup, Munger, East Delhi, North Delhi, Sohan, Hassan, Mysuru, Agar, Malwa, Alirajpur, Anuppur, Asitk Nagar, Balaghat, Barwani, Beliaghata, Bhind, Bhopal, Chinawala, Chhattaranpur, Damoh, Datia, Dewas, Dhar, Dindori, Guna, Gwalior, Harda, Hoshangabad, Jabalpur, Jhabua, Karmi, Mandla, Morena, Narsinghpur, Panra, Pailsen, Rajgarh, Rewa, Sagar, Satna, Sehore, Seoni, Shahdol, Shahdol, Sheopur, Shivar, Sidhi, Singrauli, Tikamgarh, Umaria, Viosha, Baran, Birani, Bundi, Kotah, Kota, Comptatore, Krishnagiri, Pudukkottai, Bhadradi, Kothagudem, Khammam, Chandauli, Saharanpur, Hardiwar, Howrah	783	No Annexure 2
8	Soil & Moisture Conservation	Clause IV - Conservation of natural resources and maintaining quality of soil, air and water	Local Area & Others	Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Odisha, Punjab, Raigarh, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand	East Godavari, Guntur, Nellore, Prakasam, West Godavari, Darrang, Kamrup, Munger, New Delhi, South West Delhi, Nuri, Sohan, Belagan, Krishn, Nellore, Palasam, West Godavari, Darang, Sulkma, Hassan, Mysuru, Malkangiri, Kaputthala, Baran, Barmer, Bilawer, Bundi, Jalsamer, Jhalsawar, Jodhpur, Kota, Pali, Comptatore, Pudukkottai, Theni, Bhadradi, Kothagudem, Khammam, Chandauli, Saharanpur, Hardiwar	4,215	No Annexure 2
9	Social Forestry	Clause IV - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry	Local Area & Others	Andhra Pradesh, Assam, Chhattisgarh, Karnataka, Maharashtra, Odisha, Telangana, Tipura, Uttarakhand	East Godavari, Guntur, Krishn, Nellore, Palasam, West Godavari, Darang, Sulkma, Hassan, Mysuru, Sepahijala, West Tipura, Hardiwar	1,347	Yes N.A.
10	Protection of national heritage, art and culture	Clause V - Protection of national heritage, art and culture	Local Area & Others	West Bengal	Kolkata	230	No Annexure 2



Annexure 2

List of Implementing Agencies

NGO Name	CSR1 Registration No.	Schedule VII Clause
Academy of Gandhian Studies	CSR00005230	Clause - (i)
Action For Agricultural Renewal In Maharashtra-AFARM	CSR00000092	Clause - (iv and x)
Action For Social Advancement (ASA)	CSR00001213	Clause - (iv and x)
Arunodaya Information Management Society	CSR00028261	Clause - (x)
Adarsh Yuva Samiti	CSR00000390	Clause - (i, ii and iii)
Adarsha Rural Health and Economic Development Society	CSR00000385	Clause - (iv and x)
Anudip Foundation For Social Welfare	CSR00000060	Clause - (ii)
ASSIST	CSR00000031	Clause - (i and ii)
Assocham Foundation For Corporate Social Responsibility	CSR00001076	Clause - (i)
Avvai Village Welfare Society	CSR00002508	Clause - (I and ii)
Azad Foundation	CSR00001157	Clause - (iii)
BAIF Development Research Foundation	CSR00000308	Clause - (ii, iii, iv and x)
Bandhan - Konnagar	CSR00001463	Clause - (iii)
Biome Environmental Trust	CSR00001605	Clause - (iv)
Bitan Institute For Training, Awareness and Networking	CSR00004091	Clause - (i)
Bright Light Society	CSR00001369	Clause - (ii)
Chaitanya Jyothi Welfare Society	CSR00003746	Clause - (iv and x)
Collective Good Foundation	CSR00001648	Clause - (ii)
Community Organisation For Oppressed and Depressed Upliftment (COODU)	CSR00001346	Clause - (iv and x)
Daya Society	CSR00007699	Clause - (ii)
Deepam Rural Development Charitable Trust	CSR00001942	Clause - (i, ii, iii, iv and x)
Development Research Communication & Services Center	CSR00002927	Clause - (x)
Development Support Centre	CSR00000674	Clause - (iii, iv and x)
DHAN (Development of Humane Action) Foundation	CSR00000273	Clause - (iv and x)
Don Bosco Tech Society	CSR00001747	Clause - (ii)
Dr. Hedgewar Seva Samiti Nandurbar	CSR00001781	Clause - (x)
Dr.Ambedkar Society For Youth & Rural Development	CSR00005008	Clause - (iv and x)
E Sree Foundation	CSR00000452	Clause - (i)
EFFORT (Eco Foundation for Research & Training)	CSR00002557	Clause - (iv and x)
Environmentalist Foundation of India	CSR00002310	Clause - (ii)
Exnora International Foundation	CSR00002245	Clause - (i)
Financial Inclusion Improves Sanitation and Health Society	CSR00001053	Clause - (i and ii)
Food Security Foundation India	CSR00001178	Clause - (xii)
Forum For Organized Resource Conservation and Enhancement	CSR00000037	Clause - (i, iv and x)
Foundation for Ecological Security	CSR00000637	Clause - (iv)
FXB India Suraksha	CSR00000076	Clause - (I & ii)
Gandhi Golden Trust	CSR00013621	Clause - (x)
Gramasari	CSR00002041	Clause - (iv & x)
Grameen Development Services	CSR00000639	Clause - (x)
Green Cross	CSR00001062	Clause - (iv and x)
Guide Foundation For Development	CSR00000886	Clause - (iv and x)
Harsha Trust	CSR00001106	Clause - (iv and x)
Healthy You Foundation	CSR00017775	Clause - (ii)
Institute For Development of Youth,Women and Child	CSR00001582	Clause - (iii, iv and x)
Institute of Spatial Planning and Environmental Research	CSR00006782	Clause - (iv and x)
ITC Education and Health Care Trust	CSR00002775	Clause - (i)
ITC Sangeet Research Academy	CSR00003561	Clause - (v)
Learning Links Foundation	CSR00000640	Clause - (ii)
Lokmitra	CSR00000814	Clause - (ii)
Mamta Health Institute For Mother and Child	CSR00001978	Clause - (i)

NGO Name	CSR1 Registration No.	Schedule VII Clause
Manav Vikas Sansthan	CSR00001537	Clause - (iv and x)
Modern Architects For Rural India	CSR00000168	Clause - (i)
Myrada Kaveri Pradeshika Samsthe	CSR00001643	Clause - (i, ii, iii, iv and x)
Mysore Resettlement and Development Agency	CSR00001099	Clause - (iv and x)
National Centre for Human Settlements and Environment	CSR00000776	Clause - (iii, iv and x)
National Institute for Rural Development, Education, Social Upliftment and Health (NIRDESH)	CSR00008272	Clause - (i)
Nehru Foundation For Development	CSR00001034	Clause - (x)
Network For Enterprise Enhancement and Development Support NEEDS	CSR00002858	Clause - (i)
New Concept Centre For Development Communication	CSR00000240	Clause - (i)
Outreach Association of Volunteers for Rural Development	CSR00002003	Clause - (i, ii, iv and x)
Peoples Action for National Integration	CSR00000125	Clause - (iv and x)
Pratham Education Foundation	CSR00000258	Clause - (ii)
Pravah	CSR00002347	Clause - (x)
Rashtriya Gramin Vikas Nidhi	CSR00002390	Clause - (iv and x)
Rotary Bangalore Peenya Trust	CSR00018967	Clause - (i)
Round Table India Trust	CSR00000895	Clause - (ii)
Rural Communes	CSR00010212	Clause - (x)
Rural Development Organisation	CSR00001586	Clause - (i, ii and iii)
SAAHAS	CSR00000097	Clause - (i)
Sachidanand Shikshan Sansthan	CSR00017100	Clause - (iii and x)
Samarth In Participatory Action Society	CSR00002296	Clause - (iv and x)
Samarthanam Trust For The Disabled	CSR00000063	Clause - (i)
Sambhav Foundation	CSR00028598	Clause - (x)
Sarv Mangal Gramin Vikas Sansthan	CSR00000154	Clause - (iii, iv and x)
Sarva Seva Samity Sanstha	CSR00000224	Clause - (x)
SEARCH-Socio Economic Alternatives Research and Resource Community for Humanity	CSR00000587	Clause - (i, ii, iv and x)
Seven Sisters Development Assistance (SeSTA)	CSR00000087	Clause - (iv and x)
SEWA Bharat	CSR00001733	Clause - (iii)
Shramjivi Janata Sahayyak Mandal	CSR00001794	Clause - (x)
Shri Bhuvneshwari Mahila Ashram	CSR00001595	Clause - (i)
Skills Art and Beyond Social Welfare Society	CSR00019962	Clause - (x)
Social Awareness Through Human Involvement	CSR00003798	Clause - (i, ii and iii)
Society For Sampurna Grama Swaraj	CSR00000669	Clause - (iv and x)
Society of Indian Institute for Rural Development	CSR00000199	Clause - (iv and x)
Support For Network and Extension Help Agency (SNEHA)	CSR00000103	Clause - (i and ii)
Umang Sunehra Kal Sewa Samiti	CSR00000658	Clause - (i, iv and x)
Velugu Association	CSR00001765	Clause - (x)
Vijay Integrated Development Society (VIDS)	CSR00000055	Clause - (i)
Vikramshila Education Resource Society	CSR00001182	Clause - (ii)
Water For People India Trust	CSR00000892	Clause - (i)
Water Sanitation and Hygiene Institution (WASH Institute)	CSR00000170	Clause - (i, ii and x)
Youth For Development of People	CSR00002588	Clause - (iv and x)
Youthinvest Foundation	CSR00001288	Clause - (i)

Annexure to the Report of the Board of Directors

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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 authorised 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, 2021 to March 31, 2022 (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, 2022, 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 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, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - 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 made in the composition of the Board of Directors during the Period under Review were carried out in compliance with the applicable laws.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven to fourteen 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 the applicable Laws, Rules, Regulations and Guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific event / action 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:

1. Issue and allotment of 1,44,11,700 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.

2. The Scheme for amalgamation of Hobbits International Foods Private Limited and Sunrise Sheetgrah Private Limited, wholly owned subsidiaries, with the Company was sanctioned by the Hon'ble National Company Law Tribunal, Allahabad Bench, which became effective from 12th August, 2021.
3. Acquisition of additional preference shares in Delectable Technologies Private Limited (Delectable), an associate company, consequent to which the Company's shareholding in Delectable aggregated 27.34% of its share capital (on a fully diluted basis).
4. Acquisition of shares in Mother Sparsh Baby Care Private Limited (Mother Sparsh), in two tranches, pursuant to the Share Subscription Agreement and Shareholders' Agreement dated 26th November, 2021 entered into by the Company, consequent to which the Company's shareholding in Mother Sparsh aggregated 16% of its share capital (on a fully diluted basis).
5. Wimco Limited became a wholly owned subsidiary of the Company with effect from 29th July, 2021 (the Company's shareholding during the financial year 2020-21 was 98.21%), consequent to reduction of equity share capital of that company becoming effective upon receipt of necessary approvals.

**For Vinod Kothari & Company
Practising Company Secretaries
Unique Code: P1996WB042300**

Vinod Kothari
Managing Partner
Membership No.: F10564
C P No.: 1391
UDIN: F010564D000289832
Peer Review Certificate No.: 781/2020

Kolkata

09-05-2022

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

Annexure 'A'

Annexure to Secretarial Audit Report (Non-Qualified)

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.

- i. 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.
- ii. 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 a 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.
- iii. Our Audit was based on examination of books and records maintained by the Company.
- iv. Our Audit examination was restricted to legal compliances of the applicable laws to be done by the Company; we have not checked the operational and business aspects relating to the same.
- v. Given the challenges and limitations posed by Covid-19, as well as considering the effectiveness of information technology tools in the audit processes, we have conducted only online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.
- vi. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
- vii. Wherever required, we have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- viii. The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the management. Our examination was limited to the verification of procedure on test and sample basis.
- ix. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
- x. 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
Unique Code: P1996WB042300**

Vinod Kothari
Managing Partner
Membership No.: F10564
C P No.: 1391
UDIN: F010564D000289832
Peer Review Certificate No.: 781/2020

Kolkata
09-05-2022

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 in line with ITC's 2030 Goals. These goals include reduction in specific energy by 30% and specific GHG by 50% along with increasing renewable energy share to 50% and sourcing 100% of purchased electricity from renewables. The Company regularly tracks its performance against these key performance indicators. The Company invests in energy conservation and renewable energy projects along with exploring innovative technologies to bring about the alignment with the goals. These investments are done in phases by taking into account future expansion plans, evolving regulatory frameworks, techno-commercial feasibility and socio-political aspects.

a) Steps taken or impact on conservation of energy:

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

- I. Installation of new energy efficient electric boilers.
- II. Installation of Vapour Absorption Machine (VAM).
- III. Optimisation of compressed air management through measures such as installation of intelligent flow controller to remove pressure surges, installation of additional compressor, installation of pressure booster etc.
- IV. Automation in tube cleaning systems in Heating, Ventilation and Air Conditioning (HVAC) chillers resulting in higher efficiency.
- V. Utilisation of waste heat such as pre-heating boiler feedwater from exhaust steam and pre-heating fresh air in oven.
- VI. Installation of Variable Frequency Drives (VFDs) for various motors, chillers, blowers and fans.
- VII. Replacement of cooling tower, AHUs, chillers, air conditioners, motors, fans, pumps and agitators with higher efficiency ones.
- VIII. Improvement in energy usage efficiency in lighting systems by changing over to efficient lighting solutions such as Light Emitting Diodes (LEDs).
- IX. Process improvements to enhance productivity and reduce specific energy consumption across Businesses.

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 14.9MW offsite solar photovoltaic power plant in Tamil Nadu.
- II. Commissioning of additional rooftop solar photovoltaic power plants.
- III. Continued use of biomass-based fuels in existing biomass boilers for thermal energy generation to reduce dependency on fossil fuels across Businesses.

In addition, the Company also commissioned a state-of-the-art and future-ready High Pressure Recovery Boiler at the Bhadrachalam mill, replacing conventional soda recovery boilers. This intervention will reduce the carbon footprint of the unit's operations through significantly lower coal consumption.

These investments have helped achieve renewable energy share of 42%.

c) Capital investment on energy conservation equipment: ₹ 1222.26 lakhs

TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption:

- I. As a part of Industry 4.0 initiative, various technological innovations are being implemented across the Businesses. Key highlights are presented below:
 - a. Implemented IIoT (Industrial Internet of Things) sensors to monitor equipment condition and plan for predictive maintenance and reduce downtime.
 - b. Installed advanced data management system to capture real-time operations data across businesses that helps in building machine learning tools. This is to improve quality; increase throughput and energy performance; and reduce material consumption.
 - c. Adopted Intelligent power management tool to track various performance metrics such as power quality, idle power etc. for each individual equipment to help optimise overall performance.
 - d. Built machine learning models to help maintain consistent quality of the product such as maintaining adequate moisture, varying ingredients etc.
- II. Robotics system for waterless cleaning of rooftop solar modules.
- III. Printing on Biscuits using caramel based edible ink.
- IV. New process and product technologies on personal hygiene, skin care and fragrances developed through in-house Research & Development in the Personal Care Products Business.
- V. Induction of contemporary technologies and continuous improvement across businesses, towards reducing process variability, cycle time and wastages while enhancing manufacturing flexibility, productivity and capability across Businesses.

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, 2022
Expenditure on R&D:	(₹ in Lakhs)
i) Capital	2,016.68
ii) Revenue	14,358.55
Total	16,375.23
Total R&D Expenditure (as a % of Gross Revenue)	0.28%

On behalf of the Board

S. PURI *Chairman & Managing Director*
R. TANDON *Director*

18th May, 2022

Kolkata, India

Annexure to the Report of the Board of Directors For the Financial Year Ended 31st March, 2022

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 Last Year (%)
			Based on remuneration paid
S Puri	Chairman & Managing Director	224 : 1	5
N Anand	Executive Director	100 : 1	(2)
B Suman	Executive Director	103 : 1	0
R Tandon	Executive Director	103 : 1	0
S Banerjee	Independent Director	16 : 1	13
H Bhargava ¹	Independent Director	15 : 1	9
N Doda ²	Non-Executive Director	1 : 1	–
A Duggal	Independent Director	16 : 1	16
M Gupta ³	Non-Executive Director	–	–
S Mukherjee ⁴	Independent Director	1 : 1	–
A Nayak	Independent Director	15 : 1	49*
S Panray ²	Non-Executive Director	–	–
N Rao	Independent Director	15 : 1	13
A K Seth	Independent Director	15 : 1	51*
M Shankar	Independent Director	15 : 1	13
D R Simpson	Non-Executive Director	15 : 1	14
A Jerath ⁵	Non-Executive Director	14 : 1	358*
S B Mathur ⁶	Independent Director	15 : 1	8
S Dutta ⁷	Chief Financial Officer	52 : 1	195*
R K Singh	Executive Vice President & Company Secretary	36 : 1	3

* Not comparable as remuneration has been computed on paid basis.

¹ Resigned as Non-Executive Director w.e.f. 23rd August, 2021; Appointed Independent Director w.e.f. 20th December, 2021

² Appointed as Non-Executive Director w.e.f. 11th August, 2021

³ Appointed as Non-Executive Director w.e.f. 27th October, 2021

⁴ Appointed as Independent Director w.e.f. 11th August, 2021

⁵ Appointed as Non-Executive Director w.e.f. 31st January, 2020 and resigned w.e.f. 1st May, 2021

⁶ Ceased to be Independent Director w.e.f. 15th September, 2021 upon completion of term

⁷ Appointed as Chief Financial Officer w.e.f. 5th September, 2020

Notes

- 1) The number of permanent employees as on 31st March, 2022 was 23,829
- 2) Compared to the financial year 2020-21, the figures for the financial year 2021-22 reflect that:
 - (i) Median remuneration of employees - Increased by 4%
 - (ii) Average remuneration of employees - Increased by 7%
 - (iii) Average remuneration of employees excluding Key Managerial Personnel (KMPs) - Increased by 7%
 - (iv) Remuneration of KMPs - Increased by 8% due to impact of increase in number of KMPs during the previous year
- 3) Remuneration of Directors, KMPs and other employees is in accordance with the Company's Remuneration Policy

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Expe-rience (Years)	Date of Commence-ment of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Top ten employees in terms of remuneration drawn								
Puri S	59	Chairman & Managing Director	12,59,37,328	4,54,67,265	B.Tech.	37	20.01.1986	TELCO Ltd., Trainee
Sumanth B	58	Executive Director	5,76,46,724	1,96,09,497	B.E.	36	20.01.1986	Nil
Tandon R	68	Executive Director	5,76,01,394	1,95,39,396	B.Sc., F.C.A.	44	01.01.1987	Triveni Handlooms Ltd., Finance Mgr. & Secy.
Anand N	65	Executive Director	5,60,90,920	2,01,94,068	B.A. (Hons.)	42	01.12.1979	@
Sivakumar S	61	Group Head - Agri Business	3,83,79,860	1,85,55,833	B.Sc., P.G. Dip. in Rural Mgmt.	39	18.09.1989	Gujarat Co-op Oil Seeds Growers' Fed. Ltd., Mgr. Mktg.
Rajput A K	66	Senior V.P. - Corporate Affairs	3,76,98,449	1,49,46,402	B.Com., M.B.A.	45	10.04.1976	Nil
Satpathy S	49	Divisional Chief Executive (PCPBD)	3,54,52,519	1,52,76,929	B.Com., P.G.D.M.	26	01.12.2015	Marico Ltd., Chief Marketing Officer
Malik H	56	Divisional Chief Executive (FBD)	3,36,25,691	1,34,54,228	B.A., M.B.A.	32	01.06.1989	Nil
Lahiri D	49	Chief Operating Officer (ITD)	3,29,79,538	1,48,10,530	B.Com. (Hons.), M.B.A.	25	10.12.2020	VST Industries, M.D.
Singh S K	65	Group Head - Paper & Packaging	3,19,33,647	1,52,65,597	B.Tech. (Chem.)	45	21.06.1977	#
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum								
Abraham C	58	Chief Executive - Healthcare	2,48,73,313	1,31,66,521	M.B.B.S., Adv. Dip. in Healthcare Administration	28	02.05.2018	Health City Cayman Islands, CEO & Head of Medical Services
Aggarwal A	41	Corporate HR Manager	1,28,91,217	64,48,091	B.Tech., P.G.Dip. in P.M. & I.R.	18	15.03.2017	HCL Healthcare, G.M. - HR
Aiyer K	48	Head of Finance (Operations) (ITD)	1,45,60,407	75,48,320	B.Com. (Hons.), A.C.A.	24	01.09.1998	Modi Telstra Pvt. Ltd., Mgmt. Trainee
Amancharla VG	40	Marketing Manager (ESPB - SBU)	1,07,43,387	53,80,441	B.E., P.G.D.M.	18	07.06.2007	ABB Ltd., Marketing Engineer
Anandan M	51	National Sales & Category Development Manager - Personal Care, Matches & Agarbatti (TM & D)	1,85,46,063	88,02,514	P.G.D.M.	29	01.02.1994	Threads India Limited, Sales Representative
Arif N	60	Executive V.P. & Head - Corporate Communications	2,93,81,702	1,15,63,741	B.A. (Hons.), M.A.	36	01.09.2006	Indian Chamber of Commerce, Secretary General
Arora B	48	V.P. - Finance (FBD)	1,55,01,970	71,93,085	B.Com. (Hons.), A.C.A.	28	06.09.1999	Maruti Udyog Ltd., Finance Executive
Ashok D	58	Head - Corporate Taxation	2,10,04,008	78,50,704	B.Com., A.C.S., F.C.M.A.	37	01.08.1992	UB Petro Products Ltd., Dy. Manager, Accounts
Awasthi J	55	General Manager - Special Projects	1,21,24,658	56,88,189	B.E. (Hons.), P.G.D.M.	33	01.03.1993	Network Ltd., Field Manager
Bagla M K	43	District Manager - West (TM & D)	1,06,51,042	50,61,366	B.Com. (Hons.), M.B.A.	23	11.02.2008	Bunge India Pvt. Ltd., Brands Manager
Bajaj K	49	Executive V.P. - Marketing (ITD)	2,25,61,382	99,25,309	B.A. (Hons.), M.B.A.	27	16.03.2011	Bharti Retail Ltd., Head - Brands
Balaji L N	60	Executive V.P. - Shared Services	1,69,42,491	71,79,495	B.Com., F.C.A.	37	17.06.1985	Nil
Balakrishnan S	55	Head - Manufacturing & Supply Chain (PCPBD)	1,77,65,203	81,41,727	B.E.	34	01.09.1987	Nil
Balar S	47	V.P. - Marketing (PCPBD)	1,95,50,312	88,69,430	B.Tech., P.G.D.M.	21	01.06.2000	Nil
Bandyopadhyay S S	52	Executive V.P. - HR & CSR (PSPD)	1,75,08,456	95,75,827	B.Com., P.G.D.P.M., I.R. & L.W., M.B.A., Dip. in T&D	26	12.12.2006	Pepsico India Holdings Pvt. Ltd., Asst. Manager - HR
Banerjee S	45	Chief Digital Marketing Officer (FBD)	1,85,89,021	1,11,76,845	B.E., M.B.A.	22	01.06.2009	IMRB International, Insights Director
Bansal A	37	Divisional Manager - Sales & Category Development, Foods (TM & D)	1,13,92,245	56,45,803	M.B.A.	15	10.06.2008	TATA Consultancy Services, Systems Consultant
Bansal R	44	Manager - Internal Audit	1,36,51,794	74,50,664	B.Com., A.C.A., I.C.S.I.	23	22.01.2007	Bharat Oman Refineries Ltd., Asst. Mgr. Finance
Bansal R K	49	Executive V.P. - Finance (TM & D)	1,81,42,555	86,03,521	B.Com. (Hons.), C.W.A., A.C.A.	26	01.11.1995	Nil
Barhanpurkar M P	57	Head - Technical (PSPD)	1,30,27,019	71,57,742	B.E.	28	01.01.2004	Abhishek Industries Ltd., Manager Engineering
Barve M M	51	Head - Product Development, Chocolates (FBD)	1,62,63,266	93,32,661	B.Sc., M.Sc. (Food Tech.), E.M.B.A.	26	27.07.2015	Pepsico India Holdings Pvt. Ltd., Associate Director
Basu N	52	Sr. Manager - Corporate Communications	1,36,32,013	79,05,511	B.A., M.A.	17	01.01.2008	United Credit Belani Group, V.P.
Bezbaroa S K	59	Executive V.P. - Corporate EHS	1,82,80,297	93,71,533	B.E. (Elec.), P.G.D. (Safety Engg.), P.G.D. (Environmental Mgmt., Univ. of London)	39	02.06.1997	Tata Consulting Engineers Ltd., Engineer
Bhalla A	54	A. M. West & G. M. - ITC Maratha (HD)	1,08,19,142	45,87,117	B.A., Dip. in Hotel Mgmt., Catering & Nutrition	31	09.02.1998	Holiday Inn, Restaurant Manager
Bhalla R	38	V.P. - New Business Development	1,32,49,324	64,28,527	B.Tech., M.Tech.	16	08.06.2006	Nil
Bhaskar James P (Dr.)	55	Senior Principal Scientist (PCPBD)	1,10,56,406	51,90,166	M.Sc., Ph.D.	27	27.08.2008	Hindustan Unilever Ltd., Senior Research Scientist
Bhatt S	53	Divisional Manager - Exports (FBD)	1,28,09,792	62,69,594	B.Sc., P.G. Dip. in Marketing	33	01.10.1997	Pertech Computers Ltd., Regional Sales Mgr.
Bhattacharjee A	58	V.P. - Information Systems (HD)	1,22,81,050	54,96,460	B.E. (Industrial & Production)	33	09.07.2001	@
Bhaumick D	42	Marketing Manager - Vivel & Superia (PCPBD)	1,02,42,012	51,88,269	B.Sc., P.G.D.	19	22.06.2009	Parle Agro Pvt. Ltd., Group Product Manager
Bisht S	44	Business Head - Spices & Aqua - Agri SBU (ABD)	1,08,81,585	57,68,080	B.Sc. (Ag.), P.G. Prog. in Agr. Business Mgmt.	21	01.06.2001	Nil
Bose S	53	Executive V.P. - HR & Learning & Development (HD)	2,04,58,002	1,08,68,784	B.A., P.G. Dip. in P.M.	27	28.09.2017	Indian Hotels Co. Ltd., V.P. HR Operations

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	Experi-ence (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Bothra S	37	Trade Marketing Development Manager (TM & D)	1,03,31,975	61,05,044	B.B.A., P.G.D.M.	14	10.06.2008	Nil
Chadha A	52	Chief Executive (HD)	1,73,12,770	87,00,377	Dip. In Hotel Mgmt., Catering & Nutrition	32	01.05.2001	@
Chakrabarty B	46	Divisional Manager - Packaging Development (FBD)	1,06,64,076	67,43,025	B.Sc., P.G. Dip.	22	12.07.2005	Bharat Shell Ltd., Executive - Packaging
Chand S	38	Divisional Manager - Sales & Category Development, Cigarettes (TM & D)	1,21,68,814	65,83,133	B.E., M.B.A.	16	21.04.2008	Marico Ltd., Area Sales Manager
Chatterjee K	61	Head - Packaging Development (FBD)	1,45,15,151	68,28,111	Dip. in Mech. Engg.	36	15.10.2001	Agrotech Foods Ltd., Manager - Packaging & Development
Chatterjee S	53	V.P. & Head of Procurement (FBD)	1,92,97,985	1,09,15,287	B.A.	34	05.06.2006	Nestle India Ltd., Purchase Manager
Chaturvedi K	44	Chief Operating Officer - Snacks (FBD)	2,20,56,565	94,76,080	B.A. (Hons.), P.G. Dip. in Communication	20	19.05.2003	Mindshare Fulcrum, Planning Executive
Cheruvathur N	50	Divisional Manager - Supply Chain (PCPBD)	1,02,80,019	51,09,499	B.Sc. (Technology)	26	18.06.2007	Marico Ltd., Operations Manager
Chhaproo J T	48	Head of Media (PCPBD)	1,37,39,736	67,74,953	B.Tech., P.G.D.M.	13	08.08.2016	Snapdeal, Head - Media
Choudhury S	46	Head - Finance - Agri SBU (ABD)	1,16,07,237	62,03,943	B.Com. (Hons.), A.C.A.	23	27.09.1999	Nil
Das S K (Dr.)	55	Principal Scientist (PCPBD)	1,04,55,922	63,11,095	M.Sc., Ph.D.	23	20.11.2008	Hindustan Unilever Ltd., Senior Research Scientist
Dasgupta K	45	Head of Marketing - Dairy & Juices (FBD)	2,15,66,187	1,01,20,951	B.Sc. (Hons.), P.G.D.C., P.G.D.M.	20	03.01.2020	Hindustan Unilever Ltd., G.M. Foods
Datta S	59	Head - Marketing Research (ITD)	1,08,16,141	51,03,451	B.Tech., P.G.D.M.	34	01.11.1994	Smithkline Beecham, Marketing Services Manager
David M I	57	V.P. - Exports - Tobacco SBU (ABD)	1,37,65,975	71,20,669	B.Sc. (Agriculture)	33	16.12.1988	Nil
Dharmendra V B (Dr.)	46	Head - Food Sciences (FBD)	2,64,59,924	1,52,47,372	B.Tech., M.Tech., M.S., Ph.D.	24	05.03.2020	E & J Gallo Winery, Applied Technology Director
Dixit P K	61	V.P. - T & RA (ITD)	2,11,01,021	90,20,861	B.Sc. (Hons.)	38	17.10.1983	Nil
Dogra M	47	Head - Strategic Planning	1,39,46,735	67,81,191	B.Com., A.C.A., M.B.A.	22	01.11.2004	Export Import Bank of India, Management Trainee
Dogra R	47	Head - Alternate Channels (TM & D)	1,91,85,959	91,64,348	B.Tech., M.I.B.	22	01.06.2001	J.C.T. Electronics Ltd., Engg. Executive
Dutta Supratim	55	Chief Financial Officer	2,92,81,813	1,05,79,094	B.Com. (Hons.), C.W.A., A.C.A.	31	01.11.1990	Nil
Ganesan M	59	Head - Corporate Internal Audit	2,81,89,753	1,17,36,191	B.Com., A.C.A., A.C.S.	36	01.03.1986	Nil
Ganesh Kumar S	54	SBU Chief Executive – Staples, Snacks & Meals (FBD)	2,97,61,445	1,27,12,902	B.E.	31	14.12.1991	Mather and Platt (I) Limited, Engg. Trainee
Garg A S	53	V.P. - Finance & MIS (PPB - SBU)	1,43,70,634	69,06,070	B.Com., I.C.W.A., A.C.A., Fellowship in Management	30	01.06.1992	Larsen & Toubro, Chartered Accountant
Ghosal N	47	General Manager - Operations (ITD)	1,46,13,560	70,29,057	B.Tech., P.G.D.M.	23	01.06.1999	Nil
Ghosh A	44	Divisional Manager - Digital Media (FBD)	1,12,72,629	70,00,082	B.Sc., M.B.A.	13	26.07.2017	PHD Media, Digital Strategic Lead
Gohil M	42	Head Supply Chain & Operations (ESPB - SBU)	1,23,34,571	60,37,425	B.Tech., P.G.D.I.E.	18	08.06.2006	Reliance Industries Ltd., Asst. Manager
Gouraha R	41	V.P. - New Business Development (ABD)	1,69,52,699	1,00,05,950	B.Tech.	18	04.06.2004	Nil
Gupta J	39	Head of Manufacturing - Staples (FBD)	1,63,52,369	77,98,013	B.Tech.	17	01.09.2016	Hindustan Unilever Ltd., Factory Manager
Gupta V	57	SBU Chief Executive (ESPB - SBU)	2,23,36,996	1,16,63,443	B.E., P.G.D.M.	31	09.01.2017	Cello (Writing) Group of Companies, C.E.O.
Handa M	43	V.P. - Marketing (PCPBD)	1,94,80,809	1,21,16,941	B.E., P.G.D.	17	22.07.2019	Marico Ltd., Head of Marketing
Janardanan Anand P	56	Executive V.P. - HR (FBD)	2,09,87,467	98,11,926	B.Com. (Hons.), P.G. Dip. in P.M. & I.R.	31	01.06.1990	Nil
Jasper N K	52	Executive V.P. - Finance & IT (FBD)	2,11,30,771	99,32,092	B.Com. (Hons.), A.C.M.A., A.C.A.	29	25.06.1993	A.F. Ferguson, Asst. Consultant
Jhingran R	44	Head - HR (PCPBD)	1,56,80,013	88,57,528	B.Sc. (Pharmacy), P.G.D.M.	18	04.06.2004	Nil
John R	53	Executive V.P. - Technical (ITD)	1,83,66,767	85,60,921	B.Tech.	30	03.03.2006	Wings Corporation (Indonesia), Operations Director - Nigerian Operations
Joshi K K	51	Head - Regulatory Affairs (FBD)	1,18,43,326	58,01,159	B.Sc., M.Sc.	27	25.05.2012	Nestle India Ltd., Food Regulatory Affairs Mgr.
Kalsi G (Dr.)	57	Senior Principal Scientist - Health & Wellbeing (LS & T)	1,34,86,425	49,40,134	B.Sc., M.Sc., Ph.D.	28	03.03.2008	University of California, Resch. Associate & Lab. Mgr.
Kanisetti V K	45	Financial Accountant (ABD)	1,02,97,193	57,39,070	B.Com., A.C.A.	23	23.05.2005	TATA Coffee Ltd., Asst. Manager
Kar B	57	Head - Projects Audit	1,07,02,185	63,05,675	B.E. (Civil)	32	05.02.2007	PD Hinduja National Hospital, Asst. Director (Project & Engg.)
Kar S	49	V.P. - Finance (PSPD)	1,38,86,688	71,00,196	B.Com., C.W.A., A.C.A., A.C.S.	26	06.09.1999	Deloitte Haskins & Sells, Asst. Mgr.
Karthik B	49	V.P. - Corporate Finance	1,75,48,875	79,10,198	B.Com. (Hons.), C.W.A., Advanced Dip. in Systems Mgmt., A.C.S., A.C.A., C.P.A.	26	07.05.2007	Tionale Pte Ltd., G.M. - Business Development
Kathuria S	36	Marketing Manager, Biscuits (FBD)	1,14,74,039	56,60,301	B.Com., M.B.A.	14	10.06.2008	Nil
Kaul S	55	Divisional Chief Executive (ITD)	3,13,32,892	1,25,50,662	B.E., P.G.D.M.	31	01.06.1990	Nil
Kaushik N	39	Marketing Manager Development (ITD)	1,13,75,330	56,35,315	B.Tech., M.B.A.	16	07.01.2008	Satyam Computer Services Ltd., Software Engineer
Khan K H	40	Head - Bulk Commodities - Agri SBU (ABD)	1,06,85,696	58,54,678	B.Tech. (Hons.), M.B.A.	16	08.06.2006	Nil

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

Name	Age	Designation	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experi- ence (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Khosla V	55	District Manager - South (TM & D)	1,62,40,882	78,28,478	B.A. (Hons.), M.B.A.	31	01.07.2001	Indian Army, Captain
Kishore A	47	Head, COE - Digital & Analytics (TM & D)	1,58,87,463	76,11,002	B.Tech., P.G.D.M.	26	15.05.2006	Gillete India Ltd., Regional Value Chain Manager
Kookkal V	40	Head of Marketing - Staples & Meals (FBD)	1,31,76,950	81,39,048	B.Tech., P.G. Dip. in Marketing	16	08.06.2006	Nil
Kulkarni V	47	Divisional Chief Executive (PSPD)	2,37,25,730	1,18,81,196	B.Tech.	25	23.07.2001	Agrotech Foods Ltd., Unit In-charge
Kumar Amit	43	Divisional Manager - Supply Chain (TM & D)	1,14,05,817	56,84,244	B.Tech., P.G.D.M.	17	04.03.2020	Pepsico India, Associate Director
Kumar Ashit	56	Executive V.P. - Finance & MIS (ABD)	1,85,11,324	98,94,190	B.Com., A.C.A.	33	01.12.1988	Nil
Kumar Ashwani	58	Chief Technologist - Packaging & Graphics Design (ITD)	1,54,95,891	70,51,113	B.Sc., M.B.A.	36	01.07.1990	Uptron India Ltd., Planning & Advertising Manager
Kumar Atul	58	V.P. - Finance (HD)	1,15,92,024	57,25,384	B.Com. (Hons.), A.C.A.	34	01.06.1988	@
Kumar G K	56	V.P. - Leaf Operations, Tobacco SBU (ABD)	1,67,90,449	84,64,731	B.Sc. (Agriculture)	34	01.08.1987	Nil
Kumar K	50	Sr. Principal Technologist (PCPBD)	1,39,54,409	67,11,942	B.Com., A.C.A.	25	22.10.2008	Ruchi Soya Industries Ltd., Deputy G.M., Commercial
Kumar T S	51	National Sales & Category Development Manager - Foods (TM & D)	1,75,37,802	84,71,220	B.Sc.	29	01.04.1995	E.I.D. Parry (I) Ltd., Sales Representative
Kunchey J K	47	Executive V.P. - Supply Chain & Logistics (TM & D)	2,14,14,925	95,61,797	B.Tech., P.G. Dip. in I.E.	24	24.08.2007	Reliance Retail Co., Head - Planning & Logistics
Lamba M	41	Head of Marketing - Confectionery, Chocolates, Coffee & Gums (FBD)	1,30,87,955	65,32,337	B.Com., P.G.P.C.M.	18	15.03.2017	Perfetti Van Melle India Pvt. Ltd., Associate Category Director
Makhal S	46	Divisional Manager - Product Development, Dairy (FBD)	1,03,27,022	52,13,406	B.Tech., M.Tech., P.G.D., Ph.D.	17	10.12.2012	Cavincare Pvt. Ltd., Principal Scientist
Manian V	40	Head of Accounts - Central Projects Organisation	1,03,99,082	51,50,479	B.Com. (Hons.), F.C.A.	18	11.12.2006	B.S.R. & Co., Executive
Manimaran G U	45	Divisional Manager - Product Development (FBD)	1,09,93,882	67,39,922	B.Tech.	23	26.09.2005	Perfetti Van Melle India Pvt. Ltd., QA Executive
Mathew T	47	V.P. - Talent Development, Corporate HR	1,50,98,681	74,11,614	Dip. in H.M.C.T. & A.N., B.B.A., M.A.	24	25.06.2001	Marico Industries Ltd., Mgmt. Trainee
Mathur A	40	Head of Manufacturing - Biscuits & Cakes (FBD)	1,26,71,396	61,54,005	B.Tech.	17	08.06.2005	Nil
Mehrotra A	42	Divisional Manager - Sales & Category Development, Foods (TM & D)	1,35,62,656	66,67,562	B.Tech., M.B.A.	17	08.06.2006	Searland Management Services (I) Pvt. Ltd., Junior Engineer
Mehta R R	61	Senior Associate General Counsel	1,25,17,900	59,67,274	B.Com. (Hons.), LL.B., LL.M., LL.M. (Criminal Law), M.S. (Wis.), Ph.D.	37	10.06.1994	Legal Practitioner
Menon V P	56	V.P. - Projects (HD)	1,19,86,591	61,24,815	B.Tech. (Civil)	33	10.01.1993	@
Mishra P	40	Business Head - Sunrise (FBD)	1,30,83,646	71,93,292	M.B.A.	17	08.06.2005	Pepsico India, Customer Executive
Moodliar A	56	V.P. - Marketing (HD)	1,21,29,740	60,84,571	B.Com., M.B.A.	32	15.10.1993	@
Moza N	41	Divisional Manager - HR (FBD)	1,08,93,476	53,95,743	B.Com., Dip. in I.H.M., M.A. in P.M. & I.R.	17	06.08.2013	Peel Works Outsourcing Pvt. Ltd., GM - Accounts & Delivery
Mukherjee S (Dr.)	56	Chief Scientist and Head R&D (ITD)	1,87,79,817	1,11,06,566	B.Sc., M.Sc., Ph.D., Post Doctorate	26	16.03.1998	ICI India Ltd., Manager Q.A.
Mukherji A	49	Head - Corporate Human Resources	2,73,72,580	1,18,70,522	B.A., P.G. Dip. in P.M. & I.R., M.I.L.R.	26	01.08.1995	ANZ Grindlays Bank, Mgmt. Trainee
Muralidharan M	52	Works Manager (PPB - SBU)	1,04,10,121	57,33,562	B.E.	29	07.03.1997	Contemporary Packaging Technologies Ltd., Engineering Executive
Naik P V (Dr.)	47	Principal Scientist - Ingredients & Submission (ITD)	1,14,78,014	56,53,906	B.Sc., M.Sc., Doctorate	21	22.12.2010	E I D Parry (India) Ltd., Head of Parry Life Sciences
Nair J	50	Divisional Manager - Engineering (ITD)	1,10,85,076	53,40,867	B.Tech., M.S.	29	14.11.2005	Cadbury India Ltd., Factory Asset Manager & EHS Manager
Narayanan R R	56	Head - Sales & Marketing (ESPB - SBU)	1,67,82,994	78,06,622	B.A., P.G.D.M.	35	01.01.1990	Godrej & Boyce Mfg. Co. Ltd., Sales Representative
Nengminthang J	37	Divisional Manager - Manufacturing Operations (PCPBD)	1,22,00,039	66,57,014	B.Tech.	15	10.10.2019	Pepsico India Holdings Pvt. Ltd., Productivity, Continuous Improvement & LSS Head / Factory Manager
Ohri R	55	V.P. - Corporate Affairs	1,54,63,054	81,95,400	B.Com. (Hons.), A.C.A.	31	01.09.1991	Nil
Pal Singh S	60	Chief Scientist - Technico - Agri SBU (ABD)	1,14,27,898	66,03,304	M.Sc. (Agronomy)	10	01.04.2012	Russel Credit Ltd., G.M. Agronomy
Panda Swarup	55	Executive V.P.- HR (ITD)	1,89,69,581	1,10,51,558	B.Sc. (Hons.), M.A.	32	01.09.2003	J K Papers Ltd., Mgmt. Trainee
Pandey S K	55	V.P. (PSPD)	1,29,75,831	72,78,601	B.Tech., M.Tech., I.F.S. Diploma in Bamboo Tech.	31	20.02.2014	Ballarpur Industries Ltd., V. P.
Patni V	38	Head Procurement (PCPBD)	1,26,01,696	73,35,654	B.Tech., P.G.D.I.E.	16	19.05.2008	Glenmark Pharmaceuticals Ltd., Asst. Manager - Supply Chain
Paul A E	57	Asst. V.P. - Corporate Affairs	1,21,89,024	54,78,074	B.Com.	36	01.08.1986	Nil
Phakey A	52	V.P. - Frozen Snacks and Fresh F & V (FBD)	1,94,95,635	1,13,66,750	B.Com., M.B.A.	29	25.03.2019	H.T. Media Ltd., C.O.O.
Ponnuru R K	38	Category Manager - Juices & Dairy (FBD)	1,77,24,883	84,01,557	B.Tech.	18	04.06.2004	Nil
Prabhakar L	56	Executive V.P. & Head - Social Investments	1,83,19,130	1,01,38,518	B.E. (Mech.), P.G. Dip. in P.M. & I.R.	34	01.05.2006	ITC Infotech India Ltd., G.M. - HR
Puri Sudhir	45	Head - New Generation Products (ITD)	1,71,34,127	81,55,545	B.Tech.	23	01.06.1998	Nil
Rai R K	59	Divisional Chief Executive & SBU Chief Executive - Agri Business SBU (ABD)	2,66,82,659	1,38,94,598	B.A. (Mktg.), P.G.D. in Exports & Imports	39	16.08.1990	Britannia Industries Ltd., Commercial Officer

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	Experi-ence (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Raihan R	42	District Manager - North (TM & D)	1,43,77,641	77,00,377	B.E., M.M.S.	19	04.06.2004	Kirloskar Oil Engines Ltd., Graduate Engr. Trainee
Rama Prasad H N	56	SBU Chief Executive - Tobacco SBU (ABD)	1,95,89,229	91,48,164	B.Sc. (Agriculture), M.Sc. (Agriculture)	33	26.09.1988	Nil
Ramamurthi S (Dr.)	57	Chief Scientist & Head of Corporate R&D (LS & T)	1,62,09,085	94,15,239	B.Sc., M.Sc. (Tech.), Ph.D.	28	27.08.2007	Hindustan Unilever Ltd., Sr. Research Scientist
Ramesh V	56	Category Manufacturing Manager - Biscuits (FBD)	1,13,20,790	56,48,478	B.Sc., M.Sc.	34	11.09.2017	Britannia Industries Ltd., Regional Manufacturing Head, South
Ramkumar P	51	Head - Finance (ESPB)	1,41,39,668	68,11,084	B.Com., I.C.W.A., A.C.A.	28	06.09.1999	Zuari Industries Ltd., Dy. Mgr. - Finance
Ranganathan S	47	V.P. - Finance (FBD)	1,52,48,536	75,25,249	B.Com. (Hons.), A.C.A.	24	01.09.1998	Phillips India Ltd., Accounts Officer
Rangrass S	61	Group Head - LS & T, Central Projects, EHS & Quality Assurance	2,79,36,331	1,23,00,517	B.Tech.	39	01.07.1982	Nil
Rao K N	54	V.P. - Processing & Technology, Supply Chain (ABD)	1,08,04,788	55,92,347	B.Tech. (E.E.E.)	33	24.10.1988	Nil
Rao Renati V	52	Divisional Manager - Exports (ITD)	1,24,13,579	62,67,784	B.Sc. (Hons.), P.G.D.M.	28	01.04.1995	Wipro Ltd., Marketing Asst.
Rasquinha P C	57	Executive V.P. - Finance & MIS (PSPD)	1,50,70,636	85,68,489	B.Com. (Hons.), A.C.A., C.W.A.	34	15.07.1991	A.F. Ferguson & Co., Asst. Consultant
Ray Chaudhuri B	42	Head - Corporate Planning	1,56,38,713	73,79,524	B.Com. (Hons.), A.C.A.	20	01.03.2002	Nil
Ray M	43	District Manager - East (TM & D)	1,10,51,972	67,22,807	B.Tech.	21	01.06.2001	Nil
Ray P	47	Divisional Manager - Supply Chain (TM & D)	1,16,26,732	68,31,331	B.Com., M.Com., P.G.D.M.	22	16.02.2001	Hindustan Lever Ltd., T.S.I.
Reddy K V	56	V.P. - Product Development - Atta, Spices & Noodles (FBD)	1,90,92,198	1,05,96,088	B.Tech.	32	01.08.2001	Cargill India Pvt. Ltd., Production Manager
Roy A	56	Executive V.P. - Corporate Finance	1,87,96,713	82,17,254	B.Com. (Hons.), A.C.A.	33	04.06.1990	E.L.M. (I) Ltd., Accounts Officer
Rustagi A K	47	Chief Operating Officer - Chocolates, Coffee, Confectionery & New Category Development (FBD)	2,78,02,998	1,21,88,267	B.Tech., P.G.P.M.	25	01.10.2017	Unilever Inc. (London), Global Brand Director
Sahay S	51	Head of Sales Operations & Development (TM & D)	1,97,44,729	95,18,515	B.A., P.G.D.B.A.	27	05.09.2002	Luxor Writing Instruments Ltd., Brand Manager
Salunkhe D J	48	Chief Executive (PPB - SBU)	1,68,15,223	75,02,609	B.E., M.B.A.	17	21.03.2019	3M India Ltd., Sr. G.M., Ops & Cont. Imp.
Sandeep C	51	Executive V.P. & Head - Central Projects Organisation	1,61,20,197	98,79,190	B.E.	30	24.05.1999	Kar Mobiles Ltd., Production Engineer
Sanganeria G	45	Corporate Accountant	1,48,11,907	82,81,253	B.Com. (Hons.), A.C.S., A.C.A.	21	11.12.2000	Nil
Sangli D K A	47	Senior Principal Technologist - Tobacco Flavours (ITD)	1,08,15,585	68,78,666	B.Sc., M.Sc.	26	06.08.1996	Nil
Sarda S	48	Divisional Manager - Finance & Planning (ITD)	1,09,24,734	59,40,461	B.Com., A.C.A.	22	01.03.2007	Videocon Industries Ltd., Manager
Sawant S J	50	Business Development Manager - Frozen Snacks (FBD)	1,19,54,866	71,59,162	B.Com., P.G.D.M.	22	01.10.2018	OSI Vista Foods Ltd., Director Commercial
Seksaria S	49	Group Manager - Taxation	1,08,34,588	64,30,448	Dip. In Business Finance, A.C.S., I.C.W.A., A.C.A.	24	01.09.1998	CESC Ltd., Mgmt. Trainee
Senthil Kumaran S J	47	Group Category Finance Manager - Biscuits & Cakes (FBD)	1,25,01,358	61,16,931	B.Com. (Hons.), C.W.A., A.C.A.	23	09.07.1999	L.M.W. Ltd., Audit Officer
Sequeira S	48	Head - Finance & IT (POPBD)	1,45,23,503	70,01,213	B.Com. (Hons.), A.C.A.	24	01.09.1998	Berger Paints, Asst. Manager
Shankar K	41	Marketing Manager (ITD)	1,04,55,360	60,63,751	B.Tech., P.G.D.M.	17	25.09.2018	Godfrey Philips India Ltd., Group Brand Manager
Shanmuga Sundaram A	55	General Counsel and Head of Corporate Legal	2,68,93,476	1,20,40,771	B.L., M.L.	33	20.10.1997	Maxworth Home Ltd., Manager, Legal
Shenoy T S M	54	Executive V.P. & Head - Corporate Accounts	2,02,91,291	97,75,758	B.Com. (Hons.), A.C.A.	34	03.08.1992	A.F. Ferguson & Co., Mgmt. Consultant
Shere A H	45	Chief Operating Officer - Biscuits & Cakes (FBD)	2,94,31,255	1,71,10,861	B.A., M.B.A.	24	21.08.2019	Britannia Industries Ltd., Director Marketing
Shukla M	50	Branch Manager (ITD)	1,05,30,631	59,11,714	B.Tech.	30	01.08.2000	Pepsico Holdings Ltd., Shift Engineer
Singal S	51	Chief Operating Officer - Dairy & Beverages (FBD)	2,08,53,439	97,70,736	B.Sc., P.G.D.M.	26	01.07.2016	Dabur India Ltd., Head of Marketing
Singh A P	39	Head of Marketing - Snacks, Noodles & Pasta (FBD)	1,16,09,541	57,19,989	B.Tech., P.G.D.M.	14	05.05.2008	Nil
Singh J	56	Corporate Financial Controller	2,07,47,931	99,23,164	B.Com. (Hons.), A.C.A.	34	01.04.1990	Lovelock & Lewes, Jr. Asst.
Singh V P	41	Divisional Manager, Employee Relations (FBD)	1,14,14,243	57,10,748	B.A. (Hons.), P.G.D.M.	18	18.07.2007	TATA Motors Ltd., HR Manager
Singhi R K	57	Executive V.P. and Company Secretary	2,03,76,591	1,05,34,462	B.Com. (Hons.), LL.B., F.C.S.	37	01.08.1988	Chemcrown (I) Ltd., Asst. Secretary
Sipani S K	55	Head of Finance, Matches & Agarbatti SBU	1,20,04,536	57,40,643	B.Com., A.C.A., A.C.S., P.G.D.B.M.	33	01.10.1997	All India Tobacco Co. Ltd., Company Secretary
Sood A	38	Head of Manufacturing, Chocolates, Coffee & Confectionery (FBD)	1,08,40,261	55,02,506	B.Tech.	16	17.06.2013	Asian Paints Ltd., Manager - Production

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	Expe-rience (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Srinivas K	57	Chief Technologist - Blending & Cigarette Design (ITD)	1,59,34,981	76,37,947	B.Sc., M.Sc.	34	22.08.1988	Nil
Srinivas S	48	V.P. - Marketing (PCPBD)	1,89,45,590	89,27,068	B.E., P.G.D.M.	24	01.06.2000	Computational Structural Mechanics Pvt. Ltd., Marketing Executive
Srinivasan V P	49	Sr. Principal Technologist - PMD Process Development (ITD)	1,37,89,578	67,19,818	Diploma in Mech. Engg., B.S. (Engg. Technology)	29	23.02.1999	Union Carbide, Officer
Stephanos K G	57	Executive V.P. - Finance, MIS & T&RA (ITD)	1,99,63,434	92,02,848	B.Com. (Hons.), A.C.A.	34	01.07.1988	PricewaterhouseCoopers Pvt. Ltd., Jr. Officer
Subramanian V	50	Divisional Manager - Projects, EHS & OCM (PCPBD)	1,14,05,278	55,20,397	B.E.	28	06.10.2006	Asian Paints Ltd., Manager
Sule S	56	Divisional Chief Executive (TM & D)	2,95,38,977	1,25,95,280	B.Com., M.I.B.	32	16.07.1990	Bayer India Ltd., Management Trainee
Suryavanshi R	44	Head - Competency Development & HR (TM & D)	1,30,73,589	64,51,978	B.M.S., P.G.D.M.	20	16.07.2003	Gabriel India Ltd., Mgmt Trainee
Tandan S	62	On deputation	2,02,09,398	89,50,230	B.A. (Hons.), A.C.A.	36	01.10.1985	Nil
Tayal G	41	SBU Chief Executive - Matches & Agarbatti SBU	1,93,65,607	92,43,930	B.Tech.	19	09.06.2003	Nil
Thakar A	55	Executive V.P. - Finance, IT & Procurement (HD)	1,83,01,292	81,89,461	B.Com. (Hons.), A.C.A., M.B.A.	29	30.06.1992	Nil
Thakur N N	58	National Sales & Category Development Manager - Cigarettes (TM & D)	1,51,58,898	73,23,230	B.Sc., P.G.D.M.	35	01.09.1987	Nil
Tunuguntla M R	41	Divisional Manager Finance (FBD)	1,08,45,929	51,77,529	B.Com., M.Com., A.C.A., D.I.R.M.	20	04.05.2005	Chemplast Sanmar Ltd., Asst. Executive Manager
Umesh K S	63	Chief Manager - Corporate Affairs	1,04,91,082	63,05,918	B.A., M.S.W.	23	16.04.2001	Hotel Leelaventure Ltd., Manager HRD
Vashistha S	36	Marketing Manager, Snacks (FBD)	1,10,10,270	54,45,751	B.Tech., P.G.D.	14	10.06.2008	Nil
Veeraswamy P	49	Head - HR (ABD)	1,19,43,701	63,66,451	B.Com., M.A.	24	19.12.2013	Creamline Dairy Products Ltd., General Manager - HR
Veerubhotla V P	42	Divisional Manager - Market Research (FBD)	1,21,11,045	58,49,692	B.Sc., M.Sc. (Statistics)	19	31.05.2012	Nielsen Bases, Manager
Venkataraman S N	58	Divisional Head - Marketing (PSPD)	1,79,85,250	1,02,26,785	B.Sc., M.B.A.	37	29.06.1985	Nil
Venneti S P Rao	55	Divisional Head - Marketing (PSPD)	1,24,31,152	68,27,652	B.E., P.G.D.	23	20.06.2011	Century Pulp & Paper, President
Verma A	39	ICML Head (FBD)	1,03,42,555	58,85,506	B.Tech.	17	23.08.2010	Nestle India Ltd., Project Manager
Vijayakrishnan V (Dr.)	55	Chief Scientist & Head - Product Development and R&D (PCPBD)	2,15,74,637	90,24,531	B.Sc., M.Sc., Ph.D.	26	02.05.2017	Unilever Inc., Global R & D - Design Director
Vikram R	51	Sr. Associate General Counsel	1,10,39,172	69,25,668	B.A., LL.B.	27	18.07.2005	M/s. Janardana & Janardana, Partner
Vinayaka H C	58	V.P. - Technical Services & EHS (HD)	1,22,83,146	59,32,449	B.E. (Mech.)	34	23.05.2001	@
Wali P	52	Executive V.P. - New Business Development	1,48,68,556	69,79,015	B.Tech., Ph.D. Fellowship in Management	31	16.08.1991	Nil
Wariah D S	55	Head - Product Development - Snacks (FBD)	1,65,05,676	91,42,761	B.E.	32	05.04.2005	Pepsico India Holdings Pvt. Ltd., G.M.
Yadav S M	52	V.P. - Technology & Manufacturing (FBD)	2,11,56,316	96,84,720	B.E., Dip. in International Business	31	24.08.2016	Mondelez International, Associate Director - Asia Pacific (Engineering)
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month								
Agrawal A	38	Divisional Manager - E-Commerce (TM & D)	84,35,389	55,03,260	B.Tech., P.G.D.	16	08.06.2006	Nil
Ambasta A (Dr.)	63	Executive V.P. & Head - Social Investments	2,03,04,856	1,07,42,368	M.A., M.Phil., Ph.D. (I.S.S., The Hague)	35	01.04.2002	Action Aid (India), Sr. Programme Analyst
Annadurai R S (Dr.)	60	Principal Scientist - Biology (LS & T)	31,29,034	22,39,538	B.Sc., M.Sc., Ph.D.	14	02.07.2012	Genotypic Technology Pvt. Ltd., Sr. Research Director
Banerjee A K	59	Security Manager (ITD)	18,68,416	9,30,841	B.Com.	37	25.01.2008	Allahabad Bank, Sr. Manager
Dutta Saradindu	62	Head - Corporate Accounts	2,00,82,726	69,23,610	B.Com. (Hons.), M.Com., A.C.A.	40	01.12.1982	Organon (I) Ltd., Trainee, Accounts
Ghosh B	60	Divisional Manager - Finance - Central Projects Organisation	91,69,253	49,88,109	B.Com. (Hons.), M.Com., I.C.W.A., M.B.A.	37	01.07.1985	Nil
Guha S	60	Executive V.P. - Technical (ITD)	1,39,05,349	65,78,527	B.Tech.	38	03.08.1992	Tata Consulting Engineers, Sr. Asst. Engineer
Iyengar K	50	Divisional Manager Audit (FBD)	47,96,499	24,52,022	B.Com., A.C.A.	27	28.11.2005	Nil
Kannan S	48	V.P. - Agri Business Division (ABD)	85,86,377	49,49,890	B.E., P.G.D.M.	17	13.09.2021	V.V.F. India Ltd., Senior V.P.
Keerthana W	23	Asst. Manager - Projects - Agri SBU (ABD)	18,21,068	12,96,123	B.Tech. (Mech.), M.Tech. (Data Sciences)	2	17.08.2020	Nil
Kumar S S	46	Head - Corporate Treasury	34,12,451	13,90,046	B.Com. (Hons.), C.W.A., A.C.A.	21	20.11.2000	%
Marodia A	39	On deputation	85,63,822	45,71,174	B.Com. (Hons.), A.C.A.	17	01.12.2005	Wipro Technologies, Executive Finance

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	Exper-ience (Years)	Date of Commencement of Employment	Previous Employment and Position Held
1	2	3	4	5	6	7	8	9
Mukherjee P	60	V.P. - Finance & MIS (PPB - SBU)	90,38,427	52,28,718	B.Com. (Hons.), A.C.S., A.C.A.	36	01.09.1987	Khanna & Annadhanam, Chartered Accountants, Asst. Audit
Mukhopadhyay M	64	Head - Product Development, Biscuits (FBD)	89,91,434	58,91,790	B.Sc., B.Tech., M.Tech.	35	21.04.2006	Britannia Industries Ltd., R & D Manager
Narasimhan V	51	Manager - Tobacco, FBD & Exports (PPB - SBU)	58,60,337	38,79,906	B.E. (Elec.), M.B.A. (International Business)	27	01.09.1996	K.E.C. International, Exec. Asst. to V.P.
Panda Shatanshu	49	Deputy General Counsel	1,37,70,723	83,07,783	B.A., LL.B. (Hons.)	26	15.07.1996	Nil
Pathak A	62	Managing Director - WelcomHotel Lanka Pvt. Ltd. (HD)	51,22,006	36,41,719	B.Com., A.C.A.	39	20.06.1983	Nil
Raghuraman R	54	Head of Supply Chain Strategy (FMCG)	84,65,806	46,46,684	B.E.	33	13.01.2020	Hindustan Unilever Ltd., V.P. Logistics
Rajiv Mohan D V R	56	V.P. - Value Added Agri Products, Agri Business SBU (ABD)	1,37,67,593	77,84,940	B.Com. (Hons.), M.B.A.	33	22.08.1988	Nil
Rao S V R	60	Divisional Manager - Audit & Systems - Agri SBU (ABD)	37,14,953	24,92,148	B.Com., A.C.A.	37	04.03.1993	Eicher Goodearth Ltd., Factory Accountant
Rao U S	62	Associate General Counsel	48,41,327	35,37,890	B.Com., B.Law	39	11.11.1999	A. P. Paper Mills, Dy. Mgr., Legal
Rastogi M	54	V.P. - Social Investments	60,49,159	37,65,623	B.A., M.A.	33	01.06.1989	Nil
Ravi M R	45	National Sales Manager (PPB - SBU)	69,48,556	38,06,723	B.Sc., M.B.A.	24	21.09.1998	Nil
Ravindranath D	56	Divisional Manager Procurement - P.M. (FBD)	1,15,29,532	59,87,047	B.Tech., P.G. Dip. in Materials Mgmt.	35	01.11.2002	AgroTech Foods Ltd., Dy. Mgr., Purchase
Rayavaram R K	49	SBU Chief Executive - Matches & Agarbatti SBU	1,09,53,570	42,59,251	B.E., P.G.P.M.	26	01.06.2003	3M India Ltd., Marketing Analyst
Sarma C V	60	Executive V.P. - Finance & MIS (PSPD)	1,53,31,796	90,54,100	B.Com., C.W.A., A.C.A., A.C.S., P.G.D.M.	35	03.05.1993	J. Loyalka & Co., Sr. Asst.
Senguttuvan R	60	Chief Executive (PPB - SBU)	1,54,79,374	93,13,351	B.E., P.G.D.M.	36	27.05.1991	Asian Paints, Purchase Executive
Singh A	41	Divisional Manager - Procurement (RM) (FBD)	1,26,72,465	65,13,236	B.Sc., P.G.D.M.	17	25.05.2006	Dabur India Ltd., Management Trainee
Sridharan M (Dr.)	53	Senior Principal Scientist - IAD & R (ITD)	73,08,671	46,19,119	B.Sc., M.Sc., Doctorate	24	04.01.2011	Syngene International Ltd., Chief Scientific Manager
Subbiah R G	60	Divisional Manager - FMCG Infrastructure Development (ITD)	45,14,822	27,93,517	B.E., Dip. in Business Admin.	37	01.05.1989	Lucas India Services Ltd., Branch Sales Mgr.
Venkateswaran K (Dr.)	62	Chief Scientist - Research & Technology Innovation (LS & T)	1,56,82,655	92,86,161	B.Sc., M.Sc., Ph.D.	37	05.05.2005	Hindustan Lever Ltd., Head - Skin, Cleansing & Care

Abbreviations denote :

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

% Was on deputation to the Company's Subsidiary and reverted to Company on January 1, 2022.

Notes :

1. Remuneration includes salary, performance bonus, allowances, contribution to the approved Provident Fund & Pension Funds & other benefits/applicable perquisites borne by the Company, except the contribution to approved Gratuity Funds and provisions for leave encashment which are actually 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 and Sweat Equity) Regulations, 2021]. Since such Stock Options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such 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

Kolkata
18th May, 2022

S. PURI *Chairman & Managing Director*
R. TANDON *Director*

Annexure to the Report of the Board of Directors

For the Financial Year Ended 31st March, 2022

KEY FINANCIAL RATIOS

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

Key Financial Ratios for the Company:

		FY22	FY21
(i)	Operating Profit Margin (%)	33.6	35.7
(ii)	Net Profit Margin (%)	25.5	27.1
(iii)	Debtors Turnover	29.2	23.0
(iv)	Inventory Turnover	6.1	5.5
(v)	Current Ratio	2.7	3.1
(vi)	Return on Net Worth	25.0	21.2

Notes:

1. The relatively lower **Profit Margins** is largely attributable to change in business mix.
2. Improvement in **Debtors Turnover ratio** is attributable to robust growth in revenue, faster collections and impact of Covid-19 pandemic in the base year.
3. **Interest Coverage Ratio** and **Debt-Equity ratio** are not relevant for the Company as it has negligible debt.

On behalf of the Board

Kolkata
18th May, 2022

S. PURI *Chairman & Managing Director*
R. TANDON *Director*

Annexure to the Report of the Board of Directors

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of ITC Limited

1. The Corporate Governance Report prepared by ITC Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2022, and the said Report will be submitted by the Company to the Stock Exchanges as part of the Annual Report.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. 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.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2022 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2021 to March 31, 2022:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee;
 - (e) Stakeholders Relationship Committee;
 - (f) Risk Management Committee
 - v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. Obtained the schedule of related party transactions during the year and balances at the year-end.
 - viii. Obtained and read the minutes of the audit committee meeting wherein such related party transactions have been pre-approved by the audit committee.
 - ix. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2022, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report 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.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Sudhir Soni**
Partner

Membership Number: 41870
UDIN: 22041870AJEMNA4342

Place of Signature: Mumbai
Date: May 18, 2022

CEO and CFO Compliance Certificate

We, S. Puri, Chairman & Managing Director, R. Tandon, Director and S. Dutta, Chief Financial Officer certify that :

- a) We have reviewed the Financial Statements including the Cash Flow Statement for the year ended 31st March, 2022 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 the 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, 2022 are fraudulent, illegal or violative of the ITC 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 the internal controls over financial reporting during the year under reference;
 - ii) There has not been any significant change in the 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 systems over financial reporting.

Kolkata, India
May 16, 2022

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

Balance Sheet as at 31st March, 2022

	Note	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)					
ASSETS									
Non-current assets									
(a) Property, Plant and Equipment	3A	19559.15		18502.87					
(b) Capital work-in-progress	3B	2442.34		3329.97					
(c) Investment Property	3C	364.20		376.56					
(d) Goodwill	3D	577.20		577.20					
(e) Other Intangible assets	3E	2007.22		2004.32					
(f) Other Intangible assets under development	3F	23.84		3.50					
(g) Right of use assets	3G	712.84		726.84					
(h) Financial Assets									
(i) Investments	4	15657.32		12937.42					
(ii) Loans	5	5.06		2.37					
(iii) Others	6	1572.40	17234.78	72.45	13012.24				
(i) Other non-current assets	7		1228.92	44150.49	1231.62				
					39765.12				
Current assets									
(a) Inventories	8	9997.77		9470.87					
(b) Financial Assets									
(i) Investments	9	11624.95		14046.71					
(ii) Trade receivables	10	1952.50		2090.29					
(iii) Cash and cash equivalents	11	184.97		231.28					
(iv) Other Bank Balances	12	3692.97		3770.25					
(v) Loans	5	5.73		2.77					
(vi) Others	6	2287.97	19749.09	1197.00	21338.30				
(c) Other current assets	7		1195.15	30942.01	1006.07				
					31815.24				
TOTAL ASSETS			75092.50		71580.36				
EQUITY AND LIABILITIES									
Equity									
(a) Equity Share capital	13	1232.33		1230.88					
(b) Other Equity		60167.24	61399.57	57773.74	59004.62				
Liabilities									
Non-current liabilities									
(a) Financial Liabilities									
(i) Borrowings	14	4.54		5.28					
(ii) Lease Liabilities	15	259.79		272.36					
(iii) Other financial liabilities	16	96.50	360.83	239.35	516.99				
(b) Provisions	17		186.87		157.07				
(c) Deferred tax liabilities (Net)	18		1667.14	2214.84	1727.73				
					2401.79				
Current liabilities									
(a) Financial Liabilities									
(i) Borrowings	14	0.74		0.35					
(ii) Trade payables									
Total outstanding dues of micro enterprises and small enterprises		100.96		59.34					
Total outstanding dues of creditors other than micro enterprises and small enterprises		4122.44		4059.97					
(iii) Lease Liabilities	15	46.09		51.36					
(iv) Other financial liabilities	16	1503.59	5773.82	1247.82	5418.84				
(b) Other current liabilities	19		5097.28		4369.00				
(c) Provisions	17		55.60		169.05				
(d) Current Tax Liabilities (Net)	20		551.39	11478.09	217.06				
					10173.95				
TOTAL EQUITY AND LIABILITIES			75092.50		71580.36				

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI

Chairman & Managing Director

R. TANDON

Director

S. DUTTA

Chief Financial Officer

R. K. SINGHI

Company Secretary

Kolkata, May 18, 2022

Statement of Profit and Loss for the year ended 31st March, 2022

	Note	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
I Revenue From Operations	21A, 21B	59745.56	48524.56
II Other Income	22	2589.97	3250.99
III Total Income (I+II)		62335.53	51775.55
IV EXPENSES			
Cost of materials consumed		16064.50	13605.07
Purchases of Stock-in-Trade		10734.48	6896.41
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(566.46)	(526.86)
Excise duty		3404.29	3039.43
Employee benefits expense	23	3061.99	2820.95
Finance costs	24	41.95	47.47
Depreciation and amortization expense		1652.15	1561.83
Other expenses	25	8113.10	7167.06
Total expenses (IV)		42506.00	34611.36
V Profit before exceptional items and tax (III-IV)		19829.53	17164.19
VI Exceptional Items		—	—
VII Profit before tax (V+VI)		19829.53	17164.19
VIII Tax expense:			
Current Tax	26	4833.88	4035.36
Deferred Tax	26	(62.18)	97.15
IX Profit for the year (VII-VIII)		15057.83	13031.68
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	27(v)	31.62	(30.10)
– Equity instruments through other comprehensive income		545.25	252.00
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(11.90)	(6.64)
(ii) Income tax relating to items that will not be reclassified to profit or loss	26	(4.96)	0.49
B (i) Items that will be reclassified to profit or loss:			
– Debt instruments through other comprehensive income		3.71	—
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		14.78	40.76
(ii) Income tax relating to items that will be reclassified to profit or loss	26	(4.65)	(10.26)
X Other Comprehensive Income [A (i-ii)+B (i-ii)]		573.85	246.25
XI Total Comprehensive Income for the year (IX+X)		15631.68	13277.93
XII Earnings per equity share (Face Value ₹ 1.00 each):	27(i)		
(1) Basic (in ₹)		12.22	10.59
(2) Diluted (in ₹)		12.22	10.59

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI Chairman & Managing Director

R. TANDON Director

S. DUTTA Chief Financial Officer

R. K. SINGHAI Company Secretary

Kolkata, May 18, 2022

Statement of changes in equity for the year ended 31st March, 2022

A. Equity Share Capital

	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, 2022	1230.88	1.44	1232.33
For the year ended 31st March, 2021	1229.22	1.66	1230.88

(₹ in Crores)

B. Other Equity

	Reserves and Surplus					Items of other comprehensive income				Total
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Contingency Reserve	General Reserve	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Balance as at 1st April, 2021	2.48	9611.64	1705.52	0.30	363.05	17585.31	28210.63	-	248.33	4.93
Profit for the year	-	-	-	-	-	-	15057.83	-	-	-
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	23.66	2.78	545.25	2.16
Total Comprehensive Income for the year	-	-	-	-	-	-	15081.49	2.78	545.25	2.16
Issue of equity shares under ITC Employee Stock Option Schemes	-	290.98	-	-	-	-	-	-	-	290.98
Dividends										
- Final Dividend (2020-21 - ₹ 5.75 per share)	-	-	-	-	-	-	(7077.59)	-	-	(7077.59)
- Interim Dividend (2021-22 - ₹ 5.25 per share)	-	-	-	-	-	-	(6469.48)	-	-	(6469.48)
Transfer from Share Options Outstanding Account on exercise and apse	-	86.12	(423.70)	-	-	315.34	-	-	-	(22.24)
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	7.24	7.24
Recognition of share based payment	-	-	33.51	-	-	-	-	-	-	33.51
Balance as at 31st March, 2022	2.48	9988.14	1316.33	0.30	363.05	17585.31	30060.39	2.78	79358	14.33
Balance as at 1st April, 2020	2.48	9211.49	2022.18	0.30	363.05	17585.31	33596.14	-	2.77	(24.33)
Profit for the year	-	-	-	-	-	-	13031.68	-	-	13031.68
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(29.66)	-	250.38	25.53
Total Comprehensive Income for the year	-	-	-	-	-	-	13002.02	-	250.38	25.53
Issue of equity shares under ITC Employee Stock Option Schemes	-	288.99	-	-	-	-	-	-	-	288.99

Statement of changes in equity for the year ended 31st March, 2022

B. Other Equity (Contd.)

	Reserves and Surplus						Items of other comprehensive income				Total
	Capital Reserve	Securities Premium	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Dividend											
- Final Dividend (2019-20 - ₹ 10.15 per share)	-	-	-	-	-	-	-	(12476.61)	-	-	(12476.61)
- Interim Dividend (2020-21 - ₹ 5.00 per share)	-	-	-	-	-	-	-	(6152.68)	-	-	(6152.68)
Dividend distribution tax refund received	-	-	-	-	-	-	-	13.98	-	-	13.98
Transfer from Share Options Outstanding Account on exercise and lapse	-	111.16	(342.32)	-	-	-	222.96	-	-	-	(8.20)
Transfer from Equity Instruments through Other Comprehensive Income reserve on renunciation of rights entitlements (net of tax)	-	-	-	-	-	-	4.82	-	(4.82)	-	-
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	3.73	3.73
Recognition of share based payment	-	-	26.66	-	-	-	-	-	-	-	26.66
Balance as at 31st March, 2021	2.48	9611.84	170652	0.30	363.05	17585.31	28210.63	-	248.33	4.93	40.55
											57773.74

The Board of Directors of the Company has recommended Final Dividend of ₹ 6.25 per Ordinary Share for the financial year ended 31st March, 2022 (for the year ended 31st March, 2021- ₹ 5.75 per Ordinary Share) to be paid on fully paid Equity Shares amounting to ₹ 7702.03 Crores. The Final Dividend is subject to the approval of shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Including the Interim Dividend of ₹ 5.25 per Ordinary Share (for the year ended 31st March, 2021 - ₹ 5.00 per Ordinary Share) declared by the Board of Directors, the total Equity Dividend for the year ended 31st March, 2022 is ₹ 11.50 per Ordinary Share (total Equity Dividend for the year ended 31st March, 2021 - ₹ 10.75 per Ordinary Share).

Capital Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

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

Share Options Outstanding Account: This Reserve relates to stock options granted by the Company to employees under ITC Employee Stock Option Schemes. This Reserve is transferred to Securities Premium or Retained Earnings on exercise or lapse 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. Debt Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Debt Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to profit or loss when those instruments are disposed of.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.

Foreign Currency Translation Reserve: This Reserve contains the accumulated balance of foreign exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation whose functional currency is other than Indian Rupee. Exchange differences previously accumulated in this Reserve are reclassified to profit or loss on disposal of the foreign operation.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

In terms of our report attached

For S R B C & CO LLP
Chartered Accountants

Firm Registration Number: 324982E/E3000003
Suchir Soni
Partner

Mumbai, May 18, 2022



(₹ in Crores)

On behalf of the Board

S. PURI	Chairman & Managing Director
R. TANDON	Director
S. DUTTA	Chief Financial Officer
R. K. SINGHI	Company Secretary

Kolkata, May 18, 2022

Cash Flow Statement for the year ended 31st March, 2022

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	19829.53	17164.19
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1652.15	1561.83
Share based payments to employees	32.51	27.15
Finance costs	41.95	47.47
Interest Income	(1004.59)	(1224.82)
Dividend Income	(857.46)	(723.94)
(Gain)/Loss on sale of property, plant and equipment, lease termination - Net	(59.05)	55.04
Doubtful and bad debts	10.64	25.98
Doubtful and bad advances, loans and deposits	1.15	33.04
Net (gain)/loss arising on financial instruments mandatorily measured at fair value through profit or loss	(524.19)	(1107.53)
Foreign currency translations and transactions - Net	11.07	(695.82)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	19133.71	15845.41
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	(235.39)	(99.11)
Inventories	(526.90)	(1350.89)
Trade payables, other liabilities and provisions	946.39	184.10
CASH GENERATED FROM OPERATIONS	19317.81	15450.48
Income tax paid	(4510.02)	(3956.62)
NET CASH FROM OPERATING ACTIVITIES	14807.79	11493.86
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles, ROU asset etc.	(1812.03)	(1582.09)
Sale of property, plant and equipment	137.22	2.66
Purchase of current investments	(60325.53)	(51625.18)
Sale/redemption of current investments	63554.78	56785.92
Payment towards business combination/contingent purchase consideration	(71.25)	(2189.22)
Investment in subsidiaries	(427.24)	(361.57)
Investment in associate	(1.87)	(1.87)
Purchase of non-current investments	(4777.02)	(1488.71)
Redemption proceeds of non-current investments	2731.24	1712.05
Dividend Income	857.46	723.94
Interest received	962.97	1199.36
Investment in bank deposits (original maturity more than 3 months)	(3525.01)	(3706.02)
Redemption/maturity of bank deposits (original maturity more than 3 months)	3617.42	6259.37
Investment in deposit with housing finance company	(3011.37)	(78.38)
Redemption/maturity of deposit with housing finance companies	578.82	844.43
Loans given	(12.51)	(2.12)
Loans realised	6.86	5.32
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(1517.06)	6497.89

Cash Flow Statement for the year ended 31st March, 2022

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	291.82	290.65
Repayment of non-current borrowings	(0.35)	(2.26)
Payment of lease liabilities	(54.42)	(49.67)
Interest paid	(42.14)	(43.47)
Net increase in statutory restricted accounts balances	15.13	41.17
Dividend paid	(13547.07)	(18629.29)
Dividend distribution tax refund received	—	13.98
NET CASH USED IN FINANCING ACTIVITIES	(13337.03)	(18378.89)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(46.30)	(387.14)
OPENING CASH AND CASH EQUIVALENTS	231.28	561.35
CASH AND CASH EQUIVALENTS ACQUIRED ON BUSINESS COMBINATION [See Note 3 below]	—	57.07
CLOSING CASH AND CASH EQUIVALENTS	184.98	231.28

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	184.98	231.28
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(0.01)	...
Cash and cash equivalents (Note 11)	184.97	231.28
3. Cash and Cash Equivalents include ₹ Nil (2021 - ₹ 57.07 Crores) on acquisition of erstwhile Sunrise Foods Private Limited and its two wholly owned subsidiaries.
4. Net Cash Flow from Operating Activities includes an amount of ₹ 340.96 Crores (2021- ₹ 368.18 Crores) spent towards Corporate Social Responsibility.

The accompanying notes 1 to 30 are an integral part of the Financial Statements.

On behalf of the Board

In terms of our report attached
For S R B C & CO LLP
Chartered Accountants
Firm Registration Number: 324982E/E300003
Sudhir Soni
Partner

Mumbai, May 18, 2022

S. PURI	<i>Chairman & Managing Director</i>
R. TANDON	<i>Director</i>
S. DUTTA	<i>Chief Financial Officer</i>
R. K. SINGHI	<i>Company Secretary</i>

Kolkata, May 18, 2022

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 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

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

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating

cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Property, Plant and Equipment – Tangible Assets

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

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

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

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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

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

Intangible Assets

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

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

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

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

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

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

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is

carried at its cost less accumulated amortization and/or impairment losses.

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

Investment Property

Properties that are held for long-term rental yields and/or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Depreciation is recognised using the straight line method so as to amortise the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act, 2013. Freehold land and properties under construction are not depreciated.

Transfers to, or from, investment properties are made at the carrying amount when and only when there is a change in use.

An item of investment property 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 investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

Income received from investment property is recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

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

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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 their present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

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

Foreign Currency Transactions

The functional and presentation currency of the Company is Indian Rupee.

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

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

Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are 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 are recognised in the Statement of Profit and Loss.

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remain 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 are recognised immediately in the Statement of Profit and Loss.

Investment in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment, if any.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

Financial instruments, Financial assets, Financial liabilities and Equity Instruments

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

Financial Assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

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

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

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income or 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.

Derecognition: 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 are 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.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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 or 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 and services is recognised when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

Government Grant

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

Government grants are recognised when there is reasonable assurance that the grant will be received upon the Company complying with the conditions attached to the grant.

Accordingly, government grants:

- (a) related to or used for assets, are deducted from the carrying amount of the asset.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

Dividend Distribution

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

Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts. Provident Fund contributions are in the nature of defined contribution scheme. In respect of employees who are members of constituted and approved trusts, the Company recognises contribution payable to such trusts as an expense including any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India. In respect of other employees, provident funds are deposited with the Government and recognised as expense.

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

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.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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

Employee Share Based Compensation

Stock Options

Stock Options are granted to eligible employees under the ITC Employee Stock Option Schemes ("ITC ESOS"), as may be decided by the Nomination & Compensation Committee / Board. Eligible employees for this purpose include employees of the Company including Directors and those on deputation and employees of the Company's subsidiary companies including Managing Director / 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 is recognised in the Statement of Profit and Loss for employees of the Company (other than those out on deputation), the value of Stock Options, net of reimbursements, granted to employees on deputation and to employees of the wholly owned and other subsidiary companies is considered as capital contribution/investment.

The Company generally seeks reimbursement of the value of Stock Options from such companies, as applicable. It may, if so recommended by the Corporate Management Committee and approved by the Audit Committee, decide not to seek such reimbursements from:

- (a) Wholly owned subsidiaries who need to conserve financial capacity to sustain their business and growth plans and to address contingencies that may arise, taking into account the economic and market conditions then prevailing and opportunities and threats in the competitive context.
- (b) Other companies not covered under (a) above, who need to conserve financial capacity to sustain their business and growth plans and where the quantum of reimbursement is not material - the materiality threshold being ₹ 5 Crores for each entity for a financial year.

Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC/Nomination & Compensation Committee/Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently remeasured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Company. In case of employees on deputation to group companies, the Company generally seeks reimbursements from the concerned group company. The value of such payments, net of reimbursements, is considered as capital contribution/investment.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Notes to the Financial Statements

1. Significant Accounting Policies (Contd.)

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 or investment property 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 comprise 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, insofar as it relates to items disclosed under other comprehensive income or equity, is 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 businesses 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.

Financial and Management Information Systems

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

Notes to the Financial Statements

2. Use of estimates and judgements

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

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

A. Judgements in applying accounting policies

The judgements, apart from those involving estimations (see note B below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognised in these financial statements pertain to useful life of intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Certain trademarks have been considered of having an indefinite useful life taking into account that there are no technical, technological or commercial risks of obsolescence or limitations under contract or law. Other trademarks have been amortised 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, investment property and intangible assets:

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment, investment property 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 depends 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.

5. COVID-19:

The Company has considered the possible effects that may arise out of COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 pandemic on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes to the Financial Statements

(₹ in Crores)

Particulars	Gross Block							
	As at 31st March, 2020	Additions	Acquired through business combinations	Withdrawals and adjustments	As at 31st March, 2021	Additions	Withdrawals and adjustments	As at 31st March, 2022
3A. Property, Plant and Equipment*								
Land ¹	1933.90	46.21	19.53	3.88	1995.76	56.23	35.26	2016.73
Buildings	7549.49	169.54	30.77	9.15	7740.65	745.03	57.03	8428.65
Leasehold Improvements	12.47	0.28	—	0.85	11.90	1.40	0.02	13.28
Plant and Equipment	14023.76	756.69	28.38	114.88	14693.95	1772.87	210.41	16256.41
Furniture and Fixtures	788.08	23.02	1.36	2.44	810.02	79.51	4.75	884.78
Vehicles	162.67	12.64	0.71	17.31	158.71	15.18	18.28	155.61
Office Equipment	25.76	1.92	0.87	1.99	26.56	2.87	0.86	28.57
Railway Sidings	1.73	—	—	—	1.73	—	—	1.73
Total	24497.86	1010.30	81.62	150.50	25439.28	2673.09	326.61	27785.76
3B. Capital work-in-progress								
	2776.31	1557.78	1.06	1005.18	3329.97	1761.73	2649.36	2442.34
3C. Investment Property⁵								
	406.71	3.40	—	—	410.11	—	—	410.11
3D. Goodwill²								
	—	—	577.20	—	577.20	—	—	577.20
3E. Other Intangible assets (acquired)²								
Trademarks	447.30	—	1473.05	—	1920.35	—	—	1920.35
Computer Software	213.96	10.12	0.35	0.38	224.05	35.84	22.49	237.40
Know How, Business and Commercial Rights	33.85	—	—	—	33.85	9.53	—	43.38
Customer Relationships	—	—	35.21	—	35.21	—	—	35.21
Total	695.11	10.12	1508.61	0.38	2213.46	45.37	22.49	2236.34
3F. Other Intangible assets under development								
	3.89	6.41	—	6.80	3.50	64.48	44.14	23.84
3G. Right of Use Assets⁴								
Land	440.49	54.98	4.27	—	499.74	16.89	—	516.63
Buildings	252.58	53.42	5.72	22.32	289.40	40.52	32.87	297.05
Plant and Equipment	48.63	—	—	—	48.63	—	—	48.63
Total	741.70	108.40	9.99	22.32	837.77	57.41	32.87	862.31

[^] Also refer Note 27(vi).

*The above includes following assets given on operating lease:	As at 31st March, 2021				As at 31st March, 2022			Depreciation Charge for the year 2021-22
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year 2020-21	Gross Block	Accumulated Depreciation	Net Block	
Particulars								
Land	1.48	—	1.48	—	1.48	—	1.48	—
Buildings	4.88	1.24	3.64	0.08	4.98	1.40	3.58	0.16
Plant and Equipment	216.21	124.30	91.91	20.43	229.25	144.79	84.46	20.49
TOTAL	222.57	125.54	97.03	20.51	235.71	146.19	89.52	20.65

Notes to the Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization						Net Book Value		
	Upto 31st March, 2020	For the year	On withdrawals and adjustments	Upto 31st March, 2021	For the year	On withdrawals and adjustments	Upto 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
3A. Property, Plant and Equipment *									
Land ¹	—	—	—	—	—	—	—	2016.73	1995.76
Buildings	717.32	207.18	0.19	924.31	220.10	15.17	1129.24	7299.41	6816.34
Leasehold Improvements	5.36	1.36	0.73	5.99	1.40	0.02	7.37	5.91	5.91
Plant and Equipment	4448.93	1139.48	64.92	5523.49	1213.29	208.96	6527.82	9728.59	9170.46
Furniture and Fixtures	320.24	79.86	2.36	397.74	73.25	3.45	467.54	417.24	412.28
Vehicles	57.82	19.22	9.50	67.54	18.15	11.10	74.59	81.02	91.17
Office Equipment	14.97	3.03	1.44	16.56	3.44	0.86	19.14	9.43	10.00
Railway Sidings	0.65	0.13	—	0.78	0.13	—	0.91	0.82	0.95
Total	5565.29	1450.26	79.14	6936.41	1529.76	239.56	8226.61	19559.15	18502.87
3B. Capital work-in-progress									
—	—	—	—	—	—	—	—	2442.34	3329.97
3C. Investment Property⁵									
21.35	12.20	—	33.55	12.36	—	45.91	364.20	376.56	
3D. Goodwill²									
—	—	—	—	—	—	—	—	577.20	577.20
3E. Other Intangible assets (acquired)²									
Trademarks	14.16	3.14	—	17.30	3.14	—	20.44	1899.91	1903.05
Computer Software	146.27	24.23	0.38	170.12	31.36	22.44	179.04	58.36	53.93
Know How, Business and Commercial Rights	15.23	3.50	—	18.73	3.52	—	22.25	21.13	15.12
Customer Relationships	—	2.99	—	2.99	4.40	—	7.39	27.82	32.22
Total	175.66	33.86	0.38	209.14	42.42	22.44	229.12	2007.22	2004.32
3F. Other Intangible assets under development									
—	—	—	—	—	—	—	—	23.84	3.50
3G. Right of Use Assets⁴									
Land	6.73	7.00	—	13.73	7.67	—	21.40	495.23	486.01
Buildings	49.27	53.18	16.30	86.15	54.57	29.21	111.51	185.54	203.25
Plant and Equipment	5.53	5.52	—	11.05	5.51	—	16.56	32.07	37.58
Total	61.53	65.70	16.30	110.93	67.75	29.21	149.47	712.84	726.84

Notes:

1. Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2021 - ₹ 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. a) Goodwill arising on Business Combination is carried at cost and annually tested for impairment in line with applicable Accounting Standards. The Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (2021 - ₹ 1889.78 Crores) as having indefinite useful lives. The indefinite useful life for such trademarks has been assessed considering no technical, technological or commercial risks of obsolescence or any limitations under contract or law. Such assets are also annually tested for impairment. These assets pertain to the 'FMCG - Others' Segment and are related to the Branded Packaged Foods and Personal Care Products businesses of the Company. Impairment testing for goodwill and intangible assets with indefinite useful lives has been carried out considering their recoverable amounts which, inter-alia, includes estimation of their value-in-use based on management projections. These projections have been made for a period of five years, or longer, as applicable and consider various factors, such as market scenario, growth trends, growth and margin projections, and terminal growth rates specific to the business. For such projections, discount rate of 10% (2021 - 10%) and long-term growth rates ranging between 5% to 6% (2021 - 5% to 6%) have been considered. Discount rate has been determined considering the Weighted Average Cost of Capital (WACC) of market benchmarks. Based on the above assessment, no impairment has been recognised during the year.
2. b) Computer software and Customer Relationships are amortized over a period of 5 years and 8 years respectively. Other Intangibles with finite useful life are amortized over a period of 10 years unless shorter useful life is required based on contractual or legal terms.
3. The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
4. The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 147.39 Crores (2021 - ₹ 26.65 Crores).
5. The fair value of the investment property is ₹ 870.11 Crores (2021 - ₹ 861.00 Crores). The fair value has been determined on the basis of valuation carried out at the reporting date by registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 and the same has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research & trends, contracted rentals, terminal yields, discount rates and comparable values, as appropriate.

Amounts recognised in the Statement of Profit and Loss in respect of the investment property is as under:

Particulars	(₹ in Crores)	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Rental Income etc. from investment property	111.94	110.05
Direct Operating Expenses arising from investment property that generated rental income during the year ⁶	9.94	9.65
Direct Operating Expenses arising from investment property that did not generate rental income during the year	—	—

⁶As per the contractual arrangements, the Company is responsible for the maintenance of common area at its own cost. The expenses arising out of such arrangements are not material.

Notes to the Financial Statements

Capital work-in-progress ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2021					As at 31st March, 2022				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	1100.10	956.63	475.73	797.51	3329.97	651.71	685.43	444.17	661.03	2442.34
Projects temporarily suspended	–	–	–	–	–	–	–	–	–	–
Total	1100.10	956.63	475.73	797.51	3329.97	651.71	685.43	444.17	661.03	2442.34

Completion schedule for Projects in Capital work-in-progress, which are overdue or has exceeded its cost compared to its original plan

Particulars	As at 31st March, 2021				As at 31st March, 2022			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
MXD - KOL	–	–	500.47	–	–	542.00	–	–
H - AHM	–	372.08	–	–	440.31	–	–	–
F - KHO	–	–	157.01	–	–	164.42	–	–
F - GNT	–	–	–	–	69.46	–	–	–
ME - MED	–	61.22	–	–	62.47	–	–	–
ME - PUN	–	19.90	–	–	20.01	–	–	–
F - MED	270.15	–	–	–	–	–	–	–
W - PUD	250.58	–	–	–	–	–	–	–
W - KPT	216.01	–	–	–	–	–	–	–
H - GNT	120.94	–	–	–	–	–	–	–
F - ABT	115.57	–	–	–	–	–	–	–
H - BSR	109.19	–	–	–	–	–	–	–
F - MYS	47.79	–	–	–	–	–	–	–
R - BCM	27.45	–	–	–	–	–	–	–
F - UBR	21.26	–	–	–	–	–	–	–
ME - BLR	16.41	–	–	–	–	–	–	–

Other Intangible assets under development ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2021					As at 31st March, 2022				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	0.31	–	1.77	1.42	3.50	23.84	–	–	–	23.84
Projects temporarily suspended	–	–	–	–	–	–	–	–	–	–
Total	0.31	–	1.77	1.42	3.50	23.84	–	–	–	23.84

Note: There are no projects in Other Intangible assets under development, which are overdue or has exceeded its cost compared to its original plan as at 31st March, 2022 and 31st March, 2021.

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments					
INVESTMENT IN EQUITY INSTRUMENTS					
In Subsidiaries (at cost unless stated otherwise)					
Unquoted					
Gold Flake Corporation Limited	10	1,59,98,385	16.00	1,59,98,385	16.00
Russell Credit Limited					
Fully paid	10	59,74,54,177	619.29	59,74,54,177	619.29
₹ 6.50 per share paid	10	7,54,22,400	39.22	7,54,22,400	39.22
ITC Infotech India Limited	10	8,52,00,000	173.10	8,52,00,000	195.06
Landbase India Limited	10	31,70,00,000	325.57	31,70,00,000	325.57
Surya Nepal Private Limited (Ordinary Shares)	Nepalese Rupee 100	1,18,94,400	10.15	1,18,94,400	10.15
Srinivasa Resorts Limited	10	1,63,20,477	18.53	1,63,20,477	18.53
Fortune Park Hotels Limited	10	4,50,008	0.45	4,50,008	0.45
Bay Islands Hotels Limited	100	11,875	0.12	11,875	0.12
WelcomHotels Lanka (Private) Limited	No par value	13,96,42,260	641.85	13,96,42,260	641.85
Wimco Limited	1	18,50,81,193	3.50	18,50,81,193	3.60
Technico Pty Limited (Ordinary Shares) (₹ 16.29 Crores impaired)	No par value	1,00,15,502	31.88	1,00,15,502	31.88
Technico Agri Sciences Limited	10	3,79,62,800	121.00	3,79,62,800	121.00
ITC Investments & Holdings Limited	10	45,00,000	4.50	45,00,000	4.50
ITC IndiVision Limited	10	12,00,00,000	120.00	5,00,00,000	50.00
North East Nutrients Private Limited	10	5,54,80,000	55.48	5,54,80,000	55.48
Pavan Poplar Limited (cost ₹ 5.99 Crores, fully impaired)	10	55,10,004	—	55,10,004	—
Prag Agro Farm Limited (cost ₹ 12.82 Crores, fully impaired)	1	1,28,00,020	—	1,28,00,020	—
In Associates (at cost unless stated otherwise)					
Quoted					
International Travel House Limited	10	2,87,600	0.65	2,87,600	0.65
Gujarat Hotels Limited	10	17,33,907	1.94	17,33,907	1.94
Unquoted					
Delectable Technologies Private Limited	10	100	0.10	100	0.10
In Joint Ventures (at cost unless stated otherwise)					
Unquoted					
Espirit Hotels Private Limited	10	4,65,09,200	46.51	4,65,09,200	46.51
Maharaja Heritage Resorts Limited	100	90,000	0.90	90,000	0.90
Logix Developers Private Limited (₹ 33.45 Crores impaired)	10	77,66,913	8.50	77,66,913	8.50
Carried over		2239.24			2191.30

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			2239.24		2191.30
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)					
In Others (at fair value through other comprehensive income unless stated otherwise)					
Quoted					
VST Industries Limited	10	476	0.15	476	0.16
HLV Limited	2	4,99,53,055	45.71	4,99,53,055	28.72
EIH Limited	2	8,56,21,473	1324.14	8,56,21,473	795.85
Tourism Finance Corporation of India Limited	10	25,000	0.15	25,000	0.15
Unquoted					
Bihar Hotels Limited	2	8,00,000	0.04	8,00,000	0.04
Andhra Pradesh Gas Power Corporation Limited	10	8,04,000	2.32	8,04,000	2.32
Woodlands Multispeciality Hospital Limited	10	13,605	0.01	13,605	0.01
Mirage Advertising and Marketing Limited	10	12,488	—	12,488	—
Mother Sparsh Baby Care Private Limited (at fair value through profit or loss)	10	100	0.96	—	—
INVESTMENT IN PREFERENCE SHARES					
In Subsidiaries (at amortised cost unless stated otherwise)					
Unquoted					
North East Nutrients Private Limited (Cumulative Redeemable Preference Shares)	100	—	—	18,00,000	18.00
WelcomHotels Lanka (Private) Limited (at cost) (Cumulative Redeemable Preference Shares)	Sri Lankan Rupee 100	38,33,73,340	1527.42	29,61,27,340	1200.18
Wimco Limited (Cumulative Redeemable Preference Shares)	100	5,00,000	5.00	5,00,000	5.00
ITC IndiVision Limited (Cumulative Non-Convertible Redeemable Preference Shares)	100	30,00,000	30.00	—	—
In Associates (at cost)					
Unquoted					
Delectable Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	5,792	5.52	3,828	3.65
In Others (at fair value through profit or loss)					
Unquoted					
Mother Sparsh Baby Care Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	1,980	19.04	—	—
Carried over			5199.70		4245.38

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			5199.70		4245.38
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)					
Quoted					
State Development Loans					
7.20% Tamil Nadu - 25-Jan-2027	100	20,85,500	21.81	—	—
7.41% Uttar Pradesh - 09-Nov-2026	100	20,00,000	21.08	—	—
7.51% Maharashtra - 24-May-2027	100	65,00,000	68.49	—	—
7.59% Gujarat - 15-Feb-2027	100	1,25,00,000	132.61	—	—
7.62% Uttar Pradesh - 15-Feb-2027	100	30,00,000	31.81	—	—
7.84% Maharashtra - 13-Jul-2026	100	2,00,00,000	212.59	—	—
7.86% Karnataka - 15-Mar-2027	100	50,00,000	53.24	—	—
7.96% Maharashtra - 29-Jun-2026	100	25,00,000	26.73	—	—
8.03% Uttar Pradesh - 11-May-2026	100	70,00,000	74.77	—	—
8.08% Maharashtra - 15-Jun-2026	100	5,00,000	5.36	—	—
8.36% Maharashtra - 27-Jan-2026	100	35,00,000	37.76	—	—
8.72% Tamil Nadu - 19-Sep-2026	100	10,00,000	10.99	—	—
Government of India Zero Coupon Government Stock					
Zero Coupon Government Stock - 22-Feb-2025	100	34,00,000	28.97	—	—
Zero Coupon Government Stock - 15-Jun-2025	100	10,20,000	8.46	—	—
Zero Coupon Government Stock - 22-Aug-2025	100	25,35,000	20.66	—	—
Zero Coupon Government Stock - 15-Dec-2025	100	36,34,800	29.14	—	—
Zero Coupon Government Stock - 17-Dec-2025	100	6,02,300	4.80	—	—
Zero Coupon Government Stock - 22-Feb-2026	100	25,35,000	19.89	—	—
Zero Coupon Government Stock - 15-Jun-2026	100	10,20,000	7.85	—	—
Zero Coupon Government Stock - 22-Aug-2026	100	40,56,000	30.65	—	—
Zero Coupon Government Stock - 15-Dec-2026	100	10,20,000	7.56	—	—
Zero Coupon Government Stock - 22-Feb-2027	100	33,35,000	24.22	—	—
Zero Coupon Government Stock - 15-Jun-2027	100	31,17,000	22.24	—	—
Zero Coupon Government Stock - 22-Aug-2027	100	40,56,000	28.30	—	—
Unquoted					
Government Securities - cost ₹ 70000.00 (2021 - ₹ 74000.00)		—	0.01	—	0.01
National Savings Certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)		
Carried over			6129.69		4245.39

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			6129.69		4245.39
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
7.07% - Series B - 01-Oct-2025	10,00,000	4,300	435.09	4,300	436.49
7.19% - Series A - 31-Jul-2025	10,00,000	150	15.43	150	15.55
7.34% - Series 1 - 16-Feb-2023	1,000	—	—	3,29,870	33.58
7.39% - Series 2A - 08-Feb-2031	1,000	7,00,696	70.07	7,00,696	70.07
8.20% - Series 2 - 05-Mar-2027	1,000	5,00,000	54.16	5,00,000	54.87
India Infrastructure Finance Company Limited					
7.19% - Series I - 22-Jan-2023	1,000	—	—	5,00,000	50.76
7.36% - Series II - 22-Jan-2028	1,000	3,00,000	31.99	3,00,000	32.28
8.01% - Series 1A - 12-Nov-2023	1,000	50,000	5.13	50,000	5.21
8.26% - Series V B - 23-Aug-2028	10,00,000	1,175	123.63	1,175	124.37
8.46% - Series VI B - 30-Aug-2028	10,00,000	1,300	139.96	1,300	141.17
8.48% - Series VII B - 05-Sep-2028	10,00,000	1,780	188.71	1,780	189.99
Indian Railway Finance Corporation Limited					
7.07% - Series 102 - 21-Dec-2025	1,000	70,498	7.22	70,498	7.26
7.15% - Series 100 - 21-Aug-2025	10,00,000	250	25.64	250	25.79
7.18% - Series 86 - 19-Feb-2023	1,000	—	—	5,00,000	50.78
7.19% - Series 99 - 31-Jul-2025	10,00,000	2,250	225.52	2,250	225.66
7.34% - Series 86A - 19-Feb-2028	1,000	1,00,000	10.74	1,00,000	10.84
8.23% - Series 91 - 18-Feb-2024	1,000	8,00,000	82.81	8,00,000	84.14
8.35% - Series 89 - 21-Nov-2023	10,00,000	100	10.31	100	10.47
8.48% - Series 89A - 21-Nov-2028	10,00,000	1,250	131.94	1,250	132.68
8.55% - Series 94A - 12-Feb-2029	10,00,000	130	13.79	130	13.87
National Bank for Agriculture and Rural Development					
7.07% - Series 1A - 25-Feb-2026	10,00,000	2,000	206.19	2,000	207.62
National Highways Authority of India					
7.11% - Series NHAI - II A - 18-Sep-2025	10,00,000	2,600	260.33	2,600	260.31
7.14% - Series I A - 11-Jan-2026	1,000	8,06,381	81.70	8,06,381	81.91
7.28% - Series NHAI - II B - 18-Sep-2030	10,00,000	2,500	250.00	2,500	250.00
7.35% - Series II A - 11-Jan-2031	1,000	17,49,943	182.78	17,49,943	183.39
8.50% - Series II A - 05-Feb-2029	1,000	5,00,000	56.33	5,00,000	57.04
8.75% - Series II B - 05-Feb-2029	1,000	2,50,000	28.71	2,50,000	29.14
National Housing Bank					
8.46% - Series V - 30-Aug-2028	10,00,000	800	84.20	800	84.70
Carried over			8852.07		7115.33

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			8852.07		7115.33
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
Power Finance Corporation Limited					
7.16% - Series 136 - 17-Jul-2025	10,00,000	600	61.57	600	61.98
8.46% - Series 107B - 30-Aug-2028	10,00,000	500	52.63	500	52.94
8.54% - Series 2A - 16-Nov-2028	1,000	3,50,000	40.07	3,50,000	40.69
REC Limited					
7.17% - Series 5A - 23-Jul-2025	10,00,000	850	87.12	850	87.69
8.46% - Series 3B - 29-Aug-2028	10,00,000	1,190	128.55	1,190	129.72
8.46% - Series 2A - 24-Sep-2028	1,000	3,50,000	39.84	3,50,000	40.44
8.54% - Series 4B - 11-Oct-2028	10,00,000	50	5.28	50	5.32
Taxable Bonds - Secured, Redeemable & Non-Convertible					
Indian Railway Finance Corporation Limited					
7.83% - Series 118 - 21-Mar-2027	10,00,000	1,750	187.83	—	—
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Export Import Bank of India					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call option 04-Mar-2024)	10,00,000	2,000	200.00	—	—
Housing and Urban Development Corporation Limited					
6.99% - Series E - 11-Nov-2022	10,00,000	—	—	700	70.18
7.61% - Series A - 22-Jun-2022	10,00,000	—	—	250	25.14
8.40% - Series C 2018 - 11-Apr-2022	10,00,000	—	—	850	85.00
National Bank for Agriculture and Rural Development					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option 29-Jul-2022)	10,00,000	—	—	5,000	499.98
5.70% - Series 22 D - 31-Jul-2025	10,00,000	1,000	99.15	—	—
6.70% - Series 20 H - 11-Nov-2022	10,00,000	—	—	250	25.00
6.98% - Series 20 G - 19-Sep-2022	10,00,000	—	—	2,000	200.00
7.69% - Series 20 C - 29-May-2024	10,00,000	4,300	451.74	4,300	461.01
7.70% - Series 20 D - 13-Jun-2022	10,00,000	—	—	500	50.59
7.85% - Series 20 B - 23-May-2022	10,00,000	—	—	900	91.13
7.90% - Series 20 A - 18-Apr-2022	10,00,000	—	—	600	60.73
Power Finance Corporation Limited					
5.47% - Series 206 - 19-Aug-2023	10,00,000	100	10.05	100	10.09
6.09% - Series BS-212 A - 27-Aug-2026	10,00,000	300	30.09	—	—
6.50% - Series 208 - 17-Sep-2025	10,00,000	1,150	116.68	1,150	117.13
6.72% - Series 203 A - 09-Jun-2023	10,00,000	900	91.74	900	93.11
Carried over			10454.41		9323.20

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			10454.41		9323.20
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
6.75% - Series 202 A - 22-May-2023	10,00,000	1,200	122.26	1,200	124.12
7.10% - Series 169 A - 08-Aug-2022	10,00,000	—	—	700	70.12
7.35% - Series 191 - 15-Oct-2022	10,00,000	—	—	4,500	450.00
8.03% - Series 147 - 02-May-2026	10,00,000	600	64.04	—	—
8.20% - Series 128 - 10-Mar-2025	10,00,000	450	47.59	450	48.36
8.39% - Series 130 C - 19-Apr-2025	10,00,000	200	21.29	200	21.66
8.45% - Series 181 - 11-Aug-2022	10,00,000	—	—	250	25.50
REC Limited					
5.85% - Series 203 B - 20-Dec-2025	10,00,000	1,100	109.37	1,100	109.26
7.09% - Series 152 - 17-Oct-2022	10,00,000	—	—	300	29.88
7.09% - Series 185 - 13-Dec-2022	10,00,000	—	—	2,000	200.00
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible[#]					
ICICI Bank					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	2,647	264.70	2,647	264.70
9.90% - Series DDE 18AT (with first Call option on 28-Dec-2023)	10,00,000	3,000	300.00	3,000	300.00
State Bank of India					
7.72% - Series I (with first Call option 03-Sep-2026)	1,00,00,000	313	313.00	—	—
7.72% - Series II (with first Call option 18-Oct-2026)	1,00,00,000	400	400.00	—	—
9.37% - Series II (with first Call option 21-Dec-2023)	10,00,000	2,350	235.00	2,350	235.00
9.56% - Series I (with first Call option 04-Dec-2023)	10,00,000	7,000	700.00	7,000	700.00
Zero Coupon Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
Tranche 378 - 04-May-2022	10,00,000	—	—	500	59.59
Tranche 416 - 25-Apr-2025	10,00,000	10,000	1021.27	—	—
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Fixed Maturity Plans (at amortised cost)*					
Aditya Birla Sun Life Mutual Fund	10	2,19,98,900	22.03	—	—
Nippon India Mutual Fund	10	1,49,99,250	15.08	—	—
SBI Mutual Fund	10	23,69,88,150	241.25	—	—
Fixed Maturity Plans (at fair value through profit or loss)					
Aditya Birla Sun Life Mutual Fund	10	—	—	11,70,00,000	144.16
Carried over			14331.29		12105.55

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			14331.29		12105.55
INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)					
HDFC Mutual Fund	10	—	—	4,00,00,000	50.10
ICICI Prudential Mutual Fund	10	—	—	10,20,00,000	125.63
IDFC Mutual Fund	10	—	—	2,20,00,000	26.81
Kotak Mahindra Mutual Fund	10	—	—	19,70,00,000	244.26
Nippon India Mutual Fund	10	—	—	8,50,00,000	108.93
SBI Mutual Fund	10	—	—	19,70,00,000	241.10
Exchange Traded Funds (at fair value through other comprehensive income) **					
Axis Mutual Fund	1	5,50,00,000	58.00	—	—
Nippon India Mutual Fund	10	3,60,00,000	389.05	—	—
Unquoted					
Target Maturity Index Funds (at fair value through other comprehensive income) **					
Aditya Birla Sun Life Mutual Fund	10	35,48,47,210	360.79	—	—
Axis Mutual Fund	10	1,98,53,868	20.02	—	—
ICICI Prudential Mutual Fund	10	17,74,37,385	180.27	—	—
Kotak Mahindra Mutual Fund	10	2,99,36,233	30.06	—	—
SBI Mutual Fund	10	19,80,19,704	200.51	—	—
INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS					
(at fair value through profit or loss)					
Unquoted					
Chiratae Ventures India Fund IV	1,00,000	923	13.98	600	5.91
Fireside Ventures Investments Fund I	1,00,000	1,324	51.27	1,307	25.49
Fireside Ventures Investments Fund II	1,000	1,00,000	8.67	50,000	3.64
India Foundation Fund Series I	100	1,63,740	2.15	—	—
Roots Ventures I	100	8,13,113	11.26	—	—
Aggregate amount of quoted Investments			10951.37		9484.46
Aggregate amount of unquoted Investments			4705.95		3452.96
Total			15657.32		12937.42

Aggregate market value of quoted investments ₹ 11205.72 Crores (2021 - ₹ 9984.03 Crores).

Aggregate amount of impairment in value of investments ₹ 68.55 Crores (2021 - ₹ 68.55 Crores).

* Investments in Fixed Maturity Plans (FMPs) that are intended to be held by the Company till maturity are classified as amortised cost. The underlying instruments in the portfolio of these FMPs have minimal churn and are held to receive contractual cashflows.

** Exchange Traded / Target Maturity Index Funds follow a passive buy and hold investment strategy to receive contractual cashflows except for meeting redemption and rebalancing requirements. Investment in such funds are classified as FVTOCI as cash flows from these investments are realised on maturity or upon sale.

Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.

Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Others Loans - Employees				
– Unsecured, considered good	5.73	5.06	2.77	2.37
TOTAL	5.73	5.06	2.77	2.37
6. Other Financial assets				
Security Deposits*	26.66	71.99	24.72	72.11
Deposits other than Security Deposits	1510.27	1500.41	574.58	0.34
Interest accrued on Loans, Deposits, Investments, etc.	496.10	–	448.37	–
Other Receivables**	254.94	–	149.33	–
TOTAL	2287.97	1572.40	1197.00	72.45

* Include deposits to Directors and Key Management Personnel ₹ 0.08 Crore (2021 - ₹ 0.08 Crore) (Refer Note 29).

** Comprise receivables on account of Government grants, claims, interest, rentals, derivatives designated as hedging instrument, etc.

Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
7. Other Assets				
Capital Advances	—	187.21	—	232.62
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	0.28	787.46	0.18	782.05
– Others	0.66	134.22	0.66	115.71
Advances to related parties (Refer Note 29)	—	—	...	—
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	1048.69	120.03	897.00	101.24
Other Receivables*	145.52	—	108.23	—
TOTAL	1195.15	1228.92	1006.07	1231.62

* Includes receivables on account of Government grants.

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
	Current	Non-Current
8. Inventories*		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	6442.11	6544.03
Work-in-progress	232.70	213.07
Finished goods (manufactured)	1638.93	1445.49
Stock-in-trade (goods purchased for resale)	1150.95	832.87
Stores and spares	453.19	390.81
Intermediates - Tissue paper and Paperboards	79.89	44.60
TOTAL	9997.77	9470.87

The above includes goods in transit as under:

Raw materials (including packing materials)	301.74	135.09
Stock-in-trade (goods purchased for resale)	2.58	1.60
Stores and spares	4.12	1.35
TOTAL	308.44	138.04

The cost of inventories recognised as an expense includes ₹ 17.58 Crores (2021 - ₹ 10.45 Crores) in respect of write-downs of inventory to net realisable value. During the year, reversal of previous write-downs of ₹ 0.91 Crore (2021 - ₹ 1.67 Crores) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 574.71 Crores (2021 - ₹ 669.75 Crores) are expected to be recovered after more than twelve months. The operating cycle of the Company is twelve months.

* Cash credit facilities are secured by hypothecation of inventories of the Company, both present and future. The quarterly returns/statements filed by the Company with the bank(s) in respect of such facilities are in agreement with the books of accounts.

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
9. Current Investments (at fair value through profit or loss, unless stated otherwise)					
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
Indian Railway Finance Corporation Limited					
7.18% - Series 86 - 19-Feb-2023	1,000	10,00,000	101.82	10,00,000	104.74
8.00% - Series 80 - 23-Feb-2022	1,000	—	—	4,35,012	45.00
8.23% - Series 91 - 18-Feb-2024	1,000	20,00,000	211.32	20,00,000	219.75
National Highways Authority of India					
8.20% - 25-Jan-2022	1,000	—	—	4,94,476	51.08
Power Finance Corporation Limited					
8.01% - Series 107 A - 30-Aug-2023	10,00,000	1,000	103.98	1,000	107.83
8.09% - Series 80 A - 25-Nov-2021	1,00,000	—	—	1,500	15.38
8.18% - Series 1 A - 16-Nov-2023	1,000	12,95,560	135.79	12,95,560	141.08
8.20% - Series I - 01-Feb-2022	1,000	—	—	1,00,000	10.34
REC Limited					
7.22% - Series 1 - 19-Dec-2022	1,000	30,00,000	304.51	30,00,000	313.23
8.01% - Series 3 A - 29-Aug-2023	10,00,000	1,000	103.96	1,000	107.82
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Export Import Bank of India					
9.15% - Series P16 - 05-Sep-2022	10,00,000	300	30.59	300	31.90
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Bharat Bond ETF - April 2023	1,000	30,00,000	351.13	30,00,000	335.10
Nippon India ETF Nifty CPSE Bond Plus SDL - 2024 Maturity	10	58,69,560	63.61	58,69,560	60.46
Unquoted					
Liquid/Overnight Funds					
Axis Mutual Fund	1,000	—	—	11,33,416	148.69
Carried over			1406.71		1692.40

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			1406.71		1692.40
INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)					
DSP Mutual Fund	1,000	—	—	33,41,890	975.72
ICICI Prudential Mutual Fund	100	—	—	5,07,333	15.46
LIC Mutual Fund	1,000	—	—	1,63,399	60.50
Nippon India Mutual Fund	100	87,91,983	100.01	—	—
Nippon India Mutual Fund	1,000	—	—	92,869	46.74
SBI Mutual Fund	1,000	—	—	25,773	8.26
UTI Mutual Fund	1,000	—	—	16,91,359	567.38
Ultra Short Term Funds					
Aditya Birla Sun Life Mutual Fund	100	1,86,63,673	828.81	1,86,63,673	794.72
Kotak Mahindra Mutual Fund	10	23,75,47,122	850.55	23,75,47,122	819.42
SBI Mutual Fund	1,000	2,47,159	121.04	2,47,159	116.63
Low Duration Funds					
Axis Mutual Fund	1,000	14,17,525	367.15	14,17,525	351.91
DSP Mutual Fund	10	17,22,63,805	277.37	17,22,63,805	267.44
ICICI Prudential Mutual Fund	100	53,44,324	233.93	53,44,324	224.30
IDFC Mutual Fund	10	7,34,11,386	233.89	7,34,11,386	225.06
SBI Mutual Fund	1,000	8,30,697	241.68	8,30,697	232.24
Money Market Funds					
Aditya Birla Sun Life Mutual Fund	100	40,95,539	122.42	40,95,539	117.61
HDFC Mutual Fund	1,000	2,39,118	111.30	2,39,118	106.98
IDFC Mutual Fund	10	4,22,87,680	147.67	4,22,87,680	142.29
Nippon India Mutual Fund	1,000	6,60,345	221.25	6,60,345	212.68
SBI Mutual Fund	10	6,33,58,708	225.31	6,33,58,708	216.66
Floating Rate Funds					
Aditya Birla Sun Life Mutual Fund	100	1,94,01,569	550.13	1,94,01,569	525.17
HDFC Mutual Fund	10	10,07,90,662	404.13	10,07,90,662	385.94
Nippon India Mutual Fund	10	6,22,64,756	235.01	6,22,64,756	224.08
Carried over			6678.36		8329.59

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			6678.36		8329.59
INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)					
Short Term Funds					
Axis Mutual Fund	10	—	—	4,31,15,900	109.52
DSP Mutual Fund	10	3,12,12,253	126.54	6,67,71,463	259.37
IDFC Mutual Fund	10	6,58,03,493	322.42	6,58,03,493	308.37
Nippon India Mutual Fund	10	3,86,19,184	175.83	8,93,74,937	384.78
SBI Mutual Fund	10	5,40,50,081	147.17	9,72,90,145	253.24
Banking & PSU Debt Funds					
Axis Mutual Fund	1,000	31,86,227	689.41	31,86,227	662.25
IDFC Mutual Fund	10	14,17,61,931	283.77	14,17,61,931	272.68
Nippon India Mutual Fund	10	—	—	10,41,55,094	167.84
Corporate Bond Funds					
Aditya Birla Sun Life Mutual Fund	10	70,15,575	63.27	70,15,575	60.27
ICICI Prudential Mutual Fund	10	2,42,40,779	59.60	13,34,45,209	313.69
Kotak Mahindra Mutual Fund	1,000	—	—	6,68,442	196.74
Current Portion of Non-current Investment					
INVESTMENT IN PREFERENCE SHARES (at amortised cost)					
In Subsidiaries					
Unquoted					
North East Nutrients Private Limited (Cumulative Redeemable Preference Shares)	100	18,00,000	18.00	—	—
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
7.34% - Series 1 - 16-Feb-2023	1,000	3,29,870	33.27	—	—
8.10% - Series 1 - 05-Mar-2022	1,000	—	—	3,50,000	35.52
Carried over			8597.64		11353.86

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			8597.64		11353.86
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
India Infrastructure Finance Company Limited					
7.19% - Series I - 22-Jan-2023	1,000	5,00,000	50.34	—	—
Indian Railway Finance Corporation Limited					
7.18% - Series 86 - 19-Feb-2023	1,000	5,00,000	50.37	—	—
8.00% - Series 80 - 23-Feb-2022	1,000	—	—	3,31,819	33.68
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
6.99% - Series E - 11-Nov-2022	10,00,000	700	70.05	—	—
7.61% - Series A - 22-Jun-2022	10,00,000	250	25.02	—	—
8.40% - Series C - 11-Apr-2022	10,00,000	850	85.00	—	—
National Bank for Agriculture and Rural Development					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option on 29-Jul-2022)	10,00,000	5,000	499.95	—	—
6.70% - Series 20 H - 11-Nov-2022	10,00,000	250	25.00	—	—
6.98% - Series 20 G - 19-Sep-2022	10,00,000	2,000	200.00	—	—
7.70% - Series 20 D - 13-Jun-2022	10,00,000	500	50.09	—	—
7.85% - Series 20 B - 23-May-2022	10,00,000	900	90.13	—	—
7.90% - Series 20 A - 18-Apr-2022	10,00,000	600	60.02	—	—
8.60% - Series 19 B - 31-Jan-2022	10,00,000	—	—	1,000	101.22
Power Finance Corporation Limited					
7.10% - Series 169 A - 08-Aug-2022	10,00,000	700	70.02	—	—
7.35% - Series 191 - 15-Oct-2022	10,00,000	4,500	450.00	—	—
7.47% - Series 151 A - 16-Sep-2021	10,00,000	—	—	150	15.01
8.45% - Series 181 - 11-Aug-2022	10,00,000	250	25.14	—	—
8.66% - Series 123 C - 27-Nov-2021	10,00,000	—	—	150	15.12
Carried over			10348.77		11518.89

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			10348.77		11518.89
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
REC Limited					
7.09% - Series 152 - 17-Oct-2022	10,00,000	300	29.95	—	—
7.09% - Series 185 - 13-Dec-2022	10,00,000	2,000	200.00	—	—
8.45% - Series 167 - 22-Mar-2022	10,00,000	—	—	1,700	170.27
8.50% - Series 177 - 20-Dec-2021	10,00,000	—	—	2,880	288.00
Small Industries Development Bank of India					
7.89% - Series III - 15-Nov-2022 (with Put and Call option on 14-May-2021)	10,00,000	—	—	2,500	250.05
Taxable Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
7.67% - Tranche 339 - 29-Jul-2021	10,00,000	—	—	400	40.04
8.30% - Tranche 304 - 15-Jul-2021	10,00,000	—	—	100	10.02
8.37% - Tranche 294 - 10-May-2021	10,00,000	—	—	550	55.06
Zero Coupon Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
Tranche 378 - 04-May-2022	10,00,000	500	64.78	—	—
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible[#]					
ICICI Bank Limited					
9.20% - Series DMR 17AT (with first Call option on 17-Mar-2022)	10,00,000	—	—	2,000	200.07
State Bank of India					
8.39% - Series III (with first Call option on 25-Oct-2021)	10,00,000	—	—	1,550	154.64
9.00% - Series I (with first Call option on 06-Sep-2021)	10,00,000	—	—	3,250	325.12
Carried over			10643.50		13012.16

Notes to the Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
9. Current Investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			10643.50		13012.16
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Fixed Maturity Plans					
Aditya Birla Sun Life Mutual Fund	10	11,70,00,000	150.27	8,50,00,000	107.61
DSP Mutual Fund	10	—	—	4,90,00,000	61.78
Franklin India Mutual Fund	10	—	—	1,40,00,000	17.66
HDFC Mutual Fund	10	4,00,00,000	52.17	6,50,00,000	81.86
ICICI Prudential Mutual Fund	10	10,20,00,000	131.07	31,10,00,000	393.39
IDFC Mutual Fund	10	2,20,00,000	27.97	—	—
Kotak Mahindra Mutual Fund	10	19,70,00,000	254.79	7,20,00,000	90.69
Nippon India Mutual Fund	10	8,50,00,000	113.61	9,90,00,000	125.19
SBI Mutual Fund	10	19,70,00,000	251.57	5,50,00,000	69.26
UTI Mutual Fund	10	—	—	6,90,00,000	87.11
Aggregate amount of quoted Investments			4467.29		4272.08
Aggregate amount of unquoted Investments			7157.66		9774.63
Total			11624.95		14046.71

Aggregate market value of quoted investments ₹ 4483.77 Crores (2021 - ₹ 4302.03 Crores).

Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.

Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
10. Trade receivables (Current)		
Secured, considered good	55.09	45.32
Unsecured, considered good	1897.41	2044.97
Which have significant increase in credit risk	—	—
Credit impaired	170.65	161.69
Less: Allowance for Credit impairment	170.65	161.69
TOTAL	1952.50	2090.29

Trade receivables ageing schedule

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022						
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	1230.08	705.49	11.16	5.31	0.32	0.14	1952.50
Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Undisputed Trade Receivables – credit impaired	—	1.33	4.80	25.85	5.16	19.67	56.81
Disputed Trade Receivables – considered good	—	—	—	—	—	—	—
Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Disputed Trade Receivables – credit impaired	—	—	0.02	2.41	5.92	105.49	113.84
SUB-TOTAL	1230.08	706.82	15.98	33.57	11.40	125.30	2123.15
Less: Allowance for Credit Impairment	—	—	—	—	—	—	—
TOTAL	—	—	—	—	—	—	1952.50

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2021						
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables – considered good	1429.56	601.21	43.06	10.46	2.61	3.39	2090.29
Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Undisputed Trade Receivables – credit impaired	—	15.90	2.44	9.16	7.74	13.69	48.93
Disputed Trade Receivables – considered good	—	—	—	—	—	—	—
Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Disputed Trade Receivables – credit impaired	—	0.02	0.27	5.46	10.11	96.90	112.76
SUB-TOTAL	1429.56	617.13	45.77	25.08	20.46	113.98	2251.98
Less: Allowance for Credit Impairment	—	—	—	—	—	—	—
TOTAL	—	—	—	—	—	—	2090.29

Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
11. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	181.46	227.64
Cheques, drafts on hand	0.89	1.27
Cash on hand	2.62	2.37
TOTAL	184.97	231.28

[@] 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	224.36	209.23
In deposit accounts*	3468.61	3561.02
TOTAL	3692.97	3770.25

* 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, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ 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	12,32,32,55,931	1232.33	12,30,88,44,231	1230.88
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	12,30,88,44,231	1230.88	12,29,22,31,241	1229.22
Add: Issue of Shares on exercise of Options	1,44,11,700	1.44	1,66,12,990	1.66
As at end of the year	12,32,32,55,931	1232.33	12,30,88,44,231	1230.88
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 %	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.17	2,97,83,47,320	24.20
Life Insurance Corporation of India	1,95,02,36,958	15.83	1,99,75,66,067	16.23
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.91	97,45,31,427	7.92
C) Shareholding of Promoters: Nil				
D) 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: Nil				
E) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2022 (No. of Shares)	2021 (No. of Shares)		
Bonus Shares issued in 2016-17	4,02,66,57,100	4,02,66,57,100		
F) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
G) Shares reserved for issue under Options				
	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2021 (No. of Shares)		
Ordinary Shares of ₹ 1.00 each	22,76,87,310	29,18,12,920		

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of vesting in respect of Options.

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 and Sweat Equity) Regulations, 2021.

Further details of ITC Employee Stock Option Schemes are provided in Note 27(ix).

Notes to the Financial Statements

14. Borrowings	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
Unsecured				
Deferred payment liabilities				
Sales tax deferment loans*	0.74	4.54	0.35	5.28
TOTAL	0.74	4.54	0.35	5.28

*Interest free deferral period of 14 years and repayable by 2025-26.

The repayment schedule is summarised as under:

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
In the first year		0.74		0.35
In the second year		1.26		0.74
In the third to fifth year		3.28		4.54
TOTAL		5.28		5.63

15. Lease Liabilities*	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
Lease Liabilities		46.09		272.36
TOTAL		46.09		272.36

* Refer Note 27(vi)

Movement of Lease Liabilities during the year

Particulars	31st March, 2022	31st March, 2021
Opening Lease Liabilities	323.72	324.12
New Leases recognised	40.52	55.90
Remeasurements and withdrawals	(3.94)	(6.63)
Interest expense on Lease Liabilities	26.96	28.02
Payment of Lease Liabilities	(81.38)	(77.69)
Closing Lease Liabilities	305.88	323.72

Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
16. Other financial liabilities		
Non-current		
Others (Includes liability in respect of cash-settled share based payments, retention money payable towards property, plant and equipment, contingent consideration on business combination etc.)	96.50	239.35
TOTAL	96.50	239.35
Current		
Interest accrued	1.71	1.90
Unpaid dividend *	224.13	209.00
Unpaid matured deposits and interest accrued thereon
Unpaid matured debentures/bonds and interest accrued thereon **	0.30	0.30
Others (Includes liability in respect of cash-settled share based payments, payable towards property, plant and equipment, derivatives designated as hedging instruments, contingent consideration on business combination etc.)	1277.45	1036.62
TOTAL	1503.59	1247.82

* 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.

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
17. Provisions				
Provision for employee benefits [Refer Note 27(v)]				
Retirement benefits	47.11	126.57	156.53	107.91
Other benefits	8.49	60.30	12.52	49.16
TOTAL	55.60	186.87	169.05	157.07

Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)					As at 31st March, 2021 (₹ in Crores)	
18. Deferred tax liabilities (Net)							
Deferred tax liabilities					2004.26		2014.01
Less: Deferred tax assets					337.12		286.28
TOTAL					1667.14		1727.73
						(₹ in Crores)	
Movement in deferred tax liabilities/assets balances	Opening Balance	Acquired in Business Combination	Recognised in profit or loss	Recognised in OCI	Recognised directly in Equity	Reclassified to Profit or loss	Closing Balance
2021-22							
Deferred Tax liabilities/assets in relation to:							
On fiscal allowances on property, plant and equipment, investment property etc.	1627.98	–	14.08	–	–	–	1642.06
On Excise Duty/National Calamity Contingent Duty on closing stock	72.25	–	6.96	–	–	–	79.21
On cash flow hedges	1.66	–	–	9.05	2.44	(8.33)	4.82
Other timing differences	312.12	–	(34.88)	0.93	–	–	278.17
Total deferred tax liabilities	2014.01	–	(13.84)	9.98	2.44	(8.33)	2004.26
On employees' separation and retirement etc.	59.00	–	1.09	2.50	–	–	62.59
On provision for doubtful debts/advances	50.73	–	2.38	–	–	–	53.11
On State and Central taxes etc.	64.36	–	5.26	–	–	–	69.62
Other timing differences	112.19	–	39.61	–	–	–	151.80
Total deferred tax assets	286.28	–	48.34	2.50	–	–	337.12
Deferred tax liabilities (Net)	1727.73	–	(62.18)	7.48	2.44	(8.33)	1667.14
2020-21							
Deferred Tax liabilities/assets in relation to:							
On fiscal allowances on property, plant and equipment, investment property etc.	1617.33	3.79	6.86	–	–	–	1627.98
On Excise Duty/National Calamity Contingent Duty on closing stock	46.09	–	26.16	–	–	–	72.25
On cash flow hedges	(8.19)	–	–	10.44	1.26	(1.85)	1.66
Other timing differences	258.86	0.12	53.14	–	–	–	312.12
Total deferred tax liabilities	1914.09	3.91	86.16	10.44	1.26	(1.85)	2014.01
On employees' separation and retirement etc.	53.32	0.33	4.91	0.44	–	–	59.00
On provision for doubtful debts/advances	36.64	–	14.09	–	–	–	50.73
On State and Central taxes etc.	103.42	–	(39.06)	–	–	–	64.36
Other timing differences	103.06	0.06	9.07	–	–	–	112.19
Total deferred tax assets	296.44	0.39	(10.99)	0.44	–	–	286.28
Deferred tax liabilities (Net)	1617.65	3.52	97.15	10.00	1.26	(1.85)	1727.73
19. Other liabilities (Current)						As at 31st March, 2022 (₹ in Crores)	
Statutory Liabilities						3599.11	3263.04
Advances received from customers						1382.17	994.80
Others (includes deferred revenue, accruals, customer deposits etc.)						116.00	111.16
TOTAL						5097.28	4369.00

Notes to the Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
20. Current Tax Liabilities (Net)		
Current taxation (net of advance payment)	551.39	217.06
TOTAL	551.39	217.06

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
21A. Revenue from operations		
Sale of Products	57817.10	47523.65
Sale of Services	1283.99	627.61
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty of ₹ 3376.63 Crores (2021 - ₹ 2935.48 Crores)]	59101.09	48151.26
Other Operating Revenues#	644.47	373.30
TOTAL	59745.56	48524.56

* Net of sales returns and damaged stocks.

Includes Government grants of ₹ 258.92 Crores (2021 - ₹ 42.57 Crores) on account of Fiscal and Export Incentives etc.

21B. Gross Revenue from sale of products and services*		
FMCG		
– Cigarettes etc.	23451.39	20333.12
– Branded Packaged Food Products	13195.84	12241.16
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, Apparel etc.)	2768.91	2467.48
Hotels		
– Income from Sale of Services	1279.33	623.59
Agri Business		
– Unmanufactured Tobacco	1797.44	1420.51
– Other Agri Products and Commodities (Wheat, Rice, Soya, Spices, Coffee, Aqua etc.)	10328.61	6445.55
Paperboards, Paper and Packaging		
– Paperboards and Paper	5586.19	4019.53
– Printed Materials	693.38	600.32
TOTAL	59101.09	48151.26

* Net of sales returns and damaged stocks.

Notes to the Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
22. Other income		
Interest income	1004.59	1224.82
Dividend income	857.46	723.94
Other non-operating income	141.19	141.36
Other gains and losses	586.73	1160.87
TOTAL	2589.97	3250.99
Interest income:		
a) Deposits with banks etc. - carried at amortised cost	177.50	310.82
b) Financial assets:		
– mandatorily measured at FVTPL	87.96	119.04
– measured at amortised cost	735.32	698.27
– measured at FVTOCI	3.79	–
c) Others (from statutory authorities etc.)	0.02	96.69
TOTAL	1004.59	1224.82
Dividend income:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.01	0.02
b) Other investments	857.45	723.92
TOTAL	857.46	723.94
Other gains and losses:		
Net foreign exchange gain/(loss)	31.94	(1.27)
Net gain/(loss) arising on financial instruments mandatorily measured at FVTPL*	554.79	1162.14
TOTAL	586.73	1160.87
* Includes ₹ 186.06 Crores (2021 - ₹ 353.96 Crores) being net gain/(loss) on sale of investments.		
23. Employee benefits expense		
Salaries and wages	2634.04	2423.33
Contribution to Provident and other funds	169.85	182.14
Share based payments to employees {Includes cash-settled share based payments ₹ 28.68 Crores [2021 - ₹ 29.54 Crores]}	61.19	56.69
Staff welfare expenses	238.37	197.49
	3103.45	2859.65
Less: Recoveries made/reimbursements received	41.46	38.70
TOTAL	3061.99	2820.95
24. Finance costs		
Interest expense:		
– On Lease Liabilities	26.87	27.93
– On other financial liabilities measured at amortised cost	2.18	2.04
– Others	12.90	17.50
TOTAL	41.95	47.47

Notes to the Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
25. Other Expenses		
Power and fuel	864.05	672.11
Consumption of stores and spare parts	353.48	266.68
Contract processing charges	814.41	671.80
Rent	196.00	211.59
Rates and taxes	114.59	81.64
Insurance	122.39	125.33
Repairs		
– Buildings	61.11	48.30
– Machinery	263.29	224.09
– Others	55.05	41.02
Maintenance and upkeep	251.89	225.72
Outward freight and handling charges	1624.97	1312.09
Warehousing charges	200.35	160.45
Advertising/Sales promotion	980.63	1083.51
Market research	161.59	122.02
Design and product development	36.17	44.96
Hotel reservation/Marketing expenses	27.14	14.58
Retail accessories	206.54	134.35
Brokerage and discount - sales	23.55	15.33
Commission to selling agents	18.30	14.62
Doubtful and bad debts	10.64	25.98
Doubtful and bad advances, loans and deposits	1.15	33.04
Bank and credit card charges	18.58	11.47
Information technology services	274.48	247.41
Travelling and conveyance	182.18	139.07
Training and development	13.64	11.02
Legal expenses	30.42	21.25
Consultancy/Professional fees	153.08	135.01
Postage, telephone etc.	18.33	17.39
Printing and stationery	11.80	9.74
(Gain)/Loss on sale of property, plant and equipment – Net	(58.77)	56.04
Loss on sale of stores and spare parts – Net	4.71	5.03
Miscellaneous expenses	1077.36	984.42
TOTAL	8113.10	7167.06
Miscellaneous expenses include:		
(1) Auditors' remuneration and expenses*		
Audit fees	3.40	2.95
Tax audit fees	0.70	0.60
Fees for limited review	1.40	1.17
Fees for other services#	0.58	0.40
Reimbursement of expenses	0.01	0.15
(2) Cost auditors' fees	0.11	0.11

* Excluding taxes.

Auditors' remuneration for current year excludes remuneration for services amounting to ₹ 1.88 Crores (2021 - ₹ 2.01 Crores) rendered by network firm/entity which is a part of the network of which auditor is a member firm.

Notes to the Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
26. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	4803.32	3960.45
Adjustments/(credits) related to previous years - Net	30.56	74.91
Total current tax	4833.88	4035.36
Deferred tax		
Deferred tax for the year	(31.62)	172.06
Adjustments/(credits) related to previous years - Net	(30.56)	(74.91)
Total deferred tax	(62.18)	97.15
TOTAL	4771.70	4132.51
B. Amount recognised in other comprehensive income		
The tax (charge)/credit arising on income and expenses recognised in other comprehensive income is as follows:		
On items that will not be reclassified to profit or loss		
Remeasurements gains/(losses) on defined benefit plans	(7.96)	0.44
Equity instruments through other comprehensive income	–	(1.62)
Related to designated portion of hedging instruments in cash flow hedges	3.00	1.67
	(4.96)	0.49
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	(3.72)	(10.26)
Debt instruments through other comprehensive income	(0.93)	–
TOTAL	(9.61)	(9.77)
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	2.44	1.26
TOTAL	2.44	1.26
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	19829.53	17164.19
Income Tax expense calculated @ 25.168% (2021- 25.168%)	4990.70	4319.87
Effect of tax relating to uncertain tax positions	26.73	25.59
Effect of different tax rate on certain items	(79.46)	(80.21)
Effect of Income not taxable	(81.95)	(82.39)
Other differences	(84.32)	(50.35)
Income Tax recognised in profit or loss	4771.70	4132.51

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2021-22 and 2020-21 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements

(i) Earnings per share:

	2022	2021
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in Crores)	15057.83	13031.68
(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,31,65,71,748	12,30,12,07,984
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	54,47,370	12,73,424
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,32,20,19,118	12,30,24,81,408
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	12.22	10.59
– Diluted [(a)/(d)]	12.22	10.59

(ii) Amount required to be spent by the Company during the year as per Section 135 read with Section 198 of the Companies Act, 2013 - ₹ 354.27 Crores (2021 - ₹ 352.84 Crores) being 2% of the average Net Profit of the Company amounting to ₹ 354.89 Crores less set-off of excess CSR spend of ₹ 0.62 Crore pertaining to FY 2020-21.

Expenditure incurred during the year is ₹ 355.03 Crores (2021 - ₹ 353.46 Crores) comprising employee benefits expense of ₹ 15.92 Crores (2021 - ₹ 14.96 Crores) and other expenses of ₹ 339.11 Crores (2021 - ₹ 338.50 Crores), of which ₹ 26.01 Crores (2021 - ₹ 11.94 Crores) is accrued for payment as on 31st March, 2022. The above includes an amount of ₹ 3.90 Crores with regard to ongoing project of FY 2021-22, which has been deposited in the Unspent CSR Account in April, 2022.

Such CSR expenditure of ₹ 355.03 Crores (2021 - ₹ 353.46 Crores) excludes ₹ 5.85 Crores (2021 - ₹ 5.72 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit of 5% of total CSR expenditure laid down under Rule 7(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 for such expenses.

CSR activities undertaken during the year pertain to: poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people (especially those from disadvantaged sections of society); protection of national heritage, art and culture; preserving and promoting music; and providing relief and assistance to victims of disasters and calamities.

(iii) Research and Development expenses for the year amount to ₹ 143.59 Crores (2021- ₹ 131.22 Crores).

(iv) Contingent liabilities and commitments:

(a) Contingent liabilities

Claims against the Company not acknowledged as debts ₹ 880.58 Crores (2021 - ₹ 884.97 Crores), including interest on claims, where applicable, estimated to be ₹ 285.07 Crores (2021 - ₹ 257.55 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 ₹ 593.95 Crores (2021 - ₹ 608.26 Crores), including interest on claims, where applicable, estimated to be ₹ 267.18 Crores (2021 - ₹ 245.88 Crores).
- Local Authority taxes/cess/royalty on property, utilities, etc. claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 236.63 Crores (2021 - ₹ 231.50 Crores), including interest on claims, where applicable, estimated to be ₹ 11.22 Crores (2021 - ₹ 5.40 Crores).
- Third party claims arising from disputes relating to contracts aggregating ₹ 29.22 Crores (2021 - ₹ 32.41 Crores), including interest on claims, where applicable, estimated to be ₹ 0.10 Crore (2021 - ₹ 0.88 Crore).
- Other matters ₹ 20.78 Crores (2021 - ₹ 12.80 Crores), including interest on other matters, where applicable, estimated to be ₹ 6.57 Crores (2021 - ₹ 5.39 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.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(b) Commitments

- Estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 984.51 Crores (2021 - ₹ 1398.30 Crores).
- Uncalled liability on investments partly paid is ₹ 54.89 Crores (2021 - ₹ 55.88 Crores).

(v) (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 Defined 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 Risk: 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 securities. 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 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, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
		Funded	Unfunded		Funded	Unfunded	
I	Components of Employer Expense						
	– Recognised in the Statement of Profit and Loss						
1	Current Service Cost	44.87	32.93	10.74	49.90	31.59	9.21
2	Past Service Cost	–	–	–	–	–	–
3	Net Interest Cost	1.88	(0.95)	7.88	(0.13)	(0.18)	7.33
4	Total expense recognised in the Statement of Profit and Loss	46.75	31.98	18.62	49.77	31.41	16.54
	– Re-measurements recognised in Other Comprehensive Income						
5	Return on plan assets (excluding amounts included in Net interest cost)	(7.07)	(5.65)	–	(40.28)	(4.33)	–
6	Effect of changes in demographic assumptions	4.44	(1.83)	0.12	–	–	–
7	Effect of changes in financial assumptions	(3.43)	(7.77)	0.07	–	–	–
8	Changes in asset ceiling (excluding interest income)	–	–	–	–	–	–
9	Effect of experience adjustments	(35.49)	17.99	7.00	68.63	0.84	5.24
10	Total re-measurements included in Other Comprehensive Income	(41.55)	2.74	7.19	28.35	(3.49)	5.24
11	Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	5.20	34.72	25.81	78.12	27.92	21.78

The current service cost, past service cost and net interest cost for the year, as applicable, 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.

		(₹ in Crores)					
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
II	Actual Returns	60.36	29.97	–	90.51	27.01	–
III	Net Asset/(Liability) recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	897.75	416.05	144.48	933.22	396.43	133.52
2	Fair Value of Plan Assets	882.68	401.92	–	822.53	376.20	–
3	Status [Surplus/(Deficit)]	(15.07)	(14.13)	(144.48)	(110.69)	(20.23)	(133.52)
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, 2022		As at 31st March, 2021				
			Current	Non-current	Current	Non-current			
		– Pension	(15.07)	–	(110.69)	–			
		– Gratuity	(14.13)	–	(20.23)	–			
		– Leave Encashment	(17.91)	(126.57)	(25.61)	(107.91)			
			For the year ended 31st March, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ 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		933.22	396.43	133.52	838.37	377.93	122.67	
2	Current Service Cost		44.87	32.93	10.74	49.90	31.59	9.21	
3	Past Service Cost		–	–	–	–	–	–	
4	Interest Cost		55.17	23.37	7.88	50.10	22.50	7.33	
5	Remeasurement gains/(losses):								
a.	Effect of changes in demographic assumptions		4.44	(1.83)	0.12	–	–	–	
b.	Effect of changes in financial assumptions		(3.43)	(7.77)	0.07	–	–	–	
c.	Changes in asset ceiling (excluding interest income)		–	–	–	–	–	–	
d.	Effect of experience adjustments		(35.49)	17.99	7.00	68.63	0.84	5.24	
6	Curtailment Cost/(Credits)		–	–	–	–	–	–	
7	Settlement Cost/(Credits)		–	–	–	–	–	–	
8	Liabilities assumed in business combination		–	–	–	–	2.59	–	
9	Effects of transfer In/(Out)		(0.07)	–	–	(0.06)	–	–	
10	Benefits Paid		(100.96)	(45.07)	(14.85)	(73.72)	(39.02)	(10.93)	
11	Present Value of DBO at the end of the year		897.75	416.05	144.48	933.22	396.43	133.52	

						(₹ in Crores)		
	V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2022		As at 31st March, 2021			
			– Pension	– Gratuity	–	–	–	–
		– Pension	70.95				164.33	
		– Gratuity		58.88				60.35

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

VI	Change in Fair Value of Assets	For the year ended 31st March, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Plan Assets at the beginning of the year	822.53	376.20	—	784.83	349.57	—
2	Asset acquired in Business Combination	—	—	—	—	1.88	—
3	Interest Income	53.29	24.32	—	50.23	22.68	—
4	Remeasurement Gains/(Losses) on plan assets	7.07	5.65	—	40.28	4.33	—
5	Actual Company Contributions	100.82	40.82	—	20.97	36.76	—
6	Benefits Paid	(100.96)	(45.07)	—	(73.72)	(39.02)	—
7	Effects of transfer In/(Out)	(0.07)	—	—	(0.06)	—	—
8	Plan Assets at the end of the year	882.68	401.92	—	822.53	376.20	—

VII	Actuarial Assumptions	As at 31st March, 2022		As at 31st March, 2021	
		Discount Rate (%)		Discount Rate (%)	
1	Pension	6.75		6.25	
2	Gratuity	6.75		6.25	
3	Leave Encashment	6.75		6.25	

The estimates of future salary increases, generally between 4% to 5.5%, 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, 2022		As at 31st March, 2021	
1	Government Securities/Special Deposit with RBI	17.96%		24.25%	
2	High Quality Corporate Bonds	11.15%		11.50%	
3	Insurer Managed Funds*	62.34%		53.19%	
4	Mutual Funds	4.39%		3.51%	
5	Cash and Cash Equivalents	4.16%		5.74%	
6	Term Deposits	—		1.81%	

* 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 and 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 optimize 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, 2022 (₹ in Crores)			For the year ended 31st March, 2021 (₹ in Crores)		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of Defined Benefit Obligation	897.75	416.05	144.48	933.22	396.43	133.52
2	Fair Value of Plan Assets	882.68	401.92	—	822.53	376.20	—
3	Status [Surplus/(Deficit)]	(15.07)	(14.13)	(144.48)	(110.69)	(20.23)	(133.52)
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	7.07	5.65	—	40.28	4.33	—
5	Experience Adjustment of obligation [(Gain)/Loss]	(35.49)	17.99	7.00	68.63	0.84	5.24

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 partially offset this impact. 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, 2022	DBO as at 31st March, 2021
1	Discount Rate + 100 basis points	1375.72	1378.32
2	Discount Rate - 100 basis points	1552.14	1559.76
3	Salary Increase Rate + 1%	1543.65	1549.04
4	Salary Increase Rate – 1%	1377.35	1386.12

	Maturity Analysis of the Benefit Payments	As at 31st March, 2022	As at 31st March, 2021
1	Year 1	236.75	238.72
2	Year 2	155.17	179.18
3	Year 3	176.96	114.90
4	Year 4	180.08	122.60
5	Year 5	154.62	142.90
6	Next 5 Years	437.59	441.21

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 23: ₹ 91.12 Crores (2021 - ₹ 100.96 Crores).

(vi) Leases:

As a Lessee

The Company's significant leasing arrangements are in respect of operating leases for land, buildings, (comprising licensed properties, residential premises, office premises, stores, warehouses etc.) and plant & equipment. These arrangements generally range between 2 years and 10 years, except for certain land and building leases where the lease term ranges up to 99 years. The lease arrangements have extension/termination options exercisable by either parties which may make the assessment of lease term uncertain. While determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered.

The amount of ROU Assets and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 3G and Note 15 respectively. The total cash outflow for leases for the year is ₹ 359.73 Crores (2021 - ₹ 373.38 Crores) [including payments of ₹ 275.66 Crores (2021 - ₹ 295.00 Crores) in respect of short-term/low-value leases and variable lease payments of ₹ 2.69 Crores (2021 - ₹ 0.69 Crore)].

The sensitivity of variable lease payments and effect of extension/termination options not included in measurement of lease liabilities is not material.

The undiscounted maturities of lease liabilities over the remaining lease term is as follows:

Term	(₹ in Crores)	
	As at 31st March, 2022	As at 31st March, 2021
Not later than three years	166.77	177.64
Later than three years and not later than ten years	158.02	169.20
Later than ten years and not later than twenty five years	212.58	219.49
Later than twenty five years and not later than fifty years	210.91	216.76
Later than fifty years	198.24	203.64

As a Lessor

The Company has leased out its investment properties etc. under operating lease for periods ranging upto 30 years. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. There are no variable lease payments. The details of income from such leases are disclosed under Note 3C and Note 22. The Company does not have any risk relating to recovery of residual value of investment property at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

Term	(₹ in Crores)	
	As at 31st March, 2022	As at 31st March, 2021
1 st year	17.18	91.40
2 nd year	1.10	17.18
3 rd year	0.56	1.10
4 th year	0.58	0.56
5 th year	0.61	0.58
Beyond 5 years	26.95	27.57

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

- (vii) Under the terms of the Joint Venture Agreement (JVA), Logix Developers Private Limited (LDPL) (CIN: U70101DL2010PTC207640) 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 JVA. The JV partner refused to progress the project and instead expressed its intent to exit the JV by selling its stake to the Company and subsequently proposed that both parties should find a third party to sell the entire shareholding in LDPL. The resultant deadlock has stalled the project. The Company's petition that the affairs of the JV are being conducted in a manner that is prejudicial to the interest of the Company and the JV entity, as also a petition for winding up of LDPL filed by Logix Estates, are currently before the Hon'ble National Company Law Tribunal. The financial statements of LDPL for the year ended 31st March, 2022 are yet to be approved by its Board of Directors.
- (viii) During the year, the Scheme for Amalgamation of Hobbits International Foods Private Limited (Hobbits) and Sunrise Sheetgrah Private Limited (Sheetgrah) with the Company was sanctioned by the Hon'ble National Company Law Tribunal, Allahabad Bench, which became effective from 12th August, 2021. The fair value of assets and liabilities of Hobbits and Sheetgrah have been recorded in accordance with Ind AS 103 - 'Business Combinations'. The financial statements, therefore, reflect the effect of the Scheme from 27th July, 2020 (being the appointed date) and figures for the previous periods have been restated, wherever necessary. The consequential effect of the above is not material.
- (ix) Information in respect of Options granted under the Company's Employee Stock Option Schemes ('Schemes'):

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes (<i>Adjusted for Bonus Shares issued in terms of Shareholders' approval</i>)	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1.00 each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1.00 each
3.	Vesting Schedule	<p>The vesting period for conversion of Options is as follows:</p> <ul style="list-style-type: none"> • On completion of 12 months from the date of grant of the Options : 30% vests • On completion of 24 months from the date of grant of the Options : 30% vests • On completion of 36 months from the date of grant of the Options : 40% vests 	
4.	Pricing Formula	<p>The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</p> <p>The Options have been granted at 'market price' as defined under the aforesaid Regulations.</p>	
5.	Maximum term of Options granted	Five years - the exercise period commences from the date of vesting of the Options granted and expires at the end of five years from the date of vesting.	
6.	Source of Shares	Primary	
7.	Variation in terms of Options	None	

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
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 2021-22 is ₹ 32.51 Crores [2021 - ₹ 27.15 Crores]; for the group entities, such compensation cost is ₹ 1.00 Crore [2021 - ₹ (0.49) Crore].	
9.	Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	: In addition to the terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore, 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.	
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 : ₹ 2,333.96 Weighted average fair value per Option : ₹ 429.36	
11.	Option movements during the year	: ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
a)	Options outstanding at the beginning of the year	: 4,12,588	2,87,68,704
b)	Options granted during the year	: 55,950	11,65,650
c)	Options cancelled and lapsed during the year	: 60,146	61,32,845
d)	Options vested and exercisable during the year (net of Options lapsed and exercised)	: 31,710	5,90,511
e)	Options exercised during the year	: 28,416	14,12,754
f)	Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year	: 2,84,160	1,41,27,540
g)	Options outstanding at the end of the year (a+b-c-e)	: 3,79,976	2,23,88,755
h)	Options exercisable at the end of the year	: 2,46,416	2,06,07,350
i)	Money realised by exercise of the Options during the year (₹ in Crores)	: 5.61	286.21

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

12.	Summary of the status of Options:						
Particulars		As at 31st March, 2022		As at 31st March, 2021			
No. of Options	Weighted Average Exercise Prices (₹)	No. of Options	Weighted Average Exercise Prices (₹)				
Outstanding at the beginning of the year	: 2,91,81,292	2402.40	3,45,80,543	2364.54			
Add: Granted during the year	: 12,21,600	2333.96	7,37,900	1699.20			
Less: Lapsed during the year	: 61,92,991	2230.80	44,75,852	2236.28			
Less: Exercised during the year	: 14,41,170	2024.88	16,61,299	1749.52			
Outstanding at the end of the year	: 2,27,68,731	2469.30	2,91,81,292	2402.40			
Options exercisable at the end of the year	: 2,08,53,766	2495.72	2,78,49,356	2416.25			
13.	Weighted average share price of Shares arising upon exercise of Options	The weighted average share price of Shares, arising upon exercise of Options during the year ended 31st March, 2022 was ₹ 212.94 (2021 - ₹ 198.13). This was 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).					
14.	Summary of Options outstanding, scheme-wise:						
Particulars		As at 31st March, 2022		As at 31st March, 2021			
		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	: 3,79,976	1698.00 – 2885.50	3.61	4,12,588	1698.00 – 2885.50	3.45	
ITC Employee Stock Option Scheme - 2010	: 2,23,88,755	1698.00 – 2885.50	1.93	2,87,68,704	1698.00 – 2885.50	2.12	
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 : ₹ 2,333.96 Weighted average fair value per Option : ₹ 429.36					
	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 5.59% (ii) Expected life 4.61 years (iii) Expected volatility 24.86% (iv) Expected dividends 4.61% (v) The price of the underlying shares in market at the time of Option grant (<i>One Option = 10 Ordinary Shares</i>) ₹ 2,333.96					

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

16.	Methodology for determination of expected volatility	:	The volatility used in the Black Scholes Option Pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. The period considered for the working is commensurate with the expected life of the Options and is based on the daily volatility of the Company's stock price on NSE. The Company has incorporated the early exercise of Options by calculating expected life on past exercise behaviour. There are no market conditions attached to the grant and vest.		
17.	Options granted to	:	As provided below:-		
	(a) Directors and Senior managerial personnel		Name	Designation	No. of Options granted during the financial year 2021-22
		1	S. Puri	Chairman & Managing Director	1,34,500
		2	N. Anand	Executive Director	67,250
		3	B. Suman	Executive Director	67,250
		4	R. Tandon	Executive Director	67,250
		5	Supratim Dutta	Chief Financial Officer	17,750
		6	H. Malik	Divisional Chief Executive - Foods Business Division	17,750
		7	A. K. Rajput	Senior Vice President - Corporate Affairs	17,750
		8	S. Rangrass	Group Head - LS&T, Central Projects, EHS & Quality Assurance	17,750
		9	S. K. Singh	Group Head - Paper & Packaging	17,750
		10	S. Sivakumar	Group Head - Agri Business & IT	17,750
		11	R. K. Singhi	Executive Vice President & Company Secretary	8,800
	<i>The aforesaid Options were granted at the exercise price of ₹ 2,334.00 per Option, being the 'market price' as defined under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</i>				
	(b) Any other employee who received a grant on any one year of Options amounting to 5% or more of the Options granted during the year.	:	None		
	(c) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	:	None		

(x) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	Details
1.	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	: ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan). Under the ITC ESAR Plan, the eligible employees receive cash on vesting of SAR units, equivalent to the difference between the grant price and the market price of the share on vesting of SAR units subject to the terms and conditions specified in the Plan.
2.	Settlement Method	: Cash - Settled
3.	Vesting period and maximum term of SAR granted	: Over a period of five years from the date of grant in accordance with the Plan.

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

Sl. No.	Particulars	Details
4.	Method used to estimate the fair value of SAR granted	: Black Scholes Option Pricing model. The said model considers inputs such as Risk-free interest rate, Expected life, Expected volatility, Expected dividend, Market Price etc. The number of SAR units outstanding as at 31st March, 2022 is 39,46,719 (2021 - 52,96,190) and the weighted average fair value at measurement date is ₹ 217.98 (2021 - ₹ 162.39) per SAR unit.
5.	Total cost recognised in the profit or loss	: The cost has been calculated using the fair value method of accounting for SAR units issued under the ITC ESAR Plan. The employee benefits expense/(reversal) as per fair value method for the financial year 2021-22 is ₹ 28.68 Crores [2021 - ₹ 29.54 Crores] and ₹ 1.33 Crores [2021 - ₹ 1.31 Crores] for group entities (Refer Note 23). The amount carried in the Balance Sheet as a non – current financial liability is ₹ 47.34 Crores (2021- ₹ 33.13 Crores) and as current financial liability is ₹ 18.47 Crores (2021 - ₹ 4.08 Crores) (Refer Note 16).

(xi) Trade Payables ageing schedule:

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022					
	Not Due	Less than	1-2 years	2-3 years	More than	Total
		1 year			3 years	
MSME	32.80	—	—	—	—	32.80
Others	818.93	69.68	0.02	0.01	—	888.64
Disputed Dues – MSME	—	—	—	—	—	—
Disputed Dues – Others	—	—	—	—	0.50	0.50
SUB-TOTAL	851.73	69.68	0.02	0.01	0.50	921.94
Accrued Payables (not due)						
– MSME						68.16
– Others						3233.30
TOTAL						4223.40

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2021					
	Not Due	Less than	1-2 years	2-3 years	More than	Total
		1 year			3 years	
MSME	32.82	—	—	—	—	32.82
Others	640.37	120.23	8.18	0.32	1.89	770.99
Disputed Dues – MSME	—	—	—	—	—	—
Disputed Dues – Others	—	—	—	—	0.77	0.77
SUB-TOTAL	673.19	120.23	8.18	0.32	2.66	804.58
Accrued Payables (not due)						
– MSME						26.52
– Others						3288.21
TOTAL						4119.31

Notes to the Financial Statements

27. Additional Notes to the Financial Statements (Contd.)

(xii) Micro, Small and Medium scale business entities:

A sum of ₹ 129.99 Crores is payable to Micro and Small Enterprises as at 31st March, 2022 (2021 - ₹ 76.92 Crores). The above amount comprises ₹ 100.96 Crores (2021 - ₹ 59.34 Crores) on account of trade payables and ₹ 29.03 Crores (2021 - ₹ 17.58 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, 2022. 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.

(xiii) Financial Ratios:

Ratio	Numerator	Denominator	31st March, 2022	31st March, 2021
Current Ratio (in times)	Current assets	Current liabilities	2.70	3.13
Return on Equity Ratio (in %)	Profit for the year	Average Shareholder's Equity	25.01	21.18
Inventory turnover Ratio (in times)	Gross Revenue from sale of products and services	Average Inventories	6.07	5.50
Trade Receivables turnover ratio (in times)*	Gross Revenue from sale of products and services	Average Trade receivables	29.24	23.03
Trade Payables turnover ratio (in times)	COGS + Other Expenses - Non Cash Expenditure	Average Trade payables	8.24	7.14
Net Capital turnover ratio (in times)**	Gross Revenue from sale of products and services	Working Capital (Current assets-Current liabilities)	3.04	2.22
Net Profit ratio (in %)	Profit for the year	Gross Revenue from sale of products and services	25.48	27.06
Return on Capital employed (in %)	Profit before interest and taxes	Average Capital employed	32.10	27.24
Return on investment (in %)	Income from Investments	Time weighted average Investments	7.61	8.76

Debt-Equity Ratio and Debt Service Coverage Ratio are not relevant for the Company as it has negligible debt.

*improvement due to robust revenue growth, faster collections; impact of Covid - 19 pandemic in base year.

**improvement due to robust revenue growth and enhanced working capital efficiency.

(xiv) The financial statements were approved for issue by the Board of Directors on 18th May, 2022.

Notes to the Financial Statements

28. Segment Reporting

(₹ in Crores)

	2022			2021		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	23451.39	—	23451.39	20333.12	—	20333.12
FMCG - Others	15964.75	29.74	15994.49	14708.64	19.59	14728.23
FMCG - Total	39416.14	29.74	39445.88	35041.76	19.59	35061.35
Hotels	1279.33	5.67	1285.00	623.59	3.92	627.51
Agri Business	12126.05	4070.02	16196.07	7866.06	4716.18	12582.24
Paperboards, Paper and Packaging	6279.57	1362.05	7641.62	4619.85	998.70	5618.55
Segment Total	59101.09	5467.48	64568.57	48151.26	5738.39	53889.65
Eliminations			(5467.48)			(5738.39)
Gross Revenue from sale of products and services	59101.09					48151.26
2. Segment Results						
FMCG - Cigarettes			14869.07			12720.41
FMCG - Others			923.22			832.73
FMCG - Total			15792.29			13553.14
Hotels			(183.09)			(534.91)
Agri Business			1031.15			820.74
Paperboards, Paper and Packaging			1700.00			1098.68
Segment Total			18340.35			14937.65
Eliminations			14.01			44.76
Total			18354.36			14982.41
Unallocated corporate expenses net of unallocated income			874.28			829.53
Profit before interest etc. and taxation			17480.08			14152.88
Finance Costs			41.95			47.47
Interest earned on loans and deposits, income from current and non-current investments, profit and loss on sale of investments etc. - Net			2391.40			3058.78
Profit before tax			19829.53			17164.19
Tax expense			4771.70			4132.51
Profit for the year			15057.83			13031.68
3. Other Information						
	2022		2021			
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities		
FMCG - Cigarettes	6654.58	4684.28	6737.04	4469.56		
FMCG - Others	11444.16	2273.87	11405.18	2534.32		
FMCG - Total	18098.74	6958.15	18142.22	7003.88		
Hotels	6538.40	835.94	6525.59	769.31		
Agri Business	4699.08	1746.29	5004.19	1158.87		
Paperboards, Paper and Packaging	8486.49	1326.06	7244.53	1080.26		
Segment Total	37822.71	10866.44	36916.53	10012.32		
Unallocated Corporate Assets/Liabilities	37269.79	2826.49	34663.83	2563.42		
Total	75092.50	13692.93	71580.36	12575.74		

Notes to the Financial Statements

28. Segment Reporting (Contd.)

(₹ in Crores)

	2022		2021	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	137.25	263.19	79.95	263.74
FMCG - Others	336.27	525.75	475.07	484.13
FMCG - Total	473.52	788.94	555.02	747.87
Hotels	257.90	261.12	201.08	266.31
Agri Business	113.36	80.63	38.57	75.36
Paperboards, Paper and Packaging	896.72	410.97	775.40	359.81
Segment Total	1741.50	1541.66	1570.07	1449.35
Unallocated	126.94	110.49	71.96	112.48
Total	1868.44	1652.15	1642.03	1561.83

	Non Cash expenditure other than depreciation	Non Cash expenditure other than depreciation
FMCG - Cigarettes	6.25	21.87
FMCG - Others	6.66	60.46
FMCG - Total	12.91	82.33
Hotels	—	4.71
Agri Business	3.20	0.07
Paperboards, Paper and Packaging	27.59	38.25
Segment Total	43.70	125.36

GEOGRAPHICAL INFORMATION

	2022	2021
1. Revenue from external customers		
– Within India	49782.80	42974.37
– Outside India	9318.29	5176.89
Total	59101.09	48151.26
2. Non-current assets		
– Within India	26915.71	26752.87
– Outside India	...	0.01
Total	26915.71	26752.88

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
 - : Others
 - Hotels
 - Paperboards, Paper and Packaging
 - Agri Business
- (3) The geographical information considered for disclosure are:
 - Revenue within India.
 - Revenue 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 and stock appreciation linked reward units are granted under the ITC ESOS and ITC ESARP respectively to align the interests of employees with those of shareholders and also to attract and retain talent for the enterprise as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.
- (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.

Notes to the Financial Statements

29. Related Party Disclosures

1. ENTERPRISES WHERE CONTROL EXISTS:

Subsidiaries:

- a) Srinivasa Resorts Limited
- b) Fortune Park Hotels Limited
- c) Bay Islands Hotels Limited
- d) WelcomHotels Lanka (Private) Limited, Sri Lanka
- e) Landbase India Limited
- f) Russell Credit Limited and its subsidiary
Greenacre Holdings Limited
- g) Technico Pty Limited, Australia and its subsidiaries
Technico Technologies Inc., Canada
Technico Asia Holdings Pty Limited, Australia and its subsidiary
Technico Horticultural (Kunming) Co. Limited, China
- h) Technico Agri Sciences Limited
- i) Wimco Limited
- j) Pavan Poplar Limited
- k) Prag Agro Farm Limited
- l) ITC Infotech India Limited and its subsidiaries
ITC Infotech Limited, UK
ITC Infotech (USA), Inc. and its subsidiary
Indivate Inc., USA
- m) Gold Flake Corporation Limited
- n) ITC Investments & Holdings Limited and its subsidiary
MRR Trading & Investment Company Limited
- o) Surya Nepal Private Limited
- p) North East Nutrients Private Limited
- q) ITC IndiVision Limited

2. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS

i) Associates & Joint Ventures:

Associates

- a) Gujarat Hotels Limited
- b) International Travel House Limited
- c) Delectable Technologies Private Limited
– being associates of the Company, and
- d) Tobacco Manufacturers (India) Limited (of which the Company is an associate)
and the subsidiaries of its ultimate parent company (British American Tobacco p.l.c.)

Associates of the Company's subsidiaries

- a) ATC Limited
– being associate of Gold Flake Corporation Limited
- b) Divya Management Limited, and
- c) Antrang Finance Limited
– being associates of Russell Credit Limited

Joint Ventures

Maharaja Heritage Resorts Limited

Joint Venture of the Company's subsidiary

ITC Essentra Limited

– being joint venture of Gold Flake Corporation Limited

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

ii) a) Key Management Personnel:

S. Puri	Chairman & Managing Director
N. Anand	Executive Director
B. Suman	Executive Director
R. Tandon	Executive Director
S. Banerjee#	Non-Executive Director
H. Bhargava#	Non-Executive Director @
N. Doda	Non-Executive Director (w.e.f. 11.08.2021)
A. Duggal#	Non-Executive Director
M. Gupta	Non-Executive Director (w.e.f. 27.10.2021)
S. Mukherjee#	Non-Executive Director (w.e.f. 11.08.2021)
A. Nayak#	Non-Executive Director
S. Panray	Non-Executive Director (w.e.f. 11.08.2021)
N. Rao#	Non-Executive Director
A. K. Seth#	Non-Executive Director
M. Shankar#	Non-Executive Director
D. R. Simpson	Non-Executive Director
A. Jerath	Non-Executive Director (up to 30.04.2021)
S. B. Mathur#	Non-Executive Director (up to 14.09.2021)

@ Non-Executive Director up to 22.08.2021. Appointed as Independent Director w.e.f. 20.12.2021.

Independent Directors

Chief Financial Officer

S. Dutta

Company Secretary

R. K. Singhi

Members - Corporate Management Committee

S. Puri

N. Anand

B. Suman

R. Tandon

S. Dutta

H. Malik

A. Rajput

S. Rangrass

S. K. Singh

S. Sivakumar

b) Relatives of Key Management Personnel:

T. Anand (wife of N. Anand)

R. Tandon (wife of R. Tandon)

N. Singhi (wife of R. K. Singhi)

iii) Employee Trusts:

- a) IATC Provident Fund
- b) ITC Defined Contribution Pension Fund
- c) ITC Management Staff Gratuity Fund
- d) ITC Employees Gratuity Fund
- e) ITC Gratuity Fund 'C'
- f) ITC Pension Fund
- g) ILTD Seasonal Employees Pension Fund
- h) ITC Platinum Jubilee Pension Fund
- i) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- j) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- l) ITC Hotels Limited Employees Superannuation Scheme
- m) Sunrise Spices Limited Employees Gratuity Fund

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 31.03.2022

RELATED PARTY TRANSACTIONS SUMMARY	Enterprises where control exists						Key Management Personnel	Relatives of Key Management Personnel	Employee Trusts	Total
	Subsidiaries	2022	2021	2022	2021	2022				
1. Sale of Goods/Services	322.83	255.72	1080.07	773.43	54.19	34.04				1457.09
2. Purchase of Goods/Services	394.12	422.08	66.18	60.37	280.30	229.79				740.60
3. Acquisition cost of Property, Plant and Equipment	10.58	2.07								10.58
4. Sale of Property, Plant and Equipment	—	12.62								12.62
5. Investment in Subsidiaries/Associate	427.24	360.57	1.87	—						429.11
6. Renunciation of Rights Issue entitlement	—	6.45								6.45
7. Value of Share Based Payment										
7A. Capital Contribution for Share Based Payments	(22.06)	(9.80)								(22.06)
7B. Reimbursement for Share Based Payments	1.66	1.94	0.41	0.39	0.08	0.09				(9.80)
8. Rent Received	25.60	25.86	0.72	0.63						2.42
9. Rent Paid*	9.89	8.05	2.51	1.17			1.05	0.58	0.32	26.32
10. Remuneration of Managers on Deputation reimbursed	2.41	2.50	5.36	6.00						10.12
11. Remuneration of Managers on Deputation recovered	36.32	30.65	6.83	6.23	1.43	1.29				7.77
12. Contribution to Employees' Benefit Plans										8.50
13. Dividend Income	857.14	723.43	0.31	0.43						38.17
14. Dividend Payments							5.70	5.51		112.98
15. Interest Income	2.42	2.70								178.43
16. Expenses Recovered	10.01	10.75	21.59	4.98	0.11	0.20				857.45
17. Expenses Reimbursed	2.81	3.08	0.26	0.23						723.86
18. Advances Given during the year	0.45	—	—	0.06						3987.28
19. Adjustment/Receipt towards Refund of Advances	0.45	—	—	0.11						5489.23
20. Advances Received during the year	85.32	127.76	14966.60	598.34						2.42
21. Adjustment/Payment towards Refund of Advances	152.01	108.61	972.02	659.70						31.71
22. Deposits Given during the year							...	—		15.93
23. Deposits Refunded during the year			—	0.02						3.33
24. Remuneration to Key Management Personnel (KMP) ¹										0.45
24A. — Short term benefits										0.11
24B. — Other remuneration										0.06
24C. — Stock options granted ²										0.45
25. Outstanding Balances ³										0.11
i) Receivables	68.76	50.40	78.17	59.16	14.66	11.13				1581.92
ii) Advances Given			—	...						726.10
iii) Deposits Given	0.60	0.60								1124.03
iv) Advance Taken	147.83	214.52	692.41	167.88						768.31
v) Deposits Taken			0.04	0.04						...
vi) Payables	12.17	10.58	5.91	5.72	13.83	20.98				49.64
26. Commitments	1.51	0.07								69.33
										10.51
										8.96

* Includes rent pertaining to leases classified as Right of Use Assets.

The amounts outstanding are unsecured and will be settled in cash.

1 Post employment benefits are actuarially determined on overall basis and hence not separately provided.

2 During the year, the Company granted Stock Options to eligible employees, including Executive Directors and KMPs, under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Stock Equity) Regulations, 2021]. The Company has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units), and accordingly the said grants have not been considered as remuneration. However, in accordance with Ind AS-102, the Company has recorded ESAR Units as not tradeable, no perquisite or benefit is immediately conferred upon the employee by grant of such Stock Options/ESAR Units, and accordingly the said grants have not been considered as remuneration. The Company has recorded employee benefits expense by way of share based payments to employees at ₹ 61.20 Crores for the year ended 31st March, 2022 (2021 - ₹ 56.69 Crores), of which ₹ 23.14 Crores (2021 - ₹ 27.71 Crores) is attributable to Executive Directors and KMPs.

Notes to the Financial Statements

29. Related Party Disclosures (Contd.)

4. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES

(Generally in excess of 10% of the total transaction value of the same type)

	RELATED PARTY TRANSACTIONS SUMMARY		2021	2022	RELATED PARTY TRANSACTIONS SUMMARY	2022	2021
1. Sale of Goods/Services					12. Contribution to Employees' Benefit Plans	248.	
British American Tobacco (GLP) Limited	985.49	671.15	96.02	21.00	IITC Pension Fund	S. Banerjee	1.04
Surya Nepal Private Limited	308.47	250.30	37.07	51.66	IATC Provident Fund	A. Duggal	1.03
			20.19	17.61	ITC Management Staff Gratuity Fund	A. Nayak	1.01
			10.90	12.56	ITC Employees Gratuity Fund	M. Shankar	1.01
2. Purchase of Goods/Services					13. Dividend Income	H. Bhargava	0.91
ITC Escentia Limited	280.19	229.73	451.56	276.90	ITC Infotech India Limited	S. B. Mathur (related party up to 14.09.2021)	0.91
North East Nutrients Private Limited	167.68	192.43	346.84	362.78	Surya Nepal Private Limited		0.48
ITC Infotech India Limited	166.90	165.12			14. Dividend Payments		0.91
					Tobacco Manufacturers (India) Limited	3276.18	4512.20
					Middleton Investment Company Limited	534.94	736.76
3. Acquisition cost of Property, Plant and Equipment					15. Interest Income	British American Tobacco (GLP) Limited	59.75
ITC Infotech India Limited	9.96	2.07	1.80	2.25	North East Nutrients Private Limited	Surya Nepal Private Limited	37.90
			0.45	0.45	Wimco Limited	327.28	59.60
4. Sale of Property, Plant and Equipment					16. Expenses Recovered	International Travel House Limited	45.05
ITC IndiVision Limited	—	12.62	14.26	—	B.A.T (U.K. and Export) Limited	Russell Credit Limited ¹	—
5. Investment in Subsidiaries /Associate					ITC Infotech India Limited	Greenacre Holdings Limited ²	—
WelcomeHotels Lanka (Private) Limited	327.24	311.57	4.95	2.28	Surya Nepal Private Limited	British American Tobacco (GLP) Limited	—
ITC IndiVision Limited	100.00	49.00	3.54	4.54	Wimco Limited	Advance Taken	...
			2.73	2.60	Srinivasa Resorts Limited	Surya Nepal Private Limited	0.36
6. Renunciation of Rights Issue entitlement					ITC Infotech India Limited	Deposits Given	0.24
Russell Credit Limited	—	6.45	0.17	0.35	Wimco Limited	Deposits Taken	0.24
7. Value of share based payment					Srinivasa Resorts Limited	Deposits Taken	0.36
7A. Capital Contribution for Share Based Payments					ITC Infotech India Limited	Payables	0.24
ITC Infotech India Limited	(21.96)	(97.9)	2.11	2.13	Wimco Limited	Employee Trust - Pension Funds	147.83
7B. Reimbursement for Share Based Payments			0.46	0.35	Srinivasa Resorts Limited	Employee Trust - Gratuity Funds	692.33
ITC Infotech India Limited	0.38	0.33	0.17	0.35	ITC Infotech India Limited	ITC Essentia Limited	166.04
WelcomeHotels Lanka (Private) Limited	0.37	0.25	0.17	0.35	Advances Given during the year	North East Nutrients Private Limited	147.83
Fortune Park Hotels Limited	0.34	0.26	0.45	—	Wimco Limited	International Travel House Limited	214.52
International Travel House Limited	0.32	0.30	—	0.06	International Travel House Limited	International Travel House Limited	0.04
Surya Nepal Private Limited	0.28	0.31	0.45	—	Technico Agri Sciences Limited	Payables	0.04
Technico Agri Sciences Limited	0.17	0.53	Wimco Limited	—	R. Tandon	Employee Trust - Pension Funds	15.07
			International Travel House Limited	...		Employee Trust - Gratuity Funds	110.69
8. Rent Received			20. Advances Received during the year	...		ITC Essentia Limited	14.13
ITC Infotech India Limited	20.97	20.97	British American Tobacco (GLP) Limited	1494.26		North East Nutrients Private Limited	19.83
9. Rent Paid			Surya Nepal Private Limited	596.87		26. Commitments	13.83
Landbase India Limited	6.35	5.31	Technico Agri Sciences Limited	967.97		ITC Infotech India Limited	20.98
Gujarat Hotels Limited	2.51	1.17	British American Tobacco (GLP) Limited	659.58			6.47
Technico Agri Sciences Limited	1.46	1.34	Surya Nepal Private Limited	152.01			6.02
10. Remuneration of Managers on Deputation reimbursed			22. Deposits Given during the year	108.60			
Gujarat Hotels Limited	5.36	6.00	R. Tandon	...			
Bay Islands Hotels Limited	1.30	1.27	International Travel House Limited	...			
Fortune Park Hotels Limited	1.10	1.18	24. Remuneration to Key Management Personnel⁴	—			
			Short term benefits				
11. Remuneration of Managers on Deputation recovered			S. Puri	17.18			
ITC Infotech India Limited	9.17	7.99	N. Anand	13.12			
Srinivasa Resorts Limited	5.77	4.50	R. Tandon	8.63			
Fortune Park Hotels Limited	5.35	5.17	B. Sumanth	8.10			
Technico Agri Sciences Limited	4.56	5.07		8.10			

	RELATED PARTY TRANSACTIONS SUMMARY		2021	2022	RELATED PARTY TRANSACTIONS SUMMARY	2022	2021
	12. Contribution to Employees' Benefit Plans		248.		24B. Other Remuneration		
	IITC Pension Fund	IATC Provident Fund	96.02	21.00	S. Banerjee	1.04	0.93
	IATC Management Staff Gratuity Fund	ITC Management Staff Gratuity Fund	37.07	51.66	A. Duggal	1.03	0.91
	ITC Employees Gratuity Fund	ITC Employees Gratuity Fund	20.19	17.61	A. Nayak	1.01	0.91
	13. Dividend Income	ITC Infotech India Limited	10.90	12.56	M. Shankar	1.01	0.91
	Surya Nepal Private Limited	Surya Nepal Private Limited	451.56	276.90	H. Bhargava	0.70	0.92
	14. Dividend Payments	Surya Nepal Private Limited	346.84	362.78	S. B. Mathur (related party up to 14.09.2021)	0.48	0.91
					25. Outstanding Balances		
					(i) Receivables		
					British American Tobacco (GLP) Limited	59.75	37.90
					Surya Nepal Private Limited	59.60	45.05
					(ii) Advances Given		
					International Travel House Limited	—	—
					(iii) Deposits Given		
					Russell Credit Limited ¹	0.36	0.36
					Greenacre Holdings Limited ²	0.24	0.24
					(iv) Advance Taken		
					British American Tobacco (GLP) Limited	692.33	166.04
					Surya Nepal Private Limited	147.83	214.52
					(v) Deposits Taken		
					International Travel House Limited	0.04	0.04
					(vi) Payables		
					Employee Trust - Pension Funds	15.07	110.69
					Employee Trust - Gratuity Funds	14.13	19.83
					ITC Essentia Limited	13.83	20.98
					North East Nutrients Private Limited	6.47	6.02
					26. Commitments		
					ITC Infotech India Limited	1.51	0.07

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 ₹ 23.14 Crores (2021 - ₹ 27.71 Crores) is attributable to Executive Directors & KMPs;

S. Puri ₹ 6.41 Crores (2021 - ₹ 10.21 Crores), N. Anand ₹ 4.15 Crores (2021 - ₹ 3.57 Crores), R. Tandon ₹ 5.04 Crores (2021 - ₹ 4.62 Crores), B. Sumanth ₹ 2.15 Crores (2021 - ₹ 4.13 Crores), S. Dutta ₹ 0.53 Crore (2021 - ₹ 0.22 Crore) and R. K. Singh ₹ 0.57 Crore (2021 - ₹ 0.86 Crore).

¹ The maximum indebtedness during the year was ₹ 0.36 Crore (2021 - ₹ 0.36 Crore).

² The maximum indebtedness during the year was ₹ 0.24 Crore (2021 - ₹ 0.24 Crore).

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures

1. Capital Management

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

During the year, the Company issued 1,44,11,700 Ordinary Shares of ₹ 1.00 each amounting to ₹ 1.44 Crores (2021 - ₹ 1.66 Crores) towards its employee stock options. The securities premium stood at ₹ 9988.14 Crores as at 31st March, 2022 (2021 - ₹ 9611.64 Crores).

2. Categories of Financial Instruments

(₹ in Crores)

Particulars		Note	As at 31st March, 2022		As at 31st March, 2021	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A.	Financial assets					
a)	Measured at amortised cost					
i)	Cash and cash equivalents	11	184.97	184.97	231.28	231.28
ii)	Other Bank Balances	12	3692.97	3692.97	3770.25	3770.25
iii)	Investment in Bonds/ Debentures, Preference Shares & Government or Trust Securities	4, 9	10985.36	11232.53	9432.82	9945.03
iv)	Investment in Mutual Funds	4	278.36	277.12	—	—
v)	Loans	5	10.79	9.75	5.14	4.75
vi)	Trade receivables	10	1952.50	1952.50	2090.29	2090.29
vii)	Other financial assets	6	3829.83	3784.58	1247.64	1199.34
	Sub-total		20934.78	21134.42	16777.42	17240.94
b)	Measured at Fair value through OCI					
i)	Equity shares	4	1372.52	1372.52	827.25	827.25
ii)	Investment in Mutual Funds	4	1238.69	1238.69	—	—
	Sub-total		2611.21	2611.21	827.25	827.25
c)	Measured at Fair value through Profit or Loss					
i)	Investment in Mutual Funds	4, 9	8535.85	8535.85	12145.73	12145.73
ii)	Investment in Bonds/Debentures	9	991.97	991.97	1148.15	1148.15
iii)	Investment in Venture Capital Fund	4	87.33	87.33	35.04	35.04
iv)	Investment in Equity & Preference Shares	4	20.00	20.00	—	—
	Sub-total		9635.15	9635.15	13328.92	13328.92
d)	Derivatives measured at fair value					
i)	Derivative instruments not designated as hedging instruments	6	3.27	3.27	8.93	8.93
ii)	Derivative instruments designated as hedging instruments	6	27.27	27.27	12.88	12.88
	Sub-total		30.54	30.54	21.81	21.81
	Total financial assets		33211.68	33411.32	30955.40	31418.92

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

	Particulars	Note	As at 31st March, 2022		As at 31st March, 2021	
			Carrying Value	Fair Value	Carrying Value	Fair Value
B.	Financial liabilities					
a)	Measured at amortised cost					
i)	Sales tax deferment loans	14	5.28	3.86	5.63	3.69
ii)	Trade payables		4223.40	4223.40	4119.31	4119.31
iii)	Lease Liabilities	15	305.88	305.88	323.72	323.72
iv)	Other financial liabilities	16	1513.68	1502.05	1327.11	1306.40
	Sub-total		6048.24	6035.19	5775.77	5753.12
b)	Measured at fair value					
i)	Derivative instruments not designated as hedging instruments	16	0.45	0.45	1.54	1.54
ii)	Derivative instruments designated as hedging instruments	16	9.56	9.56	19.01	19.01
iii)	Contingent Consideration	16	76.40	76.40	139.51	139.51
	Sub-total		86.41	86.41	160.06	160.06
	Total financial liabilities		6134.65	6121.60	5935.83	5913.18

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 the applicable regulations. It also seeks to drive accountability in this regard.

Liquidity Risk

The Company's Current assets aggregate ₹ 30942.01 Crores (2021 - ₹ 31815.24 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 15502.89 Crores (2021 - ₹ 18048.24 Crores) against an aggregate Current liability of ₹ 11478.09 Crores (2021 - ₹ 10173.95 Crores). Other Non-current liabilities other than lease liabilities due between one year to three years amounted to ₹ 94.99 Crores (2021 - ₹ 162.10 Crores) and Other Non-current liabilities due after three years amounted to ₹ 6.05 Crores (2021 - ₹ 82.53 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 27(vi).

Further, while the Company's total equity stands at ₹ 61399.57 Crores (2021 - ₹ 59004.62 Crores), it has non-current borrowings of ₹ 4.54 Crores (2021 - ₹ 5.28 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 Risk

The Company is not an active investor in equity markets; it holds 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, 2022 is ₹ 1372.52 Crores (2021 - ₹ 827.25 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 safety, liquidity and returns. This ensures that investments are 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

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

and get recouped through 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 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. Accordingly, the Company's net exposure to commodity price risk is considered to be insignificant.

Foreign currency risk

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

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

(₹ in Crores)

As at 31st March, 2022	USD	Euro	GBP	JPY	Others	Total
Financial Assets	565.80	75.16	40.00	0.01	0.98	681.95
Financial Liabilities	71.69	51.34	2.16	18.26	4.00	147.45

As at 31st March, 2021	USD	Euro	GBP	JPY	Others	Total
Financial Assets	886.99	37.91	24.69	—	14.06	963.65
Financial Liabilities	76.41	36.92	1.44	40.55	7.49	162.81

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

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

(In Million)

Designated under Hedge Accounting		As at 31st March, 2022		As at 31st March, 2021	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	22.38	586.94	45.61	66.01
Euro	US Dollar	14.09	—	29.27	—
AUD	US Dollar	—	—	0.08	—
CHF	US Dollar	1.16	—	0.02	—
GBP	US Dollar	0.01	—	0.01	—
SEK	US Dollar	1.36	—	4.09	—
SGD	US Dollar	0.04	—	0.04	—
JPY	US Dollar	324.36	—	829.68	—

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, 2022		As at 31st March, 2021	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	5.00	39.54	—	177.72
Euro	US Dollar	—	9.15	—	9.42
AUD	US Dollar	0.04	—	0.03	—
CHF	US Dollar	0.34	—	0.22	—
GBP	US Dollar	—	8.59	—	3.60
SEK	US Dollar	—	—	0.40	—
SGD	US Dollar	—	—	0.32	—
KWD	US Dollar	0.19	—	0.13	0.41
JPY	US Dollar	53.90	—	58.40	—

- b. Currency options that were outstanding on respective reporting dates (Designated under Hedge Accounting):

(In Million)

Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	—	17.00	—	—

Hedges of foreign currency risk and derivative financial instruments

The Company has established risk management policies to hedge the volatility in cashflows arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward, futures 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 foreign exchange rate fluctuations. 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 which are entered to manage the volatility in cashflows as a cash flow hedge under hedge accounting. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

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

(₹ in Crores)

Particulars	2022	2021
At the beginning of the year	4.93	(24.33)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	16.71	34.47
Add: Changes in fair value of effective portion of outstanding cash flow hedges	19.27	7.02
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	30.07	6.51
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	3.03	0.86
Less: Amounts transferred to initial cost of non-financial assets	(9.68)	(4.99)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on Ineffectiveness	—	—
(Less)/Add: Deferred tax	(3.16)	(9.85)
At the end of the year	14.33	4.93
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	2.46	2.53

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, 2022	As at 31st March, 2021
Within one year	10.80	3.86
Between one and three years	3.53	1.07
Total	14.33	4.93

Foreign Currency Sensitivity

For every percentage point increase/decrease 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, 2022 would decrease/increase by ₹ 2.22 Crores (2021 - ₹ 6.16 Crores) and other equity as at 31st March, 2022 would decrease/increase by ₹ 42.87 Crores (2021 - ₹ 5.76 Crores) on a pre-tax basis.

Credit Risk

Company's deployment in debt instruments are primarily in Government securities, fixed deposits with highly rated banks and companies, bonds issued by government institutions, public sector undertakings, mutual fund schemes of leading fund houses and certificate of deposits issued by highly rated banks and financial institutions. Of this, investments that are held at amortised cost stood at ₹ 17732.33 Crores (2021 - ₹ 13561.33 Crores). With respect to the Company's investing activities, mutual fund schemes and 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 Central/State Government, Government institutions/public sector undertakings with investment grade/sovereign 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 ₹ 1952.50 Crores (2021 - ₹ 2090.29 Crores).

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

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

Particulars	Expected Loss Provision	
	As at 31st March, 2022	As at 31st March, 2021
Opening Balance	205.11	149.08
Add: Provisions made (net)	11.71	57.49
Less: Utilisation for impairment/de-recognition	2.77	1.46
Effects of foreign exchange fluctuation	—	—
Closing Balance	214.05	205.11

(₹ in Crores)

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)	As at	As at
			31st March, 2022	31st March, 2021
A. Financial assets				
a) Measured at amortised cost				
i) Investment in Bonds/Debentures, Preference Shares & Government or Trust Securities		2	11232.53	9945.03
ii) Investment in Mutual Funds		1	277.12	—
iii) Loans*		3	4.02	1.98
iv) Other Financial assets*		3	1527.15	24.15
Sub-total			13040.82	9971.16
b) Measured at Fair value through OCI				
i) Equity shares – Quoted		1	1370.15	824.88
ii) Investment in Mutual Funds		1	1238.69	—
Sub-total			2608.84	824.88
c) Measured at Fair value through Profit or Loss				
i) Investment in Mutual Funds		1	8535.85	12145.73
ii) Investment in Bonds/Debentures		2	991.97	1148.15
iii) Investment in Venture Capital Fund		2	87.33	35.04
iv) Investment in Equity & Preference Shares		3	20.00	—
Sub-total			9635.15	13328.92
d) Derivatives measured at fair value				
i) Derivative instruments not designated as hedging instruments		2	3.27	8.93
ii) Derivative instruments designated as hedging instruments		2	27.27	12.88
Sub-total			30.54	21.81
Total financial assets			25315.35	24146.77

Notes to the Financial Statements

30. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars		Fair Value Hierarchy (Level)	As at 31st March, 2022	As at 31st March, 2021
B.	Financial Liabilities			
a)	Measured at amortised cost			
i)	Sales tax deferment loans*	3	3.12	3.34
ii)	Lease liabilities*	3	259.79	272.36
iii)	Other Financial liabilities*	3	84.87	151.81
	Sub-total		347.78	427.51
b)	Measured at fair value			
i)	Derivative instruments not designated as hedging instruments	2	0.45	1.54
ii)	Derivative instruments designated as hedging instruments	2	9.56	19.01
iii)	Contingent Consideration	3	76.40	139.51
	Sub-total		86.41	160.06
	Total financial liabilities		434.19	587.57

* Represents Fair value of Non-current Financial Instruments.

Fair value hierarchy

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

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

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

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

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

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

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

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

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

On behalf of Board

S. PURI	<i>Chairman & Managing Director</i>
R. TANDON	<i>Director</i>
S. DUTTA	<i>Chief Financial Officer</i>
R. K. SINGHI	<i>Company Secretary</i>

Independent Auditor's Report

to the Members of ITC Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of ITC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such revenue recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof. • Evaluated the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls over recognition of revenue. • Evaluated the design, implementation and operating effectiveness of Company's controls in respect of revenue recognition.

Key audit matters	How our audit addressed the key audit matter
<p>evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Standalone Ind AS Financial Statements - Significant Accounting Policies and Note 21A/21B.</p>	<ul style="list-style-type: none"> ● Tested the effectiveness of such controls over revenue cut off at year-end. ● On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents. ● Performed an increased level of substantive testing in respect of sales transactions recorded during the period closer to the year end and subsequent to the year end. ● Compared revenue with historical trends and where appropriate, conducted further enquiries and testing. ● Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.
Litigations – Contingencies	
<p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 27(iv)(a) to the Standalone Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Obtained and read the Company's accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with accounting standards. ● Assessed the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management, meetings conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings were reviewed, to test the operating effectiveness of these controls. ● Involved our tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. ● Additionally, considered the effect of new information in respect of contingencies as at April 1, 2021 to evaluate whether any change was required in the management's position on these contingencies as at March 31, 2022. ● Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
<i>Impairment assessment of investment in WelcomHotels Lanka (Private) Limited ('WLPL'), a wholly owned subsidiary</i>	
<p>WLPL is developing a mixed-use project in Colombo, Sri Lanka which includes a hotel and a residential apartment complex. At March 31, 2022, the carrying value of Company's investment in WLPL is ₹ 2,169.27 Crores. The Company's investments in subsidiaries are assessed annually by management for potential indicators of impairment.</p> <p>In view of the recent deterioration in the macro-economic scenario in Sri Lanka, the Company has assessed the carrying value of investments basis evaluation of the recoverable value of the capital work in progress of the hotel (PPE) and inventory of the residential apartments being developed by WLPL. The said determination is based on assumptions, that by their nature imply the use of the management's judgment, in particular with reference to forecast of future cash flows, selling price, balance cost to complete the project, selling costs, terminal value, long-term growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p> <p>Refer Note 1 – Significant Accounting Policies and Note 2 – Use of estimates and judgements to the Standalone Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the key judgements/assumptions underlying management's assessment of potential indicators of impairment. • Obtained and read the projections/estimated selling price/future cashflows along with sensitivity analysis thereof of the underlying PPE and inventory at WLPL. • Discussed and obtained assessment of recoverable value of PPE and inventory from component auditor of WLPL. • Evaluated management's methodology, assumptions and estimates used in these calculations. • Involved valuation specialist to review the appropriateness of methodology and key assumptions considered by management to determine discounted future cash flows. • Performed sensitivity analysis around impact on future cash flows due to changes in key assumptions considered by management. • Verified the arithmetical accuracy of the future cash flow model including comparison with approved budgets. • Assessed the recoverability of investment with regard to underlying value in use of PPE and net realisable value of inventory in WLPL.

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 standalone Ind AS financial statements

Independent Auditor's Report

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

Independent Auditor's Report

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 27(iv)(a) to the standalone Ind AS 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
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"),

with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

As stated in Note B of Statement of changes in equity to the standalone Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Place of Signature: Mumbai
Date: May 18, 2022

per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 22041870AJEIXG8741

Annexure 1 referred to in paragraph 1 under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

Re: ITC Limited (the “Company”)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (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) According to the information and explanations given by the management, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have substantially been confirmed by them as at year end. No discrepancies of 10% or more in aggregate for each class of inventory (including inventories lying with third parties) were noticed.
- (b) As disclosed in note 8 to the financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 Crores in aggregate from banks during the year on the basis of security of inventories of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/ statements filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the investments made by the Company is not prejudicial to the Company’s interest. The Company has not provided guarantees or security and has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties and hence not commented upon.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public nor accepted any amounts which are deemed to be deposits during the year within the meaning of Sections 73 and 76 of the Companies Act, 2013. 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. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the

manufacture of specified products of the Company and are of the opinion that *prima facie*, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) The dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in Crores)*	Period to which the amount relates (Financial Year)	Forums where the dispute is pending
Sales Tax and Value Added Tax Laws	Sales Tax and VAT	58.08	1987-2018	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		29.27	2000-2018	Appellate Authority – Tribunal Level
		219.25	1994-2017	High Court
Customs Act, 1962	Customs Duty	0.75	2012-2016	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		7.90	2011-2022	Appellate Authority – Tribunal Level
Central Excise Act, 1944	Excise Duty	0.44	1996-2018	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		91.28	1973-2017	Appellate Authority – Tribunal Level
		4.35	2004-2012	High Court
Finance Act, 1994	Service Tax	4.82	2006-2017	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		74.69	2003-2017	Appellate Authority – Tribunal Level
		4.93	2005-2007	High Court
Entry Tax Laws	Entry Tax	0.04	2005-2014	Appellate Authority – upto commissioners'/ Revisional Authorities Level
		32.40	2010-2018	Appellate Authority – Tribunal Level
		50.06	1999-2018	High Court

Name of the statute	Nature of the dues	Amount (₹ in Crores)*	Period to which the amount relates (Financial Year)	Forums where the dispute is pending
Luxury Tax Laws	Luxury Tax	55.22	1999-2010	High Court
Mandi Laws	Mandi Fees & Cess	2.54 2.27	2010-2022 2001-2011	Mandi Board High Court
Municipal, Local Bodies and Property Tax Laws	Municipal, Local Bodies and Property Taxes & Charges	3.44 2.40 32.31	2014-2021 2004 2001-2018	Appellate Authority – upto commissioners'/ Revisional Authorities Level/ Municipal Council Appellate Authority – Tribunal Level High Court
Stamp Duty Laws	Stamp Duty	4.22 0.04	2004-2016 1987-2008	Registrar/ Appellate Authority High Court
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident Fund	0.14 1.49	2012-2016 1982-1990	Appellate Authority – Tribunal Level High Court
Employees' State Insurance Act, 1948	Employees' State Insurance	0.08 0.95	2007-2014 1995-2012	Principal Labour Court High Court

Out of the total disputed dues aggregating ₹ 683.36 Crores as above, ₹ 549.91 Crores pertain to matters which have been stayed for recovery by the relevant authorities.

*Net of amount paid under protest.

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Hence, the requirement to report on clause (ix)(e) of the Order is not applicable to the Company.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x)
 - (a) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.
 - (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)
 - (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
 - (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
 - (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) (a) to (c) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv)
 - (a) The Company has an internal audit system commensurate with the size and nature of its business.
 - (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi)
 - (a) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.
 - (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
 - (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
 - (d) The Group does not have more than one CIC as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 27 (xiii) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub-section 5 of Section 135 of the Act. This matter has been disclosed in note 27 (ii) to the financial statements.
- (b) All amounts that are unspent under sub-section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub-section (6) of Section 135 of the said Act. This matter has been disclosed in note 27 (ii) to the financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 22041870AJEIXG8741

Place of Signature: Mumbai
Date: May 18, 2022

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of ITC Limited

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

We have audited the internal financial controls with reference to standalone financial statements of ITC Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone 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 ("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 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 Company's internal financial controls with reference to these standalone financial statements 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") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these standalone financial statements 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, 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 with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements 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 controls with reference

to standalone financial statements 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.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner
Membership Number: 41870
UDIN: 22041870AJEIXG8741

Place of Signature: Mumbai
Date: May 18, 2022



Guide to Subsidiaries/Joint Ventures/Associates

Subsidiaries of ITC Limited

Russell Credit Limited

Shareholding

100% held by ITC Limited.

Nature of Business

Investment company. Its activities are primarily confined to making long term investments in strategic thrust areas for ITC, namely FMCG, Hotels & Tourism, Paper, Paperboards & Packaging, Agri Business and Information Technology.

Subsidiary

Greenacre Holdings Limited, a wholly owned subsidiary, is engaged in property infrastructure maintenance, providing engineering, procurement & construction management services and project management consultancy services.

Gold Flake Corporation Limited (GFCL)

Shareholding

100% held by ITC Limited.

Nature of Business

General trading.

Joint Venture

ITC Essentra Limited, India, is a 50% joint venture of GFCL 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)

I2A 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 principally engaged in providing business consulting services and opportunity based trading of fast moving consumer goods.

Surya Nepal Private Limited, Nepal

Shareholding

59% held by ITC Limited.

Nature of Business

Manufacture and sale of cigarettes & branded packaged food products and in the business of matches and agarbatti.

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 39 properties.

Bay Islands Hotels Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Company owns the hotel "Welcomhotel Bay Island" at Port Blair, which is licensed to ITC Limited.

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

100% held by ITC Limited.

Nature of Business

Wimco Limited is engaged in fabrication and assembly of machinery for tube filling, cartoning, wrapping, conveyor solutions and engineering services.

Technico Pty Limited, Australia (Technico)

Shareholding

100% held by ITC Limited.

Nature of Business

An agri-biotechnology company primarily engaged in commercialisation 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 and commercialisation of seed potatoes with TECHNITUBER® technology & sourcing/supply of fruits and vegetables.

North East Nutrients Private Limited

Shareholding

76% held by ITC Limited.

Nature of Business

The Company is in the business of manufacture and sale of packaged food products from its food processing facility based in Assam.

Pavan Poplar Limited & Prag Agro Farm Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The Companies are engaged in the business of agro-forestry and other related activities.

ITC IndiVision Limited

Shareholding

100% held by ITC Limited.

Nature of Business

The company is in the process of setting up a greenfield manufacturing facility for the manufacture and export of nicotine and nicotine derivative products.

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 37 operational hotel properties spread across 15 states with its WelcomHeritage brand portfolio comprising of “Legend Hotels”, “Heritage Hotels” and “Nature Resorts” which provide uniquely differentiated offerings to guests in the cultural, heritage and adventure tourism segments respectively.

Espirit Hotels Private Limited

ITC Limited holds 26% in Espirit Hotels Private Limited.

Nature of Business

The joint venture company is in the process of developing a luxury hotel complex at Begumpet, Hyderabad.

Logix Developers Private Limited

ITC Limited holds 27.90% in Logix Developers Private Limited.

Nature of Business

The joint venture company is intended for the purpose of developing a luxury hotel-cum-serviced apartment complex at Noida, Uttar Pradesh.

Major Associates of the Group

Gujarat Hotels Limited

ITC Limited holds 45.78% in Gujarat Hotels Limited.

Nature of Business

The Company owns the “Welcomhotel Vadodara” at Vadodara which is operated by ITC Limited under an Operating Licence Agreement.

International Travel House Limited

ITC Limited holds 3.60% and Russell Credit Limited, a 100% subsidiary of ITC Limited, holds 45.36%.

Nature of Business

Air ticketing, car rentals, inbound outbound tourism, domestic holidays, conferences, events & exhibition management and foreign exchange services for travellers.

Note: The full list of the Group's Associates appears on page 282.

Principles of Consolidation

The Group's interests in its subsidiaries, associates and joint ventures are reflected in the Consolidated Financial Statements (CFS) in accordance with the relevant Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013.

Subsidiaries (Ind AS 110)

Line by line consolidation of the Statement of Profit and Loss and Balance Sheet is done by aggregating like items of assets, liabilities, income and expenses.

The excess/deficit of the cost to ITC Limited of its investments in its subsidiaries over its share of net worth

(residual interest in the assets of the subsidiaries after deducting all its liabilities) of the subsidiaries at the date of investment in the subsidiaries are treated as goodwill/ capital reserve in the CFS. The goodwill is disclosed as an asset and capital reserve as a reserve in the Consolidated Balance Sheet.

Profit or loss and each component of other comprehensive income are attributed to the Group as owners and to the non-controlling interest; likewise the non-controlling interests in the net assets of the consolidated subsidiaries is identified and presented separately within Equity in the Consolidated Balance Sheet.

Inter-Company transactions within the Group (both Profit & Loss and Balance Sheet items) are eliminated for arriving at the Group CFS.

CFS is prepared applying uniform accounting policies of ITC Limited to the Group companies.

Associates and Joint Ventures (Ind AS 28)

An investment in associate and joint venture is initially recognised at cost on the date of the investment, and is inclusive of any goodwill/capital reserve embedded in the cost.

Only share of net profits/losses of associates/joint ventures is considered in Consolidated Statement of Profit and Loss. The carrying amount of the investment in associates/joint ventures is adjusted by the share of net profits/losses in the Consolidated Balance Sheet.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiaries/Associate companies/Joint Ventures

Part A : Subsidiaries

Name of the Subsidiary	ITC Infotech India Limited	ITC Infotech (USA), Inc.	ITC Infotech Limited	Indivate Inc.	Surya Nepal Private Limited	Technico Pty Limited	Technico Agri Sciences Limited	Technico Technologies Inc.	Technico Technologies Inc.	Technico Asia Holdings Pty Limited	(₹ in Crores)
1. 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	17-Aug-2007	17-Aug-2007	17-Aug-2007	17-Aug-2007	17-Aug-2007
2. Financial Year ending on	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	14-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022
3. Reporting Currency	Indian Rupee	US Dollar	British Pound	US Dollar	Nepalese Rupee	Australian Dollar	Indian Rupee	Canadian Dollar	Australian Dollar		
4. Exchange Rate on the last day of the financial year	–	75.7925	99.4550	75.7925	0.6250	56.7425	–	–	60.4900	56.7425	
5. Share Capital	85.20	137.94	6.82	0.76	126.00	110.59	37.96	6.89	20.91		
6. Reserves & Surplus (including Other Comprehensive Income)	691.80	58.75	66.40	0.21	641.14	(55.69)	64.57	(4.91)	(15.41)		
7. Total Assets	1059.21	341.24	134.18	1.58	1420.55	61.03	229.32	2.16	5.50		
8. Total Liabilities (excluding Total Equity)	282.21	144.55	60.96	0.61	653.41	6.13	126.79	0.18	–		
9. Investments (excluding Investments made in subsidiaries)	69.04	–	–	–	–	–	36.21	–	–		
10. Turnover	2316.36	1010.64	399.20	3.19	2773.29	11.31	261.03	0.73	–		
11. Profit/(Loss) before tax	689.30	25.19	8.90	0.10	902.52	5.45	50.82	(0.18)	–		
12. Provision for tax	(171.49)	(6.13)	(1.07)	–	(274.44)	(0.34)	(7.78)	–	–		
13. Profit/(Loss) after tax	517.81	19.06	7.83	0.10	628.08	5.11	43.04	(0.18)	–		
14. Proposed Dividend [@]	451.56	–	–	–	588.42	–	30.37	–	–		
% of shareholding	100.00	100.00	100.00	100.00	59.00	100.00	100.00	100.00	100.00	100.00	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.)

	Name of the Subsidiary	Technico Horticultural (Kunming) Co. Limited	Srinivasa Resorts Limited	Fortune Park Hotels Limited	Landbase India Limited	Bay Islands Hotels Limited	WelcomHotels Lanka (Private) Limited	Russell Credit Limited	Greenacre Holdings Limited	(₹ in Crores)
1.	The date since when subsidiary was acquired	17-Aug-2007	06-Feb-1995	06-Mar-1996	09-Sept-2000	08-Mar-1999	04-May-2012	26-Sept-1997	09-Nov-1994	
2.	Financial Year ending on	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022
3.	Reporting Currency	Chinese Yuan Renminbi	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Sri Lankan Rupee	Indian Rupee	Indian Rupee	
4.	Exchange Rate on the last day of the financial year	11.9490	—	—	—	—	0.2535	—	—	
4.	Share Capital	22.72	24.00	0.45	317.00	0.12	1324.37	646.48	42.06	
5.	Reserves & Surplus (including Other Comprehensive Income)	1.62	64.24	18.78	(73.54)	19.85	(1.34)	328.04	10.63	
6.	Total Assets	24.83	103.80	26.40	285.92	20.42	1368.68	982.98	55.19	
7.	Total Liabilities (excluding Total Equity)	0.49	15.56	7.17	42.46	0.45	45.65	8.46	2.50	
8.	Investments (excluding Investments made in subsidiaries)	—	38.40	4.87	6.93	3.94	—	925.15	33.61	
9.	Turnover	6.80	44.86	25.39	29.46	1.61	12.81	41.56	8.09	
10.	Profit/(Loss) before tax	2.60	(2.15)	0.46	2.85	1.53	11.77	36.86	1.95	
11.	Provision for tax	—	0.52	(0.28)	—	(0.38)	—	(3.40)	(0.16)	
12.	Profit/(Loss) after tax	2.60	(1.63)	0.18	2.85	1.15	11.77	33.46	1.79	
13.	Proposed Dividend @	—	—	—	—	0.08	—	16.16	—	
14.	% of shareholding	100.00	68.00	100.00	100.00	100.00	100.00	100.00	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.)

	Name of the Subsidiary	Wimco Limited	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	ITC Indivision Limited	(₹ in Crores)
1.	The date since when subsidiary was acquired	01-Jul-2005	29-Jan-1982	17-May-2012	23-Dec-1998	06-Feb-2014	01-Jul-2005	01-Jul-2005	29-Jul-2020	
2.	Financial Year ending on	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	
	Reporting Currency	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	Indian Rupee	
3.	Exchange Rate on the last day of the financial year	–	–	–	–	–	–	–	–	
4.	Share Capital	18.51	16.00	4.50	0.05	73.00	1.28	5.51	120.00	
5.	Reserves & Surplus (including Other Comprehensive Income)	(21.84)	14.19	0.98	(0.03)	25.08	(0.30)	(5.18)	(2.55)	
6.	Total Assets	6.24	31.84	5.48	0.07	125.84	1.03	0.36	182.24	
7.	Total Liabilities (excluding Total Equity)	9.57	1.65	...	0.05	27.76	0.05	0.03	64.79	
8.	Investments (excluding Investments made in subsidiaries)	2.00	8.19	–	–	21.02	–	–	9.05	
9.	Turnover	11.81	17.29	0.05	0.07	164.59	0.09	0.05	0.43	
10.	Profit/(Loss) before tax	(0.42)	16.16	0.01	...	15.13	(0.04)	(0.04)	(1.29)	
11.	Provision for tax	–	(0.08)	(0.70)	(0.01)	–	...	
12.	Profit/(Loss) after tax	(0.42)	16.08	0.01	...	14.43	(0.05)	(0.04)	(1.29)	
13.	Proposed Dividend @	–	16.00	–	–	1.80	–	–	–	
14.	% of shareholding	100.00	100.00	100.00	100.00	76.00	100.00	100.00	100.00	

@ includes dividend paid during the year

Notes:

- i) WelcomHotels Lanka (Private) Limited and ITC Indivision Limited are yet to commence commercial operations.
- ii) During the year, pursuant to the Order of the Hon'ble National Company Law Tribunal, Allahabad Bench, Hobbitis International Foods Private Limited (Hobbitis) and Sunrise Sheetgrah Private Limited (Sheetgrah), wholly owned subsidiaries, were dissolved without winding up with effect from 12th August, 2021 [Refer Note 28(vii) to the Consolidated Financial Statements].
- iii) No other subsidiary was liquidated or sold during the year.
- iv) Turnover includes Other Income and Other Operating Revenue. Profit/(Loss) figures do not include Other Comprehensive Income.

Part B : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate companies and Joint Ventures

Name of Associates/Joint Ventures	Esprit Hotels Private Limited [#]	Logix Developers Private Limited	ITC Essentia Limited	Maharaja Heritage Resorts Limited	International Travel House Limited	Russell Investments Limited	Gujarat Hotels Limited	Diya Management Limited	ATC Limited	Antrang Finance Limited	Defectable Technologies Private Limited
1. Latest audited Balance Sheet Date	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022	31-Mar-2022
2. Date on which the Associate or Joint Venture was associated or acquired	24-Sept-2010	27-Sept-2011	30-Jun-1994	02-Jul-1997	21-Mar-1982	14-May-1988	12-Sept-1986	23-Nov-2007	18-Jan-1995	21-Jan-2008	17-Sep-2020
3. Shares of Associate/Joint Venture held by the Company on the year end											
Number	4,65,09,200	77,66,913	22,50,000	1,80,000	39,14,233	42,75,435	17,33,907	41,82,915	1,94,775*	43,24,634	5,892 ^
Amount of Investment in Associate / Joint Venture (₹ in Crores)	46.17	—	94.57	...	59.20	26.56	17.95	7.57	7.12	4.94	5.16 ^
Extent of Holding %	26.00	27.90	50.00	50.00	48.96	25.43	45.78	33.33	47.50	33.33	27.34 @
4. Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Associate	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	Consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	46.17	-\$	94.16	-\$	46.62	27.18	16.79	6.49	6.92	4.85	0.69
7. Profit/(Loss) for the year (₹ in Crores)	...	(47.58)	41.08	0.28	(10.70)	3.69	2.72	0.28	0.35	0.05	(1.30)
i. Considered in Consolidation (₹ in Crores)	...	-\$	20.54	-\$	(5.24)	0.94	1.24	0.09	0.17	0.02	(0.28)
ii. Not considered in Consolidation (₹ in Crores)	...	(47.58)	20.54	0.28	(5.46)	2.75	1.48	0.19	0.18	0.03	(1.02)

* Comprises 55,650 shares fully paid up and 1,39,125 shares partly paid up [Refer Note 4 to the Consolidated Financial Statements].

^ Comprises 100 equity shares fully paid up (investment ₹ 0.10 Crore) and 5,792 Compulsorily Convertible Cumulative Preference Shares fully paid up (investment ₹ 5.06 Crores) [Refer Note 4 to the Consolidated Financial Statements].

@ on a fully diluted basis.

Financial Statements are as certified by the management of Logix Developers Private Limited [Refer Note 28 (ii) (d) to the Consolidated Financial Statements].

\$ Net worth attributable to Shareholding and Share of profit/ (loss) has not been considered in accordance with Ind AS 28 - Investments in Associates and Joint Ventures.

Notes:

- i) Esprit Hotels Private Limited and Logix Developers Private Limited are yet to commence commercial operations.
- ii) No Associate or Joint Venture was liquidated or sold during the year.

On behalf of the Board

R. K. SINGHI
R. TANDON
Company Secretary Chief Financial Officer
Chairman & Managing Director
Kolkata, May 18, 2022

S. DUTTA
S. PURI
Chief Financial Officer Director
Chairman & Managing Director



Consolidated Financial Statements

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Consolidated Balance Sheet as at 31st March, 2022

	Note	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)					
ASSETS									
Non-current assets									
(a) Property, Plant and Equipment	3A	20207.43		19153.94					
(b) Capital work-in-progress	3B	3198.45		4004.45					
(c) Investment Property	3C	364.20		376.56					
(d) Goodwill	3D	779.73		779.73					
(e) Other Intangible assets	3E	2013.10		2011.06					
(f) Intangible assets under development	3F	27.09		6.84					
(g) Right of Use Assets	3G	867.13		977.19					
(h) Investment accounted for using the equity method	4	269.24		262.55					
		27726.37		27572.32					
(i) Financial Assets									
(i) Investments	4	12307.49		9761.99					
(ii) Loans	5	6.61		4.07					
(iii) Others	6	1589.58	13903.68	101.87	9867.93				
(j) Deferred tax assets (Net)	7	63.53		58.54					
(k) Income Tax Assets (Net)	21A	42.30		33.04					
(l) Other non-current assets	8	1291.22	43027.10	1295.48	38827.31				
Current assets									
(a) Inventories	9	10864.15		10397.16					
(b) Biological assets other than bearer plants	10	109.44		110.06					
(c) Financial Assets									
(i) Investments	11	12264.28		14846.33					
(ii) Trade receivables	12	2461.90		2501.70					
(iii) Cash and cash equivalents	13	271.37		290.42					
(iv) Other Bank Balances	14	4383.05		4368.60					
(v) Loans	5	6.77		3.47					
(vi) Others	6	2565.41	21952.78	1379.02	23389.54				
(d) Other current assets	8	1306.08	34232.45	1095.23	34991.99				
TOTAL ASSETS		77259.55			73819.30				
EQUITY AND LIABILITIES									
Equity									
(a) Equity Share capital	15	1232.33		1230.88					
(b) Other Equity		61223.24		59116.46					
Attributable to owners of the parent		62455.57		60347.34					
Non-controlling interests		366.30	62821.87	346.81	60694.15				
Liabilities									
Non-current liabilities									
(a) Financial Liabilities									
(i) Borrowings	16	4.85		5.58					
(ii) Lease liabilities	17A	193.67		206.96					
(iii) Other financial liabilities	17B	144.50	343.02	283.50	496.04				
(b) Provisions	18		221.05		187.50				
(c) Deferred tax liabilities (Net)	7		1673.47		1736.39				
(d) Other non-current liabilities	19		36.43	2273.97	15.54				
Current liabilities									
(a) Financial Liabilities									
(i) Borrowings	20		0.74		4.23				
(ii) Trade payables									
Total outstanding dues of micro enterprises and small enterprises		101.42		61.15					
Total outstanding dues of creditors other than micro enterprises and small enterprises		4315.84	4417.26	4257.58	4318.73				
(iii) Lease liabilities	17A		50.18		54.06				
(iv) Other financial liabilities	17B		1812.85		1491.50				
(b) Other current liabilities	19		5116.03		4294.40				
(c) Provisions	18		79.56		194.01				
(d) Current Tax Liabilities (Net)	21B		687.09	12163.71	332.75				
TOTAL EQUITY AND LIABILITIES		77259.55			73819.30				

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

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI

Chairman & Managing Director

R. TANDON

Director

S. DUTTA

Chief Financial Officer

R. K. SINGHI

Company Secretary

Kolkata, May 18, 2022

Consolidated Statement of Profit and Loss for the year ended 31st March, 2022

	Note	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
I Revenue From Operations	22A, 22B	65204.96	53155.12
II Other Income	23	1836.35	2632.56
III Total Income (I+II)		67041.31	55787.68
IV EXPENSES			
Cost of materials consumed		16399.94	13939.84
Purchases of Stock-in-Trade		10671.13	6836.87
Changes in inventories of finished goods, Stock-in-Trade, work-in-progress and intermediates		(686.00)	(645.27)
Excise duty		4536.87	3882.34
Employee benefits expense	24	4890.55	4463.33
Finance costs	25	39.36	44.58
Depreciation and amortization expense		1732.41	1645.59
Other expenses	26	8734.06	7675.31
Total expenses (IV)		46318.32	37842.59
V Share of profit/(loss) of Associates and Joint Ventures		17.48	(6.92)
VI Profit before exceptional items and tax (III-IV+V)		20740.47	17938.17
VII Exceptional Items		—	—
VIII Profit before tax (VI+VII)		20740.47	17938.17
IX Tax expense:			
Current Tax	27	5306.58	4463.74
Deferred Tax	27	(69.24)	91.55
X Profit for the year (VIII-IX)		15503.13	13382.88
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss:			
– Remeasurements of the defined benefit plans	28(vi)	32.06	(22.44)
– Equity instruments through other comprehensive income		632.57	288.90
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		(11.90)	(6.64)
– Share of OCI in Associates and Joint Ventures		3.40	1.69
(ii) Income tax relating to items that will not be reclassified to profit or loss	27	(5.12)	(1.38)
B (i) Items that will be reclassified to profit or loss:			
– Exchange differences in translating the financial statements of foreign operations		(584.18)	(83.72)
– Debt instruments through other comprehensive income		3.71	—
– Effective portion of gains/(losses) on designated portion of hedging instruments in a cash flow hedge		14.78	40.76
(ii) Income tax relating to items that will be reclassified to profit or loss	27	(4.65)	(10.26)
XI Other Comprehensive Income [A (i+ii)+B (i+ii)]		80.67	206.91
XII Total Comprehensive Income for the year (X+XI)		15583.80	13589.79
Profit for the year			
Attributable to:			
Owners of the parent		15242.66	13161.19
Non-controlling interests		260.47	221.69
Total Comprehensive Income for the year			
Attributable to:			
Owners of the parent		15323.11	13368.35
Non-controlling interests		260.69	221.44
XIII Earnings per equity share (Face Value ₹ 1.00 each):	28(i)		
(1) Basic (in ₹)		12.37	10.70
(2) Diluted (in ₹)		12.37	10.70

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

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI	Chairman & Managing Director
R. TANDON	Director
S. DUTTA	Chief Financial Officer
R. K. SINGHI	Company Secretary
Kolkata, May 18, 2022	

Consolidated Statement of changes in equity for the year ended 31st March, 2022

A. Equity Share Capital

	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, 2022	1230.88	1.44	1232.33
For the year ended 31st March, 2021	1229.22	1.66	1230.88

B. Other Equity

	Reserves and Surplus							Items of other comprehensive income				Attributable to owners of the parent		Non-controlling interests	(₹ in Crores)	
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under Section 45-C of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Share Options Outstanding Account	Subsidy Reserve	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Exchange differences on translating the financial statements of foreign operations	Total
Balance as at 1st April, 2021	5.46	958.281	72.67	153.49	94.26	0.23	1706.52	0.22	363.05	1767.57	29229.31	-	256.06	4.93	(25.12)	59116.46
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15242.66
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15242.66
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15583.80
Issue of equity shares under ITC Employee Stock Option Schemes	-	290.38	-	-	-	-	-	-	-	-	-	-	-	-	-	290.38
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	290.38
- Final Dividend (2020-21 - ₹ 5.75 per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7077.59)
- Interim Dividend (2021-22 - ₹ 5.25 per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6469.48)
Transfer from Employee Housing Reserve	-	-	-	-	(12.60)	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	6.69	-	-	-	-	-	(6.69)	-	-	-	-	-
Recognition of share based payment	-	-	-	-	-	33.51	-	-	-	-	-	-	-	-	-	33.51
Transfer from Share Option Outstanding account on exercise and lapse	-	86.12	-	-	-	(423.70)	-	-	-	-	337.58	-	-	-	-	-
Effect of capital reduction of subsidiary	-	-	-	-	-	...	-	-	-	-	(0.39)	-	-	-	-	(0.39)
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.34)
Balance as at 31st March, 2022	5.46	9955.31	72.67	160.18	81.66	0.23	1316.33	0.22	363.05	1767.57	31292.03	2.78	891.72	14.33	(609.30)	61223.24
Balance as at 1st April, 2020	5.46	9182.66	72.67	143.60	94.26	0.23	2022.18	0.22	363.05	1767.57	34480.95	-	(28.08)	(24.33)	58.80	64044.04
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13161.19
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13382.88
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	206.91
											- 13137.58	-	- 288.96	25.53	(83.72)	207.16
																(0.25)
																221.44
																13589.79

Consolidated Statement of changes in equity for the year ended 31st March, 2022

B. Other Equity (Contd.)

	Reserves and Surplus										Items of other comprehensive income			Attributable to owners of the parent	Non-controlling interests	Total		
	Capital Reserve	Securities Premium	Capital Reserve on Consolidation	Special Reserve under Section 45-C of the RBI Act, 1934	Employees Housing Reserve under Nepal labour laws	Share Options Outstanding Account	Capital Redemption Reserve	Contingency Reserve	General Reserve	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges					
Issue of equity shares under ITC Employee Stock Option Schemes	-	288.99	-	-	-	-	-	-	-	-	-	-	-	288.99	-	288.99		
Dividend	-	-	-	-	-	-	-	-	-	-	(12476.61)	-	-	(12476.61)	(252.10)	(12728.71)		
- Final Dividend (2019-20 - ₹ 10.15 per share)	-	-	-	-	-	-	-	-	-	-	(6152.88)	-	-	(6152.88)	-	(6152.88)		
- Interim Dividend (2020-21 - ₹ 5.00 per share)	-	-	-	-	-	-	-	-	-	-	13.98	-	-	13.98	-	13.98		
Dividend distribution tax refund received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfer from retained earnings	-	-	-	9.89	-	-	-	-	-	-	(9.89)	-	-	-	-	-		
Recognition of share based payment	-	-	-	-	-	-	26.66	-	-	-	-	-	-	-	26.66	-		
Transfer from Share Option Outstanding account on exercise and apse	-	111.16	-	-	-	-	(342.32)	-	-	231.16	-	-	-	-	-	-		
Transferred to initial carrying amount of hedged items (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	3.73	-	3.73		
Transfer from Equity Instruments through Other Comprehensive Income reserve on refundation of rights entitlements (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31st March, 2021	5.46	9582.81	72.67	153.49	94.26	0.23	1706.52	0.22	363.05	17672.57	29229.31	-	256.06	4.93	(25.12)	59116.46	346.81	59463.27

The Board of Directors of the Company has recommended Final Dividend of ₹ 6.25 per Ordinary Share for the financial year ended 31st March, 2022 (for the year ended 31st March, 2021- ₹ 5.75 per Ordinary Share) to be paid on fully paid Equity Shares amounting to ₹ 7702.03 Crores. The Final Dividend is subject to the approval of shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Including the Interim Dividend of ₹ 5.25 per Ordinary Share (for the year ended 31st March, 2021 - ₹ 5.00 per Ordinary Share) declared by the Board of Directors, the total Equity Dividend for the year ended 31st March, 2022 is ₹ 11.50 per Ordinary Share (total Equity Dividend for the year ended 31st March, 2021- ₹ 10.75 per Ordinary Share).

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.

Debt Instruments through Other Comprehensive Income: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

Equity Instruments through Other Comprehensive Income: This Reserve represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed of.

Effective portion of Cash Flow Hedges: This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the 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 S R B C & CO LLP
Chartered Accountants

Firm Registration Number: 324982E/E3000003
Sudhir Soni
Partner
Mumbai, May 18, 2022



On behalf of the Board

S. PURI Chairman & Managing Director
R. TANDON Director
S. DUTTA Chief Financial Officer
R. K. SINGH Company Secretary
Kolkata, May 18, 2022

Consolidated Cash Flow Statement for the year ended 31st March, 2022

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
A. Cash Flow from Operating Activities		
PROFIT BEFORE TAX	20740.47	17938.17
ADJUSTMENTS FOR:		
Depreciation and amortization expense	1732.41	1645.59
Share based payments to employees	33.17	26.27
Finance costs	39.36	44.58
Interest Income	(1082.63)	(1297.91)
Dividend Income	(0.01)	(0.07)
(Gain)/Loss on sale of property, plant and equipment, lease termination - Net	(56.22)	54.61
Doubtful and bad debts	14.98	29.93
Doubtful and bad advances, loans and deposits	0.93	33.42
Share of (profit)/loss of associates and joint ventures	(17.48)	6.92
Net (gain)/loss arising on financial instruments mandatorily measured at fair value through profit or loss	(538.99)	(1144.02)
Foreign currency translations and transactions - Net	(8.98)	(6.42)
Impairment of investment in joint venture	— 116.54	(4.67) (611.77)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	20857.01	17326.40
ADJUSTMENTS FOR:		
Trade receivables, advances and other assets	(732.29)	(65.58)
Inventories and biological assets other than bearer plants	(466.37)	(1459.78)
Trade payables, other liabilities and provisions	1099.11 (99.55)	1112.46 (412.90)
CASH GENERATED FROM OPERATIONS	20757.46	16913.50
Income tax paid	(4981.95)	(4386.53)
NET CASH FROM OPERATING ACTIVITIES	15775.51	12526.97
B. Cash Flow from Investing Activities		
Purchase of property, plant and equipment, Intangibles, ROU asset, etc.	(2141.64)	(1836.64)
Sale of property, plant and equipment	133.10	2.53
Purchase of current investments	(64874.32)	(55913.52)
Sale/redemption of current investments	68260.67	61084.47
Investment in associate	(1.87)	(1.87)
Purchase of non-current investments	(4902.02)	(1639.74)
Redemption proceeds of non-current investments	2731.24	1712.05
Payment towards business combination/contingent purchase consideration	(71.25)	(2189.22)
Dividend from associate and joint venture	16.06	7.18
Dividend from others	0.01	0.07
Interest received	1034.55	1274.92
Investment in bank deposits (original maturity more than 3 months)	(4531.12)	(4691.92)
Redemption/maturity of bank deposits (original maturity more than 3 months)	4546.49	6977.33
Investment in deposit with housing finance company	(3011.37)	(78.38)
Redemption/maturity of deposit with housing finance companies	578.82	971.43
Loans given	(13.16)	(2.44)
Loans realised	7.32	6.66
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(2238.49)	5682.91

Consolidated Cash Flow Statement for the year ended 31st March, 2022

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	291.82	290.65
Repayment of non-current borrowings	(0.35)	(2.28)
Payment towards reduction of capital by a subsidiary	(0.34)	–
Payment of lease liabilities	(59.02)	(54.73)
Interest paid	(39.55)	(41.23)
Net increase in statutory restricted accounts balances	15.26	41.17
Dividend paid	(13788.32)	(18881.39)
Dividend distribution tax refund received	–	13.98
NET CASH USED IN FINANCING ACTIVITIES	(13580.50)	(18633.83)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(43.48)	(423.95)
OPENING CASH AND CASH EQUIVALENTS	310.16	677.04
CASH AND CASH EQUIVALENTS ACQUIRED ON BUSINESS COMBINATION [See Note 3 below]	–	57.07
CLOSING CASH AND CASH EQUIVALENTS	266.68	310.16

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	266.68	310.16
Unrealised gain/(loss) on foreign currency cash and cash equivalents	4.69	(23.62)
Cash credit facilities (Note 20)	–	3.88
Cash and cash equivalents (Note 13)	<u>271.37</u>	<u>290.42</u>
3. Cash and Cash Equivalents include ₹ Nil (2021 - ₹ 57.07 Crores) on acquisition of erstwhile Sunrise Foods Private Limited and its two wholly owned subsidiaries.
4. Net Cash Flow from Operating Activities includes an amount of ₹ 349.30 Crores (2021- ₹ 372.52 Crores) spent towards Corporate Social Responsibility.

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

In terms of our report attached

For S R B C & CO LLP

Chartered Accountants

Firm Registration Number: 324982E/E300003

Sudhir Soni

Partner

Mumbai, May 18, 2022

On behalf of the Board

S. PURI *Chairman & Managing Director*

R. TANDON *Director*

S. DUTTA *Chief Financial Officer*

R. K. SINGHI *Company Secretary*

Kolkata, May 18, 2022

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 116 – 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 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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Balance Sheet. The proportionate share of the Group in the net profits/losses as also in the other comprehensive income is recognised in the Statement of Profit and Loss and the carrying value of the investment is adjusted by a like amount (referred as 'equity method').

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

Operating Cycle

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

Property, Plant and Equipment – Tangible Assets

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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

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

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

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

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

Goodwill on Consolidation

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

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

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

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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.

Investment Property

Properties that are held for long-term rental yields and/or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Depreciation is recognised using the straight line method so as to amortize the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act, 2013. Freehold land and properties under construction are not depreciated.

Transfers to, or from, investment properties are made at the carrying amount when and only when there is a change in use.

An item of investment property 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 investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

Income received from investment property is recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

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 their present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value is the estimated selling price less estimated costs for completion and sale.

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

Foreign Currency Transactions

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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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 are 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 are recognised in the Statement of Profit and Loss.

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gains/losses recognised in other comprehensive income and accumulated in equity at that time remain 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 are recognised 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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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

Financial Assets

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

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

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular

investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

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

Reclassification: When and only when the business model is changed, the Group shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income or 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.

Derecognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (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 are 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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

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 or 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 and services is recognised when the Group performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

Government Grant

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

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

(a) related to or used for assets, are deducted from the carrying amount of the asset.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

Dividend Distribution

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

Employee Benefits

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

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

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Employee Share Based Compensation

Stock Options

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

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

While the fair values of Stock Options granted is recognised in the Statement of Profit and Loss for employees of the Group (other than those out on deputation), the value of Stock Options, net of reimbursements, granted to employees on deputation is considered as capital contribution/investment.

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

Cash Settled Stock Appreciation Linked Reward (SAR) Plan

Cash Settled SAR units are granted to eligible employees under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan ("ITC ESARP"). The eligible employees for this purpose are such present and future permanent employees of the Company, including a Director of the Company, as may be decided by the CMC/Nomination & Compensation Committee/Board.

For cash settled SAR units granted to eligible employees, a liability is initially measured at fair value at the grant date and is subsequently remeasured at each reporting period, until settled. The fair value of ESAR units granted is recognised in the Statement of Profit and Loss for employees of the Group. In case of employees on deputation to group companies, the Company generally seeks reimbursements from the concerned group company. The value of such payments, net of reimbursements, is considered as capital contribution/investment.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Group recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

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 or investment property 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.

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies (Contd.)

Taxes on Income

Taxes on income comprise 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, insofar as it relates to items disclosed under other comprehensive income or equity, is 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 businesses 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.

Financial and Management Information Systems

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

Notes to the Consolidated Financial Statements

2. Use of estimates and judgements

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

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

A. Judgements in applying accounting policies

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

1. Control:

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

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

2. Significant influence:

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

notes to the financial statements are the only entities over which the Group has significant influence, and accordingly associates.

3. Joint Control:

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

Notes to the Consolidated Financial Statements

2. Use of estimates and judgements (Contd.)

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, investment property and intangible assets:

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

2. Fair value measurements and valuation processes:

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

3. Actuarial Valuation:

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends 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.

5. COVID-19:

The Group has considered the possible effects that may arise out of COVID-19 pandemic on the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Group has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Group does not expect any significant impact on such carrying values. The impact of COVID-19 pandemic on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Gross Block										As at 31st March, 2022
	As at 31st March, 2020	Additions	Acquired through business combinations	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	As at 31st March, 2021	Additions	Withdrawals and adjustments	Foreign Currency Translation Reserve adjustments		
3A. Property, Plant and Equipment*											
Land ¹	2024.32	46.21	19.53	3.88	0.02	2086.20	56.23	35.28	0.01	2107.16	
Buildings	7922.46	170.36	30.77	9.16	0.01	8114.44	764.41	57.29	0.01	8821.57	
Leasehold Improvements	23.40	0.28	—	2.04	0.10	21.74	1.40	0.02	(0.01)	23.11	
Plant and Equipment	14576.24	780.62	28.38	127.06	(0.08)	15258.10	1820.43	215.46	(0.04)	16863.03	
Furniture and Fixtures	810.37	23.77	1.36	2.59	—	832.91	79.87	5.42	(0.02)	907.34	
Vehicles	183.56	15.29	0.71	19.00	(0.15)	180.41	20.45	20.91	(0.57)	179.38	
Office Equipment	39.70	2.68	0.87	2.58	0.04	40.71	4.05	1.06	—	43.70	
Railway Sidings	1.73	—	—	—	—	1.73	—	—	—	1.73	
TOTAL	25581.78	1039.21	81.62	166.31	(0.06)	26536.24	2746.84	335.44	(0.62)	28947.02	
3B. Capital work-in-progress	3251.61	1804.51	1.06	1004.18	(48.55)	4004.45	2128.20	2692.74	(241.46)	3198.45	
3C. Investment Property⁵	406.71	3.40	—	—	—	410.11	—	—	—	410.11	
3D. Goodwill²											
Goodwill on Consolidation	202.53	—	—	—	—	202.53	—	—	—	202.53	
Goodwill acquired through business combinations	—	—	577.20	—	—	577.20	—	—	—	577.20	
TOTAL	202.53	—	577.20	—	—	779.73	—	—	—	779.73	
3E. Other Intangible assets (acquired)²											
Trademarks	447.48	0.05	1473.05	—	0.03	1920.61	—	—	—	1920.61	
Computer Software	256.72	13.81	0.35	0.38	0.01	270.51	37.62	34.48	(0.01)	273.64	
Know How, Business and Commercial Rights	33.82	—	—	—	—	33.82	9.53	—	—	43.35	
Customer Relationships	—	—	35.21	—	—	35.21	—	—	—	35.21	
TOTAL	738.02	13.86	1508.61	0.38	0.04	2260.15	47.15	34.48	(0.01)	2272.81	
3F. Other Intangible assets under development	4.85	10.26	—	8.27	—	6.84	64.83	44.58	—	27.09	
3G. Right of Use Assets⁴											
Land	772.24	54.96	4.27	—	(28.42)	803.05	16.89	—	(97.96)	721.98	
Buildings	215.05	53.35	5.72	23.76	0.16	250.52	46.29	41.77	0.03	255.07	
Plant and Equipment	48.63	—	—	—	—	48.63	—	—	—	48.63	
TOTAL	1035.92	108.31	9.99	23.76	(28.26)	1102.20	63.18	41.77	(97.93)	1025.68	

[^] Also refer Note 28(viii)

(₹ in Crores)

Particulars	As at 31st March, 2021			Depreciation Charge for the year 2020-21	As at 31st March, 2022			Depreciation Charge for the year 2021-22
	Gross Block	Accumulated Depreciation	Net Block		Gross Block	Accumulated Depreciation	Net Block	
Buildings	1.03	0.09	0.94	0.06	1.12	0.20	0.92	0.11
Plant and Equipment	211.35	122.21	89.14	20.09	224.35	142.33	82.02	20.12
TOTAL	212.38	122.30	90.08	20.15	225.47	142.53	82.94	20.23

Notes to the Consolidated Financial Statements

(₹ in Crores)

Particulars	Depreciation and Amortization									Net Book Value	
	Upto 31st March, 2020	For the year	On withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2021	For the year	On withdrawals and adjustments	Foreign Currency Translation Reserve adjustments	Upto 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
3A. Property, Plant and Equipment*											
Land ¹	—	—	—	—	—	—	—	—	—	2107.16	2086.20
Buildings	783.92	216.39	0.19	—	1000.12	229.48	15.20	0.01	1214.41	7607.16	7114.32
Leasehold Improvements	13.41	1.73	1.92	0.01	13.23	2.44	0.02	(0.01)	15.64	7.47	8.51
Plant and Equipment	4728.88	1197.46	76.17	(0.06)	5850.11	1271.48	213.25	(0.01)	6908.33	9954.70	9407.99
Furniture and Fixtures	330.84	84.30	2.54	(0.02)	412.58	75.07	4.10	0.02	483.57	423.77	420.33
Vehicles	67.51	21.86	11.05	(0.03)	78.29	20.93	13.09	(0.22)	85.91	93.47	102.12
Office Equipment	23.65	5.55	2.03	0.02	27.19	4.65	1.03	0.01	30.82	12.88	13.52
Railway Sidings	0.65	0.13	—	—	0.78	0.13	—	—	0.91	0.82	0.95
TOTAL	5948.86	1527.42	93.90	(0.08)	7382.30	1604.18	246.69	(0.20)	8739.59	20207.43	19153.94
3B. Capital work-in-progress	—	—	—	—	—	—	—	—	—	3198.45	4004.45
3C. Investment Property⁵	21.35	12.20	—	—	33.55	12.36	—	—	45.91	364.20	376.56
3D. Goodwill²											
Goodwill on Consolidation	—	—	—	—	—	—	—	—	—	202.53	202.53
Goodwill acquired through business combinations	—	—	—	—	—	—	—	—	—	577.20	577.20
TOTAL	—	—	—	—	—	—	—	—	—	779.73	779.73
3E. Other Intangible assets (acquired)²											
Trademarks	14.25	3.16	—	0.02	17.43	3.16	—	—	20.59	1900.02	1903.18
Computer Software	183.17	27.14	0.37	—	209.94	33.99	34.44	(0.01)	209.48	64.16	60.57
Know How, Business and Commercial Rights	15.23	3.50	—	—	18.73	3.52	—	—	22.25	21.10	15.09
Customer Relationships	—	2.99	—	—	2.99	4.40	—	—	7.39	27.82	32.22
TOTAL	212.65	36.79	0.37	0.02	249.09	45.07	34.44	(0.01)	259.71	2013.10	2011.06
3F. Other Intangible assets under development	—	—	—	—	—	—	—	—	—	27.09	6.84
3G. Right of Use Assets⁴											
Land	9.99	10.24	0.15	(0.46)	19.62	13.08	0.27	(2.67)	29.76	692.22	783.43
Buildings	53.24	57.36	16.31	0.05	94.34	55.55	37.67	0.01	112.23	142.84	156.18
Plant and Equipment	5.53	5.52	—	—	11.05	5.51	—	—	16.56	32.07	37.58
TOTAL	68.76	73.12	16.46	(0.41)	125.01	74.14	37.94	(2.66)	158.55	867.13	977.19

Notes:

1. Land includes certain lands at Munger with Gross Block - ₹ 1.16 Crores (2021 - ₹ 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. a) Goodwill arising on Business Combination is carried at cost and periodically tested for impairment in line with applicable Accounting Standards. The Company has also considered certain acquired Trademarks aggregating ₹ 1889.78 Crores (2021 - ₹ 1889.78 Crores) as having indefinite useful lives. The indefinite useful life for such trademarks has been assessed considering no technical, technological or commercial risks of obsolescence or any limitations under contract or law. Such assets are also annually tested for impairment. These assets pertain to the 'FMCG - Others' Segment and are related to the Branded Packaged Foods and Personal Care Products businesses of the Company. Impairment testing for goodwill and intangible assets with indefinite useful lives has been carried out considering their recoverable amounts which, inter-alia, includes estimation of their value-in-use based on management projections. These projections have been made for a period of five years, or longer, as applicable and consider various factors, such as market scenario, growth trends, growth and margin projections, and terminal growth rates specific to the business. For such projections, discount rate of 10% (2021 - 10%) and long-term growth rates ranging between 5% to 6% (2021 - 5% to 6%) have been considered. Discount rate has been determined considering the Weighted Average Cost of Capital (WACC) of market benchmarks. Based on the above assessment, no impairment has been recognised during the year.
 2. b) Computer software and Customer Relationships are amortized over a period of 5 years and 8 years respectively. Other Intangibles with finite useful life are amortized over a period of 10 years unless shorter useful life is required based on contractual or legal terms.
 3. The amortization expense of intangible assets has been included under 'Depreciation and amortization expense' in the Statement of Profit and Loss.
 4. The amount of expenditure recognised in the carrying amount of property, plant and equipment in the course of construction is ₹ 148.81 Crores (2021 - ₹ 26.67 Crores).
 5. The fair value of the investment property is ₹ 870.11 Crores (2021 - ₹ 861.00 Crores). The fair value has been determined on the basis of valuation carried out at the reporting date by registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 and the same has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research & trends, contracted rentals, terminal yields, discount rates and comparable values, as appropriate.
- Amounts recognised in the Statement of Profit and Loss in respect of the investment property is as under:

Particulars	(₹ in Crores)	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Rental Income etc. from investment property	111.94	110.05
Direct Operating Expenses arising from investment property that generated rental income during the year [§]	9.94	9.65
Direct Operating Expenses arising from investment property that did not generate rental income during the year	—	—

[§]As per the contractual arrangements, the Company is responsible for the maintenance of common area at its own cost. The expenses arising out of such arrangements are not material.

Notes to the Consolidated Financial Statements

Capital work-in-progress ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2021					As at 31st March, 2022				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	1317.90	1072.87	615.30	998.38	4004.45	933.53	849.85	521.07	894.00	3198.45
Projects temporarily suspended	—	—	—	—	—	—	—	—	—	—
Total	1317.90	1072.87	615.30	998.38	4004.45	933.53	849.85	521.07	894.00	3198.45

Completion schedule for Projects in Capital work-in-progress, which are overdue or has exceeded its cost compared to its original plan

Particulars	As at 31st March, 2021				As at 31st March, 2022			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
MXD - COL	—	—	641.57	—	—	639.44	—	—
MXD - KOL	—	—	500.47	—	—	542.00	—	—
H - AHM	—	372.08	—	—	440.31	—	—	—
F - KHO	—	—	157.01	—	—	164.42	—	—
F - GNT	—	—	—	—	69.46	—	—	—
ME - MED	—	61.22	—	—	62.47	—	—	—
ME - PUN	—	19.90	—	—	20.01	—	—	—
F - MED	270.15	—	—	—	—	—	—	—
W - PUD	250.58	—	—	—	—	—	—	—
W - KPT	216.01	—	—	—	—	—	—	—
H - GNT	120.94	—	—	—	—	—	—	—
F - ABT	115.57	—	—	—	—	—	—	—
H - BSR	109.19	—	—	—	—	—	—	—
F - MYS	47.79	—	—	—	—	—	—	—
R - BCM	27.45	—	—	—	—	—	—	—
F - UBR	21.26	—	—	—	—	—	—	—
ME - BLR	16.41	—	—	—	—	—	—	—

Other Intangible assets under development ageing schedule

(₹ in Crores)

Particulars	As at 31st March, 2021					As at 31st March, 2022				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in Progress	0.31	—	5.11	1.42	6.84	23.84	3.25	—	—	27.09
Projects temporarily suspended	—	—	—	—	—	—	—	—	—	—
Total	0.31	—	5.11	1.42	6.84	23.84	3.25	—	—	27.09

Note: There are no project in Other Intangible assets under development, which are overdue or has exceeded its cost compared to its original plan as at 31st March, 2022 and 31st March, 2021.

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments					
INVESTMENT IN EQUITY INSTRUMENTS					
In Associates (carrying amount determined using the equity method of accounting)					
Quoted					
International Travel House Limited	10	39,14,233		39,14,233	
Cost of acquisition (including goodwill of ₹ 11.89 Crores)			21.87		21.87
Add/(Less) : Group Share of Profits/(Losses)			37.33 59.20		42.32 64.19
Gujarat Hotels Limited	10	17,33,907		17,33,907	
Cost of acquisition (including goodwill of ₹ 1.16 Crores)			1.94		1.94
Add/(Less) : Group Share of Profits/(Losses)			16.01 17.95		15.08 17.02
Unquoted					
Delectable Technologies Private Limited	10	100		100	
Cost of acquisition (including goodwill of ₹ 0.09 Crore)			0.10		0.10
Add/(Less) : Group Share of Profits/(Losses)			... 0.10		... 0.10
ATC Limited					
Fully paid	100	55,650		55,650	
Cost of acquisition (net of capital reserve of ₹ 0.16 Crore)			0.83		0.83
Add/(Less) : Group Share of Profits/(Losses)			1.61 2.44		1.54 2.37
₹ 70.00 per share paid	100	1,39,125		1,39,125	
Cost of acquisition (including goodwill of ₹ 0.30 Crore)			2.92		2.92
Add/(Less) : Group Share of Profits/(Losses)			1.76 4.68		1.63 4.55
Russell Investments Limited	10	42,75,435		42,75,435	
Cost of acquisition (net of capital reserve of ₹ 0.30 Crore)			4.27		4.27
Add/(Less) : Group Share of Profits/(Losses)			22.29 26.56		18.26 22.53
Divya Management Limited	10	41,82,915		41,82,915	
Cost of acquisition (including goodwill of ₹ 1.09 Crores)			6.93		6.93
Add/(Less) : Group Share of Profits/(Losses)			0.64 7.57		0.55 7.48
Antrang Finance Limited	10	43,24,634		43,24,634	
Cost of acquisition (including goodwill of ₹ 0.10 Crore)			4.40		4.40
Add/(Less) : Group Share of Profits/(Losses)			0.54 4.94		0.52 4.92
Carried over		123.44			123.16

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			123.44		123.16
INVESTMENT IN EQUITY INSTRUMENTS (Contd.)					
In Joint Ventures (carrying amount determined using the equity method of accounting)					
Unquoted					
Espirit Hotels Private Limited	10	4,65,09,200	46.17	4,65,09,200	46.17
Cost of acquisition			... 46.17		... 46.17
Add/(Less) : Group Share of Profits/(Losses)					
Maharaja Heritage Resorts Limited	100	1,80,000	...	1,80,000	...
Cost of acquisition (including goodwill of ₹ 0.13 Crore)			— ...		— ...
Add/(Less) : Group Share of Profits/(Losses)					
Logix Developers Private Limited	10	77,66,913	42.07 (42.07)	77,66,913	42.07 (42.07)
Cost of acquisition (including goodwill of ₹ 23.84 Crores)			—		—
Add/(Less) : Group Share of Profits/(Losses)					
ITC Essentra Limited	10	22,50,000	38.85 55.72 94.57	22,50,000	38.85 50.91 89.76
Cost of acquisition					
Add/(Less) : Group Share of Profits/(Losses)					
In Others (at fair value through other comprehensive income unless stated otherwise)					
Quoted					
VST Industries Limited	10	476	0.15	476	0.16
HLV Limited	2	5,49,80,620	50.32	5,49,80,620	31.61
EIH Limited	2	10,08,53,602	1559.71	10,08,53,602	937.43
Tourism Finance Corporation of India Limited	10	25,000	0.15	25,000	0.15
Unquoted					
Adyar Property Holding Company Private Limited	100	311	0.03	311	8.40
Andhra Pradesh Gas Power Corporation Limited	10	8,04,000	2.32	8,04,000	2.32
Bihar Hotels Limited	2	8,00,000	0.04	8,00,000	0.04
Jupiter Township Limited	1	150	...	150	...
Lotus Court Limited (Class G Shares)	48,000	2	2.34	2	2.34
Mirage Advertising and Marketing Limited	10	12,488	—	12,488	—
Mother Sparsh Baby Care Private Limited (at fair value through profit or loss)	10	100	0.96	—	—
Woodlands Multispeciality Hospital Limited	10	13,605	0.01	13,605	0.01
Carried over			1880.21		1241.55

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward					
INVESTMENT IN PREFERENCE SHARES					
In Associates (carrying amount determined using the equity method of accounting)					
Unquoted					
Delectable Technologies Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	5,792		3,828	
Cost of acquisition [(including goodwill of ₹ 5.10 Crores) (2021 - ₹ 3.43 Crores)]			5.52		3.65
Add/(Less) : Group Share of Profits/(Losses)			(0.46) 5.06		(0.19) 3.46
In Others (at fair value through profit or loss)					
Unquoted					
Mother Sparsh Baby Care Private Limited (Compulsorily Convertible Cumulative Preference Shares)	10	1,980	19.04	-	-
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)					
Quoted					
State Development Loans					
7.20% Tamil Nadu - 25-Jan-2027	100	20,85,500	21.81	-	-
7.41% Uttar Pradesh - 09-Nov-2026	100	20,00,000	21.08	-	-
7.51% Maharashtra - 24-May-2027	100	65,00,000	68.49	-	-
7.59% Gujarat - 15-Feb-2027	100	1,25,00,000	132.61	-	-
7.62% Uttar Pradesh - 15-Feb-2027	100	30,00,000	31.81	-	-
7.84% Maharashtra - 13-Jul-2026	100	2,00,00,000	212.59	-	-
7.86% Karnataka - 15-Mar-2027	100	50,00,000	53.24	-	-
7.96% Maharashtra - 29-Jun-2026	100	25,00,000	26.73	-	-
8.03% Uttar Pradesh - 11-May-2026	100	70,00,000	74.77	-	-
8.08% Maharashtra - 15-Jun-2026	100	5,00,000	5.36	-	-
8.36% Maharashtra - 27-Jan-2026	100	35,00,000	37.76	-	-
8.72% Tamil Nadu - 19-Sep-2026	100	10,00,000	10.99	-	-
Government of India Zero Coupon Government Stock					
Zero Coupon Government Stock - 22-Feb-2025	100	34,00,000	28.97	-	-
Zero Coupon Government Stock - 15-Jun-2025	100	10,20,000	8.46	-	-
Zero Coupon Government Stock - 22-Aug-2025	100	25,35,000	20.66	-	-
Zero Coupon Government Stock - 15-Dec-2025	100	36,34,800	29.14	-	-
Zero Coupon Government Stock - 17-Dec-2025	100	6,02,300	4.80	-	-
Zero Coupon Government Stock - 22-Feb-2026	100	25,35,000	19.89	-	-
Carried over			2713.47		1245.01

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			2713.47		1245.01
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (Contd.)					
Zero Coupon Government Stock - 15-Jun-2026	100	10,20,000	7.85	—	—
Zero Coupon Government Stock - 22-Aug-2026	100	40,56,000	30.65	—	—
Zero Coupon Government Stock - 15-Dec-2026	100	10,20,000	7.56	—	—
Zero Coupon Government Stock - 22-Feb-2027	100	33,35,000	24.22	—	—
Zero Coupon Government Stock - 15-Jun-2027	100	31,17,000	22.24	—	—
Zero Coupon Government Stock - 22-Aug-2027	100	40,56,000	28.30	—	—
Unquoted					
Government Securities - cost ₹ 70000.00 (2021 - ₹ 74000.00)		—	0.01	—	0.01
Kisan Vikas Patra (Deposited with Government Authorities) (cost ₹ 5000.00, fully impaired)		—	—	—	—
National Savings Certificates (pledged with various Mandi Samitis) (cost ₹ 6000.00)		
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
7.07% - Series B - 01-Oct-2025	10,00,000	4,300	435.09	4,300	436.49
7.19% - Series A - 31-Jul-2025	10,00,000	150	15.43	150	15.55
7.34% - Series 1 - 16-Feb-2023	1,000	—	—	3,29,870	33.58
7.39% - Series 2A - 08-Feb-2031	1,000	7,00,696	70.07	7,00,696	70.07
8.20% - Series 2 - 05-Mar-2027	1,000	5,00,000	54.16	5,00,000	54.87
India Infrastructure Finance Company Limited					
7.19% - Series I - 22-Jan-2023	1,000	—	—	5,00,000	50.76
7.36% - Series II - 22-Jan-2028	1,000	3,00,000	31.99	3,00,000	32.28
8.01% - Series 1A - 12-Nov-2023	1,000	50,000	5.13	50,000	5.21
8.26% - Series V B - 23-Aug-2028	10,00,000	1,175	123.63	1,175	124.37
8.46% - Series VI B - 30-Aug-2028	10,00,000	1,300	139.96	1,300	141.17
8.48% - Series VII B - 05-Sep-2028	10,00,000	1,780	188.71	1,780	189.99
Indian Railway Finance Corporation Limited					
7.07% - Series 102 - 21-Dec-2025	1,000	70,498	7.22	70,498	7.26
7.15% - Series 100 - 21-Aug-2025	10,00,000	250	25.64	250	25.79
7.18% - Series 86 - 19-Feb-2023	1,000	—	—	5,00,000	50.78
Carried over			3931.33		2483.19

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			3931.33		2483.19
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
7.19% - Series 99 - 31-Jul-2025	10,00,000	2,250	225.52	2,250	225.66
7.34% - Series 86A - 19-Feb-2028	1,000	1,00,000	10.74	1,00,000	10.84
8.23% - Series 91 - 18-Feb-2024	1,000	8,00,000	82.81	8,00,000	84.14
8.35% - Series 89 - 21-Nov-2023	10,00,000	100	10.31	100	10.47
8.48% - Series 89A - 21-Nov-2028	10,00,000	1,250	131.94	1,250	132.68
8.55% - Series 94A - 12-Feb-2029	10,00,000	130	13.79	130	13.87
National Bank for Agriculture and Rural Development					
7.07% - Series 1A - 25-Feb-2026	10,00,000	2,000	206.19	2,000	207.62
National Highways Authority of India					
7.11% - Series NHAI - II A - 18-Sep-2025	10,00,000	2,600	260.33	2,600	260.31
7.14% - Series I A - 11-Jan-2026	1,000	8,06,381	81.70	8,06,381	81.91
7.28% - Series NHAI - II B - 18-Sep-2030	10,00,000	2,500	250.00	2,500	250.00
7.35% - Series II A - 11-Jan-2031	1,000	17,49,943	182.78	17,49,943	183.39
8.50% - Series II A - 05-Feb-2029	1,000	5,00,000	56.33	5,00,000	57.04
8.75% - Series II B - 05-Feb-2029	1,000	2,50,000	28.71	2,50,000	29.14
National Housing Bank					
8.46% - Series V - 30-Aug-2028	10,00,000	800	84.20	800	84.70
Power Finance Corporation Limited					
7.16% - Series 136 - 17-Jul-2025	10,00,000	600	61.57	600	61.98
8.46% - Series 107B - 30-Aug-2028	10,00,000	500	52.63	500	52.94
8.54% - Series 2A - 16-Nov-2028	1,000	3,50,000	40.07	3,50,000	40.69
REC Limited					
7.17% - Series 5A - 23-Jul-2025	10,00,000	850	87.12	850	87.69
8.46% - Series 3B - 29-Aug-2028	10,00,000	1,190	128.55	1,190	129.72
8.46% - Series 2A - 24-Sep-2028	1,000	3,50,000	39.84	3,50,000	40.44
8.54% - Series 4B - 11-Oct-2028	10,00,000	50	5.28	50	5.32
Taxable Bonds - Secured, Redeemable & Non-Convertible					
Indian Railway Finance Corporation Limited					
7.83% - Series 118 - 21-Mar-2027	10,00,000	1,750	187.83	-	-
Carried over			6159.57		4533.74

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			6159.57		4533.74
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Export Import Bank of India					
5.20% - Series X 01 - 04-Mar-2025 (with Put and Call Option 04-Mar-2024)	10,00,000	2,000	200.00	—	—
Housing and Urban Development Corporation Limited					
6.99% - Series E - 11-Nov-2022	10,00,000	—	—	700	70.18
7.61% - Series A - 22-Jun-2022	10,00,000	—	—	250	25.14
8.40% - Series C 2018 - 11-Apr-2022	10,00,000	—	—	850	85.00
National Bank for Agriculture and Rural Development					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option 29-Jul-2022)	10,00,000	—	—	5,000	499.98
5.70% - Series 22 D - 31-Jul-2025	10,00,000	1,000	99.15	—	—
6.70% - Series 20 H - 11-Nov-2022	10,00,000	—	—	250	25.00
6.98% - Series 20 G - 19-Sep-2022	10,00,000	—	—	2,000	200.00
7.69% - Series 20 C - 29-May-2024	10,00,000	4,300	451.74	4,300	461.01
7.70% - Series 20 D - 13-Jun-2022	10,00,000	—	—	500	50.59
7.85% - Series 20 B - 23-May-2022	10,00,000	—	—	900	91.13
7.90% - Series 20 A - 18-Apr-2022	10,00,000	—	—	600	60.73
Power Finance Corporation Limited					
5.47% - Series 206 -19-Aug-2023	10,00,000	100	10.05	100	10.09
6.09% - Series BS-212 A - 27-Aug-2026	10,00,000	300	30.09	—	—
6.50% - Series 208 - 17-Sep-2025	10,00,000	1,150	116.68	1,150	117.13
6.72% - Series 203 A - 09-Jun-2023	10,00,000	900	91.74	900	93.11
6.75% - Series 202 A - 22-May-2023	10,00,000	2,050	208.61	2,050	211.61
7.10% - Series 169 A - 08-Aug-2022	10,00,000	—	—	700	70.12
7.35% - Series 191 - 15-Oct-2022	10,00,000	—	—	4,500	450.00
8.03% - Series 147 - 02-May-2026	10,00,000	600	64.04	—	—
8.20% - Series 128 - 10-Mar-2025	10,00,000	450	47.59	450	48.36
8.39% - Series 130 C - 19-Apr-2025	10,00,000	200	21.29	200	21.66
8.45% - Series 181 - 11-Aug-2022	10,00,000	—	—	250	25.50
Carried over			7500.55		7150.08

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
	Brought forward		7500.55		7150.08
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
REC Limited					
5.85% - Series 203 B - 20-Dec-2025	10,00,000	1,100	109.37	1,100	109.26
7.09% - Series 152 - 17-Oct-2022	10,00,000	—	—	300	29.88
7.09% - Series 185 - 13-Dec-2022	10,00,000	—	—	2,000	200.00
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible[#]					
ICICI Bank					
9.15% - Series DMR 18AT (with first Call option on 20-Jun-2023)	10,00,000	2,647	264.70	2,647	264.70
9.90% - Series DDE 18AT (with first Call option on 28-Dec-2023)	10,00,000	3,000	300.00	3,000	300.00
State Bank of India					
7.72% - Series I (with first Call option 03-Sep-2026)	1,00,00,000	313	313.00	—	—
7.72% - Series II (with first Call option 18-Oct-2026)	1,00,00,000	400	400.00	—	—
9.37% - Series II (with first Call option 21-Dec-2023)	10,00,000	2,350	235.00	2,350	235.00
9.56% - Series I (with first Call option 04-Dec-2023)	10,00,000	7,000	700.00	7,000	700.00
Zero Coupon Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
Tranche 378 - 04-May-2022	10,00,000	—	—	500	59.59
Tranche 416 - 25-Apr-2025	10,00,000	11,250	1149.72	—	—
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Fixed Maturity Plans (at amortised cost)*					
Aditya Birla Sun Life Mutual Fund	10	2,19,98,900	22.03	—	—
Nippon India Mutual Fund	10	1,49,99,250	15.08	—	—
SBI Mutual Fund	10	23,69,88,150	241.25	—	—
Fixed Maturity Plans (at fair value through profit or loss)					
Aditya Birla Sun Life Mutual Fund	10	—	—	11,70,00,000	144.16
HDFC Mutual Fund	10	—	—	4,00,00,000	50.10
ICICI Prudential Mutual Fund	10	—	—	10,20,00,000	125.63
IDFC Mutual Fund	10	—	—	2,20,00,000	26.81
Kotak Mahindra Mutual Fund	10	—	—	19,70,00,000	244.26
Nippon India Mutual Fund	10	—	—	8,50,00,000	108.93
SBI Mutual Fund	10	—	—	19,70,00,000	241.10
Carried over			11250.70		9989.50

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
4. Non-current investments (Contd.)					
Brought forward			11250.70		9989.50
INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)					
Exchange Traded Funds (at fair value through other comprehensive income) **					
Axis Mutual Fund	1	5,50,00,000	58.00	—	—
Nippon India Mutual Fund	10	3,60,00,000	389.05	—	—
Unquoted					
Target Maturity Index Funds (at fair value through other comprehensive income) **					
Aditya Birla Sun Life Mutual Fund	10	35,48,47,210	360.79	—	—
Axis Mutual Fund	10	1,98,53,868	20.02	—	—
ICICI Prudential Mutual Fund	10	17,74,37,385	180.27	—	—
Kotak Mahindra Mutual Fund	10	2,99,36,233	30.06	—	—
SBI Mutual Fund	10	19,80,19,704	200.51	—	—
INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (at fair value through profit or loss)					
Unquoted					
Chiratae Ventures India Fund IV	1,00,000	923	13.98	600	5.91
Fireside Ventures Investments Fund I	1,00,000	1,324	51.27	1,307	25.49
Fireside Ventures Investments Fund II	1,000	1,00,000	8.67	50,000	3.64
India Foundation Fund Series I	100	1,63,740	2.15	—	—
Roots Ventures I	100	8,13,113	11.26	—	—
Aggregate amount of quoted Investments			11480.91		9795.04
Aggregate amount of unquoted Investments			1095.82		229.50
Total			12576.73		10024.54

Aggregate market value of quoted investments ₹ 11701.81 Crores (2021 - ₹ 10237.47 Crores).

* Investments in Fixed Maturity Plans (FMPs) that are intended to be held by the Company till maturity are classified as amortised cost. The underlying instruments in the portfolio of these FMPs have minimal churn and are held to receive contractual cashflows.

** Exchange Traded/Target Maturity Index Funds follow a passive buy and hold investment strategy to receive contractual cashflows except for meeting redemption and rebalancing requirements. Investment in such funds are classified as FVTOCI as cash flows from these investments are realised on maturity or upon sale.

Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
5. Loans				
Others Loans - Employees				
– Unsecured, considered good	6.77	6.61	3.47	4.07
TOTAL	6.77	6.61	3.47	4.07
6. Other financial assets				
Bank deposits with more than 12 months maturity	–	14.90	–	28.48
Other financial assets				
Advances	1.32	–	1.02	–
Security Deposits*	27.76	73.47	27.23	72.38
Deposits other than Security Deposits	1510.27	1501.05	574.58	0.84
Interest accrued on Loans, Deposits, Investments, etc.	522.12	0.16	469.47	0.17
Other Receivables**	503.94	–	306.72	–
TOTAL	2565.41	1589.58	1379.02	101.87

* Include deposits to Directors and Key Management Personnel ₹ 0.08 Crore (2021 - ₹ 0.08 Crore) (Refer Note 30).

** Comprise receivables on account of Government grants, claims, interest, rentals, derivatives designated as hedging instruments, unbilled revenue, etc.

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)
7. Deferred tax			
Deferred tax liabilities (Net)		1673.47	1736.39
Less: Deferred tax assets (Net)		63.53	58.54
TOTAL		1609.94	1677.85

Movement in deferred tax liabilities/assets balances (₹ in Crores)

2021-22	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, investment property etc.	1626.22	13.53	–	–	–	–	–	1639.75
On excise duty/National Calamity Contingent Duty on closing stock	72.25	6.96	–	–	–	–	–	79.21
On cash flow hedges	1.66	–	9.05	2.44	(8.33)	–	–	4.82
Other timing differences	326.07	(35.21)	0.93	–	–	–	–	291.79
Total deferred tax liabilities	2026.20	(14.72)	9.98	2.44	(8.33)	–	–	2015.57
On fiscal allowances on property, plant and equipment etc.	7.44	0.84	–	–	–	–	0.42	8.70
On employees' separation and retirement etc.	76.52	7.42	2.34	–	–	–	–	86.28
On provision for doubtful debts/advances	60.22	0.10	–	–	–	–	–	60.32
On State and Central taxes etc.	64.36	5.26	–	–	–	–	–	69.62
On unabsorbed tax losses and depreciation	6.13	0.34	–	–	–	–	–	6.47
Other timing differences	128.55	37.80	–	–	–	–	–	166.35
Total deferred tax assets before MAT credit entitlement	343.22	51.76	2.34	–	–	–	0.42	397.74
Total deferred tax liabilities before MAT credit entitlement (Net)	1682.98	(66.48)	7.64	2.44	(8.33)	–	(0.42)	1617.83
Less: MAT credit entitlement	5.13	2.76	–	–	–	–	–	7.89
Total deferred tax liabilities (Net)	1677.85	(69.24)	7.64	2.44	(8.33)	–	(0.42)	1609.94

Notes to the Consolidated Financial Statements

(₹ in Crores)

7. Deferred tax (Contd.)	2020-21	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, investment property etc.	1617.07	5.36	–	–	–	3.79	–	–	1626.22
On excise duty/National Calamity Contingent Duty on closing stock	46.09	26.16	–	–	–	–	–	–	72.25
On cash flow hedges	(8.19)	–	10.44	1.26	(1.85)	–	–	–	1.66
Other timing differences	266.97	58.96	–	–	–	0.12	0.02	326.07	
Total deferred tax liabilities	1921.94	90.48	10.44	1.26	(1.85)	3.91	0.02	0.02	2026.20
On fiscal allowances on property, plant and equipment etc.	6.35	1.09	–	–	–	–	–	–	7.44
On employees' separation and retirement etc.	67.39	10.33	(1.43)	–	–	0.33	(0.10)	76.52	
On provision for doubtful debts/advances	46.61	13.73	–	–	–	–	(0.12)	60.22	
On State and Central taxes etc.	103.42	(39.06)	–	–	–	–	–	–	64.36
On unabsorbed tax losses and depreciation	5.30	0.83	–	–	–	–	–	–	6.13
Other timing differences	119.41	9.43	–	–	–	0.06	(0.35)	128.55	
Total deferred tax assets before MAT credit entitlement	348.48	(3.65)	(1.43)	–	–	0.39	(0.57)	343.22	
Total deferred tax liabilities before MAT credit entitlement (Net)	1573.46	94.13	11.87	1.26	(1.85)	3.52	0.59	1682.98	
Less: MAT Credit Entitlement	2.55	2.58	–	–	–	–	–	–	5.13
Total deferred tax liabilities (Net)	1570.91	91.55	11.87	1.26	(1.85)	3.52	0.59	1677.85	

The Group has losses of ₹ 160.09 Crores (2021 - ₹ 162.68 Crores) for which no deferred tax assets have been recognised. A part of these losses will expire between financial year 2022-23 to 2041-42.

8. Other assets	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
Capital Advances	–	203.62	–	278.46
Advances other than capital advances				
Security Deposits				
– With Statutory Authorities	0.29	809.91	0.19	788.21
– Others	0.66	135.52	0.66	117.07
Advances to related parties (Refer Note 30)	4.50	–	3.85	–
Other Advances (including advances with statutory authorities, prepaid expenses, employees, etc.)	1118.60	137.43	951.06	107.20
Other Receivables*	182.03	4.74	139.47	4.54
TOTAL	1306.08	1291.22	1095.23	1295.48

* Includes receivables on account of Government grants.

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
9. Inventories*		
(At lower of cost and net realisable value)		
Raw materials (including packing materials)	6602.44	6683.80
Work-in-progress	732.41	808.95
Finished goods (manufactured)	1794.86	1582.59
Stock-in-trade (goods purchased for resale)	1181.11	866.31
Stores and spares	473.44	410.91
Intermediates - Tissue paper and Paperboards	79.89	44.60
TOTAL	10864.15	10397.16

The above includes goods in transit as under:

Raw materials (including packing materials)	302.02	135.74
Stock-in-trade (goods purchased for resale)	2.58	1.60
Stores and spares	4.38	1.59
TOTAL	308.98	138.93

The cost of inventories recognised as an expense includes ₹ 17.90 Crores (2021 - ₹ 10.67 Crores) in respect of write-downs of inventory to net realisable value. During the year reversal of previous write-downs of ₹ 0.91 Crore (2021 - ₹ 1.67 Crores) have been made owing to subsequent increase in realisable value.

Inventories of ₹ 1067.80 Crores (2021 - ₹ 1259.26 Crores) are expected to be recovered after more than twelve months. The operating cycle of the Group is twelve months.

* Also Refer Note 20.

10. Biological assets other than bearer plants

Balance at the beginning of the year	110.05	86.20
Biological assets acquired during the year	3.11	5.48
Cost incurred during the year	113.15	114.55
Changes in fair value*	69.02	110.06
Transfer of Biological assets to Inventories	(4.98)	(9.71)
Biological assets sold during the year	(181.06)	(196.65)
Effect of foreign exchange translation	0.15	0.13
Balance at the end of the year	109.44	110.06

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

The Group had 1,26,56,494 numbers of TECHNITUBER® seed potatoes (2021 - 1,36,80,289 numbers).

There were 77968 MT of field generated seed potatoes (2021 - 84802 MT). During the year, output of agricultural produce (potatoes) is 7470 MT (2021 - 10748 MT).

In October 2021 - 17168 MT (October 2020 - 14464 MT) of seed potatoes were planted and in February/March 2022 - 85093 MT (February/March 2021 - 92766 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 ₹ 1.92 Crore (2021 - ₹ 0.16 Crores).

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
11. Current investments (at fair value through profit or loss, unless stated otherwise)					
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
India Infrastructure Finance Company Limited					
7.19% - Series I - 22-Jan-2023	1,000	1,50,000	15.25	1,50,000	15.68
Indian Railway Finance Corporation Limited					
7.18% - Series 86 - 19-Feb-2023	1,000	25,00,000	254.56	25,00,000	261.85
8.00% - Series 80 - 23-Feb-2022	1,000	—	—	5,25,012	54.31
8.23% - Series 91 - 18-Feb-2024	1,000	20,00,000	211.32	20,00,000	219.75
National Highways Authority of India					
8.20% - 25-Jan-2022	1,000	—	—	4,94,476	51.08
8.50% - Series II A - 05-Feb-2029	1,000	1,04,000	12.47	1,04,000	13.02
National Housing Bank					
6.82% - 26-Mar-2023	10,000	5,000	5.08	5,000	5.21
Power Finance Corporation Limited					
8.01% - Series 107 A - 30-Aug-2023	10,00,000	1,000	103.98	1,000	107.83
8.09% - Series 80 A - 25-Nov-2021	1,00,000	—	—	1,500	15.38
8.18% - Series 1 A - 16-Nov-2023	1,000	12,95,560	135.79	12,95,560	141.08
8.20% - Series I - 01-Feb-2022	1,000	—	—	1,00,000	10.34
REC Limited					
7.22% - Series 1 - 19-Dec-2022	1,000	30,00,000	304.51	30,00,000	313.23
8.01% - Series 3 A - 29-Aug-2023	10,00,000	1,000	103.96	1,000	107.82
8.12% - 27-Mar-2027	1,000	60,000	6.81	60,000	7.08
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Export Import Bank of India					
9.15% - Series P16 - 05-Sep-2022	10,00,000	300	30.59	300	31.90
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible[#]					
ICICI Bank Limited					
9.15% - Series DMR 18AT - (with first Call option on 20-Jun-2023)	10,00,000	350	35.20	350	35.48
INVESTMENT IN GOVERNMENT OR TRUST SECURITIES (at amortised cost)					
Unquoted					
National Savings Certificates (pledged with Mandi Samiti) (cost ₹ 2000.00)			
National Savings Certificate (cost ₹ 10000.00)			
Carried over		1219.52		1391.04	

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward					
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Bharat Bond ETF - April 2023	1,000	30,00,000	351.13	30,00,000	335.10
Nippon India ETF Nifty CPSE Bond Plus SDL - 2024 Maturity	10	58,69,560	63.61	58,69,560	60.46
Unquoted					
Liquid/Overnight Funds					
Aditya Birla Sun Life Mutual Fund	100	1,93,410	6.61	3,38,958	11.16
Axis Mutual Fund	1,000	4,67,509	110.04	11,34,704	148.98
DSP Mutual Fund	1,000	5,773	1.74	33,53,567	979.08
ICICI Prudential Mutual Fund	100	61,112	1.93	6,35,621	19.36
Kotak Mahindra Mutual Fund	1,000	9,785	4.21	2,87,577	119.08
LIC Mutual Fund	1,000	—	—	1,63,399	60.50
Nippon India Mutual Fund	100	87,91,983	100.01	—	—
Nippon India Mutual Fund	1,000	49,780	25.90	4,84,438	175.74
SBI Mutual Fund	1,000	1,009	0.33	69,582	22.36
UTI Mutual Fund	1,000	84,494	29.30	18,00,098	603.86
Ultra Short Term Funds					
Aditya Birla Sun Life Mutual Fund	100	2,07,70,310	922.62	2,07,43,268	883.48
Kotak Mahindra Mutual Fund	10	26,38,12,322	945.20	26,38,12,322	910.52
SBI Mutual Fund	1,000	2,47,159	121.04	2,47,159	116.63
Low Duration Funds					
Axis Mutual Fund	1,000	14,61,916	378.65	14,61,916	362.93
DSP Mutual Fund	10	17,22,63,805	277.37	17,22,63,805	267.44
ICICI Prudential Mutual Fund	100	60,49,828	264.70	60,49,828	253.82
IDFC Mutual Fund	10	7,34,11,386	233.89	7,34,11,386	225.06
SBI Mutual Fund	1,000	8,30,697	241.68	8,30,697	232.24
Money Market Funds					
Aditya Birla Sun Life Mutual Fund	100	40,95,539	122.42	40,95,539	117.61
HDFC Mutual Fund	1,000	2,39,118	111.30	2,39,118	106.98
IDFC Mutual Fund	10	4,22,87,680	147.67	4,22,87,680	142.29
Nippon India Mutual Fund	1,000	6,60,345	221.25	6,60,345	212.68
SBI Mutual Fund	10	6,65,47,323	236.65	6,65,47,323	227.56
Floating Rate Funds					
Aditya Birla Sun Life Mutual Fund	100	1,96,03,366	555.74	1,96,03,366	530.53
HDFC Mutual Fund	10	10,07,90,662	404.13	10,07,90,662	385.94
Nippon India Mutual Fund	10	6,22,64,756	235.01	6,22,64,756	224.08
Carried over			7333.65		9126.51

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward					
INVESTMENT IN DEBT MUTUAL FUNDS (Contd.)					
Short Term Funds					
Axis Mutual Fund	10	—	—	4,31,15,900	109.52
DSP Mutual Fund	10	3,12,12,253	126.54	6,67,71,463	259.37
IDFC Mutual Fund	10	6,58,03,493	322.42	6,58,03,493	308.37
Nippon India Mutual Fund	10	3,86,19,184	175.83	8,93,74,937	384.78
SBI Mutual Fund	10	5,40,50,081	147.17	9,72,90,145	253.24
Banking & PSU Debt Funds					
Axis Mutual Fund	1,000	31,86,227	689.41	31,86,227	662.25
IDFC Mutual Fund	10	14,17,61,931	283.77	14,17,61,931	272.68
Nippon India Mutual Fund	10	—	—	10,41,55,094	167.84
Corporate Bond Funds					
Aditya Birla Sun Life Mutual Fund	10	70,15,575	63.27	70,15,575	60.27
ICICI Prudential Mutual Fund	10	2,49,28,836	61.29	13,41,33,266	315.31
Kotak Mahindra Mutual Fund	1,000	1,111	0.35	6,72,051	197.82
Current Portion of Non-Current Investment					
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (at amortised cost)					
Quoted					
Tax Free Bonds - Secured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
7.34% - Series 1 - 16-Feb-2023	1,000	3,29,870	33.27	—	—
8.10% - Series 1 - 05-Mar-2022	1,000	—	—	3,50,000	35.52
India Infrastructure Finance Company Limited					
7.19% - Series I - 22-Jan-2023	1,000	5,00,000	50.34	—	—
Indian Railway Finance Corporation Limited					
7.18% - Series 86 - 19-Feb-2023	1,000	5,00,000	50.37	—	—
8.00% - Series 80 - 23-Feb-2022	1,000	—	—	3,31,819	33.68
Taxable Bonds - Unsecured, Redeemable & Non-Convertible					
Housing and Urban Development Corporation Limited					
6.99% - Series E - 11-Nov-2022	10,00,000	700	70.05	—	—
7.61% - Series A - 22-Jun-2022	10,00,000	250	25.02	—	—
8.40% - Series C - 11-Apr-2022	10,00,000	850	85.00	—	—
Carried over					
			9517.75		12187.16

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			9517.75		12187.16
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
National Bank for Agriculture and Rural Development					
4.60% - Series 21 E - 29-Jul-2024 (with Put and Call option on 29-Jul-2022)	10,00,000	5,000	499.95	—	—
6.70% - Series 20 H - 11-Nov-2022	10,00,000	250	25.00	—	—
6.98% - Series 20 G - 19-Sep-2022	10,00,000	2,000	200.00	—	—
7.70% - Series 20 D - 13-Jun-2022	10,00,000	500	50.09	—	—
7.85% - Series 20 B - 23-May-2022	10,00,000	900	90.13	—	—
7.90% - Series 20 A - 18-Apr-2022	10,00,000	600	60.02	—	—
8.60% - Series 19 B - 31-Jan-2022	10,00,000	—	—	1,000	101.22
Power Finance Corporation Limited					
7.10% - Series 169 A - 08-Aug-2022	10,00,000	700	70.02	—	—
7.35% - Series 191 - 15-Oct-2022	10,00,000	4,500	450.00	—	—
7.47% - Series 151 A - 16-Sep-2021	10,00,000	—	—	150	15.01
8.45% - Series 181 - 11-Aug-2022	10,00,000	250	25.14	—	—
8.66% - Series 123 C - 27-Nov-2021	10,00,000	—	—	150	15.12
REC Limited					
7.09% - Series 152 - 17-Oct-2022	10,00,000	300	29.95	—	—
7.09% - Series 185 - 13-Dec-2022	10,00,000	2,000	200.00	—	—
8.45% - Series 167 - 22-Mar-2022	10,00,000	—	—	1,700	170.27
8.50% - Series 177 - 20-Dec-2021	10,00,000	—	—	2,880	288.00
Small Industries Development Bank of India					
7.89% - Series III - 15-Nov-2022 (with Put and Call option on 14-May-2021)	10,00,000	—	—	2,500	250.05
Taxable Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
7.67% - Tranche 339 - 29-Jul-2021	10,00,000	—	—	400	40.04
8.30% - Tranche 304 - 15-Jul-2021	10,00,000	—	—	100	10.02
8.37% - Tranche 294 - 10-May-2021	10,00,000	—	—	550	55.06
Zero Coupon Bonds - Secured, Redeemable & Non-Convertible					
LIC Housing Finance Limited					
Tranche 378 - 04-May-2022	10,00,000	500	64.78	—	—
Carried over			11282.83		13131.95

Notes to the Consolidated Financial Statements

	Face Value ₹ (Fully Paid unless stated otherwise)	As at 31st March, 2022		As at 31st March, 2021	
		Number	(₹ in Crores)	Number	(₹ in Crores)
11. Current investments (at fair value through profit or loss, unless stated otherwise) (Contd.)					
Brought forward			11282.83		13131.95
INVESTMENT IN BONDS IN THE NATURE OF DEBENTURES (Contd.)					
Perpetual Bonds - Unsecured, Subordinated & Non-Convertible[#]					
State Bank of India					
8.39% - Series III (with first Call option on 25-Oct-2021)	10,00,000	—	—	1,550	154.64
9.00% - Series I (with first Call option on 06-Sep-2021)	10,00,000	—	—	3,250	325.12
ICICI Bank Limited					
9.20% - Series DMR 17AT (with first Call option on 17-Mar-2022)	10,00,000	—	—	2,000	200.07
INVESTMENT IN DEBT MUTUAL FUNDS					
Quoted					
Fixed Maturity Plans					
Aditya Birla Sun Life Mutual Fund	10	11,70,00,000	150.27	8,50,00,000	107.61
DSP Mutual Fund	10	—	—	4,90,00,000	61.78
Franklin India Mutual Fund	10	—	—	1,40,00,000	17.66
HDFC Mutual Fund	10	4,00,00,000	52.17	6,50,00,000	81.86
ICICI Prudential Mutual Fund	10	10,20,00,000	131.07	31,10,00,000	393.39
IDFC Mutual Fund	10	2,20,00,000	27.97	—	—
Kotak Mahindra Mutual Fund	10	19,70,00,000	254.79	7,20,00,000	90.69
Nippon India Mutual Fund	10	8,50,00,000	113.61	9,90,00,000	125.19
SBI Mutual Fund	10	19,70,00,000	251.57	5,50,00,000	69.26
UTI Mutual Fund	10	—	—	6,90,00,000	87.11
Aggregate amount of quoted Investments			4694.84		4514.97
Aggregate amount of unquoted Investments			7569.44		10331.36
Total			12264.28		14846.33

Aggregate market value of quoted investments ₹ 4711.32 Crores (2021 - ₹ 4544.92 Crores).

[#] Additional Tier 1 bonds, which are perpetual in nature, are issued by commercial banks under Reserve Bank of India guidelines. These have been classified as debt instruments by the Company based on the substantive characteristics of the contract.

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
12. Trade receivables (Current)		
Secured, considered good	52.45	45.05
Unsecured, considered good	2409.45	2456.65
Which have significant increase in credit risk	—	—
Credit impaired	196.87	194.74
Less: Allowance for Credit impairment	196.87	194.74
TOTAL	2461.90	2501.70

Trade receivables ageing schedule (₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1564.12	883.51	11.75	5.35	(0.61)	(2.22)	2461.90
Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Undisputed Trade Receivables – credit impaired	—	1.70	11.66	36.73	12.29	16.59	78.97
Disputed Trade Receivables – considered good	—	—	—	—	—	—	—
Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Disputed Trade Receivables – credit impaired	—	—	0.02	2.41	5.94	109.53	117.90
SUB-TOTAL	1564.12	885.21	23.43	44.49	17.62	123.90	2658.77
Less: Allowance for Credit Impairment							196.87
TOTAL							2461.90

	Outstanding for following periods from due date of payment as at 31st March, 2021						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	1713.35	729.42	45.70	12.59	1.70	(1.06)	2501.70
Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Undisputed Trade Receivables – credit impaired	—	17.06	12.34	19.30	8.79	20.36	77.85
Disputed Trade Receivables – considered good	—	—	—	—	—	—	—
Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—	—
Disputed Trade Receivables – credit impaired	—	0.02	0.27	5.46	10.72	100.42	116.89
SUB-TOTAL	1713.35	746.50	58.31	37.35	21.21	119.72	2696.44
Less: Allowance for Credit Impairment							194.74
TOTAL							2501.70

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
13. Cash and cash equivalents[@]		
Balances with Banks		
Current accounts	261.20	259.02
Deposit accounts	3.12	27.47
Cheques, drafts on hand	0.89	1.38
Cash on hand	6.16	2.55
TOTAL	271.37	290.42

[@] 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	224.49	209.23
In deposit accounts*	4158.56	4159.37
TOTAL	4383.05	4368.60

* 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, 2022 (No. of Shares)	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 (₹ in Crores)
15. Equity Share capital				
Authorised				
Ordinary Shares of ₹ 1.00 each	<u>20,00,00,00,000</u>	<u>2000.00</u>	<u>20,00,00,00,000</u>	<u>2000.00</u>
Issued and Subscribed				
Ordinary Shares of ₹ 1.00 each, fully paid	<u>12,32,32,55,931</u>	<u>1232.33</u>	<u>12,30,88,44,231</u>	<u>1230.88</u>
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	<u>12,30,88,44,231</u>	<u>1230.88</u>	<u>12,29,22,31,241</u>	<u>1229.22</u>
Add: Issue of Shares on exercise of Options	<u>1,44,11,700</u>	<u>1.44</u>	<u>1,66,12,990</u>	<u>1.66</u>
As at end of the year	<u>12,32,32,55,931</u>	<u>1232.33</u>	<u>12,30,88,44,231</u>	<u>1230.88</u>
B) Shareholders holding more than 5% of the Ordinary Shares in the Company				
	As at 31st March, 2022 (No. of Shares)	As at 31st March, 2022 %	As at 31st March, 2021 (No. of Shares)	As at 31st March, 2021 %
Tobacco Manufacturers (India) Limited	2,97,83,47,320	24.17	2,97,83,47,320	24.20
Life Insurance Corporation of India	1,95,02,36,958	15.83	1,99,75,66,067	16.23
Specified Undertaking of the Unit Trust of India	97,45,31,427	7.91	97,45,31,427	7.92
C) Shareholding of Promoters : Nil				
D) 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 : Nil				
E) Ordinary Shares allotted as fully paid up Bonus Shares for the period of five years immediately preceding 31st March				
	2022 (No. of Shares)		2021 (No. of Shares)	
Bonus Shares issued in 2016-17	4,02,66,57,100		4,02,66,57,100	
F) Rights, preferences and restrictions attached to the Ordinary Shares				
The Ordinary Shares of the Company, having par value of ₹ 1.00 per share, rank <i>pari passu</i> in all respects including voting rights and entitlement to dividend.				
G) Shares reserved for issue under Options				
	As at 31st March, 2022 (No. of Shares)		As at 31st March, 2021 (No. of Shares)	
Ordinary Shares of ₹ 1.00 each	22,76,87,310		29,18,12,920	

Terms and Conditions of Options Granted

Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of the Company of ₹ 1.00 each upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of five years from the date of vesting in respect of Options.

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 and Sweat Equity) Regulations, 2021.

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

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
16. Non-current borrowings		
Unsecured		
Term loans		
– From Others	0.31	0.30
Deferred payment liabilities		
– Sales tax deferment loans	4.54	5.28
TOTAL	4.85	5.58

Terms of borrowings are as under:

Term Loans from Others:

Interest free loan repayable on the basis of 33% (2021 - 33%) of the net profits earned by a subsidiary or the residual balance, whichever is less.

Sales tax deferment loans:

Interest free deferral period of 14 years and repayable by 2025-26.

The repayment schedule is summarised as under:

	Term Loans	Deferred Payment Liabilities	Term Loans	Deferred Payment Liabilities
In the first year (Refer Note 17B)	—	0.74	...	0.35
Current maturities of long-term debt	—	0.74	...	0.35
In the second year	—	1.26	—	0.74
In the third to fifth year	—	3.28	—	4.54
After five years	0.31	—	0.30	—
Non-current borrowings	0.31	4.54	0.30	5.28

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
17A. Lease liabilities*				
Lease liabilities	50.18	193.67	54.06	206.96
TOTAL	50.18	193.67	54.06	206.96

* Refer Note 28(viii)

Movement of Lease Liabilities during the year

Particulars	31st March, 2022	31st March, 2021
Opening Lease Liabilities	261.02	267.87
New Leases recognised	46.28	55.91
Remeasurements and withdrawals	(4.44)	(8.19)
Interest expense on Lease Liabilities	21.21	22.37
Payment of Lease Liabilities made	(80.23)	(77.10)
Foreign Currency Translation Reserve adjustment	0.01	0.16
Closing balance of Lease Liabilities	243.85	261.02

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
17B. Other financial liabilities		
Non-current		
Others (Includes liability in respect of cash-settled share based payments, retention money payable towards property, plant and equipment, deposits, contingent consideration on business combination etc.)	144.50	283.50
TOTAL	144.50	283.50
Current		
Interest accrued	1.73	1.93
Unpaid dividend *	224.13	209.00
Unpaid matured deposits and interest accrued thereon
Unpaid matured debentures/bonds and interest accrued thereon**	0.30	0.30
Others (Includes liability in respect of cash-settled share based payments, payable for property, plant and equipment, derivatives designated as hedging instruments, contingent consideration on business combination etc.)	1586.69	1280.27
TOTAL	1812.85	1491.50

* 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.

	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
	Current	Non-Current	Current	Non-Current
18. Provisions				
Provision for employee benefits [Refer Note 28(v)]				
Retirement benefits	58.18	151.14	167.23	129.05
Other benefits	21.38	69.62	26.78	58.16
Provision for standard assets	–	0.29	–	0.29
TOTAL	79.56	221.05	194.01	187.50

Notes to the Consolidated Financial Statements

	As at 31st March, 2022 (₹ in Crores)	As at 31st March, 2021 (₹ in Crores)
19. Other liabilities		
Non-current		
Advances received from customers*	36.43	15.54
TOTAL	36.43	15.54
Current		
Statutory liabilities	3718.24	3368.46
Advances received from customers*	1278.17	811.03
Others (includes deferred revenue, accruals, customer deposits etc.)	119.62	114.91
TOTAL	5116.03	4294.40

* Includes revenue received in advance.

20. Current borrowings		
Secured		
Loans from Banks		
Cash credit facilities*	—	3.88
Unsecured		
Current maturities of long-term debt (Refer Note 16)	0.74	0.35
TOTAL	0.74	4.23

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

21A. Income Tax Assets (Net)		
Income Tax Assets (net of provisions)	42.30	33.04
TOTAL	42.30	33.04

21B. Current Tax Liabilities (Net)		
Current taxation (net of advance payment)	687.09	332.75
TOTAL	687.09	332.75

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
22A. Revenue from operations		
Sale of Products	60566.82	49863.29
Sale of Services	4051.41	2971.86
Gross Revenue from sale of products and services* [including Excise Duty/National Calamity Contingent Duty/Health Risk Tax of ₹ 4489.67 Crores (2021 - ₹ 3767.70 Crores)]	64618.23	52835.15
Other Operating Revenues#	586.73	319.97
TOTAL	65204.96	53155.12

* Net of sales returns and damaged stocks.

Includes Government grants of ₹ 275.87 Crores (2021 - ₹ 51.94 Crores) on account of Fiscal and Exports incentives, etc.

22B. Gross revenue from sale of products and services*		
FMCG		
– Cigarettes etc.	26158.31	22557.32
– Branded Packaged Food Products	13199.59	12244.28
– Others (Education and Stationery Products, Personal Care Products, Safety Matches, Agarbattis, Apparel etc.)	2793.53	2492.78
Hotels		
– Income from Sale of Services	1341.02	659.76
Agri Business		
– Unmanufactured Tobacco	1647.25	1313.74
– Other Agri Products and Commodities (Wheat, Rice, Soya, Spices, Coffee, Aqua etc.)	10544.76	6688.13
Paperboards, Paper and Packaging		
– Paperboards and Paper	5576.31	4011.25
– Printed Materials	627.48	538.58
Others		
– Others	2729.98	2329.31
TOTAL	64618.23	52835.15

* Net of sales returns and damaged stocks.

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
23. Other income		
Interest income	1082.63	1297.91
Dividend income	0.01	0.07
Other non-operating income	131.16	130.93
Other gains and losses	622.55	1203.65
TOTAL	1836.35	2632.56
Interest income:		
a) Deposits with banks etc. - carried at amortised cost	227.67	362.04
b) Financial assets:		
– mandatorily measured at FVTPL	105.37	136.61
– measured at amortised cost	741.72	701.80
– measured at FVTOCI	3.79	–
c) Others (from statutory authorities etc.)	4.08	97.46
TOTAL	1082.63	1297.91
Dividend income:		
a) Equity instruments measured at FVTOCI held at the end of reporting period	0.01	0.02
b) Other investments	–	0.05
TOTAL	0.01	0.07
Other gains and losses:		
Net foreign exchange gain/(loss)	52.21	(1.16)
Net gain/(loss) arising on financial instruments mandatorily measured at FVTPL*	570.34	1200.14
Impairment of investment in joint venture	–	4.67
TOTAL	622.55	1203.65
* Includes ₹ 195.72 Crores (2021 - ₹ 365.29 Crores) being net gain/(loss) on sale of investments.		
24. Employee benefits expense		
Salaries and wages	4327.05	3931.11
Contribution to Provident and other funds	253.11	273.42
Share based payments to employees [Includes cash-settled share based payments ₹ 29.46 Crores (2021 - ₹ 30.50 Crores)]	62.63	56.77
Staff welfare expenses	258.86	214.10
	4901.65	4475.40
Less: Recoveries made/reimbursements received	11.10	12.07
TOTAL	4890.55	4463.33

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
25. Finance costs		
Interest expense:		
– On lease liabilities	21.12	22.28
– On financial liabilities measured at amortised cost	4.21	2.94
– Others	14.03	19.36
TOTAL	39.36	44.58
26. Other expenses		
Power and fuel	889.77	699.56
Consumption of stores and spare parts	361.37	273.71
Contract processing charges	859.17	736.18
Rent	213.77	232.85
Rates and taxes	130.80	94.00
Insurance	158.42	160.31
Repairs		
– Buildings	63.34	50.86
– Machinery	274.81	237.53
– Others	58.89	44.63
Maintenance and upkeep	265.38	239.24
Outward freight and handling charges	1652.01	1337.98
Warehousing charges	229.52	184.11
Advertising/Sales promotion	995.62	1089.64
Market research	162.75	122.44
Design and product development	36.49	46.03
Hotel reservation/Marketing expenses	28.10	15.10
Retail accessories	207.57	135.03
Brokerage and discount - sales	23.55	15.33
Commission to selling agents	20.43	16.55
Doubtful and bad debts	14.98	29.93
Doubtful and bad advances, loans and deposits	0.93	33.42
Bank and credit card charges	20.63	13.39
Information technology services	192.83	163.49
Travelling and conveyance	235.29	187.27
Training and development	18.42	15.75
Legal expenses	31.36	22.32
Consultancy/Professional fees	480.53	360.25
Postage, telephone etc.	28.01	27.79
Printing and stationery	12.91	10.53
(Gain)/Loss on sale of property, plant and equipment - Net	(55.89)	55.61
Loss on sale of stores and spare parts - Net	4.71	5.03
Miscellaneous expenses	1117.59	1019.45
TOTAL	8734.06	7675.31

Notes to the Consolidated Financial Statements

	For the year ended 31st March, 2022 (₹ in Crores)	For the year ended 31st March, 2021 (₹ in Crores)
27. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the year	5280.88	4387.06
Adjustments/(credits) related to previous years - Net	25.70	76.68
Total current tax	5306.58	4463.74
Deferred tax		
Deferred tax for the year	(33.72)	172.10
Adjustments/(credits) related to previous years - Net	(32.76)	(77.97)
MAT credit entitlement	(2.76)	(2.58)
Total deferred tax	(69.24)	91.55
TOTAL	5237.34	4555.29
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	(8.12)	(1.43)
Related to designated portion of hedging instruments in cash flow hedges	3.00	1.67
Equity instruments through other comprehensive income	—	(1.62)
	(5.12)	(1.38)
On items that will be reclassified to profit or loss		
Related to designated portion of hedging instruments in cash flow hedges	(3.72)	(10.26)
Debt instruments through other comprehensive income	(0.93)	—
	(4.65)	(10.26)
TOTAL	(9.77)	(11.64)
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	2.44	1.26
TOTAL	2.44	1.26
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	20740.47	17938.17
Income tax expense calculated @ 25.168% (2021: 25.168%)	5219.97	4514.66
Effect of tax relating to uncertain tax positions	27.58	26.37
Effect of different tax rate on certain items	(82.89)	(81.21)
Difference in tax rates of subsidiary companies	43.30	38.75
Effect of income not taxable	(90.77)	(89.01)
Other differences	123.83	147.02
TOTAL	5241.02	4556.58
Adjustments recognised in the current year in relation to the current tax of prior years	(3.68)	(1.29)
Income tax recognised in profit or loss	5237.34	4555.29

The tax rate of 25.168% (22% + surcharge @ 10% and cess @ 4%) used for the year 2021-22 and 2020-21 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

Notes to the Consolidated Financial Statements

28. Additional Notes to the Consolidated Financial Statements

(i) Earnings per share:	2022	2021
Earnings per share has been computed as under:		
(a) Profit for the year (₹ in Crores)	15242.66	13161.19
(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	12,31,65,71,748	12,30,12,07,984
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	54,47,370	12,73,424
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	12,32,20,19,118	12,30,24,81,408
(e) Earnings per share on profit for the year (Face Value ₹ 1.00 per share)		
– Basic [(a)/(b)]	₹ 12.37	₹ 10.70
– Diluted [(a)/(d)]	₹ 12.37	₹ 10.70

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

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2022	Percentage of ownership interest as at 31st March, 2021
ITC Infotech India Limited	India	100	100
ITC Infotech Limited (a 100% subsidiary of ITC Infotech India Limited)	UK	100	100
ITC Infotech (USA), Inc. (a 100% subsidiary of ITC Infotech India Limited)	USA	100	100
Indivate Inc. [a 100% subsidiary of ITC Infotech (USA), Inc.]	USA	100	100
Surya Nepal Private Limited	Nepal	59	59
Technico 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
Technico Asia Holdings Pty Limited (a 100% subsidiary of Technico Pty Limited)	Australia	100	100
Technico Horticultural (Kunming) Co. Limited (a 100% subsidiary of Technico Asia Holdings Pty Limited)	China	100	100
Srinivasa Resorts Limited	India	68	68
Fortune Park Hotels Limited	India	100	100

Notes to the Consolidated Financial Statements

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

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2022	Percentage of ownership interest as at 31st March, 2021
Landbase India Limited	India	100	100
Bay Islands Hotels Limited	India	100	100
WelcomHotels Lanka (Private) Limited	Sri Lanka	100	100
Russell Credit Limited	India	100	100
Greenacre Holdings Limited (a 100% subsidiary of Russell Credit Limited)	India	100	100
Wimco Limited*	India	100	98.21
Gold Flake Corporation Limited	India	100	100
ITC Investments & Holdings Limited	India	100	100
MRR Trading & Investment Company Limited (a 100% subsidiary of ITC Investments & Holdings Limited)	India	100	100
North East Nutrients Private Limited	India	76	76
Prag Agro Farm Limited	India	100	100
Pavan Poplar Limited	India	100	100
ITC IndiVision Limited	India	100	100

* Wimco Limited became a wholly owned subsidiary of the Company with effect from 29th July, 2021, consequent to reduction of equity share capital of that company becoming effective upon receipt of necessary approvals.

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, 2022	Percentage of ownership interest as at 31st March, 2021
Espirit Hotels Private Limited	India	26	26
Logix Developers Private Limited	India	27.90	27.90
ITC Essentra Limited (a joint venture of Gold Flake Corporation Limited)	India	50	50
Maharaja Heritage Resorts Limited	India	50	50

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

Notes to the Consolidated Financial Statements

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

(c) Investments in Associates:

The Group's Associates are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2022	Percentage of ownership interest as at 31st March, 2021
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 (an associate of Gold Flake Corporation Limited)	India	47.50	47.50
Delectable Technologies Private Limited	India	27.34#	20.06#

*associates of Russell Credit Limited

#on a fully diluted basis

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" and Indian Accounting Standard - 28 (Ind AS 28) on "Investments in Associates and Joint Ventures" by each of the included entities other than in respect of a joint venture Logix Developers Private Limited which has been considered on the basis of financial statements as certified by Logix Developers Private Limited's management and provided to the Company.

(iii) Contingent liabilities and commitments:

(a) Contingent liabilities:

Claims against the Group not acknowledged as debts ₹ 946.98 Crores (2021 - ₹ 920.32 Crores), including interest on claims, where applicable, estimated to be ₹ 295.25 Crores (2021 - ₹ 266.80 Crores), including share of associates ₹ 0.15 Crore (2021 - ₹ 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 ₹ 616.65 Crores (2021 - ₹ 627.95 Crores), including interest on claims, where applicable, estimated to be ₹ 272.19 Crores (2021 - ₹ 250.34 Crores), including share of associates ₹ 0.12 Crore (2021 - ₹ 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 ₹ 238.39 Crores (2021 - ₹ 233.27 Crores), including interest on claims, where applicable, estimated to be ₹ 11.22 Crores (2021- ₹ 5.40 Crores) including share of associates ₹ 0.03 Crore (2021 - ₹ 0.03 Crore).
- Third party claims arising from disputes relating to contracts aggregating ₹ 29.37 Crores (2021 - ₹ 32.55 Crores), including interest on claims, where applicable, estimated to be ₹ 0.10 Crore (2021 - ₹ 0.88 Crore).

Notes to the Consolidated Financial Statements

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

- Other matters aggregating ₹ 62.57 Crores (2021 - ₹ 26.55 Crores), including interest on other matters, where applicable, estimated to be ₹ 11.74 Crores (2021 - ₹ 10.18 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. In all these proceedings, the authorities applied an input-output ratio allegedly submitted by SNPL in the year 1990-91 and arrived at a theoretical production and demanded tax/duty on the differential production/turnover. This, despite the fact that SNPL's cigarette factory was under 'physical control' of the Excise authorities and cigarettes produced were duly accounted for and certified as such by the Excise authorities.

The Revenue Authorities for the first time raised excise demands for the financial years 1993-94 and 1994-95, claiming that SNPL could have produced more cigarettes according to the input-output ratio submitted in the year 1990-91. SNPL challenged these excise demands before the Hon'ble Supreme Court of Nepal through a writ petition. A division bench of the Hon'ble Supreme Court of Nepal decided the matter in favour of SNPL (the "Division Bench Judgement") and rejected the above basis of theoretical production. The Ministry of Finance of Nepal filed a review petition before the Full Bench of Hon'ble Supreme Court of Nepal seeking review of the judgement of Division Bench. The Full Bench after hearing both the sides at length upheld the judgement of Division Bench by its order dated October 29, 2009.

Similar demands had been raised for other financial years viz., Excise Demands for FY 1998-99 to FY 2002-03 and Income Tax Demand for FY 2001-02, which were also challenged by SNPL before the Hon'ble Supreme Court of Nepal by way of writ petitions and the Court was pleased to allow all the writ petitions setting aside the demands.

Further, the Inland Revenue Department had decided administrative review petitions in favour of SNPL setting aside Value Added Tax demands for the financial years 2001-02 and 2007-08 and Income Tax demand for the FY 2005-06 following the aforesaid decisions of the Hon'ble Supreme Court of Nepal.

During the pendency of the aforementioned review petition before the Hon'ble Supreme Court of Nepal and thereafter, the Revenue Authorities raised demands and issued a SCN, in the same subject matter of theoretical production for different years (as listed below), which were also challenged by SNPL by way of writ petitions before Hon'ble Supreme Court of Nepal between the years 2007 to 2010:

1. Excise demand letters for ₹ 17.38 Crores [Nepalese Rupee (NRs.) 27.80 Crores] relating to the financial years 2003-04 to 2006-07.
2. Excise Show Cause Notice for ₹ 12.28 Crores (NRs. 19.65 Crores) relating to the financial year 2007-08.
3. Value Added Tax (VAT) demand letters for ₹ 10.93 Crores (NRs. 17.49 Crores) relating to financial years 2002-03 to 2006-07.
4. Income Tax demand letters for ₹ 13.45 Crores (NRs. 21.52 Crores) relating to financial years 2002-03 and 2003-04.

SNPL's writ petitions with regard to various tax demands and a SCN mentioned hereinabove were disposed of by the Hon'ble Supreme Court of Nepal on 15th April, 2021 holding that SNPL should avail the alternate remedy by way of appeal to the Inland Revenue Department (IRD). SNPL is currently pursuing legal remedy in line with the observations/directions provided in the judgement of the Hon'ble Supreme Court of Nepal.

The Management considers that all the demands listed above have no legal or factual basis; accordingly, the Management is of the view that there is no liability that is likely to arise, particularly in light of the fact that the issue underlying these demands has already been settled by the Hon'ble Supreme Court of Nepal in favour of SNPL.

No legal recourse is required to be pursued in respect of a Show Cause Notice relating to the financial year 2007-08, since no demand has been issued.

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.

Notes to the Consolidated Financial Statements

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

- (b) Uncalled liability on investments partly paid is ₹ 29.74 Crores (2020 - ₹ 30.73 Crores).
- (c) Commitments: Estimated amount of contracts remaining to be executed on capital accounts and not provided for, including share of joint ventures ₹ 13.38 Crores (2021 - ₹ 10.26 Crores), are ₹ 2228.44 Crores (2021 - ₹ 2576.59 Crores).
- (iv) Research and Development expenses for the year amount to ₹ 143.65 Crores (2021 - ₹ 131.35 Crores).
- (v) 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, 2022 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 Defined 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 Risk: 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 securities. 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 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, 2022 (₹ in Crores)				For the year ended 31st March, 2021 (₹ in Crores)			
		Pension		Gratuity		Leave	Pension	Gratuity	
		Funded	Funded	Unfunded	Unfunded	Encashment	Funded	Funded	Unfunded
I	Components of Employer Expense								
	- Recognised in the Statement of Profit and Loss								
1	Current Service Cost	45.70	38.95	0.57	14.17		50.97	42.01	0.63
2	Past Service Cost	—	—	—	—		—	0.01	0.16
3	Net Interest Cost	1.87	(0.86)	0.39	8.89		0.14	(0.44)	0.49
4	Total expense recognised in the Statement of Profit and Loss	47.57	38.09	0.96	23.06		51.11	41.58	1.28
	- Remeasurements recognised in Other Comprehensive Income								
5	Return on plan assets (excluding amounts included in net interest cost)	(7.16)	(6.64)	—	—		(42.53)	(4.68)	—
6	Effect of changes in demographic assumptions	4.46	(1.57)	(0.08)	0.09		—	(0.15)	(0.04)
7	Effect of changes in financial assumptions	(4.24)	(8.35)	(0.24)	(0.23)		—	—	—
8	Changes in asset ceiling (excluding interest income)	—	—	—	—		—	—	—
9	Effect of experience adjustments	(37.64)	19.32	0.04	10.18		66.69	(0.53)	(0.59)
10	Total re-measurements included in Other Comprehensive Income	(44.58)	2.76	(0.28)	10.04		24.16	(5.36)	(0.63)
11	Total defined benefit cost recognised in the Statement of Profit and Loss and Other Comprehensive Income (4+10)	2.99	40.85	0.68	33.10		75.27	36.22	0.65
									27.16
	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 remeasurements of the net defined benefit liability are included in Other Comprehensive Income.								
II	Actual Returns	62.68	34.38	—	—		94.98	31.08	—
III	Net Asset/(Liability) recognised in Balance Sheet								
	1 Present Value of Defined Benefit Obligation	929.62	478.30	6.60	164.55		972.33	458.12	6.87
	2 Fair Value of Plan Assets	916.94	457.31	—	—		861.78	436.23	—
	3 Status [Surplus/(Deficit)]	(12.68)	(20.99)	(6.60)	(164.55)		(110.55)	(21.89)	(6.87)
	4 Restrictions on Asset Recognised	—	—	—	—		—	—	—
	5 Net (Liability) recognised in Balance Sheet	(17.18)	(20.99)	(6.60)	(164.55)		(113.32)	(22.98)	(6.87)
	a. Current	(15.08)	(17.15)	(0.60)	(25.35)		(110.70)	(21.18)	(0.32)
	b. Non-Current	(2.10)	(3.84)	(6.00)	(139.20)		(2.62)	(1.80)	(6.55)
	6 Net Asset recognised in Balance Sheet	4.50	—	—	—		2.77	1.09	—
	a. Current	4.50	—	—	—		2.77	1.09	—
	b. Non-Current	—	—	—	—		—	—	—

Notes to the Consolidated Financial Statements

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

	IV	Change in Defined Benefit Obligation (DBO)	For the year ended 31st March, 2022 (₹ in Crores)				For the year ended 31st March, 2021 (₹ in Crores)			
			Pension		Gratuity		Leave Encashment		Pension	Leave Encashment
			Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded
1	Present Value of DBO at the beginning of the year		972.33	458.12	6.87	153.11	880.50	432.79	6.56	140.56
2	Current Service Cost		45.70	38.95	0.57	14.17	50.97	42.01	0.63	14.56
3	Past Service Cost		—	—	—	—	—	0.01	0.16	—
4	Interest Cost		57.39	26.88	0.39	8.89	52.59	25.96	0.49	8.33
5	Re-measurement Gains/(Losses):									
a.	Effect of changes in demographic assumptions		4.46	(1.57)	(0.08)	0.09	—	(0.15)	(0.04)	—
b.	Effect of changes in financial assumptions		(4.24)	(8.35)	(0.24)	(0.23)	—	—	—	—
c.	Changes in asset ceiling (excluding interest income)		—	—	—	—	—	—	—	—
d.	Effect of experience adjustments		(37.64)	19.32	0.04	10.18	66.69	(0.53)	(0.59)	4.27
6	Curtailment Cost/(Credits)		—	—	—	—	—	—	—	—
7	Settlement Cost/(Credits)		—	—	—	—	—	—	—	—
8	Liabilities assumed in business combination		—	—	—	—	—	2.59	—	—
9	Effects of transfer In/(Out)		(0.07)	—	—	—	(0.06)	—	—	—
10	Benefits Paid		(108.31)	(55.05)	(0.95)	(21.66)	(78.36)	(44.56)	(0.34)	(14.61)
11	Present Value of DBO at the end of the year		929.62	478.30	6.60	164.55	972.33	458.12	6.87	153.11

V	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2022 (₹ in Crores)		As at 31st March, 2021 (₹ in Crores)	
		Pension	Gratuity		
	– Pension		72.02	170.07	
	– Gratuity		66.02	76.60	

Notes to the Consolidated Financial Statements

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

		For the year ended 31st March, 2022 (₹ in Crores)				For the year ended 31st March, 2021 (₹ 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	861.78	436.23	—	—	816.49	400.49	—	—
2	Assets acquired in Business Combination	—	—	—	—	—	1.88	—	—
3	Interest Income	55.52	27.74	—	—	52.45	26.40	—	—
4	Re-measurement Gains/(Losses) on plan assets	7.16	6.64	—	—	42.53	4.68	—	—
5	Actual Group Contributions	100.86	41.75	—	—	28.73	47.34	—	—
6	Benefits Paid	(108.31)	(55.05)	—	—	(78.36)	(44.56)	—	—
7	Effects of transfer in/(out)	(0.07)	—	—	—	(0.06)	—	—	—
8	Plan Assets at the end of the year	916.94	457.31	—	—	861.78	436.23	—	—
VII	Actuarial Assumptions					As at 31st March, 2022	As at 31st March, 2021		
						Discount Rate (%)	Discount Rate (%)		
1	Pension					6.75	6.25		
2	Gratuity					6.75	6.25		
3	Leave Encashment					6.75	6.25		
The estimates of future salary increases, generally between 4% to 5.5% for the Company (being the largest component of the Group), 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, 2022	As at 31st March, 2021		
1	Government Securities/Special Deposit with RBI					17.67%	23.83%		
2	High Quality Corporate Bonds					10.94%	11.31%		
3	Insurer/Citizen Investment Trust Managed Funds*					62.88%	53.90%		
4	Mutual Funds					4.36%	3.49%		
5	Cash and Cash Equivalents					4.15%	5.67%		
6	Term Deposits					—	1.80%		

* 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 and 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, 2022 (₹ in Crores)				For the year ended 31st March, 2021 (₹ in Crores)							
			Pension		Gratuity		Leave Encashment		Pension		Gratuity		Leave Encashment	
			Funded	Funded	Unfunded	Unfunded	Funded	Funded	Unfunded	Unfunded	Funded	Unfunded		
1	Present Value of Defined Benefit Obligation	929.62	478.30	6.60	164.55	972.33	458.12	6.87	153.11					
2	Fair Value of Plan Assets	916.94	457.31	—	—	861.78	436.23	—	—					
3	Status [Surplus/(Deficit)]	(12.68)	(20.99)	(6.60)	(164.55)	(110.55)	(21.89)	(6.87)	(153.11)					
4	Experience Adjustment of Plan Assets [Gain/(Loss)]	7.16	6.64	—	—	42.53	4.68	—	—					
5	Experience Adjustment of obligation [(Gain)/Loss]	(37.64)	19.32	0.04	10.18	66.69	(0.53)	(0.59)	4.27					

XI Sensitivity Analysis

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

	DBO as at 31st March, 2022	(₹ in Crores)	DBO as at 31st March, 2021
1	Discount Rate + 100 basis points	1491.38	1499.80
2	Discount Rate - 100 basis points	1678.51	1693.18
3	Salary Increase Rate + 1%	1669.68	1681.41
4	Salary Increase Rate – 1%	1493.21	1508.45

Maturity Analysis of the Benefit Payments

1	Year 1	259.19	260.86
2	Year 2	179.57	195.32
3	Year 3	196.14	128.97
4	Year 4	199.15	132.06
5	Year 5	179.46	153.69
6	Next 5 Years	528.13	485.30

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and other funds" in Note 24: - ₹ 167.45 Crores (2021 - ₹ 180.73 Crores).

Notes to the Consolidated Financial Statements

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

(vi) 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	91.99%	57786.02	91.60%	14202.64	711.36%	573.86	94.81%	14776.50	
Subsidiaries									
	Indian								
1	Russell Credit Limited	1.43%	896.63	0.22%	33.46	108.26%	87.33	0.78% 120.79	
2	Greenacre Holdings Limited	0.10%	63.01	0.01%	1.79	(0.01%)	(0.01)	0.01% 1.78	
3	Wimco Limited	...	2.65	...	(0.43)	(0.02%)	(0.02)	...	(0.45)
4	Prag Agro Farm Limited	...	0.98	...	(0.05)	—	—	...	(0.05)
5	Pavan Poplar Limited	...	0.33	...	(0.04)	(0.04)
6	Technico Agri Sciences Limited	0.16%	99.56	0.28%	43.04	0.28% 43.04	
7	Srinivasa Resorts Limited	0.10%	61.29	(0.01%)	(1.11)	0.02%	0.02	(0.01%)	(1.09)
8	Fortune Park Hotels Limited	0.03%	20.21	...	0.18	0.12%	0.10	...	0.28
9	Bay Islands Hotels Limited	0.03%	19.50	0.01%	1.15	—	—	0.01% 1.15	
10	ITC Infotech India Limited	0.94%	587.60	3.32%	514.24	10.59%	8.54	3.35% 522.78	
11	Gold Flake Corporation Limited	0.04%	24.21	...	0.33	—	—	...	0.33
12	ITC Investments & Holdings Limited	0.01%	5.21	...	0.01	—	—	...	0.01
13	MRR Trading & Investment Company Limited	...	0.02	—	—

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								
14 Landbase India Limited	0.39%	242.71	0.02%	2.85	0.04%	0.03	0.02%	2.88
15 North East Nutrients Private Limited	0.14%	87.87	0.07%	10.97	(0.06%)	(0.05)	0.07%	10.92
16 ITC IndiVision Limited	0.24%	149.83	(0.01%)	(0.78)	—	—	(0.01%)	(0.78)
Foreign								
1 Technico Pty Limited	0.08%	49.39	0.03%	5.07	2.57%	2.07	0.05%	7.14
2 Technico Technologies Inc.	...	1.67	...	(0.20)	—	—	...	(0.20)
3 Technico Asia Holdings Pty Limited	—	—	—	—	—	—	—	—
4 Technico Horticultural (Kunming) Co. Limited	0.03%	20.55	0.02%	2.92	—	—	0.02%	2.92
5 WelcomHotels Lanka (Private) Limited	2.11%	1323.29	0.08%	11.77	(737.76%)	(595.15)	(3.74%)	(583.38)
6 ITC Infotech Limited	0.17%	106.81	0.05%	7.99	—	—	0.05%	7.99
7 ITC Infotech (USA), Inc.	0.43%	270.16	0.12%	18.71	—	—	0.12%	18.71
8 Indivate Inc.	...	0.96	...	0.10	—	—	...	0.10
9 Surya Nepal Private Limited	0.58%	365.87	2.39%	370.57	0.41%	0.33	2.38%	370.90
Non-Controlling Interest in all subsidiaries	0.58%	366.30	1.68%	260.47	0.27%	0.22	1.67%	260.69

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)
Associates								
Indian								
1 International Travel House Limited	0.09%	59.20	(0.03%)	(5.24)	0.31%	0.25	(0.03%)	(4.99)
2 Gujarat Hotels Limited	0.03%	17.95	0.01%	1.24	—	—	0.01%	1.24
3 Russell Investments Limited	0.04%	26.56	0.01%	0.94	3.83%	3.09	0.03%	4.03
4 Divya Management Limited	0.01%	7.57	...	0.09	0.09
5 Antrang Finance Limited	0.01%	4.94	...	0.02	0.02
6 ATC Limited	0.01%	7.12	...	0.17	0.04%	0.03	...	0.20
7 Delectable Technologies Private Limited	0.01%	5.16	...	(0.28)	0.01%	0.01	...	(0.27)
Joint Ventures								
Indian								
1 ITC Essentra Limited	0.15%	94.57	0.13%	20.54	0.02%	0.02	0.13%	20.56
2 Maharaja Heritage Resorts Limited	—	—	—	—	—	—
3 Esprit Hotels Private Limited	0.07%	46.17	—	—
4 Logix Developers Private Limited	—	—	—	—	—	—	—	—
Total	100.00%	62821.87	100.00%	15503.13	100.00%	80.67	100.00%	15583.80

(vii) During the year, the Scheme for Amalgamation of Hobbits International Foods Private Limited (Hobbits) and Sunrise Sheetgrah Private Limited (Sheetgrah) with the Company was sanctioned by the Hon'ble National Company Law Tribunal, Allahabad Bench, which became effective from 12th August, 2021. The fair value of assets and liabilities of Hobbits and Sheetgrah have been recorded in accordance with Ind AS 103 - 'Business Combinations'. The financial statements, therefore, reflect the effect of the Scheme from 27th July, 2020 (being the appointed date) and figures for the previous periods have been restated, wherever necessary.

Notes to the Consolidated Financial Statements

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

(viii) Leases:

As a Lessee

The Group's significant leasing arrangements are in respect of operating leases for land, buildings (comprising licensed properties, residential premises, office premises, stores, warehouses etc.) and plant & equipment. These arrangements generally range between 2 years and 10 years, except for certain land and building leases where the lease term ranges up to 99 years. The lease arrangements have extension/termination options exercisable by either parties which may make the assessment of lease term uncertain. While determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered.

The amount of Right of Use Assets and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 3G and Note 17A respectively. The total cash outflow for leases for the year is ₹ 376.34 Crores (2021 - ₹ 394.05 Crores) [including payments of ₹ 295.32 Crores (2021 - ₹ 316.55 Crores) in respect of short-term/low-value leases and variable lease payments of ₹ 0.79 Crore (2021 - ₹ 0.40 Crore)].

The sensitivity of variable lease payments and effect of extension/termination options not included in measurement of lease liabilities is not material.

The undiscounted maturities of lease liabilities over the remaining lease term is as follows:

(₹ in Crores)

Term	As at 31st March, 2022	As at 31st March, 2021
Not later than three years	154.66	164.57
Later than three years and not later than ten years	115.37	127.19
Later than ten years and not later than twenty-five years	118.03	123.06
Later than twenty-five years and not later than fifty years	98.43	104.28
Later than fifty years	27.27	28.18

As a Lessor

The Group has leased out its investment properties etc. under operating lease for periods ranging upto 5 years. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. There are no variable lease payments. The details of income from such leases are disclosed under Note 3C and Note 23. The Group does not have any risk relating to recovery of residual value of investment properties etc. at the end of leases considering the business requirements and other alternatives.

The undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

(₹ in Crores)

Term	As at 31st March, 2022	As at 31st March, 2021
1 st year	16.67	90.92
2 nd year	0.57	16.67
3 rd year	Nil	0.57
4 th year	Nil	Nil
5 th year	Nil	Nil
Beyond 5 years	Nil	Nil

Notes to the Consolidated Financial Statements

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

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

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme - 2010
1.	Date of Shareholders' approval :	22-01-2007	23-07-2010
2.	Total number of Options approved under the Schemes (<i>Adjusted for Bonus Shares issued in terms of Shareholders' approval</i>)	Options equivalent to 37,89,18,503 Ordinary Shares of ₹ 1.00 each	Options equivalent to 55,60,44,823 Ordinary Shares of ₹ 1.00 each
3.	Vesting Schedule	<p>The vesting period for conversion of Options is as follows:</p> <ul style="list-style-type: none"> • On completion of 12 months from the date of grant of the Options : 30% vests • On completion of 24 months from the date of grant of the Options : 30% vests • On completion of 36 months from the date of grant of the Options : 40% vests 	
4.	Pricing Formula	<p>The Pricing Formula, as approved by the Shareholders of the Company, is such price, as determined by the Nomination & Compensation Committee, which is no lower than the closing price of the Company's Share on the National Stock Exchange of India Limited ('the NSE') on the date of grant, or the average price of the Company's Share in the six months preceding the date of grant based on the daily closing price on the NSE, or the 'market price' as defined from time to time under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.</p> <p>The Options have been granted at 'market price' as defined under the aforesaid Regulations.</p>	
5.	Maximum term of Options granted	Five years - the exercise period commences from the date of vesting of the Options granted and expires at the end of five 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 2021-22 is ₹ 33.51 Crores (2021 - ₹ 26.66 Crores), out of which ₹ 33.17 Crores (2021 - ₹ 26.27 Crores) relate to employee benefits expense, ₹ 0.23 Crore (2021 - ₹ 0.20 Crore) to property, plant and equipment and ₹ 0.11 Crore (2021 - ₹ 0.19 Crore) 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	In addition to the terms and conditions provided in the table under Serial Nos. (3) to (5) hereinbefore, 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.	
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 : ₹ 2,333.96 Weighted average fair value per Option : ₹ 429.36	

Notes to the Consolidated Financial Statements

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

SI. No.		ITC Employee Stock Option Scheme - 2006			ITC Employee Stock Option Scheme - 2010		
11.	Option movements during the year :						
a)	Options outstanding at the beginning of the year :	4,12,588			2,87,68,704		
b)	Options granted during the year :	55,950			11,65,650		
c)	Options cancelled and lapsed during the year :	60,146			61,32,845		
d)	Options vested and exercisable during the year (net of Options lapsed and exercised) :	31,710			5,90,511		
e)	Options exercised during the year :	28,416			14,12,754		
f)	Number of Ordinary Shares of ₹ 1.00 each arising as a result of exercise of Options during the year :	2,84,160			1,41,27,540		
g)	Options outstanding at the end of the year (a+b-c-e) :	3,79,976			2,23,88,755		
h)	Options exercisable at the end of the year :	2,46,416			2,06,07,350		
i)	Money realised by exercise of the Options during the year (₹ in Crores) :	5.61			286.21		
12.	Summary of the status of Options:						
	Particulars	As at 31st March, 2022			As at 31st March, 2021		
		No. of Options	Weighted Average Exercise Prices (₹)		No. of Options	Weighted Average Exercise Prices (₹)	
	Outstanding at the beginning of the year :	2,91,81,292	2402.40		3,45,80,543	2364.54	
	Add: Granted during the year :	12,21,600	2333.96		7,37,900	1699.20	
	Less: Lapsed during the year :	61,92,991	2230.80		44,75,852	2236.28	
	Less: Exercised during the year :	14,41,170	2024.88		16,61,299	1749.52	
	Outstanding at the end of the year :	2,27,68,731	2469.30		2,91,81,292	2402.40	
	Options exercisable at the end of the year :	2,08,53,766	2495.72		2,78,49,356	2416.25	
13.	Weighted average share price of Shares arising upon exercise of Options :	The weighted average share price of Shares, arising upon exercise of Options during the year ended 31st March, 2022 was ₹ 212.94 (2021 - ₹ 198.13). This was 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).					
14.	Summary of Options outstanding, scheme-wise:						
	Particulars	As at 31st March, 2022			As at 31st March, 2021		
		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 :	3,79,976	1698.00 – 2885.50	3.61	4,12,588	1698.00 – 2885.50	3.45
	ITC Employee Stock Option Scheme - 2010 :	2,23,88,755	1698.00 – 2885.50	1.93	2,87,68,704	1698.00 – 2885.50	2.12

Notes to the Consolidated Financial Statements

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

Sl. No.		ITC Employee Stock Option Scheme - 2006	ITC Employee Stock Option Scheme – 2010
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 significant assumptions used to ascertain the above	: The fair value of each Option is estimated using the Black Scholes Option Pricing model. Weighted average exercise price per Option : ₹ 2,333.96 Weighted average fair value per Option : ₹ 429.36 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 5.59% (ii) Expected life 4.61 years (iii) Expected volatility 24.86% (iv) Expected dividends 4.61% (v) The price of the underlying shares in market at the time of Option grant (One Option = 10 Ordinary Shares) ₹ 2,333.96	
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.	

(x) Information in respect of Stock Appreciation Linked Reward Plan:

Sl. No.	Particulars	Details
1	Nature and extent of Stock Appreciation Linked Reward Plan that existed during the year along with general terms and conditions	: ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR Plan). Under the ITC ESAR Plan, the eligible employees receive cash on vesting of SAR units, equivalent to the difference between the grant price and the market price of the share on vesting of SAR units subject to the terms and conditions specified in the Plan.
2	Settlement Method	: Cash – Settled
3	Vesting period and maximum term of SAR granted	: Over a period of five years from the date of grant in accordance with the Plan.
4	Method used to estimate the fair value of SAR granted	: Black Scholes Option Pricing model. The said model considers inputs such as Risk-free interest rate, Expected life, Expected volatility, Expected dividend, Market Price etc. The number of SAR units outstanding as at 31st March, 2022 is 39,46,719 (2021- 52,96,190) and the weighted average fair value at measurement date is ₹ 217.98 (2021 - ₹ 162.39) per SAR unit.
5	Total cost recognised in the profit or loss	: The cost has been calculated using the fair value method of accounting for SAR units issued under the ITC ESAR Plan. The employee compensation cost/(reversal) as per fair value method for the financial year 2021-22 is ₹ 30.01 Crores [2021 - ₹ 30.85 Crores]; out of which, ₹ 29.46 Crores [2021 - ₹ 30.50 Crores] relate to employee benefits expense (Refer Note 24), ₹ 0.17 Crore (2021 - ₹ 0.07 Crore) to property, plant and equipment and ₹ 0.38 Crore [2021 - ₹ 0.29 Crore] for group entities. The amount carried in the Balance Sheet as a non – current financial liability is ₹ 48.99 Crores (2021 - ₹ 34.33 Crores) and as current financial liability is ₹ 19.10 Crores (2021 – 4.25 Crores) (Refer Note 17B).

- (xi) Amount required to be spent by the Group during the year as per Section 135 read with Section 198 of the Companies Act, 2013 - ₹ 362.56 Crores (2021 - ₹ 357.17 Crores) being 2% of the average Net Profit of the Company amounting to ₹ 363.19 Crores less set-off of excess CSR spend of ₹ 0.63 Crore pertaining to FY 2020-21.
Expenditure incurred during the year is ₹ 363.37 Crores (2021 - ₹ 357.80 Crores) comprising employee benefits expense of ₹ 15.92 Crores (2021 - ₹ 14.96 Crores) and other expenses of ₹ 347.45 Crores (2021 - ₹ 342.84 Crores), of which ₹ 26.01 Crores (2021 - ₹ 11.94 Crores) is accrued for payment as on 31st March, 2022. The above includes an amount of ₹ 3.90 Crores with regard to ongoing project of FY 2021-22, which has been deposited in the Unspent CSR Account in April, 2022.

Notes to the Consolidated Financial Statements

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

Such CSR expenditure of ₹ 363.37 Crores (2021 - ₹ 357.80 Crores) excludes ₹ 5.85 Crores (2021 - ₹ 5.72 Crores) being the excess of expenditure of salaries of CSR personnel and administrative expenses over the limit of 5% of total CSR expenditure laid down under Rule 7(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as applicable to individual entities.

CSR activities undertaken during the year pertains to: poverty alleviation; promoting education and skill development; promoting healthcare including preventive healthcare; providing sanitation and drinking water; ensuring environmental sustainability; enabling climate resilience; rural development projects; creating livelihoods for people, especially those from disadvantaged sections of society; protection of national heritage, art and culture; preserving and promoting music; and providing relief and assistance to victims of disasters and calamities.

- (xii) Trade Payables ageing schedule:

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2022					
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	33.26	—	—	—	—	33.26
Others	867.10	101.18	0.57	0.52	0.31	969.68
Disputed Dues MSME	—	—	—	—	—	—
Disputed Dues Others	—	—	—	—	0.50	0.50
TOTAL	900.36	101.18	0.57	0.52	0.81	1003.44
Accrued Payables (not due)						
– MSME						68.16
– Others						3345.66
TOTAL						4417.26

(₹ in Crores)

	Outstanding for following periods from due date of payment as at 31st March, 2021					
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	34.63	—	—	—	—	34.63
Others	688.80	158.72	10.06	1.46	2.97	862.01
Disputed Dues MSME	—	—	—	—	—	—
Disputed Dues Others	—	—	—	—	0.77	0.77
TOTAL	723.43	158.72	10.06	1.46	3.74	897.41
Accrued Payables (not due)						
– MSME						26.52
– Others						3394.80
TOTAL						4318.73

- (xiii) Consequent to the devaluation in the value of the Sri Lankan Rupee, the foreign currency translation impact on consolidating the financial statements of WelcomHotels Lanka (Private) Limited, aggregating ₹ 595.15 crores for the year ended 31st March, 2022, has been recognised under 'Other Comprehensive Income'.
- (xiv) The financial statements were approved for issue by the Board of Directors on 18th May, 2022.
- (xv) Figures for the previous year have been re-arranged, wherever necessary, to conform to the figures of the current year.

Notes to the Consolidated Financial Statements

29. Segment reporting

	2022			2021		
	External	Inter Segment	Total	External	Inter Segment	Total
1. Segment Revenue - Gross						
FMCG - Cigarettes	26158.31	—	26158.31	22557.32	—	22557.32
FMCG - Others	15993.12	30.20	16023.32	14737.06	19.82	14756.88
FMCG - Total	42151.43	30.20	42181.63	37294.38	19.82	37314.20
Hotels	1341.02	6.64	1347.66	659.76	4.11	663.87
Agri Business	12192.01	4273.66	16465.67	8001.87	4880.81	12882.68
Paperboards, Paper and Packaging	6203.79	1437.83	7641.62	4549.83	1068.72	5618.55
Others	2729.98	69.23	2799.21	2329.31	64.59	2393.90
Segment Total	64618.23	5817.56	70435.79	52835.15	6038.05	58873.20
Eliminations			(5817.56)			(6038.05)
Gross Revenue from sale of products and services			64618.23			58873.20
2. Segment Results						
FMCG - Cigarettes			15768.45			13498.36
FMCG - Others			934.93			837.99
FMCG - Total			16703.38			14336.35
Hotels			(185.23)			(563.87)
Agri Business			1086.22			918.24
Paperboards, Paper and Packaging			1700.00			1098.68
Others			723.73			558.69
Segment Total			20028.10			16348.09
Eliminations			14.01			44.76
Consolidated Total			20042.11			16392.85
Unallocated corporate expenses net of unallocated income			906.84			852.32
Profit before interest etc. and taxation			19135.27			15540.53
Finance Costs			39.36			44.58
Interest earned on loans and deposits, income from current and non current investments, profit and loss on sale of investments etc. - Net			1627.08			2449.14
Share of net profit of associates & joint ventures			17.48			(6.92)
Profit before tax			20740.47			17938.17
Tax expense			5237.34			4555.29
Profit for the year			15503.13			13382.88
3. Other Information						
	2022		2021			
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities		
FMCG - Cigarettes	7193.11	4855.07	7257.60	4624.33		
FMCG - Others	11546.19	2258.59	11517.32	2523.00		
FMCG - Total	18739.30	7113.66	18774.92	7147.33		
Hotels	7470.93	807.44	7544.39	731.34		
Agri Business	5202.93	1724.46	5375.51	1053.09		
Paperboards, Paper and Packaging	8482.37	1326.05	7237.93	1080.24		
Others	1713.01	463.17	1629.47	395.40		
Segment Total	41608.54	11434.78	40562.22	10407.40		
Unallocated Corporate Assets/Liabilities	35651.01	3002.90	33257.08	2717.75		
Total	77259.55	14437.68	73819.30	13125.15		

Notes to the Consolidated Financial Statements

29. Segment reporting (Contd.)

	2022		2021	
	Capital expenditure	Depreciation and amortization	Capital expenditure	Depreciation and amortization
FMCG - Cigarettes	151.46	297.05	98.90	299.09
FMCG - Others	339.00	534.01	478.42	491.95
FMCG - Total	490.46	831.06	577.32	791.04
Hotels	499.56	265.77	409.54	271.03
Agri Business	215.26	82.92	58.18	77.10
Paperboards, Paper and Packaging	896.72	410.97	775.40	359.81
Others	25.45	28.45	14.84	32.04
Segment Total	2127.45	1619.17	1835.28	1531.02
Unallocated	130.83	113.24	78.01	114.57
Total	2258.28	1732.41	1913.29	1645.59
	Non Cash expenditure other than depreciation		Non Cash expenditure other than depreciation	
FMCG - Cigarettes	6.48		21.87	
FMCG - Others	6.56		57.26	
FMCG - Total	13.04		79.13	
Hotels	1.42		6.94	
Agri Business	3.38		0.06	
Paperboards, Paper and Packaging	27.59		38.25	
Others	7.35		2.33	
Segment Total	52.78		126.71	

GEOGRAPHICAL INFORMATION

	2022	2021
1. Revenue from external customers		
– Within India	50533.64	43650.26
– Outside India	14084.59	9184.89
Total	64618.23	52835.15
2. Non current assets		
– Within India	27624.06	27343.35
– Outside India	1166.59	1294.94
Total	28790.65	28638.29

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 & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Apparel.
 - Hotels – Hoteliering.
 - Paperboards, Paper and Packaging – Paperboards, Paper including Specialty Paper and Packaging including Flexibles.
 - Agri Business – Agri commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.
 - Others – Information Technology services, Branded Residences 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, WelcomHotels Lanka (Private) Limited and Landbase India Limited.
 - Agri Business – Technico Agri Sciences Limited, Technico Pty Limited and its subsidiaries Technico Technologies Inc., Technico Asia Holdings Pty Limited, Technico Horticultural (Kunning) Co. Limited and ITC IndiVision 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, Gold Flake Corporation Limited and WelcomHotels Lanka (Private) Limited.
- (4) The geographical information considered for disclosure are :
 - Revenue within India.
 - Revenue 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 and stock appreciation linked reward units are granted under ITC ESOS and ITC ESARP respectively to align the interests of employees with those of shareholders and also to attract and retain talent for the Group as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.
- (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) International Travel House Limited
- c) Divya Management Limited
- d) Antrang Finance Limited
- e) ATC Limited
- f) Delectable Technologies Private Limited
– being associates of the Group, and
- g) Tobacco Manufacturers (India) Limited (of which the Company is an associate)
and the subsidiaries of its ultimate parent company (British American Tobacco p.l.c.)

Joint Ventures

- a) Maharaja Heritage Resorts Limited
- b) ITC Essentra Limited

ii) a) Key Management Personnel:

S. Puri	Chairman & Managing Director
N. Anand	Executive Director
B. Sumant	Executive Director
R. Tandon	Executive Director
S. Banerjee#	Non-Executive Director
H. Bhargava#	Non-Executive Director@
N. Doda	Non-Executive Director (w.e.f. 11.08.2021)
A. Duggal#	Non-Executive Director
M. Gupta	Non-Executive Director (w.e.f. 27.10.2021)
S. Mukherjee#	Non-Executive Director (w.e.f. 11.08.2021)
A. Nayak#	Non-Executive Director
S. Panray	Non-Executive Director (w.e.f. 11.08.2021)
N. Rao#	Non-Executive Director
A. K. Seth#	Non-Executive Director
M. Shankar#	Non-Executive Director
D. R. Simpson	Non-Executive Director
A. Jerath	Non-Executive Director (up to 30.04.2021)
S. B. Mathur#	Non-Executive Director (up to 14.09.2021)

@ Non-Executive Director up to 22.08.2021. Appointed as Independent Director w.e.f. 20.12.2021.

Independent Directors

Chief Financial Officer

S. Dutta

Company Secretary

R. K. Singh

Members - Corporate Management Committee

S. Puri

N. Anand

B. Sumant

R. Tandon

S. Dutta

H. Malik

A. Rajput

S. Rangrass

S. K. Singh

S. Sivakumar

b) Relatives of Key Management Personnel:

T. Anand (wife of N. Anand)

R. Tandon (wife of R. Tandon)

N. Singh (wife of R. K. Singh)

iii) Employee Trusts:

- a) IATC Provident Fund
- b) ITC Defined Contribution Pension Fund
- c) ITC Management Staff Gratuity Fund
- d) ITC Employees Gratuity Fund
- e) ITC Gratuity Fund 'C'
- f) ITC Pension Fund
- g) ILTD Seasonal Employees Pension Fund
- h) ITC Platinum Jubilee Pension Fund
- i) ITC Bhadrachalam Paperboards Limited Management Staff Pension Fund
- j) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'A'
- k) ITC Bhadrachalam Paperboards Limited Gratuity Fund 'C'
- l) ITC Hotels Limited Employees Superannuation Scheme
- m) Sunrise Spices Limited Employees Gratuity Fund
- 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 31.03.2022

(₹ in Crores)

	RELATED PARTY TRANSACTIONS SUMMARY	Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Employee Trusts		Total
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
1.	Sale of Goods/Services	1316.61	945.16	54.19	34.04							1370.80
2.	Purchase of Goods/Services	73.37	73.16	280.54	229.81							353.91
3.	Investment in Associate	1.87	—									1.87
4.	Value of Share Based Payment											—
	Reimbursement for Share Based Payments											
5.	Rent Received											
6.	Rent Paid*	2.51	1.17			1.05	0.58	0.32	0.32			3.88
7.	Remuneration of Managers on Deputation reimbursed	5.36	6.00									5.36
8.	Remuneration of Managers on Deputation recovered	6.83	6.23	1.43	1.29							8.26
9.	Contribution to Employees' Benefit Plans											7.52
10.	Dividend Income	0.31	0.43	15.75	6.75							128.67
11.	Dividend Payments	3993.34	5496.01			5.70	5.51					16.06
12.	Expenses Recovered	21.59	4.98	0.11	0.20							5501.52
13.	Expenses Reimbursed	0.26	0.23			0.05	0.02					21.70
14.	Advances Given during the year	—	—	0.06								5.18
15.	Adjustment/Receipt towards Refund of Advances	...	0.11									0.31
16.	Advances Received during the year	1496.60	598.34									0.25
17.	Adjustment/Payment towards Refund of Advances	972.02	659.70									...
18.	Deposits Given during the year											0.11
19.	Deposits Refunded during the year											—
20.	Remuneration to Key Management Personnel (KMP) ¹											1496.60
20A.	— Short term benefits											598.34
20B.	— Other remuneration											972.02
20C.	— Share based payment granted ²											659.70
21.	Outstanding Balances[#]											
	i) Receivables	127.10	118.17	14.66	11.13							141.76
	ii) Advances Given	—	...									129.30
	iii) Deposits Given											
	iv) Advances Taken	692.41	167.83			0.08	0.08	0.07	0.07			4.50
	v) Deposits Taken	0.61	0.61									3.85
	vi) Payables	6.00	6.37	13.83	20.98							0.15
												692.41
												167.83
												0.61
												0.61
												157.88
												157.88

* Includes rent pertaining to leases classified as Right of Use Assets.

The amounts outstanding are unsecured and will be settled in cash.

1 Post employment benefits are actuarially determined on overall basis and hence not separately provided.

2 During the year, the Company granted Stock Options to eligible employees, including Executive Directors and KMPs, under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]. The Company has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) to the aforesaid persons in the previous years under the 'ITC Employee Cash Settled Stock Appreciation Linked Reward Plan'. Since such Stock Options and ESAR Units are not tradeable, no prerequisite or benefit is immediately conferred upon the employee by grant of such Stock Options/ESAR Units, and accordingly the said grants have not been considered as remuneration. However, in accordance with Ind AS -102, the Company has recorded employee benefits expense by way of share based payments to employees at ₹ 62.63 Crores for the year ended 31st March, 2022 (2021 - ₹ 56.77 Crores), of which ₹ 23.14 Crores (2021 - ₹ 27.71 Crores) is attributable to Executive Directors and KMPs.

Notes to the Consolidated Financial Statements

30. Related Party Disclosures (Contd.)

3. INFORMATION REGARDING SIGNIFICANT TRANSACTIONS/BALANCES (Generally in excess of 10% of the total transaction value of the same type)

	RELATED PARTY TRANSACTIONS SUMMARY	2022	2021	RELATED PARTY TRANSACTIONS SUMMARY	2022	2021
1. Sale of Goods / Services				11. Dividend Payments		
British American Tobacco (GLP) Limited	985.49	671.15		Tobacco Manufacturers (India) Limited	3276.18	4512.20
British American Tobacco (Holdings) Limited	121.86	110.05		Mydleton Investment Company Limited	534.94	736.76
2. Purchase of Goods / Services				12. Expenses Recovered		
ITC Essentra Limited	280.43	229.76		British American Tobacco (GLP) Limited	14.26	–
International Travel House Limited	32.92	37.66		B.A.T (U.K. and Export) Limited	4.95	2.28
3. Investment in Associate				British American Tobacco Kenya plc	2.22	1.77
Delectable Technologies Private Limited	1.87	–		British American Tobacco (Algérie) S.P.A.	–	0.72
4. Value of share based payment				13. Expenses Reimbursed		
Reimbursement for Share Based Payments				Gujarat Hotels Limited	0.23	0.23
International Travel House Limited	0.32	0.30		International Travel House Limited	0.03	...
ATC Limited	0.09	0.09		14. Advances Given during the year		
ITC Essentra Limited	0.05	0.05		International Travel House Limited	–	–
5. Rent Received				15. Adjustment /Receipt towards Refund of Advances		
International Travel House Limited	0.87	0.78		International Travel House Limited	–	0.06
6. Rent Paid				16. Advances Received during the year		
Gujarat Hotels	2.51	1.17		International Travel House Limited	...	0.11
A. Rajput	0.43	0.09		17. Adjustment /Payment towards Refund of Advances		
T. Anand	0.27	0.27		British American Tobacco (GLP) Limited	1494.26	596.87
N. Anand	0.27	0.27		18. Deposits Given during the year		
7. Remuneration of Managers on Deputation reimbursed				R. Tandon	...	–
Gujarat Hotels Limited	5.36	6.00		19. Deposits Refunded during the year		
8. Remuneration of Managers on Deputation recovered				International Travel House Limited	–	–
International Travel House Limited	3.27	2.99		20. Remuneration to Key Management Personnel (KMP)[#]		
ATC Limited	2.86	2.54		R. Tandon	–	0.02
ITC Essentra Limited	0.89	0.78		20A. Short term benefits		
9. Contribution to Employees' Benefit Plans				S. Puri	17.18	13.12
ITC Pension Fund	96.02	28.77		N. Anand	8.63	6.58
IATC Provident Fund	37.07	51.66		R. Tandon	25.42	8.10
ITC Management Staff Gratuity Fund	20.19	25.42		B. Sumant	–	8.10
10. Dividend Income						6.06
ITC Essentra Limited	15.75	6.75				0.57 Cr (2021 - ₹ 0.86 Cr)

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 ₹ 23.14 Crores (2021 - ₹ 27.71 Crores) is attributable to Executive Directors & KMPs, S. Puri ₹ 6.41 Crores (2021 - ₹ 10.21 Crores), N. Anand ₹ 4.15 Crores (2021 - ₹ 3.57 Crores), R. Tandon ₹ 5.04 Crores (2021 - ₹ 4.62 Crores), B. Sumant ₹ 2.15 Crores (2021 - ₹ 4.13 Crores), S. Dutta ₹ 0.53 Crore (2021 - ₹ 0.22 Crore) and R. K. Singh ₹ 0.57 Cr (2021 - ₹ 0.86 Cr)].



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 1,44,11,700 Ordinary Shares of ₹ 1.00 each amounting to ₹ 1.44 Crores (2021 – ₹ 1.66 Crores) towards its employee stock options. The securities premium stood at ₹ 9959.31 Crores as at 31st March, 2022 (2021 – ₹ 9582.81 Crores).

B. Categories of Financial Instruments

(₹ in Crores)

Particulars	Note	As at 31st March, 2022		As at 31st March, 2021	
		Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial assets					
a) Measured at amortised cost					
i) Cash and cash equivalents	13	271.37	271.37	290.42	290.42
ii) Other Bank Balances	14	4383.05	4383.05	4368.60	4368.60
iii) Investment in Bonds/ Debentures & Government or Trust Securities	4, 11	11147.17	11392.85	9497.32	10009.75
iv) Investment in Mutual Funds	4	278.36	277.12	–	–
v) Loans	5	13.38	11.64	7.54	6.51
vi) Trade receivables	12	2461.90	2461.90	2501.70	2501.70
vii) Other financial assets	6	4122.27	4077.03	1458.38	1410.06
Sub-total		22677.50	22874.96	18123.96	18587.04
b) Measured at Fair value through OCI					
i) Equity shares	4	1615.07	1615.07	982.46	982.46
ii) Investment in Mutual Funds	4	1238.69	1238.69	–	–
Sub-total		2853.76	2853.76	982.46	982.46
c) Measured at Fair value through Profit or Loss					
i) Investment in Mutual Funds	4, 11	8965.63	8965.63	12702.46	12702.46
ii) Investment in Bonds/ Debentures	11	1219.52	1219.52	1391.04	1391.04
iii) Investments in Venture Capital Fund	4	87.33	87.33	35.04	35.04
iv) Investments in Equity & Preference Shares	4	20.00	20.00	–	–
Sub-total		10292.48	10292.48	14128.54	14128.54
d) Derivatives measured at fair value					
i) Derivative instruments not designated as hedging instruments	6	5.45	5.45	9.63	9.63
ii) Derivative instruments designated as hedging instruments	6	27.27	27.27	12.88	12.88
Sub-total		32.72	32.72	22.51	22.51
Total financial assets		35856.46	36053.92	33257.47	33720.55

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(₹ in Crores)

Particulars		Note	As at 31st March, 2022		As at 31st March, 2021	
			Carrying Value	Fair Value	Carrying Value	Fair Value
B.	Financial liabilities					
a)	Measured at amortised cost					
i)	Cash credit facilities & loans	16, 20	0.31	0.26	4.18	4.13
ii)	Sales tax deferment loans	16, 20	5.28	3.86	5.63	3.69
iii)	Trade payables		4417.26	4417.26	4318.73	4318.73
iv)	Lease liabilities	17A	243.85	243.85	261.02	261.02
v)	Other financial liabilities	17B	1870.01	1855.46	1614.05	1590.80
	Sub-total		6536.71	6520.69	6203.61	6178.37
b)	Derivatives measured at fair value					
i)	Derivative instruments not designated as hedging instruments	17B	1.38	1.38	2.43	2.43
ii)	Derivative instruments designated as hedging instruments	17B	9.56	9.56	19.01	19.01
iii)	Contingent Consideration	17B	76.40	76.40	139.51	139.51
	Sub-total		87.34	87.34	160.95	160.95
	Total financial liabilities		6624.05	6608.03	6364.56	6339.32

C. Financial risk management objectives

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

Liquidity Risk

The Group's Current assets aggregate ₹ 34232.45 Crores (2021 - ₹ 34991.99 Crores) including Current Investments, Cash and cash equivalents and Other Bank Balances of ₹ 16918.70 Crores (2021 - ₹ 19505.35 Crores) against an aggregate Current liabilities of ₹ 12163.71 Crores (2021 - ₹ 10689.68 Crores). Other Non-current liabilities other than lease liabilities due between one year to three years amounted to ₹ 112.94 Crores (2021 - ₹ 176.03 Crores) and Other Non-current liabilities due after three years amounted to ₹ 36.41 Crores (2021 - ₹ 113.05 Crores) on the reporting date. The maturity analysis of undiscounted lease liabilities are disclosed under Note 28 (viii).

Further, while the Group's total equity stands at ₹ 62821.87 Crores (2021 - ₹ 60694.15 Crores), it has non-current borrowings of ₹ 4.85 Crores (2021 - ₹ 5.58 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 Risk

The Group is not an active investor in equity markets; it holds 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, 2022 is ₹ 1615.07 Crores (2021- ₹ 982.46 Crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

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

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

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

Foreign currency risk

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

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

	(₹ in Crores)					
As at 31st March, 2022	USD	Euro	GBP	JPY	Others	Total
Financial Assets	1035.99	181.07	155.30	0.01	92.67	1465.04
Financial Liabilities	151.30	57.42	26.84	18.26	18.78	272.60
As at 31st March, 2021	USD	Euro	GBP	JPY	Others	Total
Financial Assets	1269.81	87.67	135.20	—	95.54	1588.22
Financial Liabilities	139.58	42.94	29.05	40.55	16.79	268.91

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

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

				(In Million)	
Designated under Hedge Accounting		As at 31st March, 2022		As at 31st March, 2021	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	22.38	586.94	45.61	66.01
Euro	US Dollar	14.09	—	29.27	—
AUD	US Dollar	—	—	0.08	—
CHF	US Dollar	1.16	—	0.02	—
GBP	US Dollar	0.01	—	0.01	—
SEK	US Dollar	1.36	—	4.09	—
SGD	US Dollar	0.04	—	0.04	—
JPY	US Dollar	324.36	—	829.68	—

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

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

(In Million)

Not designated under Hedge Accounting		As at 31st March, 2022		As at 31st March, 2021	
Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	5.00	72.94	—	200.02
Euro	US Dollar	—	13.55	—	10.72
AUD	US Dollar	0.04	—	0.03	0.50
SGD	US Dollar	—	—	0.32	—
CHF	US Dollar	0.34	—	0.22	—
GBP	US Dollar	—	12.99	—	6.00
SEK	US Dollar	—	—	0.40	—
KWD	US Dollar	0.19	—	0.13	0.41
JPY	US Dollar	53.90	—	58.40	—
ZAR	US Dollar	3.50	—	—	—
US Dollar	Nepalese Rupee	3.83	—	3.75	0.12
Euro	Nepalese Rupee	0.39	—	0.34	—
GBP	Nepalese Rupee	...	—	0.02	—

b. Currency options that were outstanding on respective reporting dates (Designated under Hedge Accounting):

(In Million)

Currency	Cross Currency	Buy	Sell	Buy	Sell
US Dollar	Indian Rupee	—	17.00	—	—

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 in cashflows arising from exchange rate fluctuations in respect of firm commitments and highly probable forecast transactions, through foreign exchange forward, futures 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 foreign exchange rate fluctuations. 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 which are entered to manage the volatility in cashflows as a cash flow hedge under hedge accounting. The currency, amount and tenure of such hedges are generally matched to the underlying transaction(s). Changes in the fair value of the effective portion of cash flow hedges are recognised as cash flow hedging reserve in Other Comprehensive Income. While the probability of such hedges becoming ineffective is very low, the ineffective portion, if any, is immediately recognised in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

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

Particulars	2022	2021
At the beginning of the year	4.93	(24.33)
Add: Changes in the fair value of effective portion of matured cash flow hedges during the year	16.71	34.47
Add: Changes in fair value of effective portion of outstanding cash flow hedges	19.27	7.02
Less: Amounts transferred to the Statement of Profit and Loss on occurrence of forecast hedge transactions during the year	30.07	6.51
Less: Amounts transferred to the Statement of Profit and Loss due to cash flows no longer expected to occur	3.03	0.86
Less: Amounts transferred to initial cost of non-financial assets	(9.68)	(4.99)
Less: Net gain/(loss) transferred to the Statement of Profit and Loss on ineffectiveness	—	—
(Less)/Add: Deferred tax	(3.16)	(9.85)
At the end of the year	14.33	4.93
Of the above, balances remaining in cash flow hedge reserve for matured hedging relationships	2.46	2.53

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:

Outstanding balance in Cash Flow Hedge Reserve to be subsequently recycled from OCI	As at 31st March, 2022	As at 31st March, 2021
Within one year	10.80	3.86
Between one and three years	3.53	1.07
Total	14.33	4.93

Foreign Currency Sensitivity

For every percentage point increase/decrease 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, 2022 would decrease/increase by ₹ (2.53) Crores (2021 - ₹ 10.69 Crores) and other equity as at 31st March, 2022 would decrease/increase by ₹ 38.12 Crores (2021 - ₹ 10.29 Crores) on a pre-tax basis.

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 Government securities, fixed deposits with highly rated banks and companies; bonds issued by government institutions, public sector undertakings, mutual fund schemes of leading fund houses and certificate of deposits issued by highly rated banks and financial institutions. As these counter parties are Central/State Government, Government institutions/public sector undertakings with investment grade/sovereign 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 ₹ 18598.99 Crores (2021 - ₹ 14252.66 Crores).

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further, credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities, after due consideration of the counterparty's credentials and financial capacity, trade practices and prevailing business and economic conditions. The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management.

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

The Group's exposure to trade receivables on the reporting date, net of expected loss provisions, stood at ₹ 2461.90 Crores (2021 - ₹ 2501.70 Crores).

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

Particulars	(₹ in Crores)	
	As at 31st March, 2022	As at 31st March, 2021
Opening Balance	239.05	187.77
Add: Provisions made (net)	16.89	61.14
Less: Utilisation for impairment/de-recognition	14.82	9.75
Effects of foreign exchange fluctuation	(0.21)	(0.11)
Closing Balance	240.91	239.05

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, 2022	As at 31st March, 2021
A. Financial assets				
a) Measured at amortised cost				
i) Investment in Bonds/Debentures & Government or Trust Securities	2	11392.85	10009.75	
ii) Investment in Mutual Funds	1	277.12	—	
iii) Loans*	3	4.87	3.04	
iv) Other Financial assets*	3	1544.34	53.55	
Sub-total			13219.18	10066.34
b) Measured at Fair value through OCI				
i) Equity shares – Quoted	1	1610.33	969.35	
ii) Investment in Mutual Funds	1	1238.69	—	
Sub-total			2849.02	969.35
c) Measured at Fair value through Profit or Loss				
i) Investment in Mutual Funds	1	8965.63	12702.46	
ii) Investment in Bonds/ Debentures	2	1219.52	1391.04	
iii) Investments in Venture Capital Fund	2	87.33	35.04	
iv) Investments in Equity & Preference Shares	3	20.00	—	
Sub-total			10292.48	14128.54
d) Derivatives measured at fair value				
i) Derivative instruments not designated as hedging instruments	2	5.45	9.63	
ii) Derivative instruments designated as hedging instruments	2	27.27	12.88	
Sub-total			32.72	22.51
Total financial assets			26393.40	25186.74

Notes to the Consolidated Financial Statements

31. Financial Instruments and Related Disclosures (Contd.)

Particulars	Fair Value Hierarchy (Level)	As at 31st March, 2022	As at 31st March, 2021
B. Financial liabilities			
a) Measured at amortised cost			
i) Sales tax deferment loans*	3	3.12	3.34
ii) Other Financial liabilities*	3	129.95	193.41
iii) Lease Liabilities*	3	193.67	206.96
iv) Loans*	3	0.26	0.25
Sub-total		327.00	403.96
b) Derivatives measured at fair value			
i) Derivative instruments not designated as hedging instruments	2	1.38	2.43
ii) Derivative instruments designated as hedging instruments	2	9.56	19.01
iii) Contingent Consideration	3	76.40	139.51
Sub-total		87.34	160.95
Total financial liabilities		414.34	564.91

*Represents Fair value of Non-current Financial Instruments

Fair value hierarchy

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

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

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

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

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

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

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

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

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

On behalf of the Board

S. PURI	<i>Chairman & Managing Director</i>
R. TANDON	<i>Director</i>
S. DUTTA	<i>Chief Financial Officer</i>
R. K. SINGHI	<i>Company Secretary</i>

Independent Auditor's Report

to the Members of ITC Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of ITC Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further

described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, associates, joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
<p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Group performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such revenue recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Assessed the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and tested thereof. ● Evaluated the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls over recognition of revenue.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
<p>The timing of revenue recognition is relevant to the reported performance of the Group. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p> <p>Refer Note 1 to the Consolidated Ind AS Financial Statements - Significant Accounting Policies and Note 22A/22B.</p>	<ul style="list-style-type: none"> ● Evaluated the design, implementation and operating effectiveness of Group's controls in respect of revenue recognition. ● Tested the effectiveness of such controls over revenue cut off at year-end. ● On a sample basis, tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts and shipping documents. ● Performed an increased level of substantive testing in respect of sales transactions recorded during the period closer to the year end and subsequent to the year end. ● Compared revenue with historical trends and where appropriate, conducted further enquiries and testing. ● Assessed disclosures in financial statements in respect of revenue, as specified in Ind AS 115.
<p>Litigations – Contingencies</p> <p>The Group has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Group not acknowledged as debts are disclosed in the Financial Statements by the Group after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgment and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 28 (iii)(a) to the Consolidated Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Obtained and read the Group's accounting policies in respect of claims, provisions and contingent liabilities to assess compliance with accounting standards. ● Assessed the design and implementation of the Group's controls over the assessment of litigations and completeness of disclosures. Supporting documentation were tested for the positions taken by the management, meetings conducted with in-house legal counsel and/or legal team and minutes of Board and sub-committee meetings were reviewed, to test the operating effectiveness of these controls. ● Involved our tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. ● Additionally, considered the effect of new information in respect of contingencies as at April 1, 2021 to evaluate whether any change was required in the management's position on these contingencies as at March 31, 2022. ● Assessed in accordance with accounting standards, the provisions in respect of litigations and assessed disclosures relating thereto, including those for contingencies.

Key audit matters	How our audit addressed the key audit matter
<i>Impairment assessment of Capital Work in Progress (Hotel) and valuation of Inventories (Residential Apartments) of WelcomHotels Lanka (Private) Limited ('WLPL'), a wholly owned subsidiary</i>	
<p>WLPL is developing a mixed-use project in Colombo, Sri Lanka which includes a hotel and a residential apartment complex. At March 31, 2022, the carrying value of Capital Work in Progress ('CWIP') and inventories (excluding leasehold land value of ₹ 212.56 Crores) is ₹ 639.44 Crores and ₹ 493.09 Crores respectively. In view of the recent deterioration in the macro – economic scenario in Sri Lanka, the management of WLPL has performed impairment assessment for its capital work in progress of the Hotel (PPE) and net realisable value assessment for the inventory of the residential apartments.</p> <p>The processes and methodologies for assessing and determining the recoverable value of the project are based on assumptions, that by their nature imply the use of the management's judgment, in particular with reference to forecast of future cash flows, selling price, balance cost to complete the project, selling costs, terminal value, long-term growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the assumptions used, this is considered as a key audit matter.</p> <p>Refer Note 1 – Significant Accounting Policies and Note 2 – Use of estimates and judgements to the Consolidated Ind AS Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ● Obtained understanding of the Company's policy on assessment of impairment of PPE and determination of net realisable value for inventory and assumptions used by the management including design and implementation of controls. ● Obtained and read the projections/estimated selling price/future cashflows along with sensitivity analysis thereof. ● Discussed and obtained assessment of recoverable value of PPE and inventory from component auditor. ● Evaluated management's methodology, assumptions and estimates used in the calculations. ● Involved valuation specialist to review the appropriateness of methodology and key assumptions considered by management to determine discounted future cash flows. ● Performed sensitivity analysis around impact on future cash flows due to changes in key assumptions considered by management. ● Verified the arithmetical accuracy of the future cash flow model including comparison with approved budgets. ● Assessed the recoverability of PPE with regard to the value in use and net realisable value of inventory.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting

Independent Auditor's Report

Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users

taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of eighteen subsidiaries, whose Ind AS financial statements include total assets of ₹ 4,385.97 Crores as at March 31, 2022, and total revenues of ₹ 2,809.79 Crores

and net cash outflows of ₹ 2.42 Crores for the year ended on that date included in these consolidated Ind AS financial statements. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 17.48 Crores for the year ended March 31, 2022, as considered in the consolidated Ind AS financial statements, in respect of seven associates and four joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information 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 Holding Company's management has converted the financial statements of such subsidiaries located outside India 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 Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated Ind AS financial statements, 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.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, associate companies and joint ventures companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon 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 Ind AS financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies,

associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint ventures, incorporated in India, is disqualified as on March 31, 2022 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 with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer Note 28 (iii)(a) to the consolidated Ind AS financial statements;
 - ii. The Group, its associates and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2022.

Independent Auditor's Report

- iv. a) The respective managements of the Holding Company and its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and joint ventures to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, associate and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries, associate and joint ventures from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associate and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The final dividend paid by the Holding Company, its subsidiary, an associate and a joint venture company incorporated in India during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- The interim dividend declared and paid during the year by the Holding Company and, its subsidiaries, incorporated in India and until the date of the respective audit reports of such Holding Company and, subsidiaries, is in accordance with Section 123 of the Act.
- As stated in Note B of Statement of changes in equity to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company, its subsidiaries, an associate and a joint venture company, incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner

Place of Signature: Mumbai
Date: May 18, 2022

Membership Number: 41870
UDIN: 22041870AJEHPW9262

Annexure 1 referred to in paragraph 1 under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

Re: ITC Limited (the “Holding Company”)

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief and based on the consideration of report of respective auditors of the subsidiary companies, associates and joint ventures incorporated in India, we state that:

- (xxi) There are no qualifications or adverse remarks by the respective auditors in their report on Companies (Auditors Report) Order, 2020 of the companies included in the consolidated financial statements. As indicated in Note 28 (ii)(d) of the Ind AS Consolidated financial statements, in respect of a joint venture, consolidated based on management accounts, the audit report under Companies (Auditors Report) Order, 2020 of the company has not been issued till the date of our auditor’s report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner
Membership Number: 41870

Place of Signature: Mumbai
Date: May 18, 2022

UDIN: 22041870AJEHPW9262

Annexure 2 to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of ITC Limited

Report on the Internal Financial Controls 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 ITC Limited (hereinafter referred to as the “Holding Company”) as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), its associates and joint ventures, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, its associates 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 Holding 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 Holding Company’s internal financial controls with reference to consolidated financial statements 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”) and the Standards on Auditing, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 and the audit evidence obtained by the other auditors 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 with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements 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, the Group, its associates and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these ten subsidiaries, six associates and two joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint ventures incorporated in India.

For S R B C & CO LLP
Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Sudhir Soni
Partner

Membership Number: 41870

UDIN: 22041870AJEHPW9262

Place of Signature: Mumbai
Date: May 18, 2022

Ten Years at a Glance

Standalone Operating Results FY13 - FY22

(₹ in Crores)

Year ended 31st March	FY13	FY14	FY15	FY16\$	FY17\$	FY18\$	FY19\$	FY20\$	FY21\$	FY22\$
Gross Sales Value (net of rebates & discounts) #	47755	53889	57799	60196	64174	67082	75309	76097	74979	90104
Gross Revenue from sale of products & services #	41810	46713	49965	51582	55002	43957	45221	46324	48151	59101
Total Income #	43044	48176	51932	53714	57434	46460	48269	49821	51776	62336
EBITDA	10628	12455	13474	13715	14578	15541	17306	17904	15523	18934
PBT	10684	12659	13998	14434	15503	16439	18444	19299	17164	19830
Exceptional items						413	(132)			
PBT after Exceptional Items	10684	12659	13998	14434	15503	16852	18444	19167	17164	19830
Tax	3266	3874	4390	5106	5302	5628	5980	4031	4133	4772
PAT	7418	8785	9608	9328	10201	11223	12464	15136	13032	15058
Interim + Proposed Dividends *	4853	5583	6030	8233	6945	7577	8498	12477	13230	14172
- Ordinary Dividend	4853	5583	6030	6296	6945	7577	8498	12477	13230	14172
- Special Dividend					1937					
Earnings Per Share **										
Actual (₹)	9.39	11.05	11.99	11.59	8.40	9.20	10.17	12.31	10.59	12.22
Adjusted (₹) @	6.26	7.36	7.99	7.73	8.40	9.20	10.17	12.31	10.59	12.22
Dividend Per Share **										
Actual - Ordinary (₹)	5.25	6.00	6.25	6.50	4.75	5.15	5.75	10.15	10.75	11.50
Actual - Special (₹)				2.00						
Adjusted - Ordinary (₹) @	3.50	4.00	4.17	4.33	4.75	5.15	5.75	10.15	10.75	11.50
Adjusted - Special (₹) @				1.33						

\$ FY16 to FY22 as per Indian Accounting Standards (Ind AS); previous GAAP for earlier years.

Gross Sales Value (net of rebates & discounts) has been provided to facilitate comparison as the figures of Gross Revenue from sale of products & services and Total Income are not comparable consequent to the introduction of Goods & Services Tax with effect from 1st July 2017, which replaced Central Excise (other than National Calamity Contingent Duty on cigarettes), Value Added Tax etc.

* Including Dividend Distribution Tax, where applicable.

** Based on number of shares outstanding at the year end; reflects the impact of Corporate Actions.

@ To facilitate like-to-like comparison, adjusted for 1:2 Bonus Issue in FY17.

Note : Financials for FY21 & FY22 are to be viewed in the context of unprecedented disruptions in certain operating segments of the Company due to the COVID-19 pandemic (Please refer to Report of the Board of Directors & Management Discussion and Analysis for details).

Standalone Equity, Liabilities and Assets FY13 - FY22

(₹ in Crores)

As at 31st March	FY13	FY14	FY15	FY16\$	FY17\$	FY18\$	FY19\$	FY20\$	FY21\$	FY22\$
Equity										
Share capital	790	795	802	805	1215	1220	1226	1229	1231	1232
Other equity	21498	25467	29934	40851	44126	50180	56724	62800	57774	60168
Shareholders' funds (Net Worth)	22288	26262	30736	41656	45341	51400	57950	64029	59005	61400
Non-current liabilities										
Borrowings	66	51	39	26	18	11	8	6	5	5
Deferred tax liabilities (Net)	1204	1297	1632	1867	1872	1918	2044	1618	1728	1667
Non-current liabilities (others) ^	129	115	108	127	155	195	174	493	669	543
Current liabilities										
Borrowings @@	11	15	14	16	8	7	3	2	...	1
Proposed dividend (including tax)	4853	5583	6030							
Current liabilities (others) ^	5466	5906	5637	6339	6822	8850	9619	9087	10173	11477
Total Equity and Liabilities	34017	39229	44196	50031	54216	62381	69798	75235	71580	75093
Non-current assets										
Property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development), investment property and right of use assets ^	12697	14309	16293	16430	18417	20592	21888	23298	25521	25688
Non-current investments	2001	2512	2442	6853	8486	13494	14071	13456	12937	15657
Non-current assets (others)	1728	1480	1506	3515	2776	3792	4269	1974	1306	2806
Current assets										
Current investments	5059	6311	5964	6471	10100	9903	12507	17175	14047	11625
Cash and cash equivalents and Other bank balances	3615	3289	7589	5639	2747	2595	3769	6843	4002	3878
Current assets (others)	8917	11328	10402	11123	11690	12005	13294	12489	13767	15439
Total Assets	34017	39229	44196	50031	54216	62381	69798	75235	71580	75093
Net Worth Per Share (₹) *	18.80	22.01	25.56	34.51	37.33	42.12	47.27	52.09	47.94	49.82

\$ FY16 to FY22 as per Ind AS; previous GAAP for earlier years.

* To facilitate like-to-like comparison, adjusted for 1:2 Bonus Issue in FY17.

Equity includes impact of :

FY17 - 1:2 Bonus Issue (₹ 403 Crores).

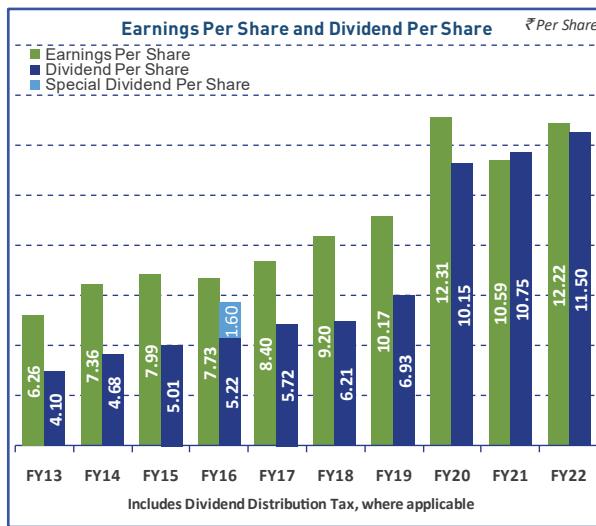
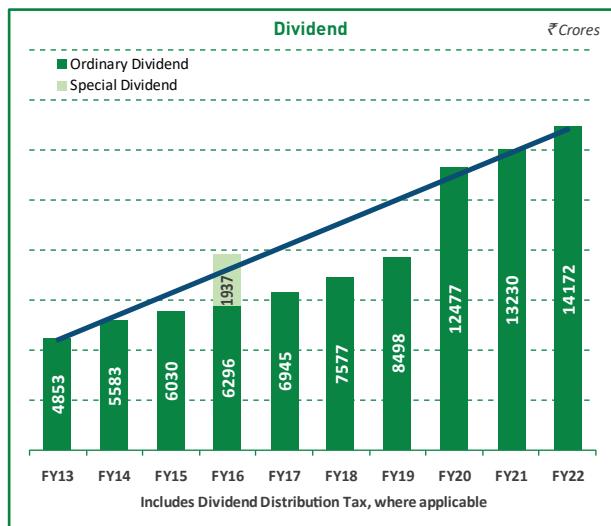
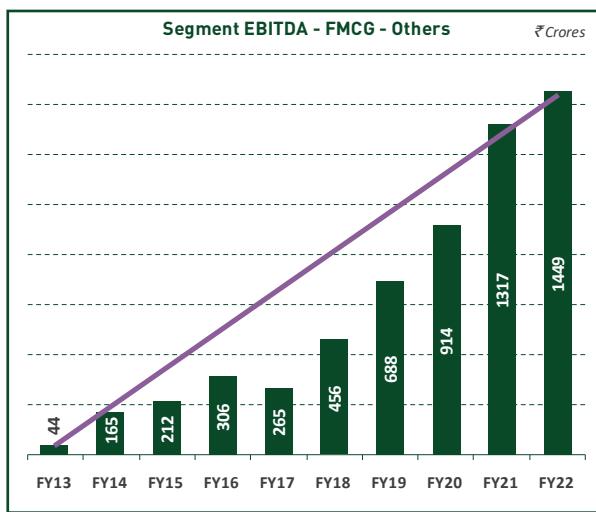
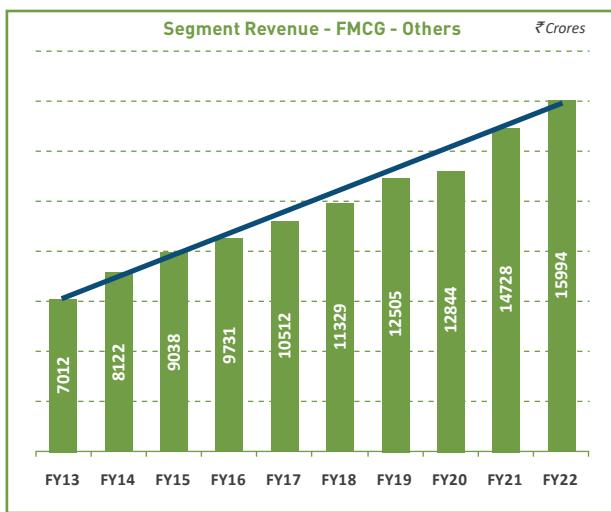
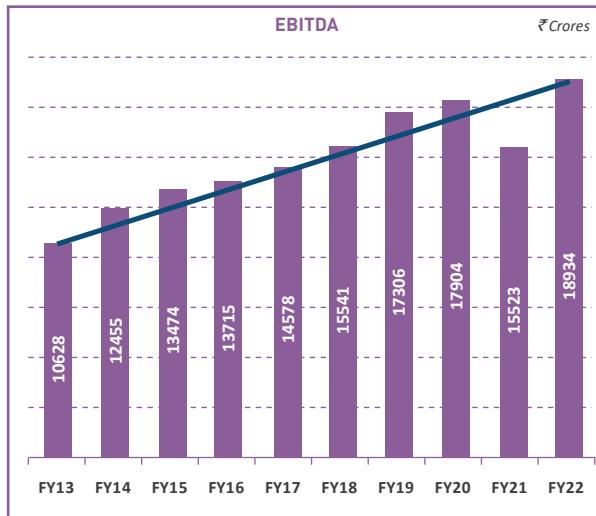
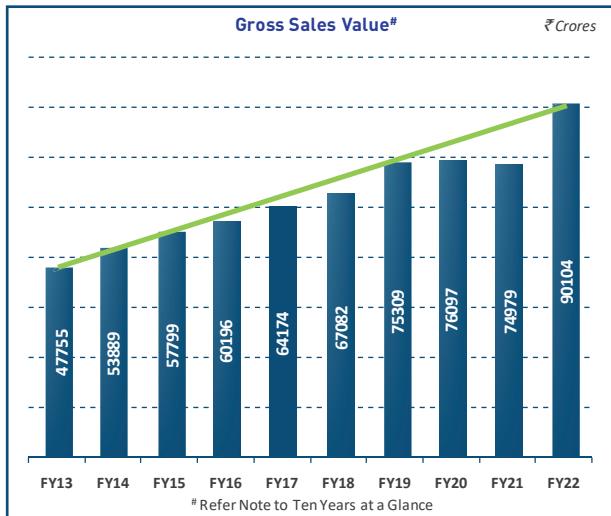
FY15 - 87,761 Ordinary Shares of ₹ 1.00 each issued pursuant to Scheme of Amalgamation of Non-Engineering Business of WIMCO Limited with the Company.

^ Includes right of use assets and lease liabilities from FY20 upon transition to Ind AS-116, "Leases".

@@ To facilitate like-to-like comparison, figures for earlier years have been regrouped in line with amendment to Schedule III to the Companies Act, 2013.



Financial Highlights



These graphs depict the standalone financial position

Notes:

- Financials for FY21 & FY22 are to be viewed in the context of unprecedented disruptions in certain operating segments of the Company due to the COVID-19 pandemic (Please refer to Report of the Board of Directors & Management Discussion and Analysis for details).
- EPS and DPS have been adjusted for impact of corporate action to facilitate like-to-like comparison.
- FY16 to FY22 as per Ind AS; previous GAAP for earlier years.



Business Responsibility and Sustainability Report

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Section A: General Disclosures

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Company	L16005WB1910PLC001985
2.	Name of the Company	ITC Limited
3.	Year of Incorporation	1910
4.	Registered office address	
5.	Corporate office address	Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071
6.	E-mail id	enduringvalue@itc.in
7.	Telephone	+91 33 2288 9371
8.	Website	www.itcportal.com
9.	Financial year for which reporting is being done	2021-22
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited ('NSE'), BSE Limited ('BSE'), The Calcutta Stock Exchange Limited ('CSE')
11.	Paid-up capital	₹1232.33 crores (As on 31.03.2022)
12.	Name and contact details of the person who may be contacted in case of any queries on the BCSR report	Ms. Madhulika Sharma Chief Sustainability Officer Madhulika.sharma@itc.in +91 33 2288 9371
13.	Reporting boundary	The financial disclosures made in this report are on a standalone basis, and are excerpted from the Company's Report and Accounts 2022. The data related to social performance is on a standalone basis. The environmental disclosures are based on performance of Company's Businesses, certain subsidiaries and associates, and key Third-Party Manufacturers (TPMs). The details are available in 'About this Report' section of ITC's Sustainability & Integrated Report 2022.

II. Products/services

14. Details of business activities:

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
1.	FMCG	Cigarettes: Cigarettes, Cigars etc.	39.68%
		Others: Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Personal Care Products; Education and Stationery Products; Safety Matches and Agarbattis; Apparel.	27.01%
2.	Hotels	Hoteliering.	2.16%
3.	Agri Business	Agri-commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.	20.52%
4.	Paperboards, Paper & Packaging	Paperboards, Paper including Specialty Paper & Packaging including flexibles.	10.63%

15. Products/Services sold by the entity:

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1	Cigarettes: Cigarettes, Cigars etc.	12003, 21002, 46307	39.68%
2	Others: Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis; Apparel.	10202, 10304, 10308, 10402, 10501, 10502, 10504, 10509, 10611, 10612, 10712, 10732, 10733, 10735, 10740, 10750, 10792, 10795, 10796, 10798, 20231, 20233, 20234, 20236, 20237, 20239, 20293, 46491 46496, 46497, 46909, 47711	27.01%
3	Hoteliering	55101, 56101, 56301, 74909, 47110, 47190, 68200, 77400, 79900, 96010, 96020, 96905	2.16%
4	Agri-commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.	12001, 10202, 10209, 10302, 10304, 10406, 10611, 10795, 20213, 46201, 46207, 46301, 46305, 46306, 47300	20.52%
5	Paperboards, Paper including Specialty Paper & Packaging including flexibles.	17015, 17016, 17093, 17022, 17029, 22203	10.63%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated.

The Company's Businesses and operations are spread across the country. Details of plant locations, including hotels owned/operated by the Company, are provided under sections 'Shareholder Information' in Company's Report and Accounts 2022, and 'About this Report' section of the Company's Sustainability & Integrated Report 2022.

17. Markets served by the entity

a. Number of locations

Location	Number
National (No. of States)	Pan-India
International (No. of Countries)	ITC exports to over 100 countries

b. What is the contribution of exports as a percentage of the total turnover of the entity?

FY 2021-22	15.77%
FY 2020-21	10.75%

c. A brief on types of customers

ITC is one of India's foremost private sector companies and a diversified conglomerate with 13 businesses spanning FMCG, Hotels, Paperboards, Paper & Packaging and Agri Businesses, and operates across both B2C and B2B segments.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

During FY 2021-22, the Company employed 49,342 employees, out of which 5,543 were female employees.

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	23,829	21,568	91%	2,261	9%
2.	Other than Permanent (E)	25,513	22,231	87%	3,282	13%
	Total employees (D + E)	49,342	43,799	89%	5,543	11%
WORKERS						
4.	Permanent (F)	12,734	12,102	95%	632	5%
5.	Other than Permanent (G)	25,317	22,068	87%	3,249	13%
	Total workers (F + G)	38,051	34,170	90%	3,881	10%

Note: Definition of employee clustering is as under:

- Permanent Employees include Management, Non-Management and Workers • Other than Permanent Employees include Service Provider Personnel (SPP), Fixed Term Contract (FTC)/Fixed Term Retainer (FTR) (Management/Non-management, worker) • Permanent Workers include only Workers • Other than Permanent Workers include SPP, FTC (Worker) • Trainees and Apprentices not included in the Workforce

b. Differently abled Employees and workers:

During FY 2021-22, the Company employed 123 differently abled employees.

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	25	21	84%	4	16%
2.	Other than Permanent (E)	98	69	70%	29	30%
	Total differently abled employees (D + E)	123	90	73%	33	27%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	17	15	88%	2	12%
5.	Other than Permanent (G)	32	31	97%	1	3%
	Total differently abled workers (F + G)	49	46	94%	3	6%

19. Participation/Inclusion/Representation of women

		Total (A)	No. and percentage of Females	
			No. (B)	% (B/A)
Board of Directors		16	2	12.50%
Key Managerial Personnel*		6	0	0

* Comprising Chairman & Managing Director, Wholetime Directors, Chief Financial Officer and Company Secretary

20. Turnover rate for permanent employees and workers

In FY 2021-22, the overall attrition (voluntary separation, retirement, termination and abandonment of services) across employees was 10%. Gender-wise attrition stood at 9% for male employees and 18% for female employees.

	FY 2021-22			FY 2020-21			FY 2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9%	18%	10%	7%	15%	8%	10%	19%	11%
Permanent Workers	6%	25%	7%	6%	22%	7%	7%	33%	8%

Note: The attrition amongst female workforce is higher due to personal and contextual reasons such as marriage, re-location, etc.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the Holding/Subsidiary/Associate Companies/Joint Ventures (A)	Indicate Whether Holding/Subsidiary/Associate/Joint Venture	% of Shares Held by Listed Entity* (Refer Note)	Does the Entity Indicated at Column A, Participate in the Business Responsibility Initiatives of the Listed Entity? (Yes/No)**
1	ITC Infotech India Limited	Subsidiary	100.00	Yes
2	ITC Infotech Limited	Subsidiary	100.00	No
3	ITC Infotech (USA), Inc.	Subsidiary	100.00	No
4	Indivate Inc.	Subsidiary	100.00	No
5	Surya Nepal Private Limited	Subsidiary	59.00	Yes
6	Technico Agri Sciences Limited	Subsidiary	100.00	Yes
7	Technico Pty Limited	Subsidiary	100.00	No
8	Technico Technologies Inc.	Subsidiary	100.00	No
9	Technico Asia Holdings Pty Limited	Subsidiary	100.00	No
10	Technico Horticultural (Kunming) Co. Limited	Subsidiary	100.00	No
11	Srinivasa Resorts Limited	Subsidiary	68.00	Yes
12	Fortune Park Hotels Limited	Subsidiary	100.00	No
13	Landbase India Limited	Subsidiary	100.00	Yes
14	Bay Islands Hotels Limited	Subsidiary	100.00	Yes
15	WelcomHotels Lanka (Private) Limited	Subsidiary	100.00	No
16	Russell Credit Limited	Subsidiary	100.00	No
17	Greenacre Holdings Limited	Subsidiary	100.00	No
18	Wimco Limited	Subsidiary	100.00	No
19	Gold Flake Corporation Limited	Subsidiary	100.00	No
20	ITC Investments & Holdings Limited	Subsidiary	100.00	No
21	MRR Trading & Investment Company Limited	Subsidiary	100.00	No
22	North East Nutrients Private Limited	Subsidiary	76.00	Yes
23	Prag Agro Farm Limited	Subsidiary	100.00	No
24	Pavan Poplar Limited	Subsidiary	100.00	No
25	ITC IndiVision Limited	Subsidiary	100.00	No
26	Espirit Hotels Private Limited	Joint Venture	26.00	No
27	Logix Developers Private Limited	Joint Venture	27.90	No
28	ITC Essentra Limited	Joint Venture	50.00	No
29	Maharaja Heritage Resorts Limited	Joint Venture	50.00	No
30	Gujarat Hotels Limited	Associate	45.78	Yes
31	International Travel House Limited	Associate	48.96	No
32	Russell Investments Limited	Associate	25.43	No
33	Divya Management Limited	Associate	33.33	No
34	Antrang Finance Limited	Associate	33.33	No
35	ATC Limited	Associate	47.50	Yes
36	Delectable Technologies Private Limited	Associate	27.34#	No

* held directly or through subsidiary companies.

on a fully diluted basis.

Note: Refer Note 28(iii) of Consolidated Financial Statements forming part of Report and Accounts 2022, for further details on subsidiaries, associates and joint ventures.

** For details, refer to 'About this Report' section of the Company's Sustainability & Integrated Report 2022.

VI. CSR Details

22 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No).

Yes, CSR is applicable as per Section 135 of Companies Act, 2013.

(ii) Turnover of the Company for the year ended 31st March, 2022 - ₹ 59,101.09 crores

(iii) Net worth of the Company as at 31st March, 2022 - ₹ 60,545.55 crores (computed as per the Companies Act, 2013)

VII. Transparency and Disclosures Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC).

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No)	FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities		Yes. ITC's Social Investments Programme (SIP) has a structured process of engaging with the communities to get feedback on the interventions and also understand if they have any views, issues, complaints and grievances related to these interventions. During FY 2021-22, no grievances were raised by the communities during such interactions.		
Shareholders and Investors		<p>Yes. The Company has an Investor Service Centre ('ISC') which is registered with the SEBI as Category II Share Transfer Agent for providing in-house share registration and related services to the Shareholders and Investors. ISC has effective systems and processes in place to ensure prompt redressal of investor grievances, as follows:</p> <ul style="list-style-type: none"> (a) The Head of Investor Service Centre of the Company is responsible for redressal of investor grievances. (b) The Company has a specific e-mail address earmarked for receiving investor complaints which is isc@itc.in. (c) The 'Investor Charter' of the Company and the status of investor complaints received by the Company are available on its website. (d) A Board Level Committee viz., the Security Holders Relationship Committee, has been mandated to oversee redressal of investor grievances, and review adherence to the service standards adopted by the Company in respect of its in-house share registration activities. (e) ISC has a 'Complaint Identification Policy' for identification of investor complaints. Further, ISC attends to shareholder/investor complaints within five working days, except where constrained by disputes or legal impediments. (f) Details of investor complaints received by the Company are filed on a quarterly basis with the Stock Exchanges where the Company's shares are listed, and with the SEBI on a half-yearly basis. <p>During FY 2021-22, one complaint relating to delay in recording of Permanent Account Number of a Shareholder was received and promptly resolved.</p> <p>There were no shareholder/investor complaints pending for resolution at the end of the year.</p>		

Employees and workers	<p>Yes. To address employee concerns and complaints pertaining to human rights and labour practices, a Grievance Redressal Procedure with appropriate systems and mechanisms has been instituted across ITC units. It aims to facilitate open and structured discussions on grievances raised on labour practices and human rights. The implementation is ensured by Divisional/SBU Chief Executives, through members of the respective Management Committees.</p> <p>During FY 2021-22, there were 212 complaints received across the Businesses, and 206 such complaints were resolved. 6 are pending resolution at the close of the year.</p>
Consumers, Shoppers & Retailers	<p>Yes. Robust systems have been put in place across ITC Businesses to continuously engage with consumers for gathering feedback and address their concerns, if any, in a timely manner. A dedicated customer interactions team is in place to address any product related query/complaint. Several communication channels like email, telephone number and feedback forms are provided to the consumers. In addition, the Company has an online reputation management team which interacts with consumers via social media channels, and responds to their queries in a real time manner. A Customer Relationship Management (CRM) platform has been implemented for capturing customer complaints, queries, feedback and suggestions received across channels. The CRM platform also provides consumer insights for bringing about process related changes, and system enhancements for improving the CSAT (Customer Satisfaction) scores.</p> <p>During FY 2021-22, around 10,000 complaints were received across Businesses, and more than 97% of these were resolved as on 31st March, 2022.</p>
Value Chain Partners	<p>Yes. As per the Company's Code of Conduct for Suppliers and Service Providers, they are expected to bring to the notice of the manager concerned at ITC, any actual or suspected breach of the Code. Suppliers and Service Providers are encouraged to report any known or suspected improper behaviour of ITC employees. Such reports are treated in a confidential manner.</p>

The Company policies are hosted on the website at <https://www.itcportal.com/about-itc/policies/index.aspx>

24. Overview of the entity's material responsible business conduct issues

In order to identify the material issues including environmental and social ones, and understand the relative importance of these issues to its stakeholders and ITC Businesses, the Company conducts materiality assessments, and accordingly devise specific action plans for addressing each material issue at regular intervals. Such assessments help in identifying key drivers for value creation over a period of time. In FY 2019-20, ITC engaged with a diverse set of internal and external stakeholders in order to update its materiality matrix. Going forward, ITC will continue to engage with its key internal and external stakeholders on an ongoing basis to ensure a more dynamic materiality assessment.

As a diversified enterprise, ITC 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 talent and enhancing organisational capabilities through timely developmental inputs.

For more information on Risk Management Framework and ITC's materiality matrix, refer to the 'Risk Management Section' of the Report of the Board of Directors forming part of ITC's Report and Accounts 2022, and 'Strategic Risk Management' and 'Material Issues' sections of ITC Sustainability & Integrated Report 2022.

Section B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as brought out by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes, ITC is guided by a comprehensive set of Board-approved Policies that cover NGRBC principles (P1 to P9) and the underlying core elements.								
b. Has the policy been approved by the Board? (Yes/No)	To achieve its Sustainability 2.0 vision, the Company continues to strengthen its management approach which is guided by a comprehensive set of Sustainability Policies that are being implemented across the organisation.								
c. Web Link of the Policies, if available	The Company is also 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. The Company will continue to update these systems and processes in line with evolving disclosure standards and Environmental, Social and Governance (ESG) requirements.								
2. Whether the entity has translated the policy into procedures. (Yes/No)	The overall responsibility for ensuring the implementation of Sustainability Policies resides with the Divisional/Strategic Business Unit (SBU) Chief Executives and the Heads of Corporate Functions who work with their respective management teams. Various committees designated with specific responsibilities have also been constituted for operationalising these Policies. The Sustainability Compliance Review Committee has the overall responsibility to monitor and evaluate compliance with these Policies. The overall responsibility for implementation of ITC's CSR Policy rests with the Corporate Social Investments Programme (SIP) Team.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	The Policies covering these principles are available on the Company's corporate website www.itcportal.com under 'Our Policies' section.								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusteal) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<ul style="list-style-type: none"> ITC's manufacturing facilities have well-defined Environment, Health and Safety (EHS) and quality management systems in place, and are aligned with International Standards like ISO 14001: Environment Management System, OHSAS 18001/ISO 45001: Occupational Health and Safety Management Systems, SA 8000: Social Accountability, and FSSC 22000/ISO 22000/HACCP: Food Safety Management System. ITC, with its commitment of procuring sustainable raw materials, endeavours to integrate sustainability in the supply chains of its products and services. ITC collaborates with national and international sustainability certification bodies on responsible sourcing certification of key agri raw materials. For instance, Agri Business continues to increase the scale and scope of crops covered under various sustainable farm certifications like Rainforest Alliance, Global G.A.P Certification, Fairtrade and USDA Organic. 								

	<ul style="list-style-type: none"> • ITC's commitment to environmental stewardship is reflected in its role of pioneering the Green Building movement in India. 38 buildings of the Company have achieved Platinum certification USGBC (U.S. Green Building Council)/IGBC (Indian Green Building Council). As a testament to the Company's 'Triple Bottom Line' philosophy and 'Responsible Luxury' ethos, ITC Windsor, Bengaluru achieved the distinction of being the first hotel in the world to achieve LEED® Zero Carbon Certification. ITC Grand Chola, Chennai (largest hotel in the world to receive this) and ITC Gardenia, Bengaluru also received the LEED® Zero Carbon certification during the year. These properties are the first three hotels in the world to receive the LEED® Zero Carbon Certification. The Company's Hotels Business has also demonstrated high levels of resource efficiency by achieving the LEED® Platinum certification for its luxury collection hotels. • The Hotels Business continued to reinforce its commitment towards health & hygiene with 'WeAssure' – a programme designed in collaboration with medical professionals & disinfection experts to reassure guests and to provide best-in-class experience in hygiene and safety at the Company's iconic Hotels. The programme has received a Platinum Level certification from M/s. DNV. • ITC is also committed to getting all its sites in High Water Stressed Areas certified as per the International Water Stewardship Standard by AWS (Alliance for Water Stewardship) by 2035. ITC's Paperboards & Specialty Papers Business unit at Kovai was only the second facility in the world and the first in India to be awarded the AWS Platinum-level certification in FY 2019-20, the highest recognition for water stewardship in the world. <p>For more information on Environment, Social, Occupational Health and Safety, Food Safety Certifications and Sustainable Farming Certifications, refer to 'Certifications' section of ITC Sustainability & Integrated Report 2022.</p>
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	In line with its Sustainability 2.0 agenda, ITC has set short-to-medium targets for key priority areas like climate change, water stewardship, plastic waste and circular economy, sustainable agriculture, biodiversity conservation and sustainable livelihoods.
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	<p>In line with the above, ITC's Businesses have targets for key performance indicators (KPIs) like specific energy consumption, specific greenhouse gas emissions, specific water intake and specific waste generation. In order to achieve these targets, all ITC Units have established management systems which entail regular monitoring of environmental KPIs, development of an environmental management plan, and reviewing progress on a regular basis to ensure that Businesses are on track with respect to the agreed roadmap.</p> <p>For more information on annual performance against the Sustainability 2.0 targets, refer to 'Sustainability 2.0 Ambitions: 2030 Targets' section of ITC Sustainability & Integrated Report 2022.</p>

Governance, leadership and oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure).	
Please refer to the 'Chairman's Statement' section in ITC Sustainability & Integrated Report 2022.	
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	<p>At the highest level, the Board of Directors of the Company, led by the Chairman & Managing Director, has the primary role of trusteeship to protect and enhance shareholder value through strategic supervision of ITC. As trustees, the Board ensures that the Company has clear goals aligned to shareholder value and its growth, and also in line with its Sustainability agenda.</p> <p>The CSR and Sustainability Committee of the Board, chaired by the Chairman & Managing Director, reviews and oversees implementation of the Sustainability Policies of the Company on an annual basis. In addition, the Committee and the Board also review the progress of implementation of the Company's CSR Programmes, on a half-yearly basis.</p> <p>The Corporate Management Committee (CMC) of the Company is the management body responsible for compliance with the Sustainability Policies of the Company.</p> <p>The CMC has constituted the Sustainability Compliance Review Committee (SCRC), which monitors and evaluates compliance with these Policies and places a quarterly report thereon for review by the CMC.</p> <p>The Chief Executives of Divisions / Strategic Business Units (SBU), through members of the respective Management Committees, and Heads of Corporate Functions, are responsible for ensuring implementation of the Sustainability Policies of the Company within their respective Division / SBU / Corporate Function, and communication of these Policies to the employees.</p>
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	<p>Yes, as mentioned above, the CSR and Sustainability Committee of the Board, inter alia, reviews, monitors and provides 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 crafting unique models to support creation of sustainable livelihoods together with environmental regeneration.</p> <p>The Committee also reviews the Business Responsibility and Sustainability Report of the Company, and recommends the same to the Board for adoption, and approves the Sustainability & Integrated Report of the Company.</p> <p>In addition, the Company has appointed a Chief Sustainability Officer (CSO) who is, inter alia, responsible for periodic review of material issues, scanning the external environment for evolving sustainability trends and regulations, monitor the progress on sustainability targets and facilitate the Businesses & Corporate Functions in implementing sustainability initiatives. The CSO reports to the Group Head of Sustainability who is also a CMC Member and the Chairman of the SCRC. The CSO provides progress report backs on the Company's sustainability initiatives to the senior leadership of the Company.</p>

10. Details of Review of NGRBCs by the Company:	
Subject for Review	Review of Principles undertaken by Director/ Committee of the Board/any other Committee and its frequency.
Performance against above policies and follow up action	<p>As stated above, the SCRC is responsible for monitoring and evaluating compliance with the Sustainability Policies of the Company and placing a quarterly report thereon for review by the CMC. The CSR and Sustainability Committee also reviews implementation of these Policies on an annual basis.</p> <p>The Chief Executives of Divisions/Strategic Business Units (SBU) and Heads of Corporate Functions are responsible for ensuring implementation of the Sustainability Policies of the Company within their respective Division/SBU/Corporate Function. During the year, most of the Sustainability Policies of the Company were comprehensively reviewed and updated to reflect the current practices followed by the Company and also taking into account the evolving industry practices & standards.</p>
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in compliance with applicable laws and regulations.
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	
	<ul style="list-style-type: none"> • ITC has been obtaining independent third-party assurance for its Sustainability Reports since 2004. In the reporting year, authenticity of the data and systems disclosed in the Sustainability & Integrated Report 2022 has been assured by M/s Deloitte Haskins & Sells LLP, an independent third party assurance provider. M/s Deloitte Haskins & Sells LLP have provided the assurance as per the International Standard for Assurance Engagements (ISAE) 3000 at the 'Reasonable Level'. • ITC has computed its greenhouse gas (GHG) inventory, including GHG emissions, biogenic emissions and GHG removals, in accordance with ISO 14064:2006. The GHG inventory of FY 2021-22 has been verified by M/s Deloitte Haskins & Sells LLP at the 'Reasonable Assurance' level. • In addition to above, relevant third-party assessments and certifications are conducted across Business units periodically.

Section C: Principle wise Performance Disclosure



Principle 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicator

- Percentage coverage by training and awareness programmes on any of the principles during the financial year

Segment	Total Number of Training and Awareness Programmes held	Topics/Principles Covered Under the Training and its Impact	% of Persons in Respective Category Covered by the Awareness Programmes
Board of Directors	The Directors of the Company are briefed on the sustainability initiatives of the Company from time to time. The Directors are also updated on changes/developments in the domestic/global corporate and industry scenario including those pertaining to statutes/legislation & economic environment and on matters affecting the Company, to enable them to take well informed and timely decisions.		
Key Managerial Personnel	The Company periodically updates and familiarises employees on the following: 1. ITC's Code of Conduct which covers aspects such as Corporate Governance & Good Corporate Citizenship 2. Whistleblower Policy of the Company 3. Sustainability Policies of the Company		
Employees other than BoD and KMPs			
Workers			

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable

6. Details of complaints with regard to conflict of interest:

	FY 2021-22		FY 2020-21	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of conflict of interest of the KMPs	Nil	-	Nil	-

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

ITC facilitates capacity building workshops for its key value chain partners to educate, and create shared awareness on key areas like human rights, labour practices and sustainability.

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the ITC Code of Conduct requires the Directors, senior management and employees to avoid situations

in which their personal interests could conflict with the interests of the Company. The Code, inter alia, clarifies that conflict of interest may arise when (a) an employee or a family member (family member includes spouse, children, siblings and parents) has a material interest in an entity that has a business relationship with the Company or is being evaluated for a commercial transaction, or (b) an employee is in a position to benefit someone with whom he / she has a close relationship, in relation to the Company's business. However, this is an area in which it is impossible to provide comprehensive guidance but the guiding principle is that conflict, if any, or any potential conflict must be disclosed to higher management for guidance and action as appropriate.

Further, the Directors of the Company are required to disclose to the Board, on an annual basis, whether they, directly or indirectly or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.



Principle 2

Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

The Company's state-of-the-art ITC Life Sciences and Technology Centre (LSTC) in Bengaluru is at the core of driving science-led product innovation to support and build ITC's portfolio of world-class brands. The LSTC team comprising over 350 highly qualified scientists, with over 900 patents applications filed, have a mandate to work on future-ready science platforms, design differentiated products to address unique needs and deliver superior benefits to Indian consumers.

Centres of Excellence in Biosciences, Agrisciences and Materials, and robust research platforms such as Beauty & Hygiene, Health & Wellness, Agro-forestry & Crop Sciences, Sustainable Packaging materials continue to drive world-class innovation.

In pursuit of environmental excellence, all Business units continued their efforts to improve energy usage efficiencies and increase the share of renewable energy. For more details on steps taken and efforts made towards conservation of energy, utilising alternate

sources of energy, technology absorption and the expenditure incurred on Research and Development, refer to the 'Disclosure on Conservation of Energy and Technology Absorption' forming part of the Report of the Board of Directors in the Company's Report and Accounts 2022.

₹ in Crores

	FY 2021-22	FY 2020-21
Expenditure on R&D - Capital	20.17	12.12
Expenditure on R&D - Revenue	143.59	131.22
Total R&D Expenditure	163.76	143.34
Capital Investment on Energy Conservation Equipment	12.22	20.22

2. a. Does the entity have procedures in place for sustainable sourcing?

Yes, there are procedures in place for sustainable sourcing. ITC has a Board approved Policy on 'Sustainable Supply Chain and Responsible Sourcing' and a 'Code of Conduct for Suppliers and Service Providers'. The Code reflects ITC's commitment to respect human rights across the supply chain. It upholds the spirit outlined in the International Labour Organisation Guidelines and United Nations Guiding Principles on Business and Human Rights. ITC, with

its diverse and expanding portfolio of businesses, prioritises embedding sustainability and building resilience in the supply chain as part of its Sustainability 2.0 vision.

Farmers constitute a vital part of ITC's supply chain, and the close linkages between ITC's Businesses and Indian agriculture provides a unique opportunity to engage with farmers across the country and help address some of the sustainability challenges confronting them, and at the same time create sustainable and resilient Agri-value chains for ITC's Agri, FMCG and Paper Businesses.

Leveraging the Company's enterprise strengths and its large presence in rural communities, ITC has, over the years designed and implemented large scale programmes on sustainable agriculture. The focus of these interventions has been largely around improving farmer livelihoods, increasing agricultural productivity, strengthening regional water security and addressing the challenge of climate change and enhancing Agri-resilience.

Note: For more details on ITC's sustainable sourcing practices pertaining to key Agri value chains and key value chain partners like third party manufacturers, refer to 'Next-Generation Agriculture' and 'Inclusive Value Chains' sections of ITC Sustainability & Integrated Report 2022.

b. If yes, what percentage of inputs were sourced sustainably?

The supply chains of most ITC's Businesses are vertically integrated, which facilitate optimum utilisation of raw materials, recycling of waste as well as efficient logistics operations. Farmers constitute a vital part of ITC's supply chain. Accordingly, the Company focuses extensively on enhancing the sustainability of its Agri-based supply chain. During FY 2021-22, ITC processed around 2,500 kilo tonnes of raw materials, out of which nearly 97% were sourced from Agro/Forestry based renewable sources.

ITC's leading Agri value chains are also certified as per renowned global standards like Rainforest Alliance (RFA), Global G.A.P Certification, Fairtrade, USDA Organic and India Organic.

Note: For more details on ITC's sustainable sourcing practices, refer to the 'Next-Generation Agriculture', 'Inclusive Value Chains' and 'Certifications' sections of ITC Sustainability & Integrated Report 2022.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at

the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

ITC has achieved Plastic Neutrality in FY 2021-22 by implementing an integrated solid waste management programme that incorporates unique and multidimensional initiatives. The Company collected and sustainably managed more than 54,000 tonnes of plastic waste across 35 States and Union Territories. The amount of plastic waste managed exceeded the amount of plastic packaging utilised by ITC during the year, enabling the Company to achieve the milestone of Plastic Neutrality.

For more than a decade, the Company has been running a holistic 360° solid waste management programme that is based on the principles of a circular economy and encompasses the entire waste value chain.

ITC has adopted a multipronged approach to reduce plastic in the Company's operations spanning FMCG, Hotels, Paperboards and Packaging. This includes creating robust next generation environment friendly packaging solutions, mega-scale waste collection programmes under its flagship waste management initiative 'ITC WOW – Well Being Out of Waste' as well as focused interventions in rural areas; a culture of plastic-free operations - in line with its philosophy of 'Responsible Luxury' to eliminate single use plastic usage in ITC Hotels; and innovative models for sustainability which have plastic reduction and management at their core. Within its operations, ITC has been recycling more than 99% of the solid waste for more than a decade.

For further details, refer to the 'Sustainably Managing Waste' and 'Mission Sunehra Kal for Sustainable & Inclusive Growth' sections of ITC Sustainability & Integrated Report 2022.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

ITC is in compliance with the requirements of Plastic Waste Management Rules, 2016 and subsequent amendments.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?

The Company has initiated Life Cycle Assessments (LCA) of its products and services since 2010 with an

objective to evaluate the impacts and identify areas for improvement in the value chain. So far, LCAs have been carried out for key product categories from Paperboards and Specialty Papers Business (Carte Lumina, Safire Graphik, Liquid Packaging Board etc.), Personal Care Products Business (Superia Soap) and Branded Packaged Foods Businesses (Bingo! Potato chips). LCA studies will continue to be used as a tool for assessing environmental footprint of products/services going forward.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

The Company has put in place robust guidelines and standards, that are benchmarked against international best practices, with defined Standard Operating Procedures (SOPs) for identifying and mitigating both social and environmental risks. LCA studies have also been carried out for some of the Company's key products for identifying additional opportunities to reduce environmental impact across the value chain. These assessments have enabled identification of concrete solutions towards more efficient packaging

designs, loading efficiencies in transportation. Studies conducted on the selected products also provided valuable insights which are duly considered for new product development and design. Several sustainable products were developed during the year. For example, Savlon Pichkiao (easy-squeeze pack), an innovative pump-free format that is completely reusable, refillable and easy to carry, and made with 22% less plastic compared to ordinary pump pack was launched last year. The pack also bagged the prestigious 'Diamond Finalist Award' at the Dow Packaging Innovation Awards 2021, demonstrating excellence across all the three criteria of the award – Sustainability, Technological Advancement and Enhanced User Experience.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Nearly 97% of ITC's input material is sourced from renewable sources consisting primarily of pulpwood and other Agri products. During FY 2021-22, the Kovai Unit of ITC's Paperboards & Specialty Papers Business sourced over 85,000 tonnes of waste paper from external sources, which constituted over 75% of the Unit's total input materials.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed.

During FY 2021-22, ITC expanded its plastic waste management programme across the country covering all plastic waste categories including rigid, flexible and Tetra Pak packaging waste. The Company collected and sustainably managed more than 54,000 tonnes of plastic waste across 35 States and Union Territories. The amount of plastic waste managed exceeded the amount of plastic packaging utilised by ITC during the year, enabling the Company to achieve the milestone of Plastic Neutrality. In FY 2020-21, more than 31,000 tonnes of post-consumer plastic waste from 24 States and Union Territories was collected and sustainably managed, which was equivalent to more than 80% of plastic packaging films (flexibles) utilised by ITC during FY 2020-21.

The Company also has mechanisms to recover expired, damaged and discarded products from the market. Depending on the product, both the product and the packaging material waste are sustainably recycled/safely disposed.

	FY 2021-22			FY 2020-21		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging)	-	Approx. 5,400 MT	Approx. 48,600 MT	-	Approx. 2000 MT	Approx. 29,000 MT

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Please refer to responses to Question 3 and 4 above.



Principle 3

Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of Employees Covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Num- ber (B)	% (B/A)	Num- ber (C)	% (C/A)	Num- ber (D)	% (D/A)	Num- ber (E)	% (E/A)	Num- ber (F)	% (F/A)
Permanent Employees											
Male	21,568	21,568	100%	21,568	100%	-	-	9,466	44%	-	-
Female	2,261	2,261	100%	2,261	100%	2,261	100%	-	-	2,261	100%
Total	23,829	23,829	100%	23,829	100%	2,261	100%	-	-	2,261	100%

b. Details of measures for the well-being of workers:

Category	% of Workers Covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Num- ber (B)	% (B/A)	Num- ber (C)	% (C/A)	Num- ber (D)	% (D/A)	Num- ber (E)	% (E/A)	Num- ber (F)	% (F/A)
Permanent Workers											
Male	12,102	12,102	100%	12,102	100%	-	-	-	-	-	-
Female	632	632	100%	632	100%	632	100%	-	-	632	100%
Total	12,734	12,734	100%	12,734	100%	632	100%	-	-	632	100%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2021-22			FY 2020-21		
	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	11%	19%	Y	-	-	Y

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Our establishments are accessible to the differently abled, and we are continuously working towards

improving infrastructure for eliminating barriers to accessibility.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Company has Policy on Diversity, Equity and Inclusion, which is available at <https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx#EqualOpportunity>

5. Return to work and retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male	-	-	-	-
Female	100%	98%	100%	100%
Total	100%	98%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Yes, ITC's Grievance Redressal Procedure is available to employees and workers. The objective of the policy is to facilitate open and structured discussion on employees' work-related grievances with the intent of ensuring that the grievance is dealt with in a fair and just manner whilst being in compliance with the Company's policies. ITC's open-door practices encourage an amicable and fair resolution of grievances. Employees are encouraged to first discuss the grievance with their immediate reporting authority, and attempt to arrive at a resolution before invoking a formal grievance redressal mechanism.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	As mentioned above
Permanent Employees	As mentioned above

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2021-22			FY 2020-21		
	Total Employees/ Workers in Respective Category (A)	No. of Employees/ Workers in Respective Category, who are part of Association(s) or Union (B)	% (B/A)	Total Employees/ Workers in Respective Category (C)	No. of Employees/ Workers in Respective Category, who are part of Association(s) or Union (D)	% (D/C)
Total Permanent Employees	23,829	10,670	45%	24,070	10,490	44%
- Male	21,568	10,550	49%	21,883		
- Female	2,261	120	5%	2,187		
Total Permanent Workers	12,734	10,670	84%	13,035	10,490	80%
- Male	12,102	10,550	87%	12,461		
- Female	632	120	19%	574		

ITC believes that all employees are important stakeholders in the enterprise, and it is imperative to build a culture of mutual trust and respect, interdependence, and meaningful engagement. This approach helps in building, strengthening and sustaining harmonious employee relations across the organisation. It is ITC's policy:

- To respect the dignity of the individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management.
- To ensure that employees are not discriminated against for exercising this freedom in a lawful manner and consistent with ITC's core values.

8. Details of training given to employees and workers:

*EHS Training all permanent employees for FY 2021-22 is 153,913 person-days training.

Category	FY 2021-22					
	Total (A)	On Health and Safety Measures		On Skill Upgradation		
		No. (B)	% (B/A)	No. (C)	% (C/A)	
Employees & Workers	Total of 25,586 person days training were imparted on EHS to employees & workers. 4,422 unique employees & workers attended skill upgradation training. 437 unique employees & workers attended mental wellbeing training.					

9. Details of performance and career development reviews of employees and workers.

Category	FY 2021-22		
	Total (A)	No. (B)	% (B/A)
Employees			
Male	21,568	16,418	76%
Female	2,261	2,051	91%
Total	23,829	18,469	78%
Workers			
Male	12,102	6,952	57%
Female	632	422	67%
Total	12,734	7,374	58%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes, ITC has implemented occupational health and safety management system.

The Company believes that a safe and healthy work environment is a pre-requisite for employee well-being, and the adoption of best practices in occupational health and safety have a direct impact on its overall performance. It helps in attracting and retaining quality talent, besides being the duty of the Company as a responsible corporate citizen.

ITC endeavours that Environment, Health & Safety (EHS) standards at all its units are ahead of applicable legislation and regulations, and Standards and Codes, and are benchmarked against international best practices across sectors in which it operates. ITC's approach to occupational health & safety standards is articulated in the Board approved Environment, Health and Safety Policy. It is based on an EHS management system that emphasises on enhancing EHS performance by setting objectives and targets and continually monitoring key performance indicators. Further, it promotes a culture of safety through behaviour change programmes and by providing appropriate training to employees as well as service

providers' employees, while continually investing in state-of-the-art technology and in developing human capital.

EHS requirements are integrated at the design stage for all new investments. Compliance with EHS standards during the construction phase as well as in operation phase of ITC units, Hotels, Warehouses and Offices is ensured by implementing project EHS management systems and through established EHS management systems with designated roles and responsibilities for competent resources respectively.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

ITC has identified the EHS Risk Management framework as one of the integral steps towards building a robust safety management system. This framework entails a set of processes for continual risk identification, assessment and mitigation, with active participation of the workforce in each of its facilities. Shop floor processes in this regard include hazard spotting tours, suggestion schemes, daily briefings and periodic EHS committee meetings in which employees participate. In addition, all ITC Units undergo periodic Environment, Health & Safety audits at the Business as well as Corporate level to verify compliance with standards. Several national awards and certifications acknowledge

ITC's commitment and efforts towards providing a safe and healthy workplace to all.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. A system is in place across ITC factories, hotels and offices for workers to spot and report work-related hazards, and offer suggestions for improvements. Necessary training is given to all employees in recognising hazards and issues. Joint inspections by management representatives and employees on the shop floor are also carried out at regular intervals, and respective corrective and preventive measures are undertaken to mitigate the identified risks. In order to

create an open and transparent safety culture across ITC Units, employees are encouraged to participate and discuss safety related issues in forums like periodic EHS Committee meetings and Departmental Open Forums.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, permanent employees and their family members have access to the Company provided or Company supported medical benefits. Workers have access to medical benefits through Company provided group insurance policies, Company funded medical support and where applicable, statutory benefits under ESIC.

11. Details of safety related incidents.

ITC reports its safety performance on two fronts – 'on-site' - referring to the place of work i.e. factory, hotel, office, etc. which is under direct operational control of ITC and 'off-site' - defined as places other than on-site while on official duty, which includes to and fro commute between residence and place of work. In FY 2021-22, the total on-site Lost Time Accidents (LTA) was 14 as compared to 12 in FY 2020-21. For details on 'off-site' LTAs, please refer to ITC Sustainability & Integrated Report 2022.

Detailed investigations are carried out for all accidents to identify the root causes and to understand the measures to prevent recurrence. The learnings from all accidents are disseminated across the organisation, and a formal compliance is also obtained.

Safety Incident/Number	Category	FY 2021-22	FY 2020-21
Lost Time Injury Frequency Rate (LTIFR) (per one million-person-hours worked)*	Employees	0.09	0.11
	Workers		
Total recordable work-related injuries**	Employees	11	12
	Workers		
No. of fatalities#	Employees	2	1
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	9	11
	Workers		

The data on LTIFR and no. of fatalities is for the combined workforce i.e. ITC employees and service providers' employees.

** ITC discloses total recordable work-related injuries as Lost Time Accident (LTA) - an accident due to which the injured is not able to come back to work in the next scheduled shift. Total recordable work-related injuries data shown above is for the combined workforce i.e. ITC employees and service providers' employees. (Trainees/Apprentices not included).

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

In line with the Company's Environment, Health and Safety Policy, safety as a value-led concept has been institutionalised by inculcating a sense of ownership at all levels and driving behavioural change, leading to the creation of a cohesive safety culture. ITC has put in place comprehensive health and safety protocols for the safety and well-being of its stakeholders. ITC endeavours that EHS standards at all its units are ahead of applicable legislations, regulations, and Standards and Codes, and are benchmarked against international best practices across the diverse sectors in which it operates.

ITC continues to strengthen its safety processes,

adopting globally recognised best practices, ensuring that facilities are designed, constructed, operated and maintained in an inherently safe manner.

ITC will continue to undertake efforts for creating a safe working environment and a strong safety culture by:

- Integrating safety at the design stage itself and ensuring it through design reviews, stage inspections and pre-commissioning audits, thereby strengthening the engineering control measures through 'design for safety' principles.
- Conducting pre-commissioning and periodic operational audits during construction and operational stages respectively.

- Implementing behaviour-based safety initiatives to facilitate engagement for collaborative work on improving safety performances.
- Studies to assess the safety culture and efficacy of behaviour-based safety interventions will be conducted periodically.
- Adoption of keystone behaviours by individual units to demonstrate collective commitment and create a shared vision of safety and discipline.
- Embracing and leveraging the digital landscape for safety management system.

ITC will continue to identify solutions for strengthening the safety culture aligned with the goal of 'Zero Accidents'.

13. Number of complaints on the following made by employees and workers.

Employees are encouraged to report work area related safety issues through various programmes like Hazard identification processes, Suggestion schemes and EHS Committees.

14. Assessments for the year:

Most of ITC's manufacturing locations are covered under the OHSAS 18001/ ISO 45001: Occupational Health and Safety Management Systems. Compliance to safe working conditions is an essential aspect of EHS management systems. In addition, all ITC Units undergo periodic Environment, Health & Safety audits at the Business/Division level as well as Corporate, to verify compliance with Standards and Corporate Guidelines.

% of your Plants and Offices that were Assessed (by entity or Statutory Authorities or Third Parties)	
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Internal audits of ITC units at Divisional as well as Corporate level are being conducted on a periodic basis. Corrective and preventive measures are taken based on the findings. Detailed investigations are carried out for all accidents to identify the root causes and to understand the measures required to prevent recurrence. Accident investigation findings with corrective and preventive measures form part of the report presented to the Corporate Management Committee (monthly) and the Board (quarterly). The learnings from all accidents are disseminated across the organisation at periodic intervals and a formal compliance obtained.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes. In the unfortunate event of the death of an employee including workers, the Company extends financial support to family members of the employee.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that statutory dues as payable by service providers for their employees are deposited on time and in full through a process of periodic audits and controls.

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/ fatalities (as reported in Q11 of Essential Indicators above), who are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.

	Total no. of Affected Employees/Workers		No. of Employees/Workers that are Rehabilitated and Placed in Suitable Employment or whose Family Members have been Placed in Suitable Employment*	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Employees	5	4	5	4
Workers	3	4	3	4

*On site Accidents

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

ITC continually invests in human capital development which includes building skills and capabilities that are contemporary while providing employees with a diversity of experiences. These enhance the employability of the workforce and enable a smooth transition to alternate opportunities where sought. The Company has in place a programme called 'Making New Choices' for retiring staff. In addition, the Company provides the pension benefits and post retiral medical benefits for those members of staff who qualify. Workers are provided pension benefits covered under the relevant statute.

5. Details on assessment of value chain partners on Health and safety practices and Working Conditions

ITC is committed to continuously raise awareness of supply chain members to comply with applicable laws and regulations related to labour and employment, including gender diversity, human rights, child labour, wages, working hours, bribery & corruption, occupational health, safety and environment.

ITC's Code of Conduct for Suppliers and Service Providers enshrines the Company's unwavering focus on fair treatment, human rights, good labour practices, environmental conservation, health and safety. The Code upholds the spirit outlined in the International Labour Organisation Guidelines and United Nations

Guiding Principles on Business and Human Rights, and is shared and accepted by all supply chain partners and service providers.

ITC has a robust process of evaluating its Suppliers and Service Providers before engaging with them, proactively making them aware of its expectations/ requirements, and seeking commitment for compliance through contractual agreements. ITC reserves the right to verify compliance with this Code at any time through appropriate audit and assessment mechanisms, including self-certification. ITC is also committed to reinforcing awareness of this Code amongst the Suppliers and Service Providers and to support them in this endeavour.

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

ITC's Sectoral EHS Guidelines are shared with the value chain partners, and periodic training is given to their concerned personnel.

Periodic audits by ITC are conducted for its key value chain partners against the sectoral EHS guidelines. Corrective and preventive measures are recommended based on the audit findings.

Detailed investigations are carried out for accidents to identify the root causes, and to understand the measures required to prevent recurrence.



Principle 4

Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

In line with the Board approved policy on stakeholder engagement, ITC has evolved structured framework for engaging with its stakeholders and fostering enduring relationships with each one of them. ITC's engagement approach is anchored on the principles of materiality, completeness and responsiveness.

The engagement approach takes into cognisance the fact that each stakeholder group is unique and has a distinctive set of priorities. Insights gathered from

stakeholder engagements, help validate the Company's performance and shape new perspectives.

For details on ITC's Process of Stakeholder Engagement, refer to 'Stakeholder Engagement' section of ITC Sustainability & Integrated Report 2022.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

The Board approved Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, consumers, farmers, employees, local communities, suppliers,

Central and State Governments, regulatory bodies and the media.

For more details on consultation mechanisms and key issues discussed with the stakeholder groups, refer to 'Stakeholder Engagement' section of ITC Sustainability & Integrated Report 2022.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

ITC believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. In this context, the Company has laid down a four layered mechanism to deal with the aspect of stakeholder engagement.

The Board, through the CSR and Sustainability Committee, inter alia, reviews, monitors and provides strategic direction to the Company's CSR and sustainability practices towards fulfilling its Triple Bottom Line objectives. Half-yearly reports on the progress made by the Company in this regard are placed by the CMC before the CSR and Sustainability Committee. The CMC in turn has constituted the Sustainability Compliance Review Committee (SCRC), comprising senior members of management, which evaluates and monitors compliance with the Policy formulated in this connection. The SCRC places a quarterly report on the subject before the CMC.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Accordingly, it anchors stakeholder engagement on the following principles:

- a) Materiality** – Prioritised consideration of the economic, environmental and social impacts identified to be important to the stakeholders as well as the organisation.

- b) Completeness** – Understanding key concerns of stakeholders and their expectations.

- c) Responsiveness** – Responding coherently and transparently to such issues and concerns.

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogue with all stakeholders across businesses, identify material concerns and their resolution in an equitable and transparent manner. These measures have helped the Company develop strong relationships, which have stood the test of time. Select examples of how stakeholder inputs have been incorporated into ITC policies and activities are presented below:

1. Investors: In addition to its ongoing interactions with analysts representing institutional equity investors on a regular basis post-results, the Company has, over the last two years, been supplementing its quarterly earnings press releases with detailed investor presentations. This is but one example of how the Company has refined its processes emanating from interactions with them. This year, the Company organised its first-ever 'Institutional Investors and Financial Analysts Day' for institutional investors, a well attended programme that drew participation from domestic as well as global investors, to provide deeper insights into ITC's Corporate Strategy and operating segments including, inter alia, their competitive strengths, unique value propositions and key drivers of growth and profitability. These initiatives have been much appreciated by the investor community. The Company is well-recognised for its ESG credentials, and is acknowledged as one of the pioneers of adopting the Triple Bottom Line philosophy in India. Recognising the growing investor interest in this area and factoring in feedback from investor interactions, the Company also periodically reviews, refines and updates its ESG policies on the Company's portal, as it progresses towards its clearly-defined 2030 goals.

2. Customers & Value Chain Partners: Customers, Consumers and Value Chain Partners are some of ITC's core stakeholders. Various tech-enabled avenues have been constructed to constantly receive feedback and ideas from these stakeholders.

A portal called Aikyam, captures ideas and feedback provided by our partners, which are evaluated and taken forward by the business. This has enabled both product enhancements and process efficiencies.

Rapidly evolving consumer needs are constantly being monitored through social listening, in-depth immersions and are being carefully synthesised to transform into relevant solutions. Some examples are mentioned below:

- Launching of products like ITC Masterchef's 'IncrEdible' Plant-based range, a sustainable alternative to meat. This range supports consumers with vegan preferences, and also helps in reducing carbon footprint.
- Providing choices to consumers with specific needs like –
 - Aashirvaad Svasti Milk for lactose intolerant consumers.
 - Aashirvaad's Organic Range and Nature's Super Foods Range for consumers looking for healthier options.
- YiPPee! A Better World programme for children that entails a series of workshops for creating awareness on segregation at source, and arts and crafts sessions for teaching them how to make useful objects out of waste materials available at home.

3. Employees: ITC is committed to creating an inclusive, equitable and diverse workplace where every employee feels valued and included. This requires continuous engagement with employees and understand their experiences. This understanding enables ITC to refresh its policies, and ensures that the important enablers of inclusion, such as work-life balance, flexibility in work and benefits are addressed in a relevant, timely and effective fashion. A series of focused group discussions were conducted to understand the employee experiences whilst framing the policies on Gender Diversity, Equity and Inclusion. More than 150 employees (around 10% of the target population) were part of the discussions. The discussions gave rich insight about the priority issues such as flexible work arrangements and employee benefits across various life stages such as maternity. Such nuanced insights enabled the policies to effectively address the requirements of employees.

4. Community: A comprehensive stakeholder engagement exercise was first undertaken in 2015-16, wherein core areas were defined and needs of the communities residing in these areas, that is, factory and agri-catchments were identified and prioritised. It emerged that one of the overarching problems faced

by the communities were related to lack of sustainable livelihoods today and tomorrow. Based on this, Core Area Perspective Plan (CAPP) was conceptualised and Two Horizons approach to address the needs of the community was developed and adopted.

During FY 2021-22, changes in emerging needs and priorities of communities was revisited through CAPP 2.0 by carrying out an exploratory exercise across **3,718 villages in 21 factory and 7 agri-catchments** with following objectives:

- To revisit coverage and community needs in the changed context;
- To assess reasons for not achieving the earlier planned outcomes (if any); and
- To re-strategise ITC'S Social Investments Programme (SIP) themes and approach based on the findings.

The CAPP 2.0 exercise was carried out by involving third party organisations and NGO partners under close supervision of SIP's state teams who were present during the data collection exercise. The assessment involved primary and secondary data collection using quantitative and qualitative tools through **6,771 Household Surveys, 169 Key Informant Interviews, 656 Focus Group Discussions and 168 Participatory Rural Appraisal Exercises.**

The above process ensures that stakeholder inputs, suggestions and needs are appropriately incorporated in SIP's interventions. For example, SIP's water stewardship programme initially focused on supply side augmentation through watershed development. However, it emerged during the interactions with stakeholders and through studies that a more comprehensive approach is required for drought proofing agriculture and achieving positive water balance. To address the issue, river basin level interventions were planned and demand side management of water use in agriculture was incorporated in the programme. Similarly, in SIP's Vocational Training programme, the trades are decided based on regular community feedback and market demand in specific geographical regions. For instance, demand for bedside nursing increased during the pandemic, hence training on bedside nursing trade was amplified. Similarly, based on the feedback received from students placed in various organisations, post-placement assistance was incorporated in the Vocational Training programme.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

ITC's SIP adopts a bottom-up approach to identify and address the emerging needs of the community. Presented

hereunder are a few instances wherein changing community needs in unprecedented pandemic situation were addressed through modifications in ongoing programme components as well as through introducing entirely new activities under the programmes.

- **Digitalisation Activities:** The unprecedented situation created by the pandemic posed several challenges for SIP operations and necessitated a rethink and redesign of some interventions. The SIP team proactively addressed these challenges through contextual solutions and actions planned in consultation with key stakeholders. Currently, there are several tools in practice for Learning Management and for enablement of programme implementation.
 - a. Learning Management Systems have been developed in the form of web portal for training of teachers in West Bengal, vocational training of students in Assam, Karnataka and West Bengal, and training of Urban Local Bodies on Solid Waste Management in Uttar Pradesh.
 - b. Digital Platforms for Enabling Programme Implementation: Application (App) based training of Anganwadi workers on Mother & Child Healthcare in Assam and West Bengal, App for command area in Maharashtra, App for crop survey in Tamil Nadu, App for Soil and Moisture Conservation, and Swachh Mitra App for collection and reporting of daily waste data in Uttarakhand.
- **Smart Mom Intervention:** ITC's education programme adopted remote engagement activities

with children after the first wave of COVID 19 pandemic that continued this year too. "Catch Up Campaign" was initiated where mohalla level learning camps were organised to build/rebuild foundational reading and math skills. Subsequently, when schools started re-opening, "Readiness campaign" was initiated to help children of grade 1 and 2, to get ready for school by leveraging community support of mothers. For this, mothers' groups were formed who were trained on Activity Based Learning method. Since the mothers required support for continuing Activity Based Learning at home, active women from these groups were selected as "Smart Moms" and were trained on the pedagogy to help other group members conduct learning activities for their children. This helped in continuing learning activities for children under Read India Programme despite disturbances of frequent lockdowns and school closures.

- **Small Ruminants Programme:** Diversification of livelihoods to build resilience as well as to support family income emerged as one of the prominent needs during engagement with rural women. Hence, a programme was initiated to build capacity of rural poor women for providing health assistance to small ruminants like goats. The programme not only provided a sustainable livelihood option to participating women, but also provided opportunities for living a dignified life, and contribute towards household income.



Principle 5

Businesses should respect and promote human rights.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2021-22		
	Total (A)	No. of Employees' Workers Covered (B)	% (B/A)
Employees			
Permanent	23,829	23,829	100%
Other than Permanent	25,513	23,513	100%
Total Employees	49,342	49,342	100%
Workers			
Permanent	12,734	12,734	100%
Other than Permanent	25,317	25,317	100%
Total Workers	38,051	38,051	100%

The awareness pertains to the ITC Code of Conduct.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage	
	No. (B)	% (B/A)	No. (C)	% (C/A)	
Employees					
Permanent	23,829		23,829		100%
Male	21,568		21,568		100%
Female	2,261		2,261		100%
Other than Permanent	25,513	74% of other than permanent employees are paid more than the minimum wage, and the remaining 26% are paid equal to the minimum wage.			
Male	22,231				
Female	3,282				
Workers					
Permanent	12,734		12,734		100%
Male	12,102		12,102		100%
Female	632		632		100%
Other than Permanent	25,317	74% of other than permanent workers are paid more than minimum wage, and the remaining 26% are paid equal to minimum wage.			
Male	22,068				
Female	3,249				

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median Remuneration/Salary/ Wages of Respective Category	Number	Median Remuneration/Salary/ Wages of Respective Category
Board of Directors (BoD)	14	₹ 76 Lakhs	2	₹ 76 Lakhs
Key Managerial Personnel*	6	₹ 568 Lakhs	-	-
Employees other than BoD and KMP	21,562	₹ 6.7 Lakhs	2,261	₹ 6.6 Lakhs
Workers [#]	12,102	₹ 4.4 Lakhs	632	₹ 1.9 Lakhs

* Comprising Chairman & Managing Director, Wholetime Directors, Chief Financial Officer and Company Secretary

Female workers are primarily in newer units or have just commenced their careers.

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No).

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has Policies on Human Rights which are applicable to all its employees and suppliers & service providers. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental human rights Conventions of the International Labour Organisation

(ILO). The Company continues to work towards strengthening and introducing systems to ensure sound implementation of ITC's Sustainability Policies specially with respect to human rights and labour practices.

The Company has in place a 'Code of Conduct for Suppliers and Service Providers' across Businesses. The Suppliers and Service Providers have voluntarily accepted and adopted the Company's Code, which requires compliance with applicable laws relating to, inter alia, human rights, environmental conservation, and quality of products and services. A Grievance Redressal System to facilitate open and structured discussions is available 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.

6. Number of Complaints on the following made by employees and workers:

	FY 2021-22			FY 2020-21		
	Filed during the Year	Pending Resolution at the End of Year	Remarks	Filed during the Year	Pending Resolution at the End of Year	Remarks
Sexual Harassment	2	0	All Resolved	2	1	Pending 1 was Resolved
Discrimination at Workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour						
Forced Labour/ Involuntary Labour						
Wages	-	-	-	-	-	-
Other Human Rights Related Issues						

Note: As mentioned above in the Section VII. Transparency and Disclosures Compliances Point 23-Complaints/Grievances, a total of 212 grievances pertaining primarily to clarification on incentive calculations were received.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

ITC is committed to a workplace free of harassment, including sexual harassment at the workplace, and has zero tolerance for such unacceptable conduct.

ITC encourages reporting of any harassment concerns and is responsive to complaints about harassment or other unwelcome or offensive conduct. Committees have been constituted across locations to enquire into complaints of sexual harassment and to recommend appropriate action, wherever required. Necessary disclosures in relation to the sexual harassment complaints received and redressal thereof are provided in ITC Report and Accounts 2022. Regular awareness and training sessions are conducted to ensure that

the employees are fully aware of the aspects of sexual harassment and of the redressal mechanism.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, contract manufacturing agreements provide for compliance with accepted standards on issues related to EHS, human rights and labour practices. Additionally, ITC has a 'Code of Conduct for Suppliers and Service Providers'. This requires suppliers to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations. All Suppliers are expected to meet the requirements of this Code. ITC also expects its Suppliers to hold their business associates to the same standards as enshrined in this Code.

9. Assessments for the year:

	% of your Plants and Offices that were Assessed (by Entity or Statutory Authorities or Third Parties)
Child Labour	100%.
Forced/Involuntary Labour	The Company has Policies on Human Rights which are applicable to all its employees and value chain partners. The said Policies and their implementation are directed towards adherence to applicable laws and upholding the spirit of human rights, as enshrined in existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO).
Sexual Harassment	
Discrimination at Workplace	
Wages	

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Please refer to response to Question 9 of Principle 5 under essential indicators.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

The ITC Code of Conduct, as adopted by the Board, is applicable to Directors, senior management and employees of the Company. The Code covers ITC's commitment to human rights aspects like self-respect and human dignity, child labour, gender friendly workplace, ethical dealings with suppliers and customers, health & safety, environment, transparency, anti-bribery and corruption, and exemplary personal conduct. Any violation of the Code by an employee renders the person liable for disciplinary action. ITC has mechanisms to address human rights grievances/complaints of all internal stakeholders. For details, refer to responses to Questions 5 and 7 under essential indicators (Principle 5).

For value chain partners, ITC has a 'Code of Conduct for Suppliers and Service Providers' covering relevant human rights aspects. All suppliers are expected to meet the requirements of this Code. ITC also expects its suppliers to hold their business associates to the same standards as enshrined in this Code. ITC constantly engages with the rightholders and stakeholders across the supply chain for devising programmes that support Human Rights and Social Development in an integrated manner. An illustrative example for ITC's leaf tobacco value chain is presented below.

ITC coordinated a Human Rights impact assessment with an independent party, covering the entire leaf tobacco farm supply chain covering farmers from Andhra Pradesh and Karnataka region. The Human Rights Due Diligence process was aligned to UN Guiding Principles of Business and Human Rights, and focused on identifying human rights risks and impacts covering farmers, labourers and communities.

Following actions have been implemented by ITC based on the outcome of the assessment:

Training and Awareness on Human Rights: 184 Village level training programmes were conducted covering subjects such as Farm Safety, Child Labour, Wages, Fair Treatment, Freedom of Association, Water, Sanitation And Hygiene (WASH), No Discrimination and other areas pertaining to human rights.

Human Rights Manual in Vernacular Language:

Released the industry's first Human Rights Do's and Don'ts in farm supply chain. The manual assists as a ready reckoner for ITC employees working in farm, the farmers with whom we partner and the labourers engaged by the farmers.

Farm Safety: ITC undertakes a holistic approach that addresses the farm safety challenges in Indian farming. Close to 5,000 farmers have been provided with Personal Protective Equipment (PPE) kits for safe spraying of chemicals and secured storage box for safe storage of chemicals. In addition, 75,000 harvesting gloves were provided to labourers to shelter their hands while harvesting. Technology like drones were scaled up covering 3,550 acres minimising human interference while chemical spraying besides increasing the efficacy of operation and water saving.

For more information, refer to 'Inclusive Value Chain' section of ITC Sustainability & Integrated Report 2022.

2. Details of the scope and coverage of any human rights due diligence conducted.

The scope and coverage of human rights due diligence extends to own operations including manufacturing locations, Hotels, offices and value chain partners.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Our establishments are accessible to the differently abled, and we are continuously working towards improving infrastructure for eliminating barriers to accessibility.

4. Details on assessment of value chain partners for Human Rights.

ITC is committed to continuously raise awareness of supply chain members to comply with applicable laws and regulations related to labour and employment, including gender diversity, human rights, child labour, wages, working hours, bribery & corruption, occupational health, safety and environment.

Contracts with the service providers include clauses that conformed to ITC's Human Rights Policies and EHS guidelines. ITC reserves the right to verify compliance with the Code of Conduct for Suppliers and Service Providers at any time through appropriate audit and assessment mechanisms, including self-certification.

ITC coordinated a Human Rights impact assessment covering the entire tobacco farm supply chain. For more details, refer to response to Question 1 (Principle 5) under leadership indicators.

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Please refer to responses to Questions 1 and 4 of Principle 5 under Leadership Indicators.



Principle 6

Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity.

In FY 2021-22, ITC units consumed 24,394 Terra Joules (TJ) of energy.

Parameter*	FY 2021-22	FY 2020-21
Total electricity consumption (A)	1,808	1,527
Total fuel consumption (B)	22,407	20,660
Energy consumption through other sources (C)	179	182
Total energy consumption (A+B+C)	24,394	22,369
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) (GJ/Crore INR)	413	465

*In Terra Joule (TJ)

During FY 2021-22, ITC's total energy consumption saw an increase of 9%, despite a 24% increase in production at ITC's Paperboards & Specialty Papers Business that accounts for around 87% of ITC's total energy consumption.

The energy intensity (on per production basis) for all major Businesses is available in 'Building Climate Resilience' section of ITC Sustainability & Integrated Report 2022.

ITC's energy consumption data has been assured at the 'Reasonable Level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Building Climate Resilience' section of ITC Sustainability & Integrated Report 2022.

2. Does the entity have any sites / facilities identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Three Units of ITC's Paperboards and Specialty Papers Business and eleven Hotels of Hotels Business are covered under the PAT scheme. ITC has made significant investments in reducing energy consumption

and, accordingly, the performance of the Company's units covered exceeds the energy efficiency targets fixed under the PAT scheme. The Bhadrachalam Unit is the first pulp and paper mill and the second unit in the country overall, to be rated GreenCo Platinum+ by CII, as part of Green Company rating system.

Details of the energy efficiency initiatives measures implemented during the year are included in 'Disclosure on Conservation of Energy and Technology Absorption' forming part of the Report of the Board of Directors in ITC Report and Accounts 2022.

3. Provide details of the following disclosures related to water.

In FY 2021-22, ITC's total water intake was 33.7 million kilolitres (kl).

Parameter	FY 2021-22	FY 2020-21
Water withdrawal by source (in Million kilolitres)		
(i) Surface water	26.9	25.1
(ii) Groundwater	5.4	5.4
(iii) Third party water	1.4	1.2
(iv) Seawater/desalinated water	-	-
(v) Others	0.1	0.1
Total volume of water withdrawal (in Million kilolitres) (i + ii + iii + iv + v)	33.7	31.8
Total volume of water consumption (in Million kilolitres)	11.7	9.9
Water intensity per rupee of turnover (Water withdrawal/turnover) (kilolitre/Crore INR)	569	660

During FY 2021-22, ITC's total water intake saw an increase of 6%, despite a 24% increase in production at ITC's paper business that accounts for around 89% of ITC's total water intake.

The water intensity (on per production basis) for all major Businesses is available in 'Water Security for All' section of ITC Sustainability & Integrated Report 2022.

Over the years, ITC has created rainwater harvesting potential through extensive investments in its Integrated Watershed Development Projects. The programme promotes the development and management of local water resources in water stressed areas by facilitating community participation in planning and implementing such measures, whilst building, reviving and maintaining water harvesting structures. The coverage of this programme currently extends to 40 districts of 16 States in India. During the year, ITC's watershed development projects covering over 1.3 million acres of land created a total Rainwater Harvesting potential (RWH) of over 46 million kl (cumulative), which is nearly four times the net water consumed by ITC's operations.

ITC's water withdrawal and consumption data has been assured at the 'Reasonable Level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Water Security for All' section of ITC Sustainability & Integrated Report 2022.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

ITC's approach to water stewardship focuses on reducing water intake by utilising treated wastewater within the process, thereby reducing demand for fresh water. ITC units operate in line with the Consent to Operate (CTO) conditions.

5. Please provide details of air emissions (other than GHG emissions) by the entity.

Parameter	Please Specify Unit	FY 2021-22	FY 2020-21
NO _x	Tonnes	1,799	1,693
SO _x	Tonnes	3,203	2,600
Particulate Matter (PM)	Tonnes	637	655
Persistent Organic Pollutants (POP)	-	Not applicable	Not applicable
Volatile Organic Compounds (VOC)	-	Not applicable	Not applicable
Hazardous Air Pollutants (HAP)*	Tonnes	7	5

*The data is for Paperboards & Specialty Papers Business's Bhadrachalam Unit's Hydrogen Sulphide emissions (H₂S)

ITC's air emissions data has been assured at the 'Reasonable Level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Air Emissions Management' section of ITC Sustainability & Integrated Report 2022.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity.

Parameter	Please Specify Unit	FY 2021-22	FY 2020-21
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ if available)	kilo tonnes of CO ₂ equivalent	1,258	1,172
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ if available)	kilo tonnes of CO ₂ equivalent	193	168
Total Scope 1 and Scope 2 emissions per rupee of turnover	tonnes of CO ₂ /Crore INR	25	28

During FY 2021-22, ITC's GHG emissions [Scope 1+Scope 2] saw an increase of 8%, despite a 24% increase in production at ITC's Paperboards & Specialty Papers Business that accounts for around 80% of ITC's total GHG emissions [Scope 1+Scope 2].

The GHG emissions [Scope 1+Scope 2] intensity (on per production basis) for all major Businesses is available in 'Building Climate Resilience' section of ITC Sustainability & Integrated Report 2022.

ITC's Paperboards & Specialty Papers Business has large scale forestry programmes promoting sustainable forests management with primary aim of securing pulpwood requirement for Business continuity. In addition to sequestering carbon, this programme benefits the stakeholders by improving productivity of wasteland, de-risking poor rural households by diversifying farm portfolios through promotion of tree-based farming. During FY 2021-22, this programme has sequestered 6,182 kilo tonnes of CO₂, which is more than 2 times the amount of CO₂ from ITC's operations.

ITC's GHG emissions [Scope 1 and Scope 2] data has been assured at the 'Reasonable Level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Building Climate Resilience' section of ITC Sustainability & Integrated Report 2022.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

ITC has undertaken a target of 50% reduction in Specific GHG Emissions (% Reduction in GHG Emissions (Scope 1, 2) per Unit of Production) by 2030 as part of its Sustainability 2.0 ambitions. Accordingly, actions are being undertaken to reduce greenhouse gas emissions by investing in energy efficiency and increasing share of renewable energy.

Energy efficiency:

ITC Units are focusing on energy efficiency through process improvements and investing in new technologies. Over the years, ITC has implemented measures like installation of Vapour Absorption Machines (VAM), Automation in tube cleaning system of Heating, Ventilation and Air Conditioning (HVAC), and installation of energy efficient equipment such as chillers, AHUs, motors, fans, pumps, agitators. In FY 2021-22, the investments in energy conservation equipment has resulted in energy savings of about 87 TJ, which is equivalent to around 10,900 tonnes of GHG emissions.

In line with ITC's focus on accelerating digitalisation across Businesses, ITC's Paperboards and Specialty Papers Business is implementing several transformative projects leveraging Industry 4.0

technologies across key business areas, to enhance productivity, reduce carbon footprint, achieve strategic cost efficiencies and superior product performance.

Some of the major projects undertaken by ITC's Paperboards and Specialty Papers Business as part of its Digital Transformation Programme include process debottlenecking and throughput improvement for productivity and Overall Equipment Effectiveness (OEE), process capability improvement leading to reduction in defects and resource optimisation.

Renewable energy:

ITC has invested in renewable energy projects such as rooftop and offsite solar power, wind energy, and biomass power for meeting its energy requirements. These investments have helped ITC to achieve around 42% of its energy requirements from renewable sources.

In FY 2021-22, ITC commissioned 14.9 MW offsite solar project in Tamil Nadu that will cater to the electricity requirements for ITC's Hotels and manufacturing Units of Branded Packaged Foods Businesses, Paperboards & Specialty Papers Business and Packaging and Printing Business. This project will supply about 22 Million kWh and help ITC Units in Tamil Nadu to reach about 90% of its grid electricity requirements from renewables. Apart from supplying green electricity, it also includes a rainwater harvesting system that recharges about 2 million litres of water annually.

8. Provide details related to waste management by the entity.

Parameter (in kilo tonnes)	FY 2021-22	FY 2020-21
Plastic waste (A)*	-	-
E-waste (B)	0.071	0.051
Bio-medical waste (C)	0.018	0.017
Construction and demolition waste (D)	6.5	1.4
Battery waste (E)	0.3	0.3
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	20	18
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	699	664
Total (A+B + C + D + E + F + G + H)	726	684
Total waste recovered through recycling, reusing or other recovery operations		
(i) Recycled	715	672
(ii) Reused**	-	-
(iii) Other recovery operations	10	11
Total	725	683
Total waste disposed by nature of disposal method		
(i) Incineration	0.6	0.5
(ii) Landfilling	0.3	1
(iii) Other disposal operations	0	0
Total^	0.9	1.5

* Plastic waste is reported under Non-hazardous waste.

** Waste reused is reported under waste recycled.

^ The difference between total waste generated and total waste disposal is the change in onsite storage.

In FY 2021-22, the Company continued to recycle over 99% of solid waste from its operations. In addition to this, the Company's Paperboards & Specialty Papers Business recycled over 85,000 tonnes of externally sourced post-consumer waste paper, thereby creating a positive environmental footprint. The Company also collected and sustainably managed 100% of its post-consumer plastic packaging waste.

ITC's waste data has been assured at the 'Reasonable Level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Sustainably Managing Waste' section of ITC Sustainability & Integrated Report 2022

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such waste.

The Company has initiated measures across units to ensure waste minimisation, segregation of waste at source and recycling. For the past 15 years, the Company has been consistently recycling over 98% of solid waste generated at its units, and during the year, the recycling level reached 99.8%. In addition, over 85,000 MT of externally sourced post-consumer waste paper was used as raw material during the year.

ITC follows a proactive approach to manage hazardous chemicals by actively looking for alternatives, which not only helps keep its operations safe but also ensures safest products for customers. This approach is demonstrated in pioneering practices implemented by ITC like elemental chlorine free (ECF) bleaching, and ozone bleaching technology in India in its Paper Business, and switching from solvent based inks to water-based ones in its Packaging and Printing Business.

For more details, refer to 'Chemical Safety Management' section of ITC Sustainability & Integrated Report 2022.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required.

ITC's existing operations/offices comply with applicable environmental regulations of the Country, and operate as per Consent to Operate (CTO) conditions from the Central and State Pollution Control Boards in line with guidelines issued by Ministry of Environment, Forest and Climate Change, Government of India.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

Not applicable

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances.

ITC's existing operations/offices comply with applicable environmental regulations of the Country, and operate as per CTO conditions from the Central and State Pollution Control Boards.

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources

Parameter**	FY 2021-22	FY 2020-21
From renewable sources		
Total electricity consumption (A) ^a	910	785
Total fuel consumption (B) [#]	9,099	8,280
Energy consumption through other sources (C) ^{\$}	179	182
Total energy consumed from renewable sources (A+B+C)	10,188	9,247
From non-renewable sources		
Total electricity consumption (D) ^a	898	742
Total fuel consumption (E) [#]	13,308	12,380
Energy consumption through other sources (F) ^{\$}	0	0
Total energy consumed from non-renewable sources (D+E+F)	14,206	13,122

^a This includes electricity from own wind or solar power plants, and purchased electricity.

[#] This includes all fuels used within the premises including for onsite electricity generation.

^{\$} This includes purchased steam.

** In Terra Joules (TJ).

ITC's Energy performance has been assured at the 'Reasonable Level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Building Climate Resilience' section of ITC Sustainability & Integrated Report 2022.

2. Provide the following details related to water discharged:

Parameter	FY 2021-22	FY 2020-21
Water discharge by destination and level of treatment (in Million kilolitres)		
(i) To Surface water	12.2	10.9
No treatment	-	-
With treatment – please specify level of treatment	Secondary	Secondary
(ii) To Groundwater	-	-
No treatment	-	-
With treatment – please specify level of treatment	NA	NA
(iii) To Seawater	-	-
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties	9.8	10.9
- No treatment	-	-
- With treatment – please specify level of treatment	Tertiary	Tertiary
Total water discharged (in Million kilolitres)	22	21.8

ITC's water discharge data has been assured at the 'Reasonable Level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Water Security for All' section of ITC Sustainability & Integrated Report 2022.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres).

ITC has developed the water risk assessment methodology for identifying water stressed areas based on WRI Aqueduct's Baseline Water Stress and Central Ground Water Board's (India) groundwater block classification. Additionally, insights from stakeholder engagement were also considered. This holistic methodology allows ITC to cognise water risks in a comprehensive manner, and design mitigation strategy to address the identified risks. ITC's water stewardship goals are available in the section 'Sustainability 2.0 ambitions' of ITC Sustainability & Integrated Report 2022. The aggregated water withdrawal, consumption and discharge in areas of water stress is given below:

Parameter	FY 2021-22	FY 2020-21
Water withdrawal by source (in Million kilolitres)		
(i) Surface water	26.9	25.0
(ii) Groundwater	0.2	0.2
(iii) Third party water	0.2	0.2
(iv) Seawater/desalinated water	0	0
(v) Others	0.05	0.04
Total volume of water withdrawal (in Million kilolitres)	27.3	25.5
Total volume of water consumption (in Million kilolitres)	6.6	4.9
Water discharge by destination and level of treatment (in Million kilolitres)		
(i) Into Surface water	11.5	10.4
No treatment	-	-
With treatment – please specify level of treatment	Secondary	Secondary
(ii) Into Groundwater	-	-
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iii) Into Seawater	-	-
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties	9.2	10.2
No treatment	-	-
With treatment – please specify level of treatment	Tertiary	Tertiary
Total water discharged (in Million kilolitres)	20.7	20.6

4. Please provide details of total Scope 3 emissions & its intensity

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Kilo tonnes of CO ₂ equivalent	318	237

The company has been progressively increasing the coverage of its Scope 3 emissions by including more Supply Chain partners in its reporting boundary. The scope of coverage for Scope 3 emission is mentioned in 'Building Climate Resilience' section of ITC Sustainability & Integrated Report 2022.

While working towards reducing its emissions and greening its energy portfolio, ITC seeks to increase carbon sequestration by expanding forestry projects on wastelands. The Farm Forestry programme by ITC's Paperboards & Specialty Papers Business was started for promoting sustainable forests management practices in the value chain, and securing the supply of pulpwood for its paper mills. ITC's Social and Farm Forestry initiative has greened over 950,000 acres till date, with 76,608 acres of plantation added in FY 2021-22 resulting in 6,182 kilo tonnes of CO₂ getting sequestered during the year, which is equivalent to more than 2 times the amount of CO₂ emissions from ITC's operations.

ITC's Greenhouse Gas emissions (Scope 3) have been assured at the 'Reasonable level' by M/s Deloitte Haskins and Sells LLP. For more details, refer to 'Building Climate Resilience' section of ITC Sustainability & Integrated Report 2022.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities. (Refer response in above Essential Indicator 10)

Nil

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives.

The Company has undertaken a number of initiatives, and also deployed innovative technologies across its operations for improving resource efficiency and minimising environmental impact. For details, refer to 'Disclosure on Conservation of Energy and Technology Absorption' forming part of the Report of the Board of Directors in ITC Report and Accounts 2022, and 'Building Climate Resilience', 'Towards Water Security for All', 'Sustainably Managing Waste', 'Chemical Safety Management', 'Air Emissions Management' sections of ITC Sustainability & Integrated Report 2022.

7. Does the entity have a business continuity and disaster management plan?

Yes, ITC has a Business Continuity and Disaster Management Plan designed to address the threat

of disruptions to business activities or processes. Business Continuity Planning validates the adequacy of the existing systems and processes to prevent and recover from potential threats. It ensures continuity of delivery of products or services at pre-defined acceptable levels following a disruptive incident.

Comprehensive Business Continuity Plans have been made covering all facets of operations, and are being tested at pre-determined intervals. These Plans have been duly approved by the Management Committees of the Businesses.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

ITC has a Board approved Policy on 'Sustainable Supply Chain and Responsible Sourcing' and a 'Code of Conduct for Suppliers and Service Providers'. ITC, with its diverse and expanding portfolio of businesses, prioritises embedding sustainability and building resilience in the supply chain as part of its Sustainability 2.0 vision.

ITC's Code of Conduct for Suppliers and Service Providers enshrines the Company's unwavering focus on fair treatment, human rights, good labour practices, environmental conservation, health and safety. The Code is shared and accepted by all supply chain partners and service providers.

ITC has a robust process of evaluating its Suppliers and Service Providers before engaging with them, proactively making them aware of its expectations/ requirements, and seeking commitment for compliance through contractual agreements. ITC reserves the right to verify compliance with this Code at any time through appropriate audit and assessment mechanisms, including self-certification. ITC is also committed to reinforcing awareness of this Code amongst the Suppliers and Service Providers and to support them in this endeavour.

ITC has identified material environmental impacts across its value chain, and has deployed various mitigation and adaptation strategies.

For example, managing hazardous chemicals is not only important within ITC factories but also in the supply chain. Within the supply chain, farmers working with hazardous pesticides is an area of special attention. ITC's approach is to eliminate or reduce the use of hazardous pesticides. Intensive training is conducted on Integrated Pest Management (IPM), which helps adopt a holistic approach in reducing pesticide usage as well as substituting such pesticides with nature-based solutions. The training programmes also cover the safe handling of pesticides used and the responsible management of wastes generated.

For more details, refer to 'Next-Generation Agriculture' section of ITC Sustainability & Integrated Report 2022.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

ITC is guided by a comprehensive set of Board approved Sustainability Policies. The Policies outline the Company's commitment to high standards on

environment and provide the necessary framework to address the direct environmental impacts of Company's own operations as well as progressively extend the efforts to its supply chain.

Key value chain partners like third party manufacturers are encouraged to adopt management practices detailed under International Standards such as ISO 9001, ISO 14001, OHSAS 18001 and ITC's 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, and third party manufacturers are periodically assessed to ensure compliance.

Farmers constitute a major portion of ITC's value chain, and accordingly the Company has deployed large scale programmes to both assess and address the environmental impacts across its key agri value chains. For example, ITC's leaf tobacco value chain is assessed as part of the global Sustainable Tobacco Programme (STP 2.0) which focuses on Water, Human Rights, Crop, Soil, Climate Change, Natural Habitats, Livelihoods and Governance. For more details, refer to the 'Next-Generation Agriculture' section of ITC Sustainability & Integrated Report 2022.

As a part of reporting for supply chain, ITC has instituted systems to report environmental data for key Third Party Manufacturing (TPM) units and plans to progressively expand its reporting boundary. ITC also supports its TPM units by providing knowledge support in specific areas like energy, water and waste management. Through monitoring and reporting of environmental related data, and through sharing of good practices, ITC aims to positively influence the performance of its supply chain partners.



Principle 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1 a. Number of affiliations with trade and industry chambers/associations.

ITC's Policy on Responsible Advocacy (<https://www.itcportal.com/about-itc/policies/sustainability-policy.aspx>) provides the framework for necessary interface with Government/Regulatory Authorities on matters concerning various sectors in which the Company operates. The Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance the interests of diverse stakeholders. The Company works with apex industry institutions that are engaged in policy advocacy as well as various other forums. During the year, the Company had active affiliations with 89 such trade and industry chambers/associations.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/associations (State/National)
1	ASSOCHAM	National
2	All India Management Association	National
3	Confederation of Indian Industry	National
4	Madras Management Association	State
5	Indian Merchants Chamber of Commerce	National
6	Mahratta Chamber of Commerce, Industries & Agriculture	State
7	PHD Chamber of Commerce & Industry	National
8	Bombay Management Association	State
9	Federation of Indian Chambers of Commerce & Industry	National
10	Retailers Association of India	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

The Company has not engaged in any anti-competitive conduct.

Leadership Indicators

1. Details of public policy positions advocated by the entity.

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of review by Board (Annually /Half yearly/ Quarterly/Others – please specify)	Web Link, if available
	The Company's Policy on Responsible Advocacy approved by the Board provides the framework for necessary interface with Government/ Regulatory Authorities on matters concerning various sectors in which the Company operates. Sector-wise matters taken up are in line with national priorities to strengthen domestic industry, promoting sustainable agriculture and business practices.	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 & 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 taking into consideration interests of all stakeholders.	For more details, refer to 'Report of the Board of Directors & Management Discussion and Analysis' section forming part of ITC's Report and Accounts 2022.	-	-



Principle 8

Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

None of the projects undertaken by ITC in FY 2021-22 required Social Impact Assessments (SIA).

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

Not applicable

3. Describe the mechanisms to receive and redress grievances of the community.

ITC's Social Investments Programme (SIP) adopts a bottom-up approach by keeping community needs and priorities at the centre of all its interventions. Detailed and structured community engagements are planned periodically to revisit the changing needs of the community and the emerging priorities feed into designing and re-designing of ongoing and new programmes.

Further, regular community interactions are undertaken by the internal state level programme teams and the implementing partners to discuss, identify and address any issues, complaints and grievances of the community members pertaining to the operations of Social Investments Programme.

SIP has also formalised and internalised the process of undertaking and recording such community interactions

in line with the new SEBI guidelines on Business Responsibility and Sustainability Reporting.

Such discussions not only focus on complaints and grievances, but also on providing resolution in a time bound manner. During FY 2021-22, 20 stakeholder engagement meetings were held across Karnataka, Tamil Nadu, Maharashtra, Uttar Pradesh, Uttarakhand and Bihar. Several suggestions were made by the community and discussions were held to provide possible solutions to relevant ones. However, no grievances were raised by the community pertaining to Corporate Social Responsibility related activities.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

	FY 2021-22	FY 2020-21
Directly sourced from MSMEs/small producers	15.76%	19.39%
Sourced directly from within the district and neighbouring districts	45.73%	58.14%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not applicable



2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

State	Aspirational District	Amount spent (In INR)
Andhra Pradesh	Visakhapatnam	8,34,199
Assam	Baksa	27,98,809
Assam	Barpeta	27,99,339
Assam	Darrang	2,55,46,103
Assam	Dhubri	29,67,661
Assam	Goalpara	28,86,712
Bihar	Khagaria	6,25,000
Bihar	Muzaffarpur	12,61,759
Bihar	Araria	33,42,848
Bihar	Begusarai	83,07,671
Bihar	Katihar	37,82,457
Bihar	Sheikhpura	32,19,846
Bihar	Sitamarhi	32,30,309
Chhattisgarh	Sukma	48,94,704
Haryana	Nuh	61,64,624
Jharkhand	Pakur	32,28,506
Jharkhand	Sahibganj	2,96,313
Karnataka	Yadgir	49,24,663
Madhya Pradesh	Barwani	27,48,747
Madhya Pradesh	Chhatarpur	3,03,435
Madhya Pradesh	Damoh	2,41,89,169
Madhya Pradesh	Guna	12,48,252
Madhya Pradesh	Khandwa	25,23,607
Madhya Pradesh	Rajgarh	3,72,748
Madhya Pradesh	Singrauli	27,55,075
Madhya Pradesh	Vidisha	1,48,65,730
Maharashtra	Nandurbar	30,94,731
Odisha	Kalahandi	32,43,681
Odisha	Malkangiri	1,56,50,318
Odisha	Rayagada	32,43,643
Rajasthan	Baran	1,97,41,197
Rajasthan	Barmer	61,29,105
Rajasthan	Jaisalmer	88,16,420
Tamil Nadu	Virudhunagar	48,70,538
Telangana	Bhadradi Kothagudem	8,99,02,354
Telangana	Warangal	3,06,800
Uttar Pradesh	Bahraich	63,42,979
Uttar Pradesh	Balrampur	23,37,957
Uttar Pradesh	Chitrakoot	23,07,946
Uttar Pradesh	Sonbhadra	23,16,204
Uttarakhand	Haridwar	3,93,22,243
TOTAL		33,77,44,401



3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No):

The Board approved Policy on Sustainable Supply Chain and Responsible Sourcing defines the supply chain which includes farmers. ITC is committed to collaborate with farmers to make them more sustainable and help build their adaptive capacity and resilience to emerging risks like climate change and water stress and other extreme weather events. It is also working towards raising awareness and work with farmers on crop quality, safety, protection, integrity and traceability, as applicable.

b. From which marginalised/vulnerable groups do you procure?

Please refer to response given in c.

c. What percentage of total procurement (by value) does it constitute?

The Social Forestry programme focuses on creating commercially viable land use options for small landholder farmers through tree-based farming to diversify income from land while ensuring food, fodder and fuelwood security. Till date, ITC's Social and Farm Forestry programme has together greened over 950,000 acres, generating about 173 million-person-days of employment.

Till date, ITC has received Forest Stewardship Council® - Forest Management (FSC®-FM) certification for over

1.25 lakh acres of plantations involving over 30,000 farmers. During FY 2021-22, over 320,000 tonnes of FSC® certified wood were procured from these certified plantations.

ITC encourages competency development among local vendors and its vendor base includes medium and small-scale enterprises that are proximate to its manufacturing locations. These initiatives are aligned to national priorities of 'Make in India', 'Atmanirbhar Bharat' as well. ITC also works in close partnership with small-scale units in businesses such as Safety Matches, and Education and Stationery Products. These partnerships have significantly enhanced capabilities and competitiveness of a number of units in these sectors.

For more details on the profile of the suppliers and key procurement by volume and value, refer to 'Next-Generation Agriculture' and 'Inclusive Value Chains' of ITC Sustainability & Integrated Report 2022.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable

6. Details of beneficiaries of CSR Projects:

Objective	Initiatives	UoM	Target 2030	Achieved in FY 2021-22	Achieved till FY 2021-2022	Balance to achieve
Horizon I - Sustainable Livelihoods Today						
De-risk poor rural households by diversifying farm portfolios through the promotion of tree-based farming	Social Forestry [#]	Acres	6,30,000	30,700	4,25,000	2,05,000
Integrate diverse elements of the rural portfolio of initiatives into a Climate Smart Village approach	Climate Smart Village ^{1#}	Acres	30,00,000	8,20,000	8,20,000	21,80,000
Ensure water security for all stakeholders through watershed development & demand management	Watershed Development	Acres	22,00,000	1,01,000	13,30,000	8,70,000
	Water harvesting structures	Nos.	50,000	3,100	25,100	24,900
	Storage Potential [#]	Million KL	60	3.47	45.27	14.73
	Crop Water Use Efficiency [#]	Million KL	2,000	496.5	496.5	1,503.5
	Bio-Diversity Conservation [#]	Acres	10,00,000	89,000	1,33,000	8,67,000
Actively promote non-farm livelihood opportunities to diversify income portfolios of poor households	Women Economic Empowerment	Nos.	1,50,000	6,200	86,000	64,000
Horizon II - Creating Capabilities for Tomorrow						
Ensure that every child is in school and learning well through improvement in pedagogy and the learning environment	Improvement in learning outcomes	No. of children	13,00,000	55,000	8,64,000	4,36,000
	Infrastructure support to Government Schools and Anganwadi	Nos.	4,000	400	2,500	1,500
Align skills training to market demand to maximise employment of youth from our core areas	Vocational Training	No. of youths Enrolled	2,82,000	13,300	1,07,000	1,75,000
Reduce morbidity, especially amongst women and children, by promoting a clean and healthy environment	Toilets constructed	Nos.	40,000	1,251	39,400	600
	Solid Waste Management (SWM)	No. of Households & establishments	45,00,000	14,62,000	14,62,000	30,38,000

Note:

1 hectare = 2.47105 acres

[#] These indicators contribute to five of Company's sustainability 2030 (S 2.0) commitments.

Please note that the area covered under Climate Smart Village Approach, Water Savings in Crop Water Use efficiency and Households covered under SWM report same numbers for annual and cumulative achievement.

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 beneficiaries of ITC's CSR programmes from the stakeholder communities belong to the under privileged sections of the society, and are primarily small & marginal farmers who face the challenge of securing sustainable livelihoods. The challenge of securing sustainable livelihoods is addressed through the Two Horizon approach of making today's dominant source(s) of livelihoods sustainable; and creating capabilities for wealth generation and employment for tomorrow.

The Two Horizon strategy has necessitated an integrated approach to development involving several interventions. Presented below are the number of beneficiaries for key interventions and proportion of beneficiaries belonging to vulnerable and marginalised groups.

CSR Projects	No. of Persons Benefitted from CSR Projects (approximately)	% of Beneficiaries from Vulnerable and Marginalised Groups
1	2	3
Climate Smart Agriculture+	4,50,000*	SC/ST – 24%; Female – 18%
Water Stewardship+	21,000	SC/ST – 30%; Female – 17%
Social Forestry+	15,000	SC/ST – 17%; Female – 21%
Improved Animal Husbandry Practices+	31,000	SC/ST – 16%; Female – 5%
Support to Education	55,000	Children – 100%
Skilling of Youth	13,000	SC/ST – 32%; Female – 46%
Sanitation	23,000	SC/ST – 2%
Solid Waste Management	1.46 million	SC/ST – 18%
Mother and Child Health	5,90,000	89% - women, adolescents and children
Women Empowerment	5,50,000	100% women

+ Climate Smart Agriculture, Water Stewardship, Social Forestry and Improved Animal Husbandry Practices primarily focus on small and marginal farmers. Hence, almost entire coverage numbers qualify to be included under 'beneficiaries from vulnerable and marginalised groups'

* excludes farmers covered under NITI Aayog partnership programme



Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner.

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

A well-established system is in place for dealing with consumer feedback. Consumers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. In addition, the Company's Businesses have a dedicated consumer response cell to respond to their queries and receive feedback on products so as to be able to continuously improve upon its products and services.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

Products of the Company contain all relevant information as required under applicable laws.

3. Number of consumer complaints in respect of the following:

Robust systems have been put in place across ITC Businesses to continuously engage with consumers for gathering feedback and address their concerns, if any, in a timely manner. A dedicated consumer interactions team is in place to address any product related query/complaint. Several communication channels like email, telephone number and feedback forms are provided to the consumer. In addition, the Company has an online reputation management team which interacts with consumers via social media channels, and responds to their queries in a real time manner. A Customer Relationship Management (CRM) platform has been implemented for capturing complaints, queries, feedback and suggestions received across channels. The CRM platform also provides consumer insights for bringing about process related changes and

system enhancements for improving the CSAT (Customer Satisfaction) scores.

During FY 2021-22, around 10,000 complaints were received across Businesses, and more than 97% of these were resolved as on 31st March, 2022.

4. Details of instances of product recalls on account of safety issues:

Nil

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

A Cyber Security Committee, chaired by the Chief Information Officer, is in place to provide specific focus on cyber security related risks, with the primary responsibility of tracking emerging practices and technologies and provide suitable recommendations for enhancing security of the IT systems and infrastructure. The Chief Information

Officer is responsible for ensuring that the Cyber Security systems remain effective and contemporary. He also participates in the meetings of the Risk Management Committee of the Company, whenever matters related to cyber security are considered.

ITC's Information Management Policy defines the framework/policy on cyber security and risks related to data privacy. ITC's Privacy Policy is part of Information Management Policy and is published on ITC Portal (please refer to <https://www.itcportal.com/about-itc/policies/privacy-policy.aspx>).

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

Please refer to response given in Question 3 (Principle 9).

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Products/Initiative	Link
ITC Corporate Website	https://www.itcportal.com/
ITC's Businesses	https://www.itcportal.com/businesses/index.aspx
ITCstore.in	https://itcstore.in
ITC Brandworld	https://www.itcportal.com/brands-microsite/default.aspx
"WeAssure" programme	https://www.itchotels.com/content/dam/itchotels/in/umbrella/documents/WeAssure-itc-hotels.pdf

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

All Businesses of the Company comply with the regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. The Company's communications are aimed at enabling consumers to make informed purchase decisions. The Company also makes efforts to educate consumers on responsible usage of its products and services.

For more information, refer to 'Product Sustainability' section of ITC Sustainability & Integrated Report 2022.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The Company has necessary mechanisms in place to inform consumers if any major discontinuation happens.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products /services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

As an integral part of ITC's consumer satisfaction focus, attention is paid to product information and labelling

and consumer engagement by the Businesses. For example, 'Appropriate Portion Guidance' based on Serve Size and Recommended Daily Amount (RDAs) has been initiated on front of the pack for enabling the consumers to know the nutritional attributes of the product, and thereby enabling them to make meaningful food choices. Also, claims which highlight the product's ingredient and nutritional attributes are being made on pack, in line with the applicable regulatory & legal guardrails.

For more information on Product Information, Labelling and Consumer Feedback Management, refer to 'Product Sustainability' section of ITC Sustainability & Integrated Report 2022.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil

b. Percentage of data breaches involving personally identifiable information of customers

Nil



Major Awards & Certifications 2021-2022

- ITC was awarded the First Prize in the 'Best Industry for CSR Activities' category by the Ministry of Jal Shakti, Government of India, at the 3rd National Water Awards 2020.
- ITC was conferred the 'CSR Excellence Award' in the Large category by the Institute of Company Secretaries of India (ICSI) at the 6th ICSI CSR Excellence Awards.
- Mr Sanjiv Puri, Chairman & Managing Director, was conferred 'The IMPACT Person of the Year, 2020' Award by exchange4media, a leading online news platform.
- Mr Sanjiv Puri, Chairman & Managing Director, was conferred an Honorary Doctorate by the XIM University, Bhubaneswar.
- Mr Nakul Anand, Executive Director, was conferred the HICSA (Hotel Investment Conference - South Asia) Lifetime Achievement Award.
- ITC received 'Leadership Level' scores for both 'Climate Change' and 'Water Security' for the year 2021 by CDP. Sustained 'AA' rating by MSCI-ESG for the 4th successive year.
- ITC Windsor, ITC Grand Chola and ITC Gardenia became the first three hotels in the world to achieve the 'LEED® Zero Carbon' certification from the U.S. Green Building Council (USGBC).
- ITC's Life Sciences and Technology Centre was ranked 'Top Innovator' in India amongst Indian Pharma and Healthcare private companies.
- ITC's Foods Division bagged several gold awards at the Maddies Mobile Marketing Awards 2021. Also won the 'Mobile Marketer of the Year' Award at Maddies.
- ITC's Savlon brand was awarded the 'Best Campaign in FMCG – Personal Care Category' at the ET Brand Equity - Brand Disruption Award 2021.
- ITC's Paperboards & Specialty Papers Business received the 'Platinum' recognition from the Confederation of Indian Industry for the Division's best-in-class initiatives towards Industry 4.0 adoption.
- ITC's Agri Business won the 'Outstanding Procurement Project of the Year' Award for 'Project ASTRA' at the Inflection Awards 2021.
- ITC was presented 'Best In-house Legal Team of the Year Award' by the Legal Era Magazine at the Indian Legal Awards 2020-21.
- ITC won the First Prize in seven categories at the Public Relations Society of India (PRSI) National Awards 2021.
- ITC's Ranjangaon Unit was conferred the 'Sarvashreshtha Suraksha Puraskar' by National Safety Council of India.



Major Awards & Certifications over the Years

- ITC was conferred the 'Best Governed Company' Award in the Listed Segment: Large category by the ICSI at the 20th ICSI National Awards for Excellence in Corporate Governance (2020)
- Mr Sanjiv Puri, Chairman & Managing Director, was honoured with the Distinguished Alumnus Award of the Year 2018' conferred by IIT, Kanpur in recognition of his achievements of exceptional merit (2018)
- Mr Sanjiv Puri, Chairman & Managing Director, was ranked one of India's Most Valuable CEOs by BW Businessworld (2019)
- ITC's Kovai unit received the Platinum-level certification, the highest recognition for water stewardship in the world, based on international benchmarks, from the Alliance for Water Stewardship, Scotland (2019)
- ITC has won the prestigious Porter Prize 2017 for 'Excellence in Corporate Governance and Integration' and for its exemplary contribution in 'Creating Shared Value' (2017)
- ITC won the 'Best Practices Award' from United Nations Global Compact Network India for two major game-changing initiatives of the Company – Integrated Watershed Development and Social & Farm Forestry (2017)
- ITC Limited became the 1st company to win the India Today Safaigiri Corporate Trailblazer Award 2016
- ITC's Sankhya Data Centre, Bengaluru became the first data centre in the world to get LEED® Platinum Certification from the U.S. Green Building Council (2016)
- ITC's Paperboards and Specialty Papers units at Bhadrachalam, Bollaram, Kovai and Tribeni are FSC Chain of Custody certified (2015)
- ITC was presented the World Business and Development Award at the Rio+20 UN Summit for its Social and Farm Forestry Initiative (2012)
- ITC was the 1st Indian Company and 2nd in the world to win the Development Gateway Award for its trailblazing e-Choupal initiative (2005)



2021: Leading the way into the hybrid, agile and secure workplace of the future.

This was a year in which ITC Infotech took definitive measures to further strengthen its foundations for long-term, sustainable growth, built at the intersection of domain and technology. During the COVID-19 pandemic, the Indian Technology Market demonstrated immense resilience. In 2021, it witnessed a phase of resurgence, even as it continued to battle the ongoing war for talent.

In this context, ITC Infotech sharpened its focus on its strategic pillars of Customer Centricity, Employee Centricity and Operational Excellence. The Company's strategic pillars continue to build its resilience as an organisation and enable it to help clients succeed and adapt to the changing business and technology landscape.

Customer Centricity

ITC Infotech remained committed to its vision of providing business-friendly solutions to its clients, leveraging industry-focused and differentiated capabilities. The Company's investments in client and future-focused capabilities including Digital Manufacturing, Digital Workplace Solutions and Automation, continued to gain global Analyst recognition. As organisations across the world continue to adapt to a distributed workforce, hybrid

work environments are increasingly becoming the norm. This calls for the need to find a balance between employee flexibility and customer priorities, including security. The Company launched an industry-defining 'ITC Infotech Work From Anywhere' (IWFA) productivity framework. IWFA redefines the future of work, allowing employees the flexibility to work in a digital, distributed, and secure work environment, without compromising on client commitments, employee productivity or security.

The collage includes:

- Three certificates from the Asia Pacific HRM Congress Awards 2021:
 - AWARD FOR TALENT MANAGEMENT
 - MANAGING HEALTH AT WORK
 - BEST WORKPLACE PRACTICES
- A blue award badge for "ARTIFICIAL INTELLIGENCE EXCELLENCE AWARD 2021".
- A small logo for "Global Business Excellence Awards Winner 2021".
- A gold seal for the "GLOBE AWARDS GOLD WINNER GOLDEN BRIDGE AWARDS 2021".
- A text box stating "Achievement of the Year in Learning & Development".
- Icons representing remote work: a smartphone connected to a laptop, a person working on a laptop, and a calendar with a clock.

Employee Centricity

Employee well-being and personalised engagement continue to play a pivotal role towards engaging effectively with a distributed workforce. Keeping employee experience at the center, ITC Infotech reimagined ways to attract, train and retain high quality talent in the distributed and hybrid environment. To complement the IWFA initiative, the Company expanded its focus on a 'Hire From Anywhere' model, expanding its access to talent across Tier 2 and 3 cities. Building on IWFA, the Company also made dedicated investments in enabling a culture

of continuous learning in a 'Learn From Anywhere' model. ITC Infotech launched 'Learning Hub', an online and mobile-friendly learning platform which gives personalised, bite-sized, and AI-enabled learning recommendations. Learning Hub provides curated learning pathways based on personal preferences and specified roles. In addition to the focus on continuous learning, the Company strengthened its commitment to holistic development of its employees, through dedicated teams and programmes catering to personal and professional development of the employee.

Operational Excellence

To keep pace with the evolving demands of the hybrid, distributed and agile work environment, the Company further streamlined and strengthened its core organisational processes, including Information Security, which is a critical enabler of success for ITC Infotech as well as its clients.

Across all areas of business, Digital Transformation and Software as a Service (SaaS) adoption continue to become mainstream. ITC Infotech will continue to make

dedicated investments to take a leadership position in enabling its clients to succeed in their Digital Transformation and SaaS adoption journey. ITC Infotech made dedicated investments and undertook focused strategic initiatives in 2021. These investments and initiatives position the Company well to leverage the opportunities of the evolving business and technology landscape as well as meet its growth aspirations in 2022 and beyond.

Global Analyst Recognitions



Information Services Group (ISG):
Digital Manufacturing Capabilities profiled in an exclusive Briefing Note titled 'ITC Infotech: Business-friendly Approach Strategically Placing Manufacturers, a Step Ahead of Competitors'



Zinnov:
Positioned in the 'Leadership Zone' in the 'Zinnov Zones Hyper Intelligent Automation Services 2021' for
(1) Robotic Process Automation (Small & Medium Service Providers)
(2) IT Automation
(3) CPG-Retail



Avasant:
Positioned as 'Disruptor' in Avasant's 'Digital Workplace Services 2021 RadarView™'



CII-ITC Centre of Excellence for Sustainable Development

The 'CII-ITC Centre of Excellence for Sustainable Development', established by ITC in 2006 in collaboration with the Confederation of Indian Industry (CII), continues to focus on promoting sustainable business practices amongst Indian enterprises. An Advisory Council, which includes members from the industry, civil society and institutions, provides strategic direction to the Centre.

The 16th Sustainability Summit - 'Building a Resilient Future: Leveraging Science, Technology and Finance' was held in September 2021 in partnership with 23 multi-sectoral organisations. Dignitaries, like Shri Narendra Singh Tomar, Minister of Agriculture & Farmers Welfare, Government of India; Ms Lea Wermelin, Minister of Environment, Government of Denmark; Shri Suresh Prabhu, Member of Parliament; Mr Nigel Topping, High Level Champion for Climate Action, COP26; H.E. Mr Alexander Ellis, British High Commissioner to India; H.E. Mr Ugo Astuto, Ambassador, European Union to India and Mr Sanjiv Puri, CMD, ITC Limited gave keynote addresses. There were 107 speakers with 25% global and 27% female speakers and 800 participants.

The 16th CII-ITC Sustainability Awards were presented to 21 companies in January 2022 for Corporate Excellence, Environment Management, and Biodiversity. Shri Rao Inderjit Singh, MP, Union Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Union Minister of State (Independent Charge) of the Ministry of Planning and Union Minister of State in the Ministry of Corporate Affairs, and Mr. Sanjiv Puri, Chairman and MD, ITC Ltd recognised the winners.

A CEO level Working Group on Driving Accelerated Climate Action by Indian Businesses was established with the objective of developing and driving a compelling strategy and action plan to enable Indian businesses to adopt aggressive sustainability commitments for building a climate-resilient future. Work is progressing rapidly on the action agenda developed by the working group comprising the creation of CII Vision 2030 on Climate Change and Sustainability, establishment of the CII Climate Action Charter, MSME toolkit for climate risk management, and interlinking climate related policy advocacy in CII Councils and Committees.

An industry-led "Task Force on Afforestation" created modalities for partnering with the Government of India on its mission of developing carbon sinks of 2.5-3 billion tonnes and restore 26 million hectares by 2030. It has developed methodologies for afforestation, covering aspects like carbon sequestration, biodiversity conservation, improved biomass availability and use by industry, Non Timber Forest Produce (NTFP) sourcing, landscape restoration and building resilience.

The India Plastics Pact, a collaboration between the Centre and WWF, became part of a network of 13 Plastic Pacts across the globe, when it was formally launched at the 16th Sustainability Summit. The Pact has set four major targets: Eliminate unnecessary or problematic plastic packaging and items, reuse or recycle 100% of plastic packaging, recycle 50% of plastic packaging and ensure 25% average recycled content across all plastic packaging.

The Centre, WWF India and GIZ jointly organised a virtual business consultation on the first draft of Post 2020 Global Biodiversity Framework, released by the Secretariat of the UN Convention on Biological Diversity on 17 August 2021. The key recommendations submitted to MoEFCC included guidance on goals & targets of Post 2020 Global Biodiversity Framework, development of modules & mechanisms for biodiversity conservation, and building partnerships and collaborations for effective management of biodiversity.

Signatories to the Clean Air Better Life Forum has increased to 72 companies, who have agreed to work on a common framework for inter-corporate collaboration and sharing of best practices. The Industry Platform on Sustainable Transportation has 85 members, and as an outcome of consultations held through 2021, a draft map of barriers on ground and potential solutions has been developed.

A multi-agency project on air pollution was initiated in the Indore Metropolitan Region (IMR). Air quality modelling is being conducted by IIT Delhi and is being downscaled for the IMR with inputs from experts at the California Air Resources Board. The Project is also working with Smart City Indore to create a network of 50 sensors and drawing up a citizen engagement plan with Smart City Indore and city doctors for promoting mass awareness on air pollution.



ITC Sangeet Research Academy

ITC Sangeet Research Academy (ITC-SRA), created in 1977 as an independent Public Charitable Trust, 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 drive ITC-SRA in furthering its objective of preserving and propagating Hindustani Classical Music through this modern Gurukul-based on the traditional 'Guru-Shishya Parampara'.

The Academy, through its eminent Gurus, imparts intensive training and quality education in Hindustani classical music to its scholars. The present Gurus of the Academy are Padma

Bhushan Pandit Ajoy Chakrabarty, Padma Shri Pandit Ulhas Kashalkar, Pandit Partha Chatterjee, Pandit Uday Bhawalkar, Vidushi Subhra Guha and Shri Omkar Dadarkar. The focus of the Academy remains nurturing of exceptionally gifted students, carefully hand-picked from across India. ITC-SRA provides its scholars with a stipend, along with free tuition, boarding and lodging within its campus and in other designated locations under the tutelage of the country's most distinguished musicians. The objective of ITC-SRA is to create the next generation of masters of Hindustani Classical Music for the continued propagation of a precious legacy.

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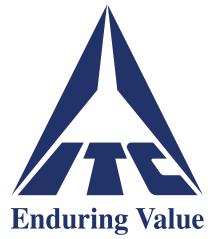
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ITC: Transforming Lives and Landscapes



ITC e-Choupal

- Empowering 4 million farmers
- Increasing productivity and farmers' income, promoting sustainable agriculture, creating market linkages



Afforestation

- Over 9,50,000 acres greened
- Supporting about 173 million person-days of employment



Watershed Development

- Watershed development in over 1.3 million acres in 16 States



Climate Smart Agriculture

- 4,50,000 farmers benefitted



Women's Empowerment

- Over 86,000 women empowered economically



Primary Education

- Over 8,60,000 rural children covered



Skilling and Vocational Training

- Over 1,00,000 youth enrolled



Health & Sanitation

- Over 39,000 Individual Household Toilets constructed in 12 States



Pioneer of Green Building Movement in India

- 38 Platinum-rated Green Buildings
- ITC Windsor, ITC Grand Chola and ITC Gardenia are the first 3 hotels in the world to achieve LEED® Zero Carbon Certification



Renewable Energy

- Around 42% of ITC's Energy is met from Renewable Sources



Solid Waste Management

- Well Being Out of Waste (WOW) covers over 1.8 crore citizens

ITC is the only enterprise in the world of comparable dimensions to be Carbon Positive, Water Positive and Solid Waste Recycling Positive.

ITC's businesses and value chains support over 6 million sustainable livelihoods.